

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended: September 30, 2019

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

COMMISSION FILE NUMBER 001-35850

MITC, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0016420

(I.R.S. Employer
Identification No.)

28 West Grand Avenue, Suite 3, Montvale, NJ

(Address of principal executive offices)

07645

(Zip Code)

(201) 225-0190

(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	MITC	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 14, 2019, there were 11,009,532 issued and outstanding shares of the registrant's Common Stock, \$0.001 par value per share.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1.	Condensed unaudited consolidated financial statements.	1
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations.	17
Item 3.	Quantitative and Qualitative Disclosures about Market Risk.	26
Item 4.	Controls and Procedures.	26

PART II - OTHER INFORMATION

Item 5.	Other Information.	27
Item 6.	Exhibits.	27

SIGNATURES	28
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EXHIBIT INDEX	29
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,767	\$ 2,174
Trade accounts receivable, net	—	1,010
Short term loan to Micronet Ltd.	190	—
Inventories	—	4,345
Other accounts receivable	110	339
Total current assets	<u>6,067</u>	<u>7,868</u>
Property and equipment, net	26	661
Intangible assets, net and others	—	434
Long-term deposit and prepaid expenses	—	703
Restricted cash escrow	477	477
Micronet Ltd. investment	1,058	—
Total long-term assets	<u>1,561</u>	<u>2,275</u>
Total assets	<u>\$ 7,628</u>	<u>\$ 10,143</u>

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
LIABILITIES AND EQUITY		
Short term bank credit and current portion of long term bank loans	\$ -	\$ 2,806
Short term credit from others and current portion of long term loans from others	2,057	3,004
Trade accounts payable	-	1,531
Other accounts payable	269	1,211
Total current liabilities	<u>2,326</u>	<u>8,552</u>
Long term loans from others	1,834	-
Long term escrow	477	477
Accrued severance pay, net	50	110
Total long term liabilities	<u>2,361</u>	<u>587</u>
Stockholders' Equity:		
Convertible Preferred stock; \$0.001 par value, 2,386,363 and 0 shares authorized, issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	2	-
Common stock; \$0.001 par value, 25,000,000 shares authorized, 11,009,532 and 9,342,088 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	11	9
Additional paid in capital	14,022	11,905
Additional paid in capital - preferred stock	4,827	-
Accumulated other comprehensive (loss)	58	(117)
Accumulated loss	(15,979)	(12,757)
MICT, Inc. stockholders' equity	<u>2,941</u>	<u>(960)</u>
Non-controlling interests	-	1,964
Total equity	<u>2,941</u>	<u>1,004</u>
Total liabilities and equity	<u>\$ 7,628</u>	<u>\$ 10,143</u>

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

	Nine months ended September 30,		Three months ended September 30,	
	2019	2018	2019	2018
Revenues	\$ 477	\$ 12,897	\$ -	\$ 2,216
Cost of revenues	846	9,589	-	2,162
Gross profit (loss)	<u>(369)</u>	<u>3,308</u>	<u>-</u>	<u>54</u>
Operating expenses:				
Research and development	261	1,457	-	425
Selling and marketing	198	1,217	-	383
General and administrative	2,161	5,070	501	2,544
Amortization of intangible assets	20	652	-	214
Total operating expenses	<u>2,640</u>	<u>8,396</u>	<u>501</u>	<u>3,566</u>
Loss from operations	(3,009)	(5,088)	(501)	(3,512)
Share in investee losses	(771)	-	(366)	-
Net profit from loss of control	299	-	-	-
Financial expenses, net	(292)	(956)	(346)	(104)
Loss before provision for income taxes	(3,773)	(6,044)	(1,213)	(3,616)
Income (provision for taxes)	<u>(5)</u>	<u>(566)</u>	<u>3</u>	<u>(562)</u>
Net loss from continued operation	<u>(3,778)</u>	<u>(6,610)</u>	<u>(1,210)</u>	<u>(4,178)</u>
Net profit from discontinued operation (includes capital gain from disposal amounting to \$6,844)	-	4,894	-	-
Total net loss	<u>(3,778)</u>	<u>(1,716)</u>	<u>(1,210)</u>	<u>(4,178)</u>
Net loss attributable to non-controlling interests	<u>(556)</u>	<u>(1,726)</u>	<u>-</u>	<u>(1,542)</u>
Net profit (loss) attributable to MICT, Inc.	<u>(3,222)</u>	<u>10</u>	<u>(1,210)</u>	<u>(2,636)</u>
Earnings (loss) per share attributable to MICT, Inc.				
Basic and diluted loss per share from continued operation	\$ (0.30)	\$ (0.54)	\$ (0.11)	\$ (0.28)
Basic and diluted earnings per share from discontinued operation	<u>-</u>	<u>0.54</u>	<u>-</u>	<u>-</u>
Weighted average common shares outstanding:	<u>10,583,496</u>	<u>9,107,034</u>	<u>11,009,532</u>	<u>9,342,155</u>

MICT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(USD In Thousands)
(Unaudited)

	Nine months ended September 30,		Three months ended September 30,	
	2019	2018	2019	2018
Net (loss)	\$ (3,778)	\$ (1,716)	\$ (1,210)	\$ (4,178)
Other comprehensive income (loss), net of tax:				
Currency translation adjustment	(143)	(514)	-	133
Comprehensive income attributable to investment in Micronet Ltd.	58	-	58	-
Total comprehensive (loss)	(3,863)	(2,230)	(1,152)	(4,045)
Comprehensive (loss) attributable to non-controlling interests	(463)	(1,984)	-	(1,431)
Comprehensive (loss) attributable to MICT, Inc.	<u>\$ (3,400)</u>	<u>\$ (246)</u>	<u>\$ (1,152)</u>	<u>\$ (2,614)</u>

MICT, INC.
STATEMENTS OF CHANGES IN EQUITY
(In Thousands, Except Numbers of Shares)

	<u>Common Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Non- controlling Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>						
Balance, December 31, 2018	-	-	9,342,115	9	11,905		(12,757)	(117)	1,964	1,004
Shares issued to service providers and employees			420,600		533					533
Stock based compensation					46					46
Comprehensive loss							(3,222)	(248)	(393)	(3,863)
Stock based compensation in subsidiary					70				(70)	
Loss of control of subsidiary								423	(1,501)	(1,078)
Issuance of shares, net			1,246,817	2	1,346					1,348
Issuance of shares, net- Series A Preferred Stock and warrants	<u>2,386,363</u>	<u>2</u>			<u>122</u>	<u>4,827</u>				<u>4,951</u>
Balance, September 30, 2019	<u>2,386,363</u>	<u>2</u>	<u>11,009,532</u>	<u>11</u>	<u>14,022</u>	<u>4,827</u>	<u>(15,979)</u>	<u>58</u>	<u>0</u>	<u>2,941</u>
	<u>Common Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Non- controlling Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>						
Balance, June 30, 2019	-	-	11,009,532	11	13,893		(14,769)	0	0	(865)
Stock based compensation					7					7
Comprehensive loss							(1,210)	58	-	(1,152)
Issuance of shares, net- Series A Preferred Stock and warrants	<u>2,386,363</u>	<u>2</u>			<u>122</u>	<u>4,827</u>				<u>4,951</u>
Balance, September 30, 2019	<u>2,386,363</u>	<u>2</u>	<u>11,009,532</u>	<u>11</u>	<u>14,022</u>	<u>4,827</u>	<u>(15,979)</u>	<u>58</u>	<u>0</u>	<u>2,941</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2017	8,645,656	8	10,881	(10,147)	(363)	5,595	5,974
Shares issued to service providers and employees	123,500	-	170	-	-	-	170
Issuance of warrants	-	-	28	-	-	-	28
Stock based compensation	-	-	357	-	-	-	357
Comprehensive loss	-	-	-	10	(76)	(2,163)	(2,229)
Stock based compensation in subsidiary	-	-	(179)	-	-	179	0
Issuance of shares, net	572,959	1	609	-	-	-	610
Balance, September 30, 2018	<u>9,342,115</u>	<u>9</u>	<u>11,866</u>	<u>(10,137)</u>	<u>(439)</u>	<u>3,611</u>	<u>4,910</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance, June 30, 2018	9,144,465	9	11,301	(7,501)	(504)	5,042	8,347
Shares issued to service providers and employees	81,000	-	119	-	-	-	119
Stock based compensation	-	-	357	-	-	-	357
Comprehensive loss	-	-	-	(2,636)	65	(1,473)	(4,044)
Stock based compensation in subsidiary	-	-	(42)	-	-	42	-
Issuance of shares, net	116,650	-	131	-	-	-	131
Balance, September 30, 2018	<u>9,342,115</u>	<u>9</u>	<u>11,866</u>	<u>(10,137)</u>	<u>(439)</u>	<u>3,611</u>	<u>4,910</u>

MICT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD In Thousands)
(Unaudited)

	Nine months ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit (loss) from continued operations	\$ (3,778)	\$ 234
Adjustments to reconcile net income to net cash provided by operating activities:		
Profit from loss of control	(299)	(6,844)
Share in investee losses	436	—
. Impairment of equity method investment and change in fair value in loan to Micronet	335	—
Depreciation and amortization	85	902
Change in deferred taxes	—	542
Change in fair value of derivatives, net	—	(11)
Accrued interest and exchange rate differences on bank loans	109	(166)
Extinguishment of loan costs and commissions	—	360
Accrued interest and exchange rate differences on loans from others	399	66
Stock-based compensation for employees and consultants	509	707
Decrease in trade accounts receivable, net	672	2,238
Decrease in inventories	348	610
Decrease in accrued severance pay, net	(6)	(3)
Increase in other accounts receivable	(292)	(221)
Increase in trade accounts payable	(394)	(2,111)
Decrease in other accounts payable	(52)	(1,675)
Net cash used in operating activities	\$ (1,928)	\$ (5,372)

MICT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD In Thousands)
(Unaudited)

	Nine months ended September 30,	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loan to Micronet Ltd.	(250)	-
Consideration from disposal of discontinued operation	\$ -	\$ 4,295
Property and equipment	(57)	(188)
Deconsolidation of Micronet Ltd. (Appendix A)	(608)	-
<i>Net cash (used in) provided by investing activities</i>	\$ (915)	\$ 4,107
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term bank credit	\$ -	\$ 1,696
Receipt of long term convertible loan from others	1,834	1,373
Receipt of loans from others, net	-	4,971
Repayment of bank loans, net	(352)	(1342)
Extinguishment of loan costs	-	(360)
Repayment of short term loans	-	(5,412)
Issuance of convertible preferred shares and warrants net	4,829	-
Issuance of shares, net	-	479
Issuance of warrants net	122	28
<i>Net cash provided by financing activities</i>	\$ 6,433	\$ 1,433
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	3,590	168
Cash, Cash Equivalents and restricted cash at the beginning of the period	2,174	2,398
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	3	(29)
Cash, Cash Equivalents and restricted cash at end of the period	\$ 5,767	\$ 2,537
Supplemental disclosure of cash flow information:		
Amount paid during the period for:		
Interest	\$ 172	\$ 763
Taxes	\$ 3	\$ 7

Appendix A: Micronet Ltd.

	February 24, 2019
Working capital other than cash	(2,301)
Finance lease	359
Accrued severance pay, net	60
Translation reserve	(423)
Micronet Ltd investment in fair value	1,711
Non-controlling interests	1,501
Net profit from loss of control	(299)
Cash	608

Appendix B: Non Cash Transaction

As of February 21, 2019, the Company issued to YA II PN Ltd., a Cayman Island exempt limited partnership and affiliate of Yorkville Advisors Global, LLC, or YA II, 250,000 shares of its common stock as part of a conversion of \$250 of certain Series A Convertible Debentures at a conversion price of \$1.00 per share.

On March 13, 2019, the Company issued an additional 996,817 shares of its common stock as part of a conversion of \$1,000 of certain Series A Convertible Debentures at a conversion price of \$1.10 per share.

NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(USD in thousands, except per share data)

NOTE 1 — DESCRIPTION OF BUSINESS

Overview

MICT Inc., or we or the Company, was formed as a Delaware corporation on January 31, 2002. On March 14, 2013, the Company changed its corporate name from Lapis Technologies, Inc. to Micronet Enertec Technologies, Inc. On July 13, 2018, following the sale of its former subsidiary Enertec Systems Ltd., the Company changed the Company name from Micronet Enertec Technologies, Inc. to MICT, Inc. Our shares have been listed for trade on the Nasdaq Capital Market, or Nasdaq, since April 29, 2013.

The Company's business relates to its ownership interest in its Israel-based, a former subsidiary, Micronet Ltd., or Micronet, in which the Company previously held a majority ownership interest that has since been diluted to a minority ownership interest. Micronet operates in the growing commercial Mobile Resource Management, or MRM, market. Micronet through both its Israeli and U.S. operational offices designs, develops, manufactures and sells rugged mobile computing devices that provide fleet operators and field workforces with computing solutions in challenging work environments.

As of December 31, 2018, the Company held 49.89% of Micronet's issued and outstanding shares, and together with an irrevocable proxy in our benefit from Mr. David Lucatz, the Company's President and Chief Executive Officer, we held 50.07% of the voting interest in Micronet as of such date. On February 24, 2019, Micronet closed a public equity offering on the Tel Aviv Stock Exchange, or the TASE. As a result of Micronet's offering, our ownership interest in Micronet was diluted from 49.89% to 33.88%. On February 24, 2019, Mr. David Lucatz, our President and Chief Executive Officer, executed an irrevocable proxy assigning his voting power over 1,980,000 shares of Micronet for our benefit. As a result, voting interest in Micronet stood at 39.53% of the issued and outstanding shares of Micronet. The decrease in the Company's voting interest in Micronet resulted in the deconsolidation of Micronet's operating results from our financial statements as of February 24, 2019. Therefore, commencing from February 24, 2019, the Company account for the investment in Micronet in accordance with the equity method. As a result of the deconsolidation, the Company recognized a net profit of \$299 in February 2019.

On September 5, 2019, Micronet closed a public equity offering on the TASE. As a result, our ownership interest in Micronet was diluted from 33.88% to 30.48%, and our current voting interest in Micronet stands at 37.79% of the issued and outstanding shares of Micronet.

NOTE 1 — DESCRIPTION OF BUSINESS (Cont.)

On December 18, 2018, the Company, Global Fintech Holdings Ltd., a British Virgin Islands corporation, or BVI Pubco, GFH Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of BVI Pubco, or Merger Sub, BNN Technology PLC, a United Kingdom Private limited company, or BNN, Brookfield Interactive (Hong Kong) Limited, a Hong Kong company and a subsidiary of BNN, or BI China, ParagonEx LTD, a British Virgin Islands company, or ParagonEx, certain holders of ParagonEx's outstanding ordinary shares and a trustee thereof, and Mark Gershinson, in the capacity as the representative of the ParagonEx sellers, entered into an Acquisition Agreement, or the Acquisition Agreement, pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Acquisition Agreement, Merger Sub will merge with and into the Company, as a result of which each outstanding share of the Company's common stock and warrant to purchase the same shall be cancelled in exchange for the right of the holders thereof to receive 0.93 substantially equivalent securities of BVI Pubco, after which BVI Pubco will acquire (i) all of the issued and outstanding securities of BI China in exchange for newly issued ordinary shares of BVI Pubco and (ii) all of the issued and outstanding ordinary shares of ParagonEx for a combination of cash in the amount equal to approximately \$25,000 (the majority of which was raised in a private placement by BVI Pubco), unsecured promissory notes and newly issued ordinary shares of BVI Pubco, or collectively, the Acquisitions.

In July 2019, the Company paid all of its outstanding bank loans in the amount of \$251. During 2019, the Company repaid the entire outstanding principal balance of the Series B Convertible Debentures to YA II in the aggregate amount of \$1,225, which was paid in shares of the Company's common stock, and in October 31, 2019, the Company paid all of its outstanding principal balance, together with its accrued interest and a required 10% premium, of the Series A Convertible Debentures issued to YA II in the aggregate amount of \$2,057.

The Company filed a Form S-3 registration statement (File No. 333-219596) under the Securities Act of 1933, as amended, with the SEC using a "shelf" registration process, which was declared effective on July 31, 2017. Under this shelf registration process, the Company may, from time to time, sell common stock, warrants or units in one or more offerings up to a total dollar amount of \$30,000, subject to certain limitations as set forth in General Instruction I.B.6. of Form S-3, pursuant to which the Company has sold approximately \$1,000 of our securities to date.

On June 4, 2019, the Company entered into a Securities Purchase Agreement, pursuant to which the Company agreed to sell 3,181,818 shares of newly designated Series A Convertible Preferred Stock with a stated value of \$2.20 per share, or the Preferred Stock. The Preferred Stock, which shall be convertible into up to 6,363,636 shares of common stock of the Company, was sold together with certain common stock purchase warrants, or the Preferred Warrants, to purchase up to 4,772,727 shares of common stock, for aggregate gross proceeds of \$7,000 to the Company, or the Preferred Offering.

Concurrently with the Preferred Offering, the Company entered into a Securities Purchase Agreement, or the Note Purchase Agreement, with BNN, pursuant to which BNN agreed to purchase from the Company \$2,000 of convertible notes, which subscription amount shall be subject to increase by up to an additional \$1,000 as determined by BNN and the Company, or collectively, the Convertible Notes. The Convertible Notes, which shall be convertible into up to 2,727,272 shares of common stock, shall be sold together with certain common stock purchase warrants to purchase up to 2,727,272 shares of common stock. The Convertible Notes shall have a duration of two years.

On July 29, 2019, the Company completed the first closing in the Preferred Offering, pursuant to which it sold 2,386,363 shares of Preferred Stock and 3,579,544 accompanying Preferred Warrants for aggregate gross proceeds of \$5,250. The Company paid an aggregate of \$420 in fees in with respect to the Preferred Offering.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and condensed footnotes have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission, or the SEC, regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America, or U.S. GAAP, for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for fair statement of results for the interim periods presented have been included. The results of operations for the three and nine months ended September 30, 2019 are not necessarily indicative of the results to be expected for the full year 2019 or for other interim periods or for future years. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Furthermore, from February 24, 2019 the Company began to account for the investment in Micronet in accordance with the equity method, and therefore, the results of operations for the three and nine months ended September 30, 2019 are not necessarily indicative of the results to be expected for the full year 2019 or for other interim periods or for future years.

Principles of Consolidation

The accompanying financial statements are prepared in accordance with U.S. GAAP.

NOTE 3 — LOANS FROM OTHERS

On March 29, 2018, the Company and MICT Telematics Ltd. (formerly known as Enertec Electronics Ltd.), or MICT Telematics, a subsidiary of the Company, executed and closed on a securities purchase agreement with YA II whereby the Company issued and sold to YA II (1) certain Series A Convertible Debentures in the aggregate principal amount of \$3,200, or the Series A Debentures, and (2) a Series B Convertible Debenture in the principal amount of \$1,800, or the Series B Debenture. The Series A Debentures were issued in exchange for the cancellation and retirement of certain promissory notes issued by the Company to YA II on October 28, 2016, December 22, 2016, June 8, 2017 and August 22, 2017, with a total outstanding aggregate principal amount of \$3,200. The Series B Debenture was issued and sold for aggregate gross cash proceeds of \$1,800.

In addition, pursuant to the terms of the securities purchase agreement, the Company agreed to issue to YA II a warrant to purchase up to 375,000 shares of the Company's common stock at an exercise price of \$2.00 per share, a warrant to purchase up to 200,000 shares of the Company's common stock at an exercise price of \$3.00 per share and a warrant to purchase up to 112,500 shares of the Company's common stock at an exercise price of \$4.00 per share.

In conjunction with the issuance of the Series A Debentures and the Series B Debentures, a total of \$273 in fees and expenses were deducted from the aggregate gross proceeds and paid to YA II.

NOTE 3 — LOANS FROM OTHERS (Cont.)

As of February 21, 2019, the Company issued to YA II 250,000 shares of its common stock as part of a conversion of \$250 of the Series A Debenture at a conversion price of \$1.00 per share.

On March 13, 2019, the Company issued an additional 996,817 shares of its common stock as part of a conversion of \$1,000 of the Series A Debenture at a conversion price of \$1.10 per share.

On October 31, 2019, the Company paid all of its outstanding principal balance of the Series A Debentures in the aggregate amount of \$2,057.

Concurrently with the Preferred Offering (as defined in Note 1), the Company entered into the Note Purchase Agreement, pursuant to which BNN agreed to purchase from the Company \$2,000 of convertible notes which subscription amount shall be subject to increase by up to an additional \$1,000 as determined by BNN and the Company, or collectively, the Convertible Notes. The Convertible Notes issued to date, which shall be convertible into up to 2,727,272 shares of common stock, were sold together with certain common stock purchase warrants to purchase up to 2,727,272 shares of common stock. The Convertible Notes have a duration of two years from the date of issuance. See also Note 7.

NOTE 4 — STOCKHOLDERS' EQUITY (DEFICIENCY)

On February 7, 2019, and on April 4, 2019, the Company issued 145,300 and 275,300, respectively, shares of its common stock to its lawyers, directors and consultants. The Company recognized total expenses of \$533 in the nine months ended on September 30, 2019.

On June 4, 2019, the Company entered into a Securities Purchase Agreement, pursuant to which the Company agreed to sell 3,181,818 shares of Preferred Stock. The Preferred Stock, which shall be convertible into up to 6,363,636 shares of common stock of the Company, was sold together with Preferred Warrants to purchase up to 4,772,727 shares of common stock, for aggregate gross proceeds of \$7,000 to the Company.

The Preferred Stock is convertible into Common Stock at the option of each holder of Preferred Stock at any time and from time to time, and shall also convert automatically upon the occurrence of certain events, including the completion by the Company of a fundamental transaction. Commencing on March 31, 2020, cumulative cash dividends shall become payable on the Preferred Stock at the rate per share of 7% per annum, which rate shall increase to 14% per annum on June 30, 2020. The Company shall also have the option to redeem some or all of the Preferred Stock, at any time and from time to time, beginning on December 31, 2019. The holders of Preferred Stock vote together with the holders of Common Stock as a single class on an as-converted basis, and the holders of Preferred Stock holding a majority-in-interest of the Preferred Stock are entitled to appoint an independent director to the Company's board of directors (the "Preferred Director"). The Preferred Securities Purchase Agreement provides for customary registration rights.

The Preferred Warrants have an exercise price of \$1.01 (subject to customary adjustment in the event of future stock dividends, splits and the like) and are exercisable immediately, until the earlier of (i) two years from the date of issuance or (ii) the later of (a) 180 days after the closing by the Company of a change of control transaction, or (b) the company's next debt or equity financing of at least \$20 million.

On July 29, 2019, the Company completed the first closing in the Preferred Offering, pursuant to which it sold 2,386,363 shares of Preferred Stock and 3,579,544 accompanying Preferred Warrants for aggregate gross proceeds of \$5,250. The Company paid an aggregate of \$420 in fees in with respect to the Preferred Offering.

NOTE 5 — DISCONTINUED OPERATION

On December 31, 2017, the Company, Enertec Systems 2001 Ltd., or Enertec, previously our wholly-owned subsidiary, and Enertec Management Ltd., entered into a Share Purchase Agreement, or the Share Purchase Agreement, with Coolisys Technologies Inc., or Coolisys, a subsidiary of DPW Holdings, Inc., or DPW, pursuant to which the Company agreed to sell the entire share capital of Enertec to Coolisys. As consideration for the sale of Enertec's entire share capital, Coolisys agreed to pay, at the closing of the transaction, a purchase price of \$5,250 as well as assume up to \$4,000 of Enertec debt. Enertec met the definition of a component as defined by Accounting Standards Codification, or ASC, Topic 205. The Company believes the sale represented a strategic shift in its business. Accordingly, its assets and liabilities were classified as held for sale and the results of operations in the statement of operations and prior periods' results have been reclassified as a discontinued operation. On May 22, 2018, the Company closed on the sale, or the Closing, of all of the outstanding equity of Enertec pursuant to the Share Purchase Agreement.

At the Closing, the Company received aggregate gross proceeds of approximately \$4,700, of which 10% will be held in escrow for up to 14 months after the Closing to satisfy certain potential indemnification claims (see Note 7). Therefore, the Company has recorded such escrowed amount on its balance sheet as restricted cash and a liability. The final consideration amount was adjusted, pursuant to the terms of the Share Purchase Agreement, as a result of adjustments relating to certain Enertec debts at the Closing. In addition, Coolisys also assumed approximately \$4,000 of Enertec's debt. The Company's capital gain from the sale of Enertec, based on the Company's balance sheet at the closing date was approximately \$6,800.

On July 18, 2019, the Company received a written notice from Coolisys directed to the escrow agent, IBI Trust Management, regarding the funds being held in escrow relating to the Share Purchase Agreement relating to the sale of Enertec. The notice alleges that certain escrowed funds should not be released to the Company to satisfy certain claims for indemnity that are being asserted against Enertec Management Ltd. On August 13, 2019, the Company submitted its response to the notice and disputed the allegations. As a result, the escrow agent is therefore required to reserve all of the escrowed funds until the matter is resolved.

NOTE 6 — LOSS OF CONTROL OF SUBSIDIARY

As of December 31, 2018, we held 49.89% of Micronet's issued and outstanding shares, and together with an irrevocable proxy in our benefit from Mr. David Lucatz, our President and Chief Executive Officer, we held 50.07% of the voting interest in Micronet as of such date. On February 24, 2019, Micronet closed a public equity offering on the TASE. As a result of Micronet's offering, our ownership interest in Micronet was diluted from 49.89% to 33.88%. On February 24, 2019, Mr. David Lucatz, our President and Chief Executive Officer, executed an irrevocable proxy assigning his voting power over 1,980,000 shares of Micronet for our benefit. As a result, the voting interest in Micronet stood at 39.53% of the issued and outstanding shares of Micronet. The decrease in the Company's voting interest in Micronet resulted in the loss of control of Micronet. As a result, effective as of February 24, 2019, we no longer include Micronet's operating results in our financial statements. Therefore, commencing from February 24, 2019, the Company began to account for the investment in Micronet in accordance with the equity method.

On September 5, 2019, Micronet closed a public equity offering on the TASE. As a result, our ownership interest in Micronet was diluted from 33.88% to 30.48%, and our current voting interest in Micronet stands at 37.79% of the issued and outstanding shares of Micronet.

The Company recorded an impairment of its investment in Micronet and change in fair value in loan to Micronet as of September 30, 2019 in the total amount of \$335.

The method used for determining fair value of the investment in Micronet was based on a quoted market price on the TASE.

While Micronet is a publicly traded company in Israel, its shareholder base is widely spread and we continue to be Micronet's largest shareholder, maintaining a voting interest of 37.79% of its issued and outstanding shares. We believe that since most items that may require shareholder approval required majority consent, we exert a high level of influence over such voting matters which may include the appointment and removal of directors. In that regard, to date, we have appointed a majority of the directors of Micronet's board of directors.

Based on the above, although we are unable to fully consolidate Micronet's financial statements according to U.S. GAAP, we also do not consider Micronet to be a discontinued operation since we consider ourselves in effective control of Micronet and the raising of equity by Micronet that diluted our interests was done in order to continue its operations.

The following is the composition from Micronet's operation for the three and nine months ended September 30, 2019, respectively:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Revenues	2,691	\$ 5,718
Gross profit (loss)	692	601
Loss from operations	(389)	(2,599)
Net Loss	(436)	\$ (2,729)
Net loss in equity method	(132)	(537)
Impairment of equity method investment and change in fair value in loan to Micronet	(335)	(335)
Change of ownership interests	101	101
	(366)	771

NOTE 7 — LOAN TO MICRONET LTD.

On September 19, 2019, MICT Telematics Ltd., or MICT Telematics, a wholly owned subsidiary of MICT, Inc., or the Company, entered into a loan agreement with Micronet, or Micronet, pursuant to which MICT Telematics agreed to loan Micronet \$250 on certain terms and conditions, or the Loan. The proceeds from the Loan will be used by Micronet for working capital and general corporate needs. The Loan does not bear any interest and is due and payable upon the earlier of (i) December 31, 2019; or (ii) when Micronet receives an investment of at least \$250 from non-related parties. The company measures the loan at fair value through profit and loss.

On November 13, 2019, the Company and Micronet executed a convertible loan agreement pursuant to which the Company agreed to loan to Micronet \$500 in the aggregate, of which \$250 consists of a prior loan proved by the Company in September 2019. The loan bears interest at a rate of 3.95% calculated and paid on a quarterly basis. In addition, the loan, if not converted, shall be repaid in four equal installments, the first of such installment payable following the fifth quarter after the issuance of the loan, with the remaining three installments due on each subsequent quarter thereafter, such that the loan shall be repaid in full upon the lapse of 24 months from its grant. In addition, the outstanding principal balance of the loan, and all accrued and unpaid interest, is convertible at the Company's option, at a conversion price equal to 0.38 NIS per Micronet share. Micronet also agreed to issue the Company an option to purchase up to one share of Micronet's ordinary shares for each ordinary share that issued as a result of a conversion of the loan at an exercise price of 0.60 NIS per share, exercisable for a period of 15 months.

NOTE 8 — SUBSEQUENT EVENTS

November 2019 Acquisition Agreement

On November 7, 2019, MICT, Inc., a Delaware corporation ("MICT" or the "Company"), GFH Intermediate Holdings Ltd., a British Virgin Islands company ("Intermediate") that is wholly owned by Global Fintech Holding Ltd., a British Virgin Islands company ("GFH") entered into, and MICT Merger Subsidiary Inc., a to-be-formed British Virgin Islands company and a wholly owned subsidiary of MICT ("Merger Sub"), shall upon execution of a joinder enter into, an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Intermediate, with Intermediate continuing as the surviving entity, and each outstanding share of Intermediate's common stock shall be cancelled in exchange for the right of the holders thereof to receive a substantially equivalent security of MICT (collectively, the "Acquisition"). GFH will receive an aggregate of 109,946,914 shares of MICT common stock as merger consideration in the Acquisition.

Concurrent with the execution of the Merger Agreement, Intermediate entered into (i) a share exchange agreement with Beijing Brookfield Interactive Science & Technology Co. Ltd., an enterprise formed under the laws of the Peoples Republic of China ("Beijing Brookfield"), pursuant to which Intermediate will acquire all of the issued and outstanding ordinary shares and other equity interest of Beijing Brookfield from the shareholders of Beijing Brookfield in exchange for 16,310,759 newly issued shares of GFH and (ii) a share exchange agreement with ParagonEx Ltd., a British Virgin Islands business company ("ParagonEx"), shareholders of ParagonEx specified therein (the "ParagonEx Sellers") and Mark Gershinson, pursuant to which, the ParagonEx Sellers will transfer to Intermediate all of the issued and outstanding securities of ParagonEx in exchange for Intermediate's payment and delivery of \$10.0 million in cash, which is to be paid upon the closing of the Acquisition, and 75,132,504 newly issued shares of GFH deliverable at the closing of the share exchange.

After giving effect to the Acquisition, the conversion of the Convertible Debentures (as discussed below) and the conversion or exercise of the securities issued by MICT pursuant to the Offering of Series A Convertible Preferred Stock and Warrants and the Offering of Convertible Note and Warrants, each as previously described in the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on June 10, 2019, it is expected that MICT will have approximately \$15.0 million of cash as well as ownership of ParagonEx and Beijing Brookfield and that MICT's current stockholders will own approximately 11,089,532 shares, or 7.64%, of the 145,130,577 shares of MICT common stock outstanding.

Consummation of the transactions contemplated by the Merger Agreement is subject to certain closing conditions, including, among other things, approval by the stockholders of MICT and receipt of a fairness opinion indicating that the transactions contemplated by the Merger Agreement are fair to the stockholders of MICT. The Merger Agreement contains certain termination rights for the Company and Intermediate. The Merger Agreement also contains customary representations, warranties and covenants made by, among others, MICT, Intermediate and Merger Sub, including as to the conduct of their respective businesses (as applicable) between the date of signing the Merger Agreement and the closing of the transactions contemplated thereby.

In connection with the execution and delivery of the Merger Agreement, David Lucatz, on behalf of his affiliates that are stockholders of the Company (the "Stockholder"), entered into a voting agreement (the "Voting Agreement") pursuant to which, during the term of such agreement, the Stockholder has agreed to certain actions in support of the transactions contemplated by the Merger Agreement and will, at every meeting of the stockholders of the Company called for such purpose, and at every adjournment or postponement thereof (or in any other circumstances upon which a vote, consent or approval is sought, including by written consent), not vote any of his shares of the Company's common stock at such meeting in favor of, or consent to, and will vote against and not consent to, the approval of any alternative proposal that is intended, or would reasonably be expected, to prevent, impede, interfere with, delay or adversely affect in any material respect the transactions contemplated by the Merger Agreement.

Termination of Acquisition Agreement

Effective as of November 7, 2019, the Company, BNN, BI China and ParagonEx (the “Parties”) entered into a mutual Termination Agreement (the “Termination Agreement”), pursuant to which the Parties agreed to terminate the 2018 Acquisition Agreement, effective immediately.

November 2019 5% Convertible Debentures

In addition, on November 7, 2019, the Company entered into a Securities Purchase Agreement (the “**Primary Purchase Agreement**”) with certain investors identified therein (the “**Primary Purchasers**”) pursuant to which, among other things, the Primary Purchasers agreed, subject to the satisfaction or waiver of the conditions set forth in the Primary Purchase Agreement, to purchase from the Company 5% senior secured convertible debentures due 2020 (the “**Primary Convertible Debentures**”) with an aggregate principal amount of approximately \$15.9 million (the “**Primary Convertible Debenture Offering**”). Concurrently with entry into the Primary Purchase Agreement, the Company entered into a separate Securities Purchase Agreement (the “**Non-Primary Purchase Agreement**” and, together with the Primary Purchase Agreement, the “**Purchase Agreements**”) with certain investors identified therein (the “**Non-Primary Purchasers**” and, together with the Primary Purchasers, the “**Purchasers**”) pursuant to which, among other things, the Non-Primary Purchasers agreed, subject to the satisfaction or waiver of the conditions set forth in the Non-Primary Purchase Agreement, to purchase from the Company 5% senior secured convertible debentures due 2020 (the “**Non-Primary Convertible Debentures**” and, together with the Primary Convertible Debentures, the “**Convertible Debentures**”) with an aggregate principal amount of \$9.0 million (together with the Primary Convertible Debenture Offering, collectively, the “**Convertible Debenture Offering**”). The Convertible Debentures shall be convertible into shares of Common Stock of the Company at a conversion price of \$1.41 per share. The Convertible Debentures will be due upon the earlier of (i) six months from the date of issuance and (ii) the termination of the Merger Agreement. The Company is obligated to pay interest to the Purchasers on the outstanding principal amount at the rate of 5% per annum, payable quarterly, in cash or, at the Company’s option in certain instances, in shares of Common Stock. The Company may not voluntarily prepay any portion of the principal amount of the Convertible Debentures without the prior written consent of the Purchasers.

Subject to stockholder approval of an increase in the shares of Common Stock to allow for the full conversion of the Convertible Debentures into Common Stock, the Convertible Debentures shall be convertible into Common Stock at the option of the Purchasers at any time and from time to time. Upon the closing of the Acquisition and written notice of the Company to the Purchasers, the Purchasers shall be forced to convert the Convertible Debentures into shares of Common Stock of the Company (the “**Forced Conversion**”). Upon the occurrence of certain events, including, among others, if the Company fails to file a preliminary proxy statement with respect to the Acquisition on or prior to November 18, 2019, if the Forced Conversion does not occur on or before January 24, 2020, or certain breaches of the Primary Purchasers’ Registration Rights Agreement (as defined below), the Primary Purchasers are permitted to require the Company to redeem the Primary Convertible Debentures, including any interest that has accrued thereunder, for cash.

The proceeds of each Convertible Debenture Offering shall be placed in separate blocked bank accounts, each of which shall be subject to a blocked deposit account control agreement to be entered into. The Company shall not have access to such proceeds until the closing of the Acquisition and only upon the satisfaction of certain other requirements, including, among other things, effectiveness of the Resale Registration Statement

The Purchase Agreements provide for customary registration rights, pursuant to their respective registration rights agreement to be entered into at the time of the closing of the Convertible Debenture Offering (each, a “**Registration Rights Agreement**”). Pursuant to the Registration Rights Agreements, the Company will be obligated to, among other things, (i) file a registration statement (the “**Resale Registration Statement**”) with the SEC within seven business days following the filing of an initial proxy statement with respect to the Acquisition, but no later than November 27, 2019, for purposes of registering the shares of Common Stock issuable upon the conversion of the Convertible Debentures and (ii) use its best efforts to cause the Resale Registration Statement to be declared effective by the SEC as soon as practicable after filing, and in any event no later than the effectiveness of the Acquisition. The Registration Rights Agreements will contain customary terms and conditions for a transaction of this type, including certain customary cash penalties on the Company for its failure to satisfy the specified filing and effectiveness time periods.

Micronet Convertible Loan Agreement

On November 13, 2019, the Company and Micronet executed a convertible loan agreement pursuant to which the Company agreed to loan to Micronet \$500 in the aggregate, of which \$250 consists of a prior loan proved by the Company in September 2019, as discussed in Note 7 above.

Repayment of Series A Debentures

On October 2019, the Company made a payment of approximately \$2,057 to YA II and repaid the outstanding principal balance of the Series A Debentures such that the Series A Debentures have been satisfied in full.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws, and is subject to the safe-harbor created by such Act and laws. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other variations thereon or comparable terminology. The statements herein and their implications are merely predictions and therefore inherently subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those contemplated by the forward-looking statements. Such forward-looking statements appear in this Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations," and may appear elsewhere in this Quarterly Report on Form 10-Q and include, but are not limited to, statements regarding the following:

- continuing minority stake in Micronet's share capital;
- the organic and non-organic growth of our business;
- our financing needs and our ability to continue to raise capital;
- financing strategies;
- use of proceeds from any future financing, if any;
- the sufficiency of our capital resources; and
- the proposed transaction with BNN Technology PLC.

Our business is subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained or implied in this report. Except as required by law, we assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements. Further information on potential factors that could affect our business is described under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Readers are also urged to carefully review and consider the various disclosures we have made in that report. The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report on Form 10-Q.

Overview

The Company's business relates to its ownership interest in its Israel-based subsidiary, Micronet Ltd., or Micronet, in which the Company previously held a majority ownership interest that has since been diluted to a minority ownership interest. Micronet operates in the growing commercial Mobile Resource Management, or MRM, market. Micronet through both its Israeli and U.S. operational offices designs, develops, manufactures and sells rugged mobile computing devices that provide fleet operators and field workforces with computing solutions in challenging work environments.

As of December 31, 2018, we held 49.89% of Micronet's issued and outstanding shares, and together with an irrevocable proxy in our benefit from Mr. David Lucatz, our President and Chief Executive Officer, we held 50.07% of the voting interest in Micronet as of such date. On February 24, 2019, Micronet closed a public equity offering on the Tel Aviv Stock Exchange, or the TASE. As a result of Micronet's offering, our ownership interest in Micronet was diluted from 49.89% to 33.88%. On February 24, 2019, Mr. David Lucatz, our President and Chief Executive Officer, executed an irrevocable proxy assigning his voting power over 1,980,000 shares of Micronet for our benefit. As a result, our voting interest in Micronet stood at 39.53% of the issued and outstanding shares of Micronet. The decrease in the Company's voting interest in Micronet resulted in the deconsolidation of Micronet's operating results from our financial statements as of February 24, 2019. Therefore, commencing from February 24, 2019, the Company began to account for the investment in Micronet in accordance with the equity method.

On September 5, 2019, Micronet closed a public equity offering on the TASE. As a result, our ownership interest in Micronet was diluted from 33.88% to 30.48%, and our current voting interest in Micronet stands at 37.79% of the issued and outstanding shares of Micronet.

On September 19, 2019, MICT Telematics Ltd., a subsidiary of the Company, entered into a loan agreement with Micronet, pursuant to which MICT Telematics agreed to loan Micronet \$250,000.

The Company recorded an impairment of equity method investment and change in fair value in loan to Micronet as of September 30, 2019 in the amount of \$335,000.

On November 13, 2019, the Company and Micronet executed a convertible loan agreement pursuant to which the Company agreed to loan Micronet \$500,000, of which \$250,000 consists of a prior loan proved by the Company on September 19, 2019.

On December 31, 2017, the Company, Enertec Systems 2001 Ltd., or Enertec, previously our wholly owned subsidiary, and Enertec Management Ltd., entered into a Share Purchase Agreement, or the Share Purchase Agreement, with Coolisys Technologies Inc., or Coolisys, a subsidiary of DPW Holdings, Inc., or DPW, pursuant to which the Company agreed to sell the entire share capital of Enertec to Coolisys. As consideration for the sale of Enertec's entire share capital, Coolisys agreed to pay, at the closing of the transaction, a purchase price of \$5,250,000 as well as assume up to \$4,000,000 of Enertec debt. Enertec met the definition of a component as defined by Accounting Standards Codification Topic 205. The Company believes the sale represents a strategic shift in its business. Accordingly, its assets and liabilities were classified as held for sale and the results of operations in the statement of operations and prior periods' results have been reclassified as a discontinued operation. On May 22, 2018, the Company closed on the sale, or the Closing, of all of the outstanding equity of Enertec pursuant to the Share Purchase Agreement.

At the Closing, the Company received aggregate gross proceeds of approximately \$4,700,000, of which 10% will be held in escrow for up to 14 months after the Closing to satisfy certain potential indemnification claims. Therefore, the Company has recorded such escrowed amount on its balance sheet as restricted cash and a liability. The final consideration amount was adjusted, pursuant to the terms of the Share Purchase Agreement, as a result of adjustments relating to certain Enertec debts at the Closing. In addition, Coolisys also assumed approximately \$4,000,000 of Enertec's debt. The Company's capital gain from the sale of Enertec, based on the Company's balance sheet at the closing date was \$6,844,000.

On July 18, 2019, the Company received a written notice from Coolisys directed to the escrow agent, IBI Trust Management, regarding the funds being held in escrow relating to the Share Purchase Agreement relating to the sale of Enertec. The notice alleges that certain escrowed funds should not be released to the Company to satisfy certain claims for indemnity that are being asserted against Enertec Management Ltd. On August 13, 2019, the Company submitted its response to the notice and disputed the allegations. As a result, the escrow agent is therefore required to reserve all of the escrowed funds until the matter is resolved.

On December 18, 2018, the Company, Global Fintech Holdings Ltd., a British Virgin Islands corporation, or BVI Pubco, GFH Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of BVI Pubco, or Merger Sub, BNN Technology PLC, a United Kingdom Private limited company, or BNN, Brookfield Interactive (Hong Kong) Limited, a Hong Kong company and a subsidiary of BNN, or BI China, ParagonEx LTD, a British Virgin Islands company, or ParagonEx, certain holders of ParagonEx's outstanding ordinary shares and a trustee thereof, and Mark Gershinson, in the capacity as the representative of the ParagonEx sellers, entered into an Acquisition Agreement, or the Acquisition Agreement, pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Acquisition Agreement, Merger Sub will merge with and into the Company, as a result of which each outstanding share of the Company's common stock and warrant to purchase the same shall be cancelled in exchange for the right of the holders thereof to receive 0.93 substantially equivalent securities of BVI Pubco, after which BVI Pubco will acquire (i) all of the issued and outstanding securities of BI China in exchange for newly issued ordinary shares of BVI Pubco and (ii) all of the issued and outstanding ordinary shares of ParagonEx for a combination of cash in the amount equal to approximately \$25 million (the majority of which was raised in a private placement by BVI Pubco), unsecured promissory notes and newly issued ordinary shares of BVI Pubco. On June 5, 2019, BNN announced that it had terminated its tender offer to purchase up to 1,953,423 shares of the Company's common stock in accordance with the Acquisition Agreement.

Effective as of November 7, 2019, the Company, BNN, BI China and ParagonEx, or the Parties, entered into a mutual Termination Agreement, or the Termination Agreement, pursuant to which the Parties agreed to terminate the Acquisition Agreement, effective immediately.

On November 7, 2019, the Company, MICT Merger Subsidiary Inc., a to-be-formed British Virgin Islands company and a wholly owned subsidiary of MICT, or Merger Sub, and GFH Intermediate Holdings Ltd., a British Virgin Islands company, or the Intermediate, that is wholly owned by BVI Pubco, entered into an acquisition agreement, or the 2019 Acquisition Agreement, pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the 2019 Acquisition Agreement, Merger Sub will merge with and into Intermediate, with Intermediate continuing as the surviving entity, and each outstanding share of the Intermediate's common stock shall be cancelled in exchange for the right of the holders thereof to receive a substantially equivalent security of MICT, or collectively, the Acquisition.

Concurrent with the execution of the 2019 Acquisition Agreement, Intermediate entered into (i) a share exchange agreement with Beijing Brookfield Interactive Science & Technology Co. Ltd., an enterprise formed under the laws of the Peoples Republic of China, or Beijing Brookfield, pursuant to which Intermediate will acquire all of the issued and outstanding ordinary shares and other equity interest of Beijing Brookfield from the shareholders of Beijing Brookfield in exchange for 16,310,759 newly issued shares of BVI Pubco and (ii) a share exchange agreement with ParagonEx, shareholders of ParagonEx specified therein, or the ParagonEx Sellers, and Mark Gershinson, pursuant to which, the ParagonEx Sellers will transfer to Intermediate all of the issued and outstanding securities of ParagonEx, in exchange for Intermediate's payment and delivery of \$10.0 million, which is to be paid upon the closing of Acquisition, and 75,132,504 shares of its common stock.

After giving effect to the Acquisition, the conversion of the Convertible Debentures (as discussed below) and the conversion or exercise of the securities issued by MICT pursuant to the Offering of Series A Convertible Preferred Stock and Warrants and the Offering of Convertible Note and Warrants, each as previously described in the Company's Current Report on Form 8-K filed with the SEC on June 10, 2019, it is expected that MICT will have approximately \$25 million of cash as well as ownership of ParagonEx and Beijing Brookfield and that MICT's current stockholders will own approximately 11,089,532 shares, or 7.64%, of the 145,130,577 shares of MICT common stock outstanding.

Consummation of the transactions contemplated by the 2019 Acquisition Agreement is subject to certain closing conditions, including, among other things, approval by the stockholders of MICT and receipt of a fairness opinion indicating that the transactions contemplated by the 2019 Acquisition Agreement are fair to the stockholders of MICT. The 2019 Acquisition Agreement contains certain termination rights for the Company and Intermediate. The 2019 Acquisition Agreement also contains customary representations, warranties and covenants made by, among others, MICT, Intermediate and Merger Sub, including as to the conduct of their respective businesses (as applicable) between the date of signing the 2019 Acquisition Agreement and the closing of the transactions contemplated thereby.

In connection with the execution and delivery of the 2019 Acquisition Agreement, David Lucatz, on behalf of his affiliates that are stockholders of the Company, or the Stockholder, entered into a voting agreement, or the Voting Agreement, pursuant to which, during the term of such agreement, the Stockholder has agreed to certain actions in support of the transactions contemplated by the 2019 Acquisition Agreement and will, at every meeting of the stockholders of the Company called for such purpose, and at every adjournment or postponement thereof (or in any other circumstances upon which a vote, consent or approval is sought, including by written consent), not vote any of his shares of the Company's common stock at such meeting in favor of, or consent to, and will vote against and not consent to, the approval of any alternative proposal that is intended, or would reasonably be expected, to prevent, impede, interfere with, delay or adversely affect in any material respect the transactions contemplated by the 2019 Acquisition Agreement.

In addition, on November 7, 2019, the Company entered into a Securities Purchase Agreement, or the Stadium Purchase Agreement, with certain investors identified therein, or the Stadium Purchasers, pursuant to which the Stadium Purchasers agreed to purchase from the Company 5% senior secured convertible debentures, or the Stadium Convertible Debentures, with a principal amount of approximately \$15.9 million. Concurrently with Stadium Purchase Agreement, the Company entered into a separate Securities Purchase Agreement, or the Non-Stadium Purchase Agreement, and together with the Stadium Purchase Agreement, the Purchase Agreements, with certain investors identified therein, or the Non-Stadium Purchasers, and together with the Stadium Purchasers, the Purchasers, pursuant to which the Non-Stadium Purchasers agreed to purchase from the Company 5% senior secured convertible debentures with a principal amount of approximately \$9.1 million, or the Non-Stadium Convertible Debentures, and together with the Stadium Convertible Debentures, the Convertible Debentures, or the Convertible Debenture Offering. The Convertible Debentures shall be convertible into shares of Common Stock of the Company at a conversion price of \$1.41 per share. The Convertible Debentures shall be due upon the earlier of (i) six months from the date of issuance or (ii) the termination of the 2019 Acquisition Agreement. The Company is obligated to pay interest to the Purchasers on the outstanding principal amount at the rate of 5% per annum, payable quarterly, in cash or, at the Company's option, in shares of Common Stock. The Company may not prepay any portion of the principal amount of the Convertible Debentures without the prior written consent of the Purchasers.

Subject to stockholder approval of the Convertible Debenture Offering, the Convertible Debentures shall be convertible into Common Stock at the option of the Purchasers at any time and from time to time. Upon the closing of the Acquisition and written notice of the Company to the Purchasers, the Purchasers shall be forced to convert the Convertible Debentures into shares of Common Stock of the Company, or the Forced Conversion. Upon the occurrence of certain events, including, among others, if the Company fails to file a preliminary proxy statement with respect to the Acquisition on or prior to November 18, 2019, if the Forced Conversion does not occur on or before January 24, 2020, or certain breaches of the 2019 Acquisition Agreement, the Stadium Purchasers are permitted to require the Company to redeem the Stadium Convertible Debentures, including any interest that has accrued thereunder, for cash.

The proceeds of the Convertible Debenture Offering shall be placed in a blocked bank account, pursuant to a deposit account control agreement, to be entered into. The Company shall not have access to such proceeds until the closing of the Acquisition and only upon the satisfaction of certain other requirements, including, among other things, effectiveness of the Resale Registration Statement.

The Purchase Agreements provide for customary registration rights, pursuant to a registration rights agreement to be entered into at the time of the closing of the Convertible Debenture Offering, or the Registration Rights Agreement. Pursuant to the Registration Rights Agreement, the Company will be obligated to, among other things, (i) file a registration statement with the SEC within seven business days following the filing of an initial proxy statement with respect to the Acquisition, but no later than November 27, 2019, for purposes of registering the shares of common stock issuable upon the conversion of the Convertible Debentures and (ii) use its best efforts to cause the resale registration statement to be declared effective by the SEC as soon as practicable after filing, and in any event no later than January 24, 2020. The Registration Rights Agreement contains customary terms and conditions for a transaction of this type, including certain customary cash penalties on the Company for its failure to satisfy the specified filing and effectiveness time periods.

On November 12, 2019, the Company filed an Amended Certificate of Designation of the Preferences, Rights and Limitations with the Secretary of State of Delaware to remove the prohibition on forced conversions of the Company's Series A Preferred Stock, par value \$0.001 per share, into shares of Common Stock in the event the Company's stockholders approve the Acquisition after December 31, 2019.

On November 13, 2019, the Company and Micronet executed a convertible loan agreement pursuant to which the Company agreed to loan to Micronet \$500,000 in the aggregate, of which \$250,000 consists of a prior loan proved by the Company in September 2019. The loan bears interest at a rate of 3.95% calculated and paid on a quarterly basis. In addition, the loan, if not converted, shall be repaid in four equal installments, the first of such installment payable following the fifth quarter after the issuance of the loan, with the remaining three installments due on each subsequent quarter thereafter, such that the loan shall be repaid in full upon the lapse of 24 months from its grant. In addition, the outstanding principal balance of the loan, and all accrued and unpaid interest, is convertible at the Company's option, at a conversion price equal to 0.38 NIS per Micronet share. Micronet also agreed to issue the Company an option to purchase up to one share of Micronet's ordinary shares for each ordinary share that issued as a result of a conversion of the loan at an exercise price of 0.60 NIS per share, exercisable for a period of 15 months.

On June 4, 2019, the Company entered into a Securities Purchase Agreement, pursuant to which the Company agreed to sell 3,181,818 shares of newly designated Series A Convertible Preferred Stock with a stated value of \$2.20 per share, or the Preferred Stock. The Preferred Stock, which shall be convertible into up to 6,363,636 shares of common stock of the Company, was sold together with certain common stock purchase warrants, or the Preferred Warrants, to purchase up to 4,772,727 shares of common stock, for aggregate gross proceeds of \$7 million to the Company, or the Preferred Offering.

Concurrently with the Preferred Offering, the Company entered into a Securities Purchase Agreement, or the Note Purchase Agreement, with BNN, pursuant to which BNN agreed to purchase from the Company \$2 million of convertible notes, which subscription amount shall be subject to increase by up to an additional \$1 million as determined by BNN and the Company, or collectively, the Convertible Notes. The Convertible Notes, which shall be convertible into up to 2,727,272 shares of common stock, shall be sold together with certain common stock purchase warrants to purchase up to 2,727,272 shares of common stock. The Convertible Notes shall have a duration of two years.

On July 29, 2019, the Company completed the first closing in the Preferred Offering, pursuant to which it sold 2,386,363 shares of Preferred Stock and 3,579,544 accompanying Preferred Warrants for aggregate gross proceeds of \$5,250,000.

Loss of Control of Micronet Ltd.

As of December 31, 2018, we held 49.89% of Micronet's issued and outstanding shares, and together with an irrevocable proxy in our benefit from Mr. David Lucatz, our President and Chief Executive Officer, we held 50.07% of the voting interest in Micronet as of such date. On February 24, 2019, Micronet closed a public equity offering on the TASE. As a result of Micronet's offering, our ownership interest in Micronet was diluted from 49.89% to 33.88%. On February 24, 2019, Mr. David Lucatz, our President and Chief Executive Officer, executed an irrevocable proxy assigning his voting power over 1,980,000 shares of Micronet for our benefit. As a result, our voting interest in Micronet stood at 39.53% of the issued and outstanding shares of Micronet. The decrease in the Company's voting interest in Micronet resulted in the loss of control of Micronet. As a result, effective as of February 24, 2019, we no longer include Micronet's operating results in our financial statements. Therefore, commencing from February 24, 2019, the Company began to account for the investment in Micronet in accordance with the equity method.

On September 5, 2019, Micronet closed a public equity offering on the TASE. As a result, our ownership interest in Micronet was diluted from 33.88% to 30.48%, and our current voting interest in Micronet stands at 37.79% of the issued and outstanding shares of Micronet.

While Micronet is a publicly traded company in Israel, its shareholder base is widely spread and we continue to be Micronet's largest shareholder, maintaining a voting interest of 37.79% of its issued and outstanding shares. We believe that since most items that may require shareholder approval required majority consent, we exert a high level of influence over such voting matters which may include the appointment and removal of directors. In that regard, to date, we have appointed a majority of the directors of Micronet's board of directors.

Based on the above, although we are unable to fully consolidate Micronet's financial statements according to U.S. GAAP, we also do not consider Micronet to be a discontinued operation since we consider ourselves in effective control of Micronet and the raising of equity by Micronet that diluted our interests was done in order to continue its operations.

The Company recorded an impairment for its investment in Micronet and change in fair value in loan to Micronet as of September 30, 2019 in the total amount of \$335,000. The method used for determining fair value of the investment based on a quoted market price of Micronet on the TASE.

The following is the composition from Micronet's operation for the three and nine months ended September 30, 2019, respectively:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Revenues	<u>2,691</u>	<u>\$ 5,718</u>
Gross profit (loss)	<u>692</u>	<u>601</u>
Loss from operations	<u>(389)</u>	<u>(2,599)</u>
Net Loss	<u>(436)</u>	<u>\$ (2,729)</u>
Net loss in equity method	(131)	(537)
Impairment of equity method investment and change in fair value in loan to Micronet	(335)	(335)
Change of ownership	<u>101</u>	<u>101</u>
	<u>(365)</u>	<u>(771)</u>

Results of Operations

As discussed above and in the footnotes to our financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, on February 24, 2019, as a result of a public offering by Micronet, our voting interest in Micronet (including voting power associated with an irrevocable proxy in our benefit from Mr. David Lucatz, our President and Chief Executive Officer) was reduced to 39.53% of the issued and outstanding shares of Micronet, and thereafter, as of September 5, 2019, was further reduced to 37.79%. Therefore, Micronet's reports are consolidated in our financial statements from January 1, 2019 until February 24, 2019 only.

Three and Nine Months Ended September 30, 2019, Compared to Three and Nine Months Ended September 30, 2018

Revenues for the three and nine months ended September 30, 2019 were \$0 and \$477,000, respectively, compared to \$2,216,000 and \$12,897,000 for the three and nine months ended September 30, 2018, respectively. This represents a decrease of \$2,216,000 and \$12,420,000, respectively, or 100% and 96%, for the three and nine months ended September 30, 2019, respectively. The decrease in revenues for the three and nine months ended September 30, 2019 is primarily due to the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019, as well as a decrease in customer orders, and their value, a trend that has continued from the fiscal year ended December 31, 2018.

Gross loss for the three and nine months ended September 30, 2019 decreased by \$54,000 and \$3,677,000, respectively, to \$0 and \$369,000, and represents 0% and 77%, respectively of the revenues. This is in comparison to gross profit of \$54,000 and \$3,308,000, and represents 2% and 26% of the revenues for the three and nine months ended September 30, 2018, respectively. The increase in gross loss for the three and nine months ended September 30, 2019 is mainly a result of the deconsolidation of Micronet as well as the decrease in revenues and slow inventory reduction at Micronet for the two month period that Micronet consolidated.

Selling and Marketing

Selling and marketing costs are part of operating expenses. Selling and marketing costs for the three and nine months ended September 30, 2019 were \$0 and \$198,000, respectively, compared to \$383,000 and \$1,217,000 for the three and nine months ended September 30, 2018, respectively. This represents a decrease of \$383,000 and \$1,019,000, or 100% and 84%, for the three and nine months ended September 30, 2019, respectively. The decrease is mainly due to the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019 as well as a decrease in salary expenses due to the reduction of employees and subcontractors at Micronet.

General and Administrative

General and administrative costs are part of operating expenses. General and administrative costs for the three and nine months ended September 30, 2019 were \$501,000 and \$2,161,000, respectively, compared to \$2,544,000 and \$5,070,000 for the three and nine months ended September 30, 2018, respectively. This represents a decrease of \$2,043,000 and \$2,909,000, respectively, or 80% and 57%, for the three and nine months ended September 30, 2019, respectively. The decrease is mainly the result of the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019 as well as decreases in wages and professional services at Micronet and partially offset by (1) an increase associated with the issuance of options and shares to directors, employees and consultants, and (2) a provision for doubtful debts.

Research and Development Costs

Research and development costs are part of operating expenses. Research and development costs, which mainly include wages, materials, and sub-contractors, for the three and nine months ended September 30, 2019, were \$0 and \$261,000, respectively, compared to \$425,000 and \$1,457,000 for the three and nine months ended September 30, 2018, respectively. This represents a decrease of \$425,000 and \$1,196,000, or 100% and 82%, for the three and nine months ended September 30, 2019, respectively. The decrease in research and development costs for the three and nine months ended September 30, 2019 is primarily a result of the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019 as well as a decrease in salary expenses due to a decrease in the number of employees at Micronet.

Loss from Operations

Our loss from operations for the three and nine months ended September 30, 2019 was \$501,000 and \$3,009,000, compared to a loss from operations of \$3,512,000 and \$5,088,000, for the three and nine months ended September 30, 2018, respectively. The decrease in loss from operations for the three and nine months ended September 30, 2019 is mainly a result of the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019.

Financial Expenses, net

Financial expenses, net for the three and nine months ended September 30, 2019 were \$346,000 and \$292,000 compared to \$104,000 and \$956,000 for the three and nine months ended September 30, 2018, respectively. This represents an increase of financial expenses of \$242,000 for the three months ended September 30, 2019 and a decrease of financial expenses of \$664,000 for the nine months ended September 30, 2019. The increase in financial expenses, for the three months ended September 30, 2019, is primarily due to the interest and fees on the YA II (as defined below) debentures and the decrease in financial expenses, for the nine months ended September 30, 2019, is primarily due to the changes in currency exchange rates.

Net Profit/Loss Attributed to MICT, Inc.

Our net loss attributed to MICT, Inc. for the three and nine months ended September 30, 2019, respectively, was \$1,210,000 and \$3,222,000, compared to net loss of \$2,636,000 and net profit of \$10,000 for the three and nine months ended September 30, 2018, respectively. This represents an increase of \$1,426,000 and a decrease of \$3,232,000 for the three and nine months ended September 30, 2019, respectively, as compared to the same periods ended September 30, 2018. The increase in net loss for the three months ended September 30, 2019 is primary a result of the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019. The decrease in net loss for the ninth months ended September 30, 2019 is primarily attributable to the capital gain resulting from the sale of Enertec.

Liquidity and Capital Resources

The Company finances its operations through loans and securities offerings. The loans are divided into loans from YA II PN Ltd., or YA II and loans from BNN Technology PLC, as described below.

As of September 30, 2019, our total cash and cash equivalents balance was \$5,767,000, as compared to \$2,174,000 as of December 31, 2018. This reflects an increase of \$3,593,000 in cash and cash equivalents. The increase in cash and cash equivalents is primarily a result of the Securities Purchase Agreement, as described below.

On June 4, 2019, the Company entered into a Securities Purchase Agreement, pursuant to which the Company agreed to sell 3,181,818 shares of Preferred Stock. The Preferred Stock, which shall be convertible into up to 6,363,636 shares of common stock, was sold together with the Preferred Warrants to purchase up to 4,772,727 shares of common stock, for aggregate gross proceeds of \$7 million to the Company, or the Preferred Offering.

Concurrently with the Preferred Offering, the Company entered into a Note Purchase Agreement with BNN, pursuant to which BNN agreed to purchase from the Company \$2 million of Convertible Notes. The Convertible Notes, which shall be convertible into up to 2,727,272 shares of common stock, were sold together with certain common stock purchase warrants to purchase up to 2,727,272 shares of Common Stock. The Convertible Notes shall have a duration of two years.

On July 29, 2019, the Company completed the first closing in the Preferred Offering, pursuant to which it sold an aggregate of 2,386,363 shares of Preferred Stock and accompanying warrants to purchase 3,579,544 shares of common stock for aggregate gross proceeds of \$5,250,000.

In addition, on November 7, 2019, the Company entered into the Stadium Purchase Agreement, with the Stadium Purchasers pursuant to which the Stadium Purchasers agreed to purchase from the Company the Stadium Convertible Debentures, with a principal amount of approximately \$15.9 million. Concurrently with Stadium Purchase Agreement, the Company entered into the Non-Stadium Purchase Agreement with the Non-Stadium Purchasers pursuant to which the Non-Stadium Purchasers agreed to purchase from the Company the Non-Stadium Convertible Debentures, with a principal amount of approximately \$9.1 million. The Convertible Debentures shall be convertible into shares of Common Stock of the Company at a conversion price of \$1.41 per share. The Convertible Debentures shall be due upon the earlier of (i) six months from the date of issuance or (ii) the termination of the 2019 Acquisition Agreement. The Company is obligated to pay interest to the Purchasers on the outstanding principal amount at the rate of 5% per annum, payable quarterly, in cash or, at the Company's option, in shares of Common Stock. The Company may not prepay any portion of the principal amount of the Convertible Debentures without the prior written consent of the Purchasers.

Subject to stockholder approval of the Convertible Debenture Offering, the Convertible Debentures shall be convertible into Common Stock at the option of the Purchasers at any time and from time to time. Upon the closing of the Acquisition and written notice of the Company to the Purchasers, the Purchasers shall be forced to convert the Convertible Debentures into shares of Common Stock of the Company. Upon the occurrence of certain events, including, among others, if the Company fails to file a preliminary proxy statement with respect to the Acquisition on or prior to November 18, 2019, if the Forced Conversion does not occur on or before January 24, 2020, or certain breaches of the 2019 Acquisition Agreement, the Stadium Purchasers are permitted to require the Company to redeem the Stadium Convertible Debentures, including any interest that has accrued thereunder, for cash.

The proceeds of the Convertible Debenture Offering shall be placed in a blocked bank account, pursuant to a deposit account control agreement, to be entered into. The Company shall not have access to such proceeds until the closing of the Acquisition and only upon the satisfaction of certain other requirements, including, among other things, effectiveness of the Resale Registration Statement.

The Purchase Agreements provide for customary registration rights, pursuant to the Registration Rights Agreement which will be entered into at the time of the closing of the Convertible Debenture Offering. Pursuant to the Registration Rights Agreement, the Company will be obligated to, among other things, (i) file a registration statement with the SEC within seven business days following the filing of an initial proxy statement with respect to the Acquisition, but no later than November 27, 2019, for purposes of registering the shares of common stock issuable upon the conversion of the Convertible Debentures and (ii) use its best efforts to cause the resale registration statement to be declared effective by the SEC as soon as practicable after filing, and in any event no later than January 24, 2020.

On December 31, 2017, the Company, Enertec and our previously wholly-owned subsidiary, Enertec Management Ltd., entered into a Share Purchase Agreement with Coolisys, a subsidiary of DPW, pursuant to which the Company agreed to sell the entire share capital of Enertec to Coolisys. On May 22, 2018, the Company completed the Closing. At the Closing, the Company received aggregate gross proceeds of approximately \$4.7 million, of which 10% will be held in escrow for up to 14 months after the Closing to satisfy certain potential indemnification claims. The final consideration amount was adjusted, pursuant to the terms of the Share Purchase Agreement, as a result of adjustments relating to certain Enertec's debts at the Closing. In addition, Coolisys also assumed approximately \$4.0 million of Enertec's debt.

In conjunction with, and as a condition to, the closing of the Share Purchase Agreement, the Company, Enertec, Coolisys, DPW and Mr. David Lucatz, the Company's Chief Executive Officer, agreed to execute a consulting agreement, or the Consulting Agreement, whereby the Company, via Mr. Lucatz, will provide Enertec with certain consulting and transitional services over a 3 year period as necessary and requested by the Coolisys (but in no event to exceed 20% of Mr. Lucatz's time). Coolisys (via Enertec) will pay the Company an annual consulting fee of \$150,000 as well as issue the Company 150,000 restricted shares of DPW Class A common stock, or the DPW Equity, for such services, to be vested and released from restriction in three equal installments, with the initial installment vesting the day after the closing and the remaining installments vesting on each of the first 2 anniversaries of the closing. In the event of a change of control in the Company, or if Mr. Lucatz shall no longer be employed by the Company, the rights and obligations under the Consulting Agreement shall be assigned to Mr. Lucatz along with the DPW Equity.

On July 18, 2019, the Company received a written notice from Coolisys directed to the escrow agent, IBI Trust Management, regarding the funds being held in escrow relating to the Share Purchase Agreement relating to the sale of Enertec. The notice alleges that certain escrowed funds should not be released to the Company to satisfy certain claims for indemnity that are being asserted against Enertec Management Ltd. On August 13, 2019, the Company submitted its response to the notice and disputed the allegations. As a result, the escrow agent is therefore required to reserve all of the escrowed funds until the matter is resolved.

On March 29, 2018, the Company and MICT Telematics executed and closed on a securities purchase agreement with YA, whereby the Company issued and sold to YA II (1) certain Series A Convertible Debentures in the aggregate principal aggregate amount of \$3.2 million, or the Series A Debentures, and (2) a Series B Convertible Debenture in the principal aggregate amount of \$1.8 million, or the Series B Debenture. The Series A Debentures were issued in exchange for the cancellation and retirement of certain promissory notes issued by the Company to YA on October 28, 2016, December 22, 2016, June 8, 2017 and August 22, 2017, or collectively, the Prior Notes, with a total outstanding aggregate principal amount of \$3.2 million. The Series B Debenture was issued and sold for aggregate gross cash proceeds of \$1.8 million. At the closing of the transactions contemplated by the securities purchase agreement, the Company agreed to pay YA II, or its designee, a commitment fee of \$90,000, an extension fee of \$50,000 relating to the prior extension of the secured promissory note issued on August 22, 2017, and \$126,786.74 representing the accrued and unpaid interest on the Prior Notes. The Series A Debentures and Series B Debenture were secured by a pledge of shares of Micronet owned by MICT Telematics.

In addition, pursuant to the terms of the securities purchase agreement, the Company agreed to issue to YA II a warrant to purchase up to 375,000 shares of the Company's common stock at a purchase price of \$2.00 per share, a warrant to purchase up to 200,000 shares of the Company's common stock at a purchase price of \$3.00 per share and a warrant to purchase up to 112,500 shares of the Company's common stock at a purchase price of \$4.00 per share.

In conjunction with the issuance of the Series A Debentures and the Series B Debentures, a total of \$273,787 in fees and expenses were deducted from the aggregate gross proceeds.

On December 17, 2018, the Company entered into an agreement with YA II, or the YA Agreement, with respect to (i) the Series A Debentures and the Series B Debenture, and (ii) the warrants to purchase an aggregate of 1,187,500 shares of the Company's common stock held by YA, with exercise prices ranging from \$1.50 to \$4.00 and expiration dates ranging from June 30, 2021 to March 29, 2023, or collectively, the Warrants.

Pursuant to the YA Agreement, in connection with the transactions contemplated by the Acquisition Agreement and effective upon the consummation of the acquisition, the Warrants shall be replaced by certain new warrants, or the Replacement Warrants, exercisable at \$2.00 per share for a number of ordinary shares of BVI Pubco equal to the number of shares underlying the Warrants immediately prior to the effectiveness of the acquisition (subject to adjustment as described therein). YA II also agreed that it would not convert the Series A Debentures and the Series B Debenture into more than one million shares of the Company's common stock during the period between the execution of the YA Agreement and the earlier to occur of the effectiveness of the acquisition or the termination of the Acquisition Agreement.

The Company agreed to pay in cash the remaining outstanding principal amount and all accrued interest with respect to the Series A Debentures and the Series B Debenture as of the consummation of the Acquisitions, subject to any applicable redemption premiums.

During 2019, the Company repaid the entire outstanding principal balance of the Series B Debentures in the aggregate amount of \$1,225, which was paid in shares of the Company's common stock, and in October 31, 2019, the Company paid all of its outstanding principal balance, together with its accrued interest and a required 10% premium, of the Series A Debentures in the aggregate amount of \$2,057,000.

On June 17, 2014, MICT Telematics entered into a loan agreement, or the Mercantile Loan Agreement, with Mercantile Discount Bank Ltd., or Mercantile Bank, pursuant to which Mercantile Bank agreed to loan the Company approximately \$3,631,000 on certain terms and conditions, or the Mercantile Loan. The proceeds of the Mercantile Loan were used by the Company: (1) to refinance previous loans granted to the Company in the amount of approximately \$1,333,000; (2) to complete the purchase by the Company, via Enertec, of 1.2 million shares of Micronet constituting 6.3% of the issued and outstanding shares of Micronet; and (3) for working capital and general corporate purposes.

Pursuant to the terms of the Mercantile Loan Agreement: (1) approximately \$3,050,000 of the Mercantile Loan bore interest at a quarterly adjustable rate of Prime plus 2.45%, or the Mercantile Long Term Portion, and (2) approximately \$581,000 of the Mercantile Loan bore interest at a quarterly adjustable rate of Prime plus 1.7%, or the Mercantile Short Term Portion. The Mercantile Long Term Portion was due and payable in five equal consecutive annual installments beginning on July 1, 2015, and the interest on the Mercantile Long Term Portion was due and payable in ten equal consecutive annual installments beginning at January 1, 2015. The Mercantile loan was fully repaid in July 2019.

As of September 30, 2019, our total current assets were \$6,067,000, as compared to \$7,868,000 on December 31, 2018. The decrease is mainly due to the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019.

Our trade accounts receivable at September 30, 2019, were \$0 as compared to \$1,010,000 at December 31, 2018. The decrease is mainly due to the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019.

As of September 30, 2019, our working capital was \$3,741,000, as compared to a deficit of \$684,000 at December 31, 2018. The increase is mainly due to the dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019 and from the increase in cash and cash equivalents from the Securities Purchase Agreement, as described above.

As of September 30, 2019, our total debt, excluding any debt associated with our discontinued operation, was \$3,891,000 as compared to \$5,810,000 on December 31, 2018. The decrease in total debt is primarily due to the (i) dilution in our ownership and voting interests in Micronet, causing us to cease consolidating Micronet's operations in our financial statements commencing from February 24, 2019, (ii) the issuance of 1,246,817 shares of the Company's common stock to YA II in order to reduce the amount owed under the Series A Debentures and (iii) the full repayment of the Mercantile loan.

As of September 30, 2019, our bank and other debt were composed of short-term loans amounting to \$2,057,000 compared to \$5,810,000 on December 31, 2018. As discussed above, all such debts have been repaid in full.

Financing Needs

The Company will be required to support its own operational financial needs which include, among others, our general and administrative costs (such as for our various consultants in regulatory, tax, legal, accounting and other areas of business) and its financing costs related to the loans and funding instruments assumed by us.

In July 2019, the Company paid off all of its bank loans in the amount of \$251,000 and in October 2019, the Company paid off all of its remaining YA II loans in the aggregate amount of \$2,057,000. As of the date hereof, the Company's outstanding Convertible Notes to BNN remain outstanding.

The Company filed a Form S-3 registration statement (File No. 333-219596) under the Securities Act of 1933, as amended, with the SEC using a "shelf" registration process, which was declared effective on July 31, 2017. Under this shelf registration process, the Company may, from time to time, sell common stock, warrants or units in one or more offerings up to a total dollar amount of \$30,000,000, subject to certain limitations as set forth in General Instruction I.B.6. of Form S-3, pursuant to which we have sold approximately \$1,000,000 of our securities to date.

Based on our current business plan and existing loans, we anticipate that our existing cash balances and cash generated from potential future equity or debt offerings, will be sufficient to permit us to conduct our operations and carry out our contemplated business plans for at least the next 12 months from the date of this Quarterly Report. The Company may also satisfy its liquidity through the sale of its securities, either in public or private transactions, through the closing of the transactions contemplated by the 2019 Acquisition Agreement. We intend to use such funds in order to sustain or expand our operations and refinance our various debts. However, we may also undertake an additional debt or conduct equity financings (including sales of common stock, warrants or units under our shelf registration statement) to enable us better to support or grow and meet our future operating and capital requirements. There is no assurance that we will be able to consummate such offerings on favorable terms or at all.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Company carried out an evaluation with the participation of the Company's management, including Mr. David Lucatz, the Company's Chief Executive Officer, and Mrs. Moran Amran, the Company's Controller (our principal executive officer and principal financial officer, respectively), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of September 30, 2019. Based upon that evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

No change occurred in the Company's internal control over financial reporting during the quarterly period ended September 30, 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 5. Other Information.

On November 13, 2019, the Company and Micronet executed a convertible loan agreement pursuant to which the Company agreed to loan to Micronet \$500 in the aggregate, of which \$250 consists of a prior loan proved by the Company in September 2019, as discussed in Note 7 above. The loan bears interest at a rate of 3.95% calculated and paid on a quarterly basis. In addition, the loan, if not converted, shall be repaid in four equal installments, the first of such installment payable following the fifth quarter after the issuance of the loan, with the remaining three installments due on each subsequent quarter thereafter, such that the loan shall be repaid in full upon the lapse of 24 months from its grant. In addition, the outstanding principal balance of the loan, and all accrued and unpaid interest, is convertible at the Company's option, at a conversion price equal to 0.38 NIS per Micronet share. Micronet also agreed to issue the Company an option to purchase up to one share of Micronet's ordinary shares for each ordinary share that issued as a result of a conversion of the loan at an exercise price of 0.60 NIS per share, exercisable for a period of 15 months.

The foregoing description of the convertible loan agreement does not purport to be complete and is qualified in its entirety by the full text of the convertible loan agreement which is filed herewith as Exhibit 10.2.

Item 6. Exhibits.

Exhibit Number	Description
10.1*	Loan Agreement between MICT, Inc. and Micronet Ltd., dated September 19, 2019.
10.2*	Convertible Loan Agreement between MICT, Inc. and Micronet Ltd., dated November 14, 2019.
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101*	The following materials from MICT, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

* Filed herewith

** Furnished herewith

SIGNATURES

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

Date: November 14, 2019

MICT, INC.

By: /s/ David Lucatz
Name: David Lucatz
Title: Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2019

By: /s/ Moran Amran
Name: Moran Amran
Title: Controller
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
10.1*	Loan Agreement between MICT, Inc. and Micronet Ltd., dated September 19, 2019.
10.2*	Convertible Loan Agreement between MICT, Inc. and Micronet Ltd., dated November 14, 2019.
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101*	The following materials from MICT, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

* Filed herewith

** Furnished herewith

LOAN AGREEMENT

This LOAN AGREEMENT (this “**Agreement**”) dated September 19, 2019, is being entered into by and among Micronet Ltd., a corporation organized under the laws of the State of Israel (“**Micronet**”) and MICT Telematics Ltd. (“**MICT**”), an Israeli company whose address is Gagali Haplada 20, Herzliya, Israel

1. ACCOUNTING AND OTHER TERMS. Accounting terms not defined in this Agreement will be construed following Israeli GAAP. Calculations and determinations must be made following Israeli GAAP.

2. LOAN AND TERMS OF PAYMENT

2.1 Upon execution of this Agreement MICT shall extend a loan to Micronet in an amount of US\$ 250,000 (the “**Loan**” and the “**Loan Sum**”, respectively). Such Loan Sum to be deposited into Micronet’s account until: September 30, 2019. The Loan is intended to fund the working capital required by Micronet for the duration set in section 2.3 hereunder, and may only be used for such purpose.

2.2 The Loan shall NOT accrue any interest and shall not be linked to any index.

2.3 Micronet will repay all outstanding amount pursuant to the Loan upon the earlier of : (i) December 31, 2019 or (ii) such time as Micronet receives aggregate gross proceeds of at least \$250,000 from an outside investment.

4. COSTS. Each party shall bear its own costs and expenses related to the execution of this agreement and the performance.

5 TAXES. Each party shall bear its own tax or other compulsory applicable payments related to the execution of this agreement and the performance.

6. NOTICES. All notices or demands by any party about this Agreement or any other related agreement must be in writing and be personally delivered or sent by an overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to the addresses set below.

7. CHOICE OF LAW, VENUE. The laws of the State of Israel exclusively govern this Agreement without regard to principles of conflicts of law. Micronet and MICT each submit to the exclusive jurisdiction of the courts in Tel Aviv, Israel.

8 GENERAL PROVISIONS

8.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Micronet may not assign this Agreement or any rights under it without MICT’s prior written consent, which may be granted or withheld at MICT’s discretion.

8.2 Severability of Provision Amendments in Writing, Integration. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision. All amendments to this Agreement must be in writing and signed by Micronet and MICT. This Agreement represents the entire agreement about this subject matter, and supersedes prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement merge into this Agreement.

8.3 Termination. This Agreement shall terminate upon the repayment in full of the Loan.

Micronet Ltd.

MICT Telematics Ltd.

By: Amit Harari, Tali Dinar
Title: CFO

By: Moran Amran
Title: Controller

CONVERTIBLE LOAN AGREEMENT

THIS CONVERTIBLE LOAN AGREEMENT (this “**Agreement**”) is entered into as of 13, 2019 (the “**Effective Date**”), by and between Micronet Ltd., a public company whose shares are listed on the Tel-Aviv Stock Exchange (“**TASE**”) and incorporated under the laws of the Israel (the “**Company**” or “**Micronet**”), and MICT, Inc., a Delaware corporation (the “**Lender**” or “**MICT**”).

WHEREAS, the Lender has agreed to provide the Company with a convertible loan together with warrant coverage, subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties agree as follows:

1. **Preamble**

The preamble to this Agreement is an integral and binding part of this Agreement.

2. **The Loan Amount**

2.1 The Lender shall provide to the Company a convertible loan in the principal amount of US\$500,000 (the “**Principal Loan**”).

2.2 Following the execution of this Agreement and during the Term (as defined below) the Principal Loan shall be payable by Lender to the Company in one installment within five (5) business days following the satisfaction of all closing conditions set forth in Section 6 or at such date mutually agreed in writing by the parties, by wire transfer to the Company’s bank account (the “**Closing**”).

3. **Interest**

3.1 The Principal Loan amount shall bear a rate of interest of 3.95% per year, paid on a quarterly basis not later than the 10th day of the following month following the end of the quarter (the “**Interest**”).

3.2 The Principal Loan and the Interest are payable in accordance with, and no later than the final date of the Repayment Schedule (as defined below). All references in this Agreement to the repayment and/or conversion of the Principal Loan shall be deemed to include any and all accrued and unpaid Interest thereon, unless the context clearly suggests otherwise. Together, the Principal Loan and Interest are hereinafter referred to as the “**Loan Amount**.”

4. **Repayment**

4.1 The Loan Amount shall be repaid pursuant to the provisions of Section 4.2 below, or converted pursuant to the provisions of Section 5 below.

4.2 If not repaid or converted at an earlier date, the Principal Loan is to be paid in four (4) equal installments, according to the following schedule:

4.2.1 the first (1st) installment shall be made within 10 days following the Company’s first (1st) fiscal quarter of 2021; and

4.2.2 the remaining three (3) installments shall be made consecutively within 10 day] following each of the next three (3) Company fiscal quarters. The Loan Amount shall be paid in full by no later than 24 month anniversary of the Closing date (“**Repayment Schedule**”).

- 4.3. The Repayment Schedule may be amended by the Lender upon request by the Company, at the Lender's sole discretion.
- 4.4. The Company may not prepay the Loan Amount, or any portion thereof, in a manner inconsistent with the Repayment Schedule without the prior written consent of the Lender, which such consent may or may not be provided at the Lender's sole discretion.

5. **Loan Amount Conversion**

- 5.1. Lender shall have the right but not the obligation, at Lender's sole discretion, until the final date of the Repayment Schedule, and subject to section 5.4 below, in lieu of repayment thereof, to convert the Loan Amount or any portion thereof by providing a conversion notice in writing in the form provided by the Company, substantially in the form attached hereto as **Exhibit A** (the "**Conversion Notice**") requesting that the Loan Amount or any portion thereof be converted into: (i) such number of ordinary shares, par value 0.1 NIS per share, of Micronet (the "**Ordinary Shares**"), derived from a conversion price equal to 0.38 NIS per Ordinary Share ("**Conversion Price Per Share**") (and in accordance with the U.S. dollar to NIS exchange rate in effect at the date of the Closing) ("**Price Per Share**"); and, in addition, (ii) for every one (1) Ordinary Share issued as a result of Conversion Notice, the Company will issue to the Lender a warrant to purchase one (1) Ordinary Share, at an exercise price of 0.60 NIS (the "**Warrants**").
- 5.2. The number of Ordinary Shares to be issued pursuant to a Conversion Notice shall be rounded up to the nearest whole share.
- 5.3. The portion of the Loan Amount converted by the Company pursuant to section 5.1 herein, shall be deemed duly and fully repaid and the Company shall promptly issue to the Lender a certificate evidencing the number of Ordinary Shares issued and list the Ordinary Shares in the Company's share register.
- 5.4. The issuance of Ordinary Shares (including the Ordinary Shares resulting from exercise of the Warrants) to the Lender derived as a result of the right to convert the Loan Amount is subject to approval of the TASE prior to the registration of the Ordinary Shares for trade on the TASE (including the Ordinary Shares resulting from exercise of the Warrants).
- 5.5. Following receipt of a Conversion Notice, the Company shall publish a private placement report subject to all provisions of the Securities Law 1968 ("**Securities Law**") and the Securities Regulations (Private Placement of Securities in a Listed Company) 2000 and submit a request to the TASE for the approval of the registration of the applicable Ordinary Shares for trade (including the Ordinary Shares resulting from exercise of the Warrants).
- 5.6. Subject to the receipt of the TASE approval under Sections 5.4 and 5.5, the Ordinary Shares shall be issued and shall be listed in the name of the Company's transfer agent (hevra le' rishumim) under the regulations of the TASE, and shall be deposited to the bank accounts of the Lender, and (b) the Warrants shall be issued to the Lender.
- 5.7. The Warrants are non-tradable, are not listed for trade and are not assignable or transferable and are exercisable during a term of fifteen (15) months from their date of grant at 5:00 p.m. (Israel time) ("**Expiration Date**"). A Warrant that is not exercised by the Expiration Date, shall be null and void and shall not grant Lender any rights whatsoever in the Company. The number of shares exercisable under the Warrants, or the exercise price of the Warrants, as applicable, shall be adjusted during their applicable exercise period upon the occurrence of any distribution of bonus shares, recapitalization of share capital events and cash dividend distributions, or if so required under the articles and rules of the TASE, in the same adjustment mechanism applicable to the outstanding non-tradable options of the Company mutatis mutandis.

5.8. Exercise of the right to convert the Loan Amount pursuant to a Conversion Notice or exercise of a Warrant (pursuant to payment of the applicable amount to the Company (together, “**Equity Actions**”), are subject to the rules prescribed by the TASE at the such time of conversion or exercise, as the case may be. In addition, Equity Actions may be subject to the execution of certain reasonable undertakings and instructions to ensure compliance with applicable law or the Articles of Association of the Company.

6. **Execution and Closing Conditions**

- 6.1. The obligation of the Lender to provide the Loan to the Company is subject to the satisfaction, at or prior to the Closing, of each of the following conditions:
- 6.1.1. satisfaction of MICT’s legal and accounting due diligence requirements;
 - 6.1.2. approval of the transactions contemplated by this Agreement by the authorized bodies of MICT, including its board of directors; and
 - 6.1.3. approval of the transactions contemplated by this Agreement by the authorized bodies of the Company including all approvals required under applicable Israeli law (including the board of directors, audit committee and general meeting of the Company pursuant to the regulation applicable to a transaction between the Company and its controlling shareholders).
- 6.2. If the general meeting of the Company shall not approve the transaction, or due to a legal or other restriction, the Company shall be unable to issue all or part of the securities provided herein, or the transaction is not approved for any other reason, and the Company will be unable to remedy the situation within 30 days, then the transaction shall be invalidated, this Agreement shall be terminated and each party shall have no claims against the other party and/or against any organs of the Lender or the Company and/or office holders of the Lender or the Company or anyone acting on behalf of either the Lender or the Company.

7. **Events of Default**

Notwithstanding the aforesaid, the Loan Amount, will, unless otherwise directed by the Lender, immediately become due and payable in cash upon the occurrence of the earlier of the following events (each, a “**Default Event**”):

- 7.1. the Company files any petition or action for relief under any bankruptcy, reorganization, insolvency law or makes any assignment for the benefit of creditors or takes any similar action;
- 7.2. the appointment of a receiver or trustee over the whole or a material part or the Company’s assets; or
- 7.3. the Company adopts one or more resolutions for dissolution, liquidation, bankruptcy, or reorganization or winding-up of the Company, or the Company ceases its business activity.

In the occurrence of a Default Event, whether or not collection is initiated by judicial proceedings or the Principal Amount and/or Interest is placed in the hands of an attorney for collection: (i) the Company shall notify the Lender in writing immediately upon the occurrence of any such event; (ii) the repayment of Principal Loan shall be in preference and prior to the distribution of any assets, cash or securities to any stockholder of the Company and prior to the repayment of any unsecured loan or debt whatsoever.

8. **Miscellaneous**

- 8.1. **Governing Law: Jurisdiction.** The laws of the State of Israel exclusively govern this Agreement without regard to principles of conflicts of law. Micronet and MICT each submit to the exclusive jurisdiction of the courts in Tel Aviv, Israel.
- 8.2. **Block (no sale) restrictions.** MICT knowledge and agrees that (i) any securities issued under this Agreement shall be subject to “block (no sale) restrictions” under the Securities Law (as defined in section 5.5 above) and the Securities Regulations (details regarding sections 15A to 15C of the Law), 2000, and therefore undertakes to abide by and comply with such restrictions.
- 8.3. **No Publicity.** No party hereto shall make any public announcement or disclosure or issue any press release relating to this Agreement or the transactions contemplated hereunder without the prior approval of the other parties, except to the extent that, after consultation with legal counsel, any party is required by law, regulation or pursuant to an administrative or adjudicated proceeding to make certain information public in which case said party shall nevertheless give the other party notice if possible of an opportunity to comment before making such information public. MICT acknowledges that Micronet, is a publicly traded company on the TASE, and as such, is required to disclose the content of this Agreement to the public pursuant to the requirements of the Israeli securities law and regulation. Micronet acknowledges that MICT is a publicly traded company on the Nasdaq, and as such, may be required to disclose the contents of this Agreement or the transactions contemplated hereunder to the public pursuant to the rules governing the reporting requirements of publicly traded companies in the United States.
- 8.4. **Tax.** Each party shall bear its own tax or other compulsory applicable payments related to the execution of this Agreement and the performance. The Company shall pay all stamp tax, franchise tax or other taxes or duties which may be due in connection with the execution of this Agreement (if any).
- 8.5. **Costs.** Each party shall bear its own costs and expenses related to the execution of this Agreement and the performance of its obligations hereunder.
- 8.6. **Notices.**

All notices or other communications hereunder shall be in writing and shall be given in person, by registered mail, by courier service which obtains a receipt to evidence delivery, or by facsimile or email transmission (subject to electronic confirmation of delivery) with a copy by mail, addressed as set forth below.

If to the MICT: Moran Amran, Controller

If to the Micronet: Amit Harari, CFO

or such other address as any Party may designate to the other in accordance with the aforesaid procedure. All communications delivered in person or by courier service shall be deemed to have been given upon delivery, those given by facsimile or email transmission shall be deemed given on the business day following transmission, and all notices and other communications sent by registered mail shall be deemed given seven (7) days after posting.

- 8.7. Successors and Assigns. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. None of the rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred without the prior consent in writing of each party to this Agreement, with the exception of assignments and transfers of such rights, privileges, or obligations from the Lender to any entity which controls, is controlled by, or is under common control with such Lender.
- 8.8. Entire Agreement; Amendment and Waiver. This Agreement and any schedules, attachments, or exhibits hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the other party.
- 8.9. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.
- 8.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

- Signatures page to follow -

IN WITNESS WHEREOF the parties have signed this CONVERTIBLE LOAN AGREEMENT as of the date first hereinabove set forth.

COMPANY:

Micronet Ltd.

By: /s/Tali Dinar
Name: Tali Dinar
Title: Amit Harari CFO

LENDER:

MICT, Inc.

By: MICT INC
Name: Moran Amran
Title: Controller

[Signature Page – CLA]

Exhibit A
Conversion Notice

To: Micronet Ltd.

Via Email: [_____]

The undersigned hereby irrevocably elects to convert a portion of the outstanding and unpaid Loan Amount owed pursuant to the Convertible Loan Agreement dated as of October [__], 2019, into ordinary shares of **Micronet Ltd.** according to the conditions stated therein, as of the Conversion Date written below.

Conversion Date:

Principal Amount to be Converted:

Accrued Interest to be Converted:

Total Conversion Amount to be converted:

Applicable Conversion Price:

Number of ordinary shares to be issued:

Please issue the ordinary shares in the following name and to the following address:

Issue to:

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE
ACT OF 1934, AS AMENDED**

I, David Lucatz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MICT, Inc. for the quarter ended September 30, 2019;
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(s) 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(s) 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.

November 14, 2019

/s/ David Lucatz

David Lucatz
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE
ACT OF 1934, AS AMENDED**

I, Moran Amran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MICT, Inc. for the quarter ended September 30, 2019;
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(s) 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(s) 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.

November 14, 2019

/s/ Moran Amran

Moran Amran
Controller
(Principal Financial and Accounting Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the quarterly report of MICT, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Lucatz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (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 Company.

November 14, 2019

/s/ David Lucatz

David Lucatz
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the quarterly report of MICT, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Moran Amran, Principal Financial and Accounting Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (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 Company.

November 14, 2019

/s/ Moran Amran

Moran Amran

Controller

(Principal Financial and Accounting Officer)