

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: March 31, 2022

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

COMMISSION FILE NUMBER 001-35850

**MICT, 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	MICT	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 July 12, 2022, there were 129,566,207 issued and outstanding shares of the registrant's Common Stock, \$0.001 par value per share.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements.

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

	March 31, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash	\$ 86,447	\$ 94,930
Trade accounts receivable, net	14,415	17,879
Related parties	4,123	5,134
Other current assets	10,194	9,554
<b>Total current assets</b>	<b>115,179</b>	<b>127,497</b>
Property and equipment, net	651	677
Intangible assets, net	20,648	21,442
Goodwill	19,788	19,788
Right of use assets	1,597	1,921
Long-term deposit and prepaid expenses	621	824
Deferred tax assets	2,634	1,764
Restricted cash escrow	2,429	2,417
Micronet Ltd. equity method investment	1,297	1,481
<b>Total long-term assets</b>	<b>49,665</b>	<b>50,314</b>
<b>Total assets</b>	<b>\$ 164,844</b>	<b>\$ 177,811</b>

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

	March 31, 2022	December 31, 2021
<b>LIABILITIES AND EQUITY</b>		
Short-term loan	\$ 1,138	\$ 1,657
Trade accounts payable	10,823	14,416
Deposit held on behalf of clients	2,903	3,101
Related party	264	4
Lease liabilities – current portion	1,079	1,298
Other current liabilities	5,313	4,914
<b>Total current liabilities</b>	<b>21,520</b>	<b>25,390</b>
Lease liabilities	601	691
Deferred tax liabilities	3,749	3,952
Accrued severance pay	55	56
<b>Total long-term liabilities</b>	<b>4,405</b>	<b>4,699</b>
<b>Total liabilities</b>	<b>25,925</b>	<b>30,089</b>
Stockholders' Equity:		
Common stock; \$0.001 par value, 250,000,000 shares authorized, 122,435,576 and 122,435,576 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	122	122
Additional paid in capital	220,911	220,786
Accumulated other comprehensive loss	(443)	(414)
Accumulated deficit	(85,080)	(76,394)
MICT, Inc. stockholders' equity	<b>135,510</b>	<b>144,100</b>
Non-controlling interests	3,409	3,622
<b>Total equity</b>	<b>138,919</b>	<b>147,722</b>
<b>Total liabilities and equity</b>	<b>\$ 164,844</b>	<b>\$ 177,811</b>

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

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenues	\$ 9,563	\$ 8,935
Cost of revenues	8,298	6,992
Gross profit	<u>1,265</u>	<u>1,943</u>
Operating expenses:		
Research and development	595	231
Selling and marketing	2,517	1,001
General and administrative	7,326	4,568
Amortization of intangible assets	797	926
Total operating expenses	<u>11,235</u>	<u>6,726</u>
Loss from operations	(9,970)	(4,783)
Loss from equity investment	(184)	-
Other income	155	87
Financial income (expenses), net	<u>78</u>	<u>(566)</u>
Loss before provision for income taxes	(9,921)	(5,262)
Income tax benefit	<u>(1,076)</u>	<u>(356)</u>
Net loss	(8,845)	(4,906)
Net loss attributable to non-controlling stockholders	(159)	(445)
Net loss attributable to MICT, Inc.	<u>\$ (8,686)</u>	<u>\$ (4,461)</u>
Loss per share attributable to MICT, Inc.:		
Basic and diluted loss per share	\$ (0.07)	\$ (0.05)
Weighted average common shares outstanding:		
Basic and diluted	<u>122,435,576</u>	<u>88,554,624</u>

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

**MICT, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(USD In Thousands)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Net loss	\$ (8,845)	\$ (4,906)
Other comprehensive (loss) income, net of tax:		
Currency translation adjustment	(29)	412
Total comprehensive loss	<u>(8,874)</u>	<u>(4,494)</u>
Comprehensive loss attributable to non-controlling stockholders	(212)	(639)
Comprehensive loss attributable to MICT, Inc.	<u>\$ (8,662)</u>	<u>\$ (3,855)</u>

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

**MICT, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(USD In Thousands, Except Numbers of Shares)**

	Common Stock		Additional Paid-in Capital (A)	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Capital reserve related to transaction with the minority Stockholders	Non-controlling Interest	Total Stockholders' Equity
	Amount	Shares						
<b>Balance, December 31, 2020</b>	68	68,757,450	102,333	(39,966)	(196)	(174)	3,631	65,696
Shares issued to service providers and employees	-	69,107	(300)	-	-	-	-	(300)
Exercising options for employees and consultants	-	20,000	-	-	-	-	-	-
Comprehensive loss	-	-	-	(4,461)	-	-	(445)	(4,906)
	-	-	-	-	606	-	(194)	412
Issuance 25M,net	3	2,400,000	2,673	-	-	-	-	2,676
Public offering \$60M	23	22,471,904	53,977	-	-	-	-	54,000
Public offering \$54M	19	19,285,715	48,671	-	-	-	-	48,690
Exercising warrants	1	1,173,775	1,212	-	-	-	-	1,213
<b>Balance, March 31, 2021</b>	<b>114</b>	<b>114,177,951</b>	<b>208,566</b>	<b>(44,427)</b>	<b>410</b>	<b>(174)</b>	<b>2,992</b>	<b>167,481</b>

(A) Upon the conversion of Series A and B convertible preferred stock, all preferred stock and common stock additional paid-in capital was combined into one account.

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Stockholders' Equity
	Amount	Shares					
<b>Balance, December 31, 2021</b>	122	122,435,576	220,786	(76,394)	(414)	3,622	147,722
Stock based compensation	-	-	125	-	-	-	125
Net loss	-	-	-	(8,686)	-	(159)	(8,845)
Other Comprehensive loss	-	-	-	-	(29)	(54)	(83)
<b>Balance, March 31, 2022</b>	<b>122</b>	<b>122,435,576</b>	<b>220,911</b>	<b>(85,080)</b>	<b>(443)</b>	<b>3,409</b>	<b>138,919</b>

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

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**MICT, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(USD In Thousands)**

	Three months ended March 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (8,845)	\$ (4,906)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Loss from equity investment	184	-
Depreciation and amortization	871	1,119
Provision for doubtful accounts	118	-
Stock-based compensation for employees and consultants	125	-
<b>Changes in assets and liabilities:</b>		
Change in deferred taxes, net	(1,073)	(207)
Change in long-term deposit and prepaid expenses	203	(15)
Change in right of use assets	324	-
Change in lease liabilities	(309)	-
Due to related party	737	(145)
Settlement consideration in cash decreasing share capital	-	(300)
Increase (decrease) in trade accounts receivable, net	3,346	(8,829)
Increase in inventories	-	(5)
Decrease in accrued severance pay, net	-	(5)
Increase in other current assets	(640)	(1,031)
(Decrease) increase in trade accounts payable	(3,606)	5,792
Decrease in deposit held on behalf of client	(198)	-
Increase in other current liabilities	401	6
<b>Net cash used in operating activities</b>	<b>\$ (8,362)</b>	<b>\$ (8,526)</b>

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**MICT, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(USD In Thousands)**

	Three months ended March 31,	
	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(49)	(304)
Net cash acquired through business combination - Magpie (Appendix B)	-	1,834
Payment on business acquired - Beijing Fucheng (Appendix A)	-	(4,891)
<i>Net cash used in investing activities</i>	<u>\$ (49)</u>	<u>\$ (3,361)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank loans	\$ -	\$ (195)
Repayment of short-term loan	(520)	-
Repayment of loan from related party (Micronet)	534	-
Proceeds from issuance of shares and warrants	-	105,365
Proceeds from exercise of warrants	-	1,213
<i>Net cash provided by financing activities</i>	<u>\$ 14</u>	<u>\$ 106,383</u>
<b>TRANSLATION ADJUSTMENT ON CASH AND RESTRICTED CASH</b>	<u>(74)</u>	<u>(142)</u>
<b>NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH</b>	(8,471)	94,354
<b>Cash and restricted cash at beginning of the period</b>	<u>97,347</u>	<u>29,049</u>
<b>Cash and restricted cash at end of the period</b>	<u>\$ 88,876</u>	<u>\$ 123,403</u>
<b>Supplemental disclosure of cash flow information:</b>		
<b>Amount paid during the period for:</b>		
Interest	\$ 6	\$ 26
Taxes	\$ 3	\$ 53

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the statement of cash flows:

Cash at end of the period	\$ 86,447	\$ 94,930
Restricted cash at end of the period	2,429	2,417
Cash and restricted cash at end of the period	<u>\$ 88,876</u>	<u>\$ 97,347</u>

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#### Supplemental non-cash investing and financing activities

Appendix A: Beijing Fucheng

	February 10, 2021
Net working capital	\$ 106
Property and equipment	26
Current liabilities	(55)
Intangible assets	4,814
<b>Cash</b>	<u>\$ 4,891</u>

Appendix B: Magpie Securities Limited

	February 26, 2021
Net working capital	\$ 206
Investment and loan to Magpie	(2,947)
Property and equipment	24
Current liabilities	(19)
Intangible assets	902
<b>Cash</b>	<u>\$ (1,834)</u>

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

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## Overview

MICT, Inc. (“MICT”, the “Company”, “We”, “us”, “our”) was formed as a Delaware corporation on January 31, 2002. On March 14, 2013, we changed our corporate name from Lapis Technologies, Inc. to Micronet Enertec Technologies, Inc. On July 13, 2018, following the sale of our former subsidiary Enertec Systems Ltd., we changed our name from Micronet Enertec Technologies, Inc. to MICT. Our shares have been listed for trading on The Nasdaq Capital Market under the symbol “MICT” since April 29, 2013.

MICT Telematics Ltd (“MICT Telematics”) is a wholly-owned holding company, established in Israel on December 31, 1991. On October 22, 1993, MICT Telematics established a wholly-owned holding company headquartered in Israel, MICT Management Ltd.

On February 1, 2019, BI Intermediate (Hong Kong) Limited (“BI Intermediate”) was incorporated in Hong Kong as a wholly-owned holding company of GFH Intermediate Holdings Ltd. (“GFHI” or “Intermediate”).

On December 11, 2019, Bokefa Petroleum and Gas Co., Ltd (“Bokefa Petroleum”) was incorporated in Hong Kong as a holding company, and is the wholly-owned subsidiary of BI Intermediate. On October 22, 2020 and March 8, 2021, Bokefa Petroleum established two additional holding companies, Shanghai Zheng Zhong Energy Technologies Co., Ltd (“Shanghai Zheng Zhong”) and Tianjin Bokefa Technology Co., Ltd. (“Bokefa”).

On June 10, 2020, MICT Telematics purchased 5,999,996 ordinary shares of Micronet Ltd. (“Micronet”) for aggregate proceeds of New Israeli Shekel (“NIS”)1,800 (or \$515) through tender offer issued by MICT Telematics. As a result, increased our ownership interest in Micronet to 45.53% of Micronet’s issued and outstanding ordinary shares.

Subsequently, on June 23, 2020 we purchased, through a public offering consummated by Micronet on the Tel Aviv Stock Exchange (the “TASE”), 10,334,000 of Micronet’s ordinary shares for total consideration of NIS 3,100 (or \$887). As a result, we increased our ownership interest in Micronet to 53.39% of Micronet’s outstanding ordinary shares. MICT applied purchase accounting and began to consolidate Micronet’s operating results into our financial statements once the offering was consummated. MICT recognized a \$665 gain on previously held equity in Micronet.

On October 11, 2020, Micronet consummated a public equity offering on the TASE, in which the Company purchased 520,600 of Micronet’s ordinary shares and 416,480 of Micronet’s stock options convertible into 416,480 Micronet ordinary shares (at a conversion price of NIS 3.5 per share), for total consideration of NIS 4,961 (or \$1,417). Following Micronet’s offering, including the purchase of Micronet shares, the exercise of our stock options and the additional purchase of 15,851 Micronet shares from an individual seller, our ownership interest in Micronet was diluted from 53.39% to 50.31% of Micronet’s outstanding share capital. On May 9, 2021, following the exercise of options by minority stockholders, the Company’s ownership interest was further diluted to 49.88% and, as a result we no longer consolidate Micronet’s operating results in our financial statements. As of May 9, 2021, the Company accounted for the investment in Micronet using the equity method of accounting.

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### MICT, Inc. NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In Thousands, except Share and Par Value data)

Prior to July 1, 2020, MICT operated primarily through its Israel-based majority-owned subsidiary, Micronet. Since July 1, 2020, after MICT completed its acquisition of GFHI pursuant to that certain agreement and plan of merger entered into on November 7, 2019 by and between MICT, GFHI, Global Fintech Holding Ltd. (“GFH”), a British Virgin Islands company and the sole shareholder of GFHI, and MICT Merger Subsidiary Inc., a British Virgin Islands company and a wholly owned subsidiary of MICT, as amended and restated on April 15, 2020 (the “Restated Merger Agreement” or “Merger”). MICT is a holding company conducting financial technology business through its subsidiaries and entities controlled through various VIEs arrangements with a marketplace in China, as well as other areas of the world, and is currently in the process of building various platforms for business opportunities in different insurance platform segments (formerly: verticals and technology segments) in order to capitalize on such technology and business. GFHI plans to increase its capabilities and its technological platforms through acquisition and licensing technologies to support its growth efforts in the different market segments. After the merger, MICT includes the business of Intermediate, its wholly-owned subsidiary, operating through its operating subsidiaries, as described herein.

On October 2, 2020, BI Intermediate entered into a strategic agreement (the “Strategic Agreement”) to acquire the entire share capital of Magpie Securities Limited (“Magpie”), a Hong Kong based securities and investments firm for a total purchase price of approximately \$3,000 (the “Purchase Price”). Magpie is licensed to trade securities on leading exchanges in Hong Kong, the U.S. and China, including China A-Shares, all of which are the primary target markets for Company’s global fintech business. The Strategic Agreement provided that the acquisition would be consummated in two phases, an initial purchase whereby 9% of the share capital of Magpie was acquired and thereafter, the remaining 91% of Magpie would be purchased by BI Intermediate upon, and subject to, the approval of the Hong Kong Securities and Futures Commission (the “SFC”), the principal regulator of Hong Kong’s securities and futures markets. On November 11, 2020, BI Intermediate closed on its acquisition of the first 9% and paid 9% of the Purchase Price. Additionally, pursuant to the Strategic Agreement upon the initial closing, BI Intermediate loaned Magpie an amount equivalent to the remaining 91% of the Purchase Price. Upon closing on the remaining 91%, which remained subject to SFC approval, the loan will be cancelled, and BI Intermediate will acquire the remaining 91% of Magpie. The loan was secured against the pledge of 91% of the share capital of Magpie purchased at such time by BI Intermediate. The obligations of Magpie have been guaranteed by its majority shareholder. On February 26, 2021 we finalized the acquisition of Magpie. The acquisition was consummated following the receipt of approval from the SFC effecting the change in the majority shareholder of Magpie. In consideration for the entire share capital of Magpie, we paid a total Purchase Price of \$2,947 (reflecting the net asset value of Magpie estimated at \$2,034 recorded as a working capital, and a premium \$902 that was recorded as a license in the intangible assets). The Company, through and together with the Company’s wholly owned subsidiaries, Beijing Magpie Securities Consulting Services Co., Ltd (“Beijing Magpie”) and Shenzhen Magpie Information Consulting Technology Co., Ltd (“Shenzhen Magpie”), are in the process of integrating its mobile app platform with Magpie’s licensed trading assets.

Upon completion of the acquisition of 100% of the equity interest in Magpie, we were able to obtain the licenses and permits needed for operating our online platform. After we complete the appropriate system testing to ensure scale and reliability, we will be in a position to notify the Hong Kong regulator of our intended launch date. Our initial plan is to launch the online stock trading platform in Hong Kong.

On January 1, 2021, we entered into a transaction through our wholly-owned subsidiary, Bokefa, with the shareholders of Guangxi Zhongtong Insurance Agency Co., Ltd (“Guangxi Zhongtong”), a local Chinese entity with business and operations in the insurance brokerage business. Pursuant to the transaction, we loaned the Guangxi Zhongtong shareholders through a frame work loan (the “GZ Frame Work Loan”) the amount of up to RMB 40,000 (approximately \$6,125) (“GZ Frame Work Loan Amount”) which is designated, if exercised, to be used as a working capital loan for Guangxi Zhongtong. As of March 31, 2022, only RMB 8,010 (approximately \$1,243) was drawn down from the GZ Frame Work Loan for working capital and approximately \$919 was drawn down for loans to shareholders of Guangxi Zhongtong (as stipulated in the agreement). In consideration for the GZ Frame Work Loan, the parties entered into various additional agreements which include: (i) a pledge agreement pursuant to which the shareholders have pledged their shares for the benefit of Bokefa in order to secure the GZ Frame work Loan Amount (ii) an exclusive option agreement pursuant to which Bokefa has an exclusive option to purchase the entire issued and outstanding common shares of Guangxi Zhongtong from the shareholders (“Option Agreement”) under such terms set forth therein (which include an exercise price not less than the maximum GZ Frame Work Loan Amount and the right to convert the GZ Frame Work Loan Amount into the purchased shares) (iii) an entrustment agreement and power of attorney agreement pursuant to which the shareholders irrevocably entrusted and appointed Tianjin Bokefa as their proxy and trustee to exercise on their behalf any and all rights under applicable law and the articles of association of Guangxi Zhongtong in

**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(In Thousands, except Share and Par Value data)**

This transaction was structured pursuant to a Variable Interest Entity ("VIE") Structure (in which we do not hold the shares). As such, and given our direct ownership in Bokefa and its contractual arrangements with Guangxi Zhongtong, we are regarded as Guangxi Zhongtong's controlling entity and primary beneficiary of Guangxi Zhongtong business. We have, therefore, consolidated the financial position and operating results of Guangxi Zhongtong into our consolidated financial statements, using the fair value of the assets and liabilities of Guangxi Zhongtong in accordance with U.S. GAAP. Beijing Fucheng Lianbao Technology Co., Ltd ("Beijing Fucheng") is an entity incorporated on December 29, 2020, in which Bokefa owns 24% equity interest with the remaining 76% controlled by Bokefa through VIE agreements. On February 10, 2021, Beijing Fucheng acquired all of the shares of Beijing Yibao Technology Co., Ltd., ("Beijing Yibao") which holds 100% of the equity interest in Beijing Fucheng Insurance Brokerage Co., Ltd. ("Fucheng Insurance"). Fucheng Insurance is a Chinese insurance brokerage agency and a nation-wide licensed entity which offers insurance brokerage services for a broad range of insurance products. Fucheng Insurance, through their nationwide license, will give us the flexibility to offer and create tailor-made insurance products, leverage customers directly or through distribution partners and procure better deals with both our existing and new insurance company partners. Fucheng Insurance further enables us to accelerate the onboarding of new agents onto our platforms all throughout China. It also creates the opportunity to promote our business through some of China's biggest online portals, which will provide business-to-business-to-consumer (B2B2C) as well as business-to-consumer (B2C) channels. When Fucheng Insurance initiates its nationwide rollout of its mobile application, it will facilitate access to those portals' large customer bases which will also offer MICT'S full suite of insurance products. Beijing Fucheng shares were acquired for approximately \$5,700, and funded through MICT. For further information please refer to Note 7.

On June 16, 2021, Micronet announced that it completed a public equity offering on the TASE. Pursuant to the offering, Micronet sold an aggregate of 8,400 securities units (the "Units") at a price of NIS 14.6 per Unit with each Unit consisting of 100 ordinary shares, 25 series A options and 75 series B options, resulting in the issuance of 1,840,000 ordinary shares, 460,000 series A options and 1,380,000 series B options. Micronet raised total gross proceeds of NIS 26,864 (approximately \$8,290) in the offering. The Company did not participate in the offering, and, as a result, the Company owned 31.47% of the outstanding ordinary shares of Micronet and 26.83% on a fully diluted basis as of March 31, 2022.

On July 1, 2021, Bokefa entered into a transaction with the shareholders of All Weather Insurance Agency Co., Ltd ("All Weather"), a local Chinese entity with business and operations in the field of broker insurance (the "Transaction"). Pursuant to the Transaction, Bokefa agreed to provide the All Weather shareholders with a frame work loan (the "AW Frame Work Loan") for a total amount of up to RMB 30,000 (approximately \$4,700) (the "AW Frame Work Loan Amount") which, if utilized, will be used for working capital purposes of All Weather. In consideration for the AW Frame Work Loan, the parties entered into various additional agreements which include: (i) a pledge agreement pursuant to which the shareholders pledged their shares for the benefit of Bokefa in order to secure the amount for the AW Frame Work Loan Amount (ii) an exclusive option agreement pursuant to which Bokefa has an exclusive option to purchase the entire issued and outstanding common shares of All Weather from the Shareholders ("Option Agreement") under such terms set forth in the Option Agreement (which include an exercise price not less than the maximum AW Frame Work Loan Amount and the right to convert the AW Frame Work Loan Amount into the purchased shares) (iii) an entrustment agreement and power of attorney agreement pursuant to which the shareholders irrevocably entrusted and appointed Bokefa as their proxy and trustee to exercise on their behalf any and all rights under applicable law and the articles of association of All Weather in the shareholder's equity interest in All Weather and (iv) a business cooperation agreement and a master exclusive service agreement which grants Bokefa rights related to All Weather's business and operations in order to secure repayment of the AW Frame Work Loan Amount. The Transaction was structured as a VIE structure (pursuant to which we do not technically hold the shares) and as a result of our direct ownership in Bokefa and its contractual arrangements with All Weather, we are regarded as All Weather's controlling entity and the primary beneficiary of All Weather's business. On October 27, 2021, the entire AW Frame Work Loan Amount was utilized by the All Weather shareholders and the AW Frame Work Loan Amount was transferred to All Weather for purposes of working capital. In addition, as of March 31, 2022, the Company granted All Weather shareholders an additional loan in the sum of approximately \$776 to be provided in advance to a transaction between the parties pursuant to which the VIE structure described above shall be replaced by an equity structure for purchase by MICT of such equity interests in All Weather on such commercial and other terms to be agreed by the parties.

**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(In Thousands, except Share and Par Value data)**

All Weather Appraisal Co., Ltd. (All Weather Appraisal) is a subsidiary of All Weather Insurance Agency Co., Ltd, which holds 99.6% equity in All Weather Appraisal. All Weather Appraisal is a nationwide company and is approved by the China Banking and Insurance Regulatory Commission, specializing in the appraisal, evaluation, inspection and damage assessment of subjects of Insurance.

On August 23, 2021, Beijing Yibao Technology Co., Ltd, Guangxi Zhongtong Insurance Agency Co., Ltd, and two shareholders of Guangxi Zhongtong entered into a capital increase agreement pursuant to which Beijing Yibao will invest approximately RMB30,000 (\$4,700) into Guangxi Zhongtong. On October 21, 2021, Beijing Yibao transferred the funds separately and the transaction closed. As a result of the transaction, Beijing Yibao now holds a sixty percent (60%) equity interest in Guangxi Zhongtong and is the controlling shareholder. As a condition of the closing, the previous agreements consummated on January 1, 2021 per the GZ Frame Work Loan became null and void, and the loan should be repaid by the shareholders before December 31, 2022.

From January through September 2021, Shenzhen Bokefa Technology Co., Ltd ("Shenzhen Bokefa") and Tianjin Dibao Technology Co., Ltd ("Tianjin Dibao") were established under BI Intermediate as holding companies to further develop the Company's insurance business in China. As of March 31, 2022, no substantial operations conducted in those two entities.

Our current business, following the completion of the acquisition of GFHI, is primarily comprised and focused on the growth and development of the GFHI financial technology offerings and the marketplace in China. We are in the process of building various platforms for business opportunities in different insurance platform segments (formerly: verticals and technology segments) in order to capitalize on such technology and business.

As a result of our acquisition of GFHI and the subsequent work we have undertaken with the management of GFHI, we are positioned to establish ourselves, through our operating subsidiaries and VIEs, to serve the markets as a financial technology company with a significant Chinese marketplace. We plan to expand on a global level as we continue to scale our business. GFHI has built various platforms to capitalize on business opportunities in a range of insurance platform segments (formerly: verticals and technology segments), which currently include stock trading and wealth management, commodities in segments of oil and gas trading and insurance brokerage. We are seeking to secure material contracts in all of these market segments in China while also developing opportunities in order to allow GFHI access to these markets. We will continue to increase the capabilities of our platforms through acquisition and/or licensing different technologies to support our efforts. By building secure, reliable and

scalable platforms with high volume processing capability, we intend to provide customized solutions that address the needs of a highly diverse and broad client base.

We implemented our plans by capitalizing on Intermediate’s experience with local markets in China, as well as with the Company’s operating subsidiaries, which have begun to secure material contracts in fast growing market segments in China.

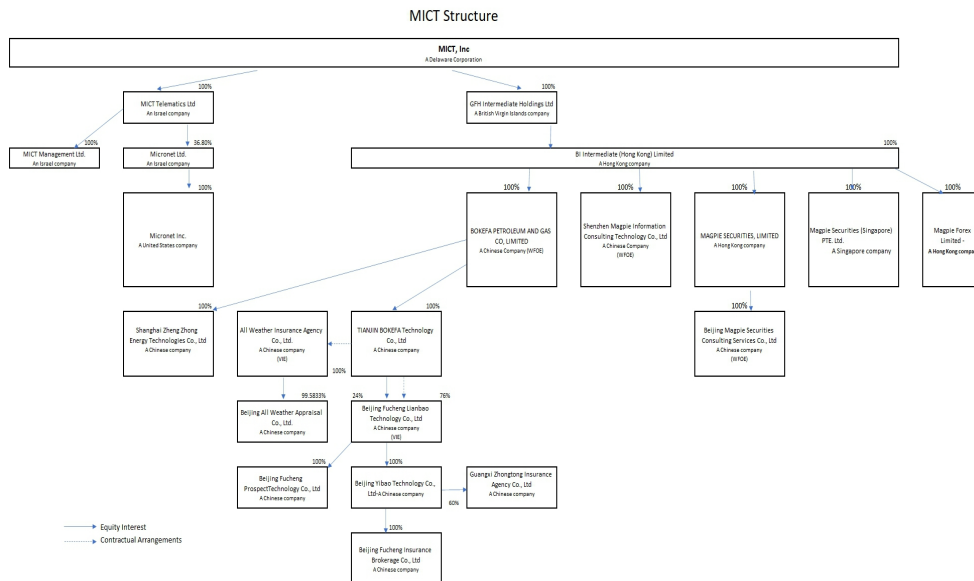
Our current opportunities have given us access the following market segments:

- Stock trading and wealth management segment;
- Commodities in the field of Oil and gas trading segment; and
- Insurance brokerage segment

These opportunities will continue to be realized and executed through our business development efforts, which include the acquisition of potential target entities, business and assets (such as applicable required licenses) in the relevant business space and segments in which we plan to operate. This allows the Company to enter into the market quickly and leverage existing assets in order to promote our growth strategy.

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The following diagram illustrates the Company’s corporate structure, including its subsidiaries, and variable interest entities (“VIEs”), as of March 31, 2022:



**VIE agreements with Guangxi Zhongtong:**

On January 1, 2021, Bokefa, our wholly foreign-owned enterprise (“WFOE”), Guangxi Zhongtong, and nominee shareholders of Guangxi Zhongtong entered into six agreements, described below, pursuant to which Bokefa is deemed to have controlling financial interest and be the primary beneficiary of Guangxi Zhongtong. Therefore, Guangxi Zhongtong is deemed a VIE of Bokefa:

**Loan Agreement**

Pursuant to this agreement, Bokefa agreed to provide loans to the registered shareholders of Guangxi Zhongtong. The term of the loan shall start from the date when the loan is actually paid, until the date on which the loan is repaid in full. The agreement shall terminate when the shareholders repay the loan. The loan should be used solely for Guangxi Zhongtong’s operating expenses and should be exclusively repaid by transferring shares of Guangxi Zhongtong to Bokefa when PRC Law permits.

**Exclusive Option Agreement**

The effective term of the agreement is unlimited and the agreement shall terminate upon the transfer of all the equity interest of Guangxi Zhongtong to Bokefa in accordance with relevant laws and provisions as provided in the agreement, or upon written notice by Bokefa to shareholders. In consideration of Bokefa’s loan arrangement, the shareholders have agreed to grant Bokefa an exclusive option to purchase their equity interest. Distribution of residual profits, if any, are restricted without the approval of Bokefa. Upon request by Bokefa, Guangxi Zhongtong is obligated to distribute profits to the shareholders of Guangxi Zhongtong, who must remit such profits to Bokefa immediately. Guangxi Zhongtong and its shareholders are required to act in a manner that is in the best interest of Bokefa with regards to Guangxi Zhongtong’s business operation.

**Equity Pledge Agreement**

The agreement will be terminated upon such date when the other agreements have been terminated. Pursuant to the agreement, the nominee shareholders pledged all their equity interest in Guangxi Zhongtong to Bokefa as security for the obligations in the other agreements. Bokefa has the right to receive dividends on the pledged shares, and all shareholders are required to act in a manner that is in the best interest of Bokefa.



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*Business Cooperation Agreement*

The agreement is effective until terminated by both parties. Guangxi Zhongtong and its shareholders agree that the legal person, directors, general manager and other senior officers of Guangxi Zhongtong should be appointed or elected by Bokefa. Guangxi Zhongtong and its shareholders agree that all the financial and operational decisions for Guangxi Zhongtong will be made by Bokefa.

*Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to Guangxi Zhongtong and Guangxi Zhongtong agrees to pay service fees to Bokefa.

*Entrustment and Power of Attorney Agreement*

The shareholders of Guangxi Zhongtong agreed to entrust all the rights to exercise their voting power and any other rights as shareholders of Guangxi Zhongtong to Bokefa. The shareholders of Guangxi Zhongtong have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until deregistration of Guangxi Zhongtong.

On August 23, 2021, Beijing Yibao Technology Co., Ltd, Guangxi Zhongtong Insurance Agency Co., Ltd, and two shareholders of Guangxi Zhongtong entered into a capital increase agreement pursuant to which Beijing Yibao will invest approximately RMB30,000 (\$4,700) into Guangxi Zhongtong. On October 21, 2021, Beijing Yibao transferred the funds separately and the transaction closed. As a result of the transaction, Beijing Yibao now holds a sixty percent (60%) equity interest in Guangxi Zhongtong and is the controlling shareholder. As a condition of the closing, the previous agreements consummated on January 1, 2021 per the GZ Frame Work Loan became null and void, and the loan should be repaid by the shareholders before December 31, 2022.

**VIE agreements with Beijing Fucheng:**

On December 31, 2020, as amended on August 25, 2021, Bokefa, Beijing Fucheng Lianbao Technology Co., Ltd. (“Beijing Fucheng”), and the shareholders of Beijing Fucheng entered into six agreements, described below, pursuant to which Bokefa is deemed to have a controlling financial interest and be the primary beneficiary of Beijing Fucheng,. Therefore, Beijing Fucheng is deemed a VIE of Bokefa. Beijing Fucheng was incorporated on December 29, 2020 and had no assets or liabilities as of December 31, 2020.

*Loan Agreement*

Pursuant to this agreement, Bokefa agreed to provide loans to the registered shareholders of Beijing Fucheng. The term of the loan under this agreement shall start from the date when the loan is actually paid and shall continue until the shareholders repay all the loan in accordance with this agreement. The agreement shall terminate when the shareholders repay the loan. The loan should be used solely for Beijing Fucheng’s operating expenses, and should be exclusively repaid by transferring shares of Beijing Fucheng to Bokefa when PRC Law permits.

*Exclusive Option Agreement*

The effective term of the agreement is unlimited and the agreement shall terminate upon the transfer of all of the equity interest of Beijing Fucheng to Bokefa in accordance with relevant laws and provisions as provided in the agreement, or upon written notice by Bokefa to the shareholders. In consideration for Bokefa’s loan arrangement, the shareholders have agreed to grant Bokefa an exclusive option to purchase their equity interest. Distribution of residual profits, if any, is restricted without the approval of Bokefa. Upon request by Bokefa, Beijing Fucheng is obligated to distribute profits to the shareholders of Beijing Fucheng, who must remit those profits to Bokefa immediately. Beijing Fucheng and its shareholders are required to act in a manner that is in the best interest of Bokefa with regards to Beijing Fucheng’s business operations.

**MICT, Inc.**  
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*Equity Pledge Agreement*

The agreement will be terminated at the date when the other agreements have been terminated. Pursuant to the agreement, the shareholders pledged all their equity interest in Beijing Fucheng to Bokefa as security for their obligations under the agreements. Bokefa has the right to receive dividends on the pledged shares, and all shareholders are required to act in a manner that is in the best interest of Bokefa.

*Business Cooperation Agreement*

The agreement is effective until terminated by both parties. Beijing Fucheng and its shareholders agree that the legal person, directors, general manager and other senior officers of Beijing Fucheng should be appointed or elected by Bokefa. Beijing Fucheng and its shareholders agree that all financial and operational decisions of Beijing Fucheng will be made by Bokefa.

*Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to Beijing Fucheng and Beijing Fucheng agrees to pay service fees to Bokefa.

*Entrustment and Power of Attorney Agreement*

The shareholders of Beijing Fucheng agreed to entrust all the rights to exercise their voting power and any other rights as shareholders of Beijing Fucheng to Bokefa. The shareholders of Beijing Fucheng have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until deregistration of Beijing Fucheng.

## VIE agreements with All Weather:

On July 1, 2021, Bokefa, All Weather, and nominee shareholders of All Weather entered into six agreements, described below, pursuant to which Bokefa is deemed to have a controlling financial interest and be the primary beneficiary of All Weather. All Weather is deemed a VIE of Bokefa.

### *Loan Agreement*

Pursuant to this agreement, Bokefa agreed to provide loans to the shareholders of All Weather. The term of the loan is one year and shall start from the date when the loan is actually paid. The agreement shall terminate when the shareholders repay the loan. The loan should be used solely by All Weather for operating expenses, and should be exclusively repaid by transferring shares of All Weather to Bokefa when PRC Law permits.

### *Exclusive Option Agreement*

The effective term of the agreement is unlimited and the agreement shall terminate upon the transfer of all of the equity interest of All Weather to Bokefa in accordance with relevant laws and provisions in the agreement, or upon written notice by Bokefa to the shareholders. In consideration for Bokefa's loan arrangement, the shareholders have agreed to grant Bokefa an exclusive option to purchase their equity interest. Distribution of residual profits, if any, is restricted without the approval of Bokefa. Upon request by Bokefa, All Weather is obligated to distribute profits to the shareholders of All Weather, who must remit the profits to Bokefa immediately. All Weather and its shareholders are required to act in a manner that is in the best interest of Bokefa with regard to All Weather's business operations.

### *Equity Pledge Agreement*

The agreement will be terminated at the date when the other agreements have been terminated. Pursuant to the agreement, the nominee shareholders pledged all of their equity interest in All Weather to Bokefa as security for their obligations pursuant to the other agreements. Bokefa has the right to receive dividends on the pledged shares, and all shareholders are required to act in a manner that is in the best interest of Bokefa.

### *Business Cooperation Agreement*

The agreement is effective until terminated by both parties. All Weather and its shareholders agree that the legal person, directors, general manager and other senior officers of All Weather should be appointed or elected by Bokefa. All Weather and its shareholders agree that all the financial and operational decisions of All Weather will be made by Bokefa.

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**MICT, Inc.**  
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### *Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to All Weather and All Weather agrees to pay service fees to Bokefa.

### *Entrustment and Power of Attorney Agreement*

The shareholders of All Weather agreed to entrust all their rights to exercise their voting power and any other rights as shareholders of All Weather to Bokefa. The shareholders of All Weather have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until the deregistration of All Weather.

### *Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to All Weather and All Weather agrees to pay service fees to Bokefa.

### *Entrustment and Power of Attorney Agreement*

The shareholders of All Weather agreed to entrust all their rights to exercise their voting power and any other rights as shareholders of All Weather to Bokefa. The shareholders of All Weather have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until the deregistration of All Weather.

The assets and liabilities of the Company's VIEs (All Weather and Beijing Fucheng) included in the Company's unaudited condensed consolidated financial statements as of March 31, 2022 and December 31, 2021 are as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Current assets:</b>		
Cash	\$ 1,352	\$ 1,260
Trade accounts receivable, net	2,430	2,462
Other current assets	3,478	4,550
<b>Total current assets</b>	<b>7,260</b>	<b>8,272</b>
Property and equipment, net	184	208
Intangible assets	5,716	5,718
Long-term prepaid expenses	26	48
Right of use assets	329	530
Restricted cash	1,609	1,632
Deferred tax assets	906	369
<b>Total long-term assets</b>	<b>8,770</b>	<b>8,505</b>
<b>Total assets</b>	<b>\$ 16,030</b>	<b>\$ 16,777</b>

<b>Current liabilities:</b>		
Short term loan from others	\$ 948	\$ 1,155
Trade accounts payable	645	697
Related party	2,713	4,583
Other current liabilities	5,349	2,401
<b>Total current liabilities</b>	<b>9,655</b>	<b>8,836</b>
<b>Long-term liabilities:</b>		
Lease liability	81	106
Deferred tax liability	225	224
<b>Total long-term liabilities</b>	<b>306</b>	<b>330</b>
<b>Total liabilities</b>	<b>\$ 9,961</b>	<b>\$ 9,166</b>

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**MICT, Inc.**  
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Net revenues, loss from operations and net loss of the VIEs that were included in the Company's unaudited condensed consolidated financial statements for the three month ended March 31, 2022 and 2021 are as follows:

	<b>For the three months Ended March 31, 2022</b>	<b>For the three months Ended March 31, 2021</b>
Net revenues	\$ 8,864	\$ 6,210
Loss from operations	\$ (2,184)	\$ 250
Net loss	\$ (1,572)	\$ 159

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair presentation of the Company's financial position, its results of operations and its cash flows, as applicable, have been made. Interim results are not necessarily indicative of results to be expected for the full year. The information included in this Form 10-Q should be read in conjunction with information included in the Company's December 31, 2021 annual report on Form 10-K filed on June 17, 2022.

The Company's operations and business may still be subject to adverse effect due to the unprecedented conditions surrounding the spread of COVID-19 throughout North America, Israel, China and the rest of the world. Although currently the COVID-19 (due to the measures implemented to reduce the spread of the virus) have not had a material adverse effect on the Company's consolidated financial reports, however, there were lockdowns in numerous provinces, which prevented employees of MICT and representatives of Friedman LLP, MICT's registered independent audit firm from accessing a number of MICT's offices in these affected provinces, which cause a delay in filing the financial reports on time. In addition, there was a decrease in revenues from Guangxi Zhongtong as a result of the lockdown in certain cities and regions due to the COVID-19 impacts.; there can be no assurance that Company's financial reports will not be affected in the future from COVID-19 or resulting from restrictions and other government actions.

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**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**Principles of Consolidation**

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the U.S. GAAP. The accompanying unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries and variable interest entities. All significant intercompany transactions and balances among the Company and its subsidiaries are eliminated upon consolidation.

**Cash**

Cash consists of cash on hand, demand deposits and time deposits placed with banks or other financial institutions and have original maturities of less than three months.

**Accounts receivable, net**

Accounts receivable include trade accounts due from customers. Accounts are considered overdue after thirty (30) days from payment due date. In establishing the required allowance for doubtful accounts, management considers historical collection experience, aging of the receivables, the economic environment, industry trend analysis, and the credit history and financial conditions of the customers. Management reviews its receivables on a regular basis to determine if the bad debt allowance is adequate, and adjusts the allowance when necessary. Delinquent account balances are written off against allowance for doubtful accounts after management has determined that the

likelihood of collection is not probable. As of March 31, 2022 and December 31, 2021, allowance for doubtful accounts amounted to approximately \$2,738 and \$2,606, respectively.

#### **Inventories**

Inventories consisting of raw materials are stated at the lower of cost (first-in, first-out basis) or realizable value. Cost of work in process is comprised of direct materials, direct production costs and an allocation of production overheads based on normal operating capacity.

#### **Foreign currency translation and transaction**

The reporting currency of the Company is the U.S. dollar. The Companies in China conducts their businesses in the local currency, Renminbi (RMB), as its functional currency. The Companies in Israel conducts their businesses in the local currency, New Israeli Shekel (NIS), as its functional currency. The Companies in Hong Kong conducts their businesses in the local currency, Hong Kong Dollar (HKD), as its functional currency.

Assets and liabilities are translated at the noon buying rate in the City of New York for cable transfers of RMB, NIS and HKD as certified for customs purposes by the Federal Reserve Bank of New York at the end of the period. The statement of income accounts are translated at the average translation rates and the equity accounts are translated at historical rates. Translation adjustments resulting from this process are included in accumulated other comprehensive income (loss). Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

#### **Segment reporting**

Accounting Standard Codification ("ASC") Topic 280, "Segment Reporting", establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for detailing the Company's business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "CODM"), which is comprised of certain members of the Company's management team.

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**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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#### **Operating leases**

The Company follows ASC No. 842, Leases. The Company determines if an arrangement is a lease or contains a lease at inception. Operating lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the operating lease, the Company generally uses an incremental borrowing rate based on information available at the commencement date to determine the present value of future lease payments. Operating lease right-of-use assets ("ROU assets") represent the Company's right to control the use of an identified asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are generally recognized based on the amount of the initial measurement of the lease liability. Lease expense is recognized on a straight-line basis over the lease term.

ROU assets are reviewed for impairment when indicators of impairment are present. ROU assets from operating and finance leases are subject to the impairment guidance in ASC 360, Property, Plant, and Equipment, as ROU assets are long-lived nonfinancial assets.

ROU assets are tested for impairment individually or as part of an asset group if the cash flows related to the ROU asset are not independent from the cash flows of other assets and liabilities. An asset group is the unit of accounting for long-lived assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

The Company recognized no impairment of ROU assets as of March 31, 2022 and December 31, 2021.

The operating lease is included in right-of-use assets and lease liability on the unaudited condensed consolidated balance sheets.

#### **Investments**

The Company accounts for its equity investment over which it has significant influence but does not own a majority equity interest or otherwise control, using the equity method. The Company adjusts the carrying amount of the investment and recognizes investment income or loss for its share of the earnings or loss of the investee after the date of investment. The Company assesses its equity investment for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the entity, including current earnings trends and undiscounted cash flows, and other entity-specific information. The fair value determination, particularly for investments in a privately held entity, requires judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investment and determination of whether any identified impairment is other-than-temporary.

As of March 31, 2022 and December 31, 2021, the Company owned 31.47% and 36.8%, respectively, of shares in Micronet which was accounted for under equity method.

As of March 31, 2022 and December 31, 2021, the Company owned 24% and 24%, respectively, of the shares in Beijing Fucheng and controlled the remaining 76% through contractual arrangements as discussed in Note 1. Beijing Fucheng was therefore 100% consolidated in the unaudited condensed consolidated financial statements.

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**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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#### **Fair value measurement**

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Financial instruments included in current assets and current liabilities are reported in the consolidated balance sheets at face value or cost, which approximate fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

#### Intangible assets

The Company's intangible assets with definite useful lives primarily consist of licensed software, capitalized development costs, platform system, and land-use rights. The Company amortizes its intangible assets with definite useful lives over their estimated useful lives and reviews these assets for impairment. The Company typically amortizes its intangible assets with definite useful lives on a straight-line basis over the shorter of the contractual terms or the estimated useful lives. The Company did not record any impairment of intangible assets as of March 31, 2022 and December 31, 2021.

Intangible assets are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

	Useful Life
Licensed & software	indefinite useful life and some of them for 10 years
Technology know-how	6 years
Trade name/ trademarks	indefinite useful life and some of them for 5 years
Customer relationship	5-10 years

#### Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the acquisition of a business. We test goodwill for impairment annually in the fourth quarter and when events or changes in circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. On January 26, 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." The standard simplifies the accounting for goodwill impairment by requiring a goodwill impairment to be measured using a single step impairment model, whereby the impairment equals the difference between the carrying amount and the estimated fair value of the specified reporting units in their entirety. This eliminated the second step of the previous impairment model that required companies to first estimate the fair value of all assets in a reporting unit and measure impairments based on those estimated fair values and a residual measurement approach. It also specifies that any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The Company did not record any impairment of goodwill as of March 31, 2022 and December 31, 2021.

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#### Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Significant accounting estimates reflected in our consolidated financial statements include the useful lives of plant and equipment and intangible assets, capitalized development costs, impairment of long-lived assets, goodwill, intangible assets, allowance for doubtful accounts, revenue recognition, allowance for deferred tax assets and uncertain tax position. Actual results could differ from these estimates.

#### Revenue Recognition

We recognize our revenue under ASC 606. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. It also requires us to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of goods and services transfers to a customer.

We recognize revenue which represents the transfer of goods and services to customers in an amount that reflects the consideration to which we expect to be entitled in such exchange. We identify contractual performance obligations and determines whether revenue should be recognized at a point in time or over time, based on when control of goods and services are provided to customers.

We use a five-step model to recognize revenue from customer contracts. The five-step model requires us to (i) identify the contract with the customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur; (iv) allocate the transaction price to the respective performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy the performance obligation.

We derive our revenues from sales contracts with our customers with revenues being recognized upon performance of services. Our contracts with customers generally do not include a general right of return relative to the delivered products or services. We applied practical expedient when sales taxes were collected from customers, meaning sales tax is recorded net of revenue, instead of cost of revenue, which are subsequently remitted to governmental authorities and are excluded from the transaction price.

With respect to Micronet applicable revenue recognition U.S. GAAP requirements, Micronet implements a revenue recognition policy pursuant to which it recognizes its revenues at the amount to which it expects to be entitled when control of the products or services is transferred to its customers. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products are transferred to its customers. There is limited discretion needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, Micronet no longer has physical

possession of the product and will be entitled at such time to receive payment while relieved from the significant risks and rewards of the goods delivered. For most of Micronet's products sales, control transfers when products are shipped.

The Company's revenues from the insurance division are generated from: a) providing customers with marketing promotion and information drainage services, which is to charge information service fees according to the customer traffic information provided to customers with business needs; b) to providing insurance brokerage services or insurance agency services on behalf of insurance carriers. With respect to the information drainage services and insurance brokerage services applicable to revenue recognition U.S. GAAP requirements, the company implements a revenue recognition policy pursuant to which it recognizes its revenues at the amount to which it expects to be entitled when control of the products or services is transferred to its customers. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products are transferred to its customers. Our performance obligation to the insurance carrier is satisfied and commission revenue is recognized at the point in time when an insurance policy becomes effective. The Company provides customers with information drainage services and settles service charges with customers on the monthly basis. Performance obligation is satisfied at point in time when the requested information is delivered to the customer.

The Company's revenues from the online stock trading platform are generated from stock trading commission income. Magpie provides trade execution to its customers. Commission revenue is recognized when transfer of control occurs. Trade execution performance obligation generally occurs on the trade date because that is when the underlying financial instrument (for a purchase) or purchaser (for a sale) is identified and the pricing is agreed upon.

In accordance with ASC 606-10-55, Revenue Recognition: Principal Agent Considerations, the Company considers several factors in determining whether it acts as the principal or as an agent in the arrangement of merchandise sales and provision of various related services and thus whether it is appropriate to record the revenues and the related cost of sales on a gross basis or record the net amount earned as service fees. For insurance brokerage services, we have identified our promise to sell insurance policies on behalf of the insurance carriers as the performance obligation in our contracts with the insurance carriers.

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**Income Taxes**

Deferred taxes are determined utilizing the "asset and liability" method, whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, when it's more likely than not that deferred tax assets will not be realized in the foreseeable future.

The Company applied FASB ASC Topic 740-10-25, "Income Taxes," which provides guidance for recognizing and measuring uncertain tax positions and prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. It also provides accounting guidance on derecognizing, classification and disclosure of these uncertain tax positions. The Company's policy on classification of all interest and penalties related to unrecognized income tax positions, if any, is to present them as a component of income tax expense.

MICT and its subsidiaries and VIEs within the jurisdiction of the United States, Israel and China are subject to a tax examination for the most recent three, four and five years, respectively.

**Stock-Based Compensation**

Stock-based compensation granted to the Company's employees and consultants are measured at fair value on grant date and stock-based compensation expense is recognized (i) immediately at the grant date if no vesting conditions are required, or (ii) using the accelerated attribution method, net of estimated forfeitures, over the requisite service period. The fair value of restricted shares is determined with reference to the fair value of the underlying shares.

At each date of measurement, the Company reviews internal and external sources of information to assist in the estimation of various attributes to determine the fair value of the share-based awards granted by the Company, including but not limited to the fair value of the underlying shares, expected life, expected volatility and expected forfeiture rates. The Company is required to consider many factors and make certain assumptions during this assessment. If any of the assumptions used to determine the fair value of the stock-based compensation changes significantly, stock-based compensation expense may differ materially in the future from that recorded in the current reporting period.

**Recently issued accounting pronouncements**

In May 2019, the FASB issued ASU 2019-05, which is an update to ASU Update No. 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The amendments in Update 2016-13 added Topic 326, Financial Instruments — Credit Losses, and made several consequential amendments to the Codification. Update 2016-13 also modified the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis, in accordance with Subtopic 326-30, Financial Instruments Credit Losses Available-for-Sale Debt Securities. The amendments in this Update address those stakeholders' concerns by providing an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For those entities, the targeted transition relief will increase comparability of financial statement information by providing an option to align measurement methodologies for similar financial assets. Furthermore, the targeted transition relief also may reduce the costs for some entities to comply with the amendments in Update 2016-13 while still providing financial statement users with decision-useful information. In November 2019, the FASB issued ASU No. 2019-10, which to update the effective date of ASU No. 2016-02 for private companies, not-for-profit organizations and certain smaller reporting companies applying for credit losses, leases, and hedging standard. The new effective date for these preparers is for fiscal years beginning after December 15, 2022. The Company does not expect the adoption of this ASU would have a material effect on the Company's unaudited condensed consolidated financial statements.

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In October 2021, the FASB issued ASU 2021-08, "Business Combinations". The amendments in this Update address how to determine whether a contract liability is recognized by the acquirer in a business combination and resolve the inconsistency of measuring revenue contracts with customers acquired in a business combination by

providing specific guidance on how to recognize and measure acquired contract assets and contract liabilities from revenue contracts in a business combination. The amendments in this Update apply to all entities that enter into a business combination within the scope of Subtopic 805-10, Business Combination-Overalls. For public business entities, ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early application is permitted. The amendments in this Update should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company does not expect the adoption of this standard to have a material impact on its unaudited condensed consolidated financial statements.

Except as mentioned above, the Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Company's unaudited condensed consolidated balance sheets, unaudited condensed consolidated statements of operations, comprehensive loss and cash flows.

### NOTE 3 — STOCKHOLDERS' EQUITY

On November 2, 2020 the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain investors for the purpose of raising \$25.0 million in gross proceeds for the Company (the "Offering"). Pursuant to the terms of the Purchase Agreement, the Company sold, in a registered direct offering, an aggregate of 10,000,000 units (each, a "Unit"), with each Unit consisting of one share of the Company's common stock, par value \$0.001 per share and one warrant to purchase 0.8 of one share of Common Stock at a purchase price of \$2.50 per Unit. The warrants are exercisable nine months after the date of issuance at an exercise price of \$.12 per share and will expire five years following the date the warrants become exercisable. The closing of the sale of Units pursuant to the Purchase Agreement occurred on November 4, 2020. By December 31, 2020, the Company had received a total of \$22.325 million in gross proceeds pursuant to Offering and issued in the aggregate, 7,600,000 Units. The remaining gross proceeds, in the additional aggregate amount of \$2.675 million, were received by the Company on March 1, 2021 and in consideration for such proceeds, the Company issued the remaining 2,400,000 units.

On February 11, 2021, the Company announced that it had entered into a securities purchase agreement (the "February Purchase Agreement") with certain institutional investors for the sale of (i) 22,471,904 shares of common stock, (ii) 22,471,904 Series A warrants to purchase 22,471,904 shares of common stock and (iii) 11,235,952 Series B warrants to purchase 11,235,952 shares of common stock at a combined purchase price of \$2.67 (the "February Offering"). The gross proceeds to the Company from the February Offering were expected to be approximately \$60.0 million. The Series A warrants will be exercisable nine months after the date of issuance, have an exercise price of \$2.80 per share and will expire five and one-half years from the date of issuance. The Series B warrants will be exercisable nine months after the date of issuance, have an exercise price of \$2.80 per share and will expire three and one-half years from the date of issuance. The Company received net proceeds of \$54.0 million on February 16, 2021 after deducting the placement agent's fees and other expenses.

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On March 2, 2021, the Company entered into a securities purchase agreement (the "March Purchase Agreement") with certain investors for the purpose of raising approximately \$54.0 million in gross proceeds for the Company. Pursuant to the terms of the March Purchase Agreement, the Company agreed to sell, in a registered direct offering, an aggregate of 19,285,715 shares of the Company's common stock, par value \$0.001 per share, at a purchase price of \$2.675 per share and in a concurrent private placement, warrants to purchase an aggregate of 19,285,715 shares of common stock, at a purchase price of \$0.125 per warrant, for a combined purchase price per share and warrant of \$2.80 which was priced at the market under Nasdaq rules. The warrants are immediately exercisable at an exercise price of \$2.80 per share, subject to adjustment, and expire five years after the issuance date. The closing date for the transaction consummated under the March Purchase Agreement was on March 4, 2021. The Company received net proceeds of \$48.69 million on March 4, 2021, after deducting the placement agent's fees and other expenses.

On May 17, 2021, the Company's Board of Directors (the "Board") unanimously approved a grant of fully vested 6,000,000 shares of common stock to Mr. Darren Mercer, the Company's Chief Executive Officer. The issuance of the shares was pursuant to the Company's long term incentive plan as previously approved by the stockholders and negotiated in connection with the Company's acquisition of Global Fintech Holdings Limited. The Board unanimously agreed to issue the shares in recognition of Mr Mercer's direct contribution to achieving numerous key deliverables including: (i) the completion of several acquisitions, including those of Fucheng Insurance and Magpie; (ii) obtaining regulatory approval from the Hong Kong SFC regarding the acquisition of Magpie; (iii) the execution of several major commercial contracts and partnerships, including with a number of major insurance agents and one of China's largest payment service providers; (iv) the execution of an exclusive partnership with the Shanghai Petroleum and Natural Gas Trading Center to which allows MICT to provide financial services to its customers; (v) the successful launch of the insurance business in December 2020 and the delivery of significant revenues and revenue growth in Q1 2021; and (vi) the completion of capital raises totaling in excess of \$140 million and broadening the Company's institutional investor base.

On May 17, 2021, the Board unanimously approved a grant of fully vested 300,000 shares of common stock of the Company to Richard Abrahams, Magpie's Chief Executive Officer.

Our 2012 Stock Incentive Plan (the "2012 Incentive Plan") was initially adopted by the Board on November 26, 2012 and approved by our stockholders on January 7, 2013 and subsequently amended on September 30, 2014, October 26, 2015, November 15, 2017 and November 8, 2018. Under the 2012 Incentive Plan, as amended, up to 5,000,000 shares of our common stock, are currently authorized to be issued pursuant to option awards granted thereunder. On May 17, 2021, May 23, 2021 and June 28, 2021, the Company granted an aggregate of 125,000, 370,000 and 245,000 respectively, options under the 2012 Incentive Plan, with an exercise price of \$1.41, \$1.81 and \$2.49, respectively, of which 310,000 options vested as of March 31, 2022. This resulted in a stock-based compensation expense of approximately \$458,000 recorded for the three months ended March 31, 2022, based on a fair value determined using a Black-Scholes model.

On March 22, 2021, 20,000 shares of common stock were issued to an employee who exercised their options at an exercise price of \$1.41.

In September 2021, the Board unanimously approved a grant of 87,000 fully vested shares of common stock of the Company to some of our employees.

On September 13, 2021, 40,000 shares of common stock were issued to an employee who exercised their options at an exercise price of \$1.32.

On September 28, 2021, MICT granted 823,020 shares of common stock of the Company to China Strategic Investments Limited.

On May 10, 2022, MICT granted 1,659,500 shares of common stock of the Company to Cushman Holdings Limited, an unrelated third party, as an introducer fee for Tingo, Inc. merger transaction as further discussed in Note 17.

On May 10, 2022, MICT granted 858,631 shares of common stock of the Company to China Strategic Investments Limited, an unrelated third party, in connection with the GFHI acquisition as discussed in Note 1.

On May 10, 2022, MICT granted 612,500 shares of common stock of the Company to some of our Directors and employees. The shares were issued pursuant to the 2020 Incentive Plan.

On May 10, 2022, the Company's Board of Directors (the "Board") unanimously approved a grant of fully vested 4,000,000 shares of common stock to Mr. Darren

Mercer, the Company's Chief Executive Officer. The shares were issued under the Company's long term incentive plan as such long term incentive plan previously approved by the stockholders and negotiated in connection with the Company's acquisition of Global Fintech Holdings Limited. The Board unanimously agreed to issue the shares in recognition of Mr Mercer's direct contribution to achieving numerous key deliverables including: (i) the completion of several acquisitions, including those of Fucheng Insurance and Magpie; (ii) obtaining regulatory approval from the Hong Kong SFC regarding the acquisition of Magpie; (iii) the execution of several major commercial contracts and partnerships, including with a number of major insurance agents and one of China's largest payment service providers; (iv) the execution of an exclusive partnership with the Shanghai Petroleum and Natural Gas Trading Center to which allows MICT to provide financial services to its customers; (v) entered into an Agreement and Plan of Merger with Tingo (vi) the completion of capital raises totaling in excess of \$140 million and broadening the Company's institutional investor base.

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The following table summarizes information about stock options outstanding and exercisable as of March 31, 2022:

	Three months ended March 31 2022		Year ended December 31 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding at the beginning of year/period:	1,558,000	\$ 1.74	1,158,000	\$ 2.24
Changes during the year/period:				
Granted	-	-	740,000	1.97
Exercised	-	-	(60,000)	1.35
Forfeited	(818,000)	1.54	(280,000)	1.41
Options outstanding at end of year/period	<u>740,000</u>	<u>\$ 1.97</u>	<u>1,558,000</u>	<u>\$ 1.74</u>
Options exercisable at end of year/period	<u>402,500</u>	<u>\$ 1.69</u>	<u>1,118,000</u>	<u>\$ 1.57</u>

The Company has warrants outstanding as follows:

	Warrants Outstanding	Average Exercise Price	Remaining Contractual Life
Balance, December 31, 2021	62,863,879	\$ 2.854	4.5
Granted	-	-	-
Forfeited	-	-	-
Exercised	-	-	-
Balance, March 31, 2022 (Unaudited)	<u>62,863,879</u>	<u>\$ 2.854</u>	<u>4.25</u>

**NOTE 4 - EQUITY INVESTMENT IN MICRONET**

As of March 31, 2021, the Company held 50.31% of Micronet's issued and outstanding shares. On May 9, 2021, following the exercise of options by minority stockholders, the Company's ownership interest was diluted to 49.88% and as a result the Company is no longer required to include Micronet's operating results in its financial statements. From May 9, 2021, the Company accounted for the investment in Micronet in accordance with the equity method.

On June 16, 2021, Micronet announced that it had completed a public equity offering on the TASE. Pursuant to the offering, Micronet sold an aggregate number of 18,400 securities units (the "Units") at a price of 14.6 NIS per Unit with each Unit consisting of 100 ordinary shares, 25 series A options and 75 series B options, resulting in the issuance of 1,840,000 ordinary shares, 460,000 series A options and 1,380,000 series B options. Micronet raised total gross proceeds of 26,864,000 NIS (approximately \$8,290,000) in the Offering. The Company did not participate in the Offering, and, as a result, the Company owned 31.47% of the outstanding ordinary shares of Micronet and 26.83% on a fully diluted basis as of March 31, 2022.

	May 9, 2021
Micronet's fair value as of May 9, 2021	1,127
Net assets	(6,185)
Capital reserve from currency translation	134
Non-controlling interests	2,990
Net loss from loss of control	<u>1,934</u>

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**NOTE 5 — LOAN TO MICRONET**

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 (the "Convertible Loan"). The Convertible Loan bears interest at a rate of 3.95% calculated and paid on a quarterly basis. In addition, the Convertible 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 Convertible Loan, with the remaining three



installments due on each subsequent quarter thereafter, such that the Convertible Loan shall be repaid in full upon the lapse of 24 months from its issuance. In addition, the outstanding principal balance of the Convertible 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. Pursuant to the convertible loan agreement, Micronet also agreed to issue the Company an option to purchase one of Micronet's ordinary shares for each ordinary share that it issued as a result of a conversion of the Convertible Loan at an exercise price of 0.60 NIS per share, exercisable for a period of 15 months. On July 5, 2020, the Company had a reverse split where the price of the Convertible Loan changed from 0.08 NIS per Micronet share into 5.7 NIS per Micronet share. The option's exercise price changed from 0.6 NIS per share to 9 NIS per Micronet share.

On January 1, 2020, the Convertible Loan was approved at a general meeting of the Micronet shareholders and as a result, the Convertible Loan and the transactions contemplated thereby became effective. The loan was repaid on January 4, 2022.

On August 13, 2020, MICT Telematics extended to Micronet an additional loan in the aggregate amount of \$175 (the "Loan Sum") which governed the existing outstanding intercompany debt. The loan does not bear any interest and has a term of twelve months. The Loan Sum was granted for the purpose of supporting Micronet's working capital and general corporate needs. The loan was repaid on August 25, 2021.

#### NOTE 6 — BEIJING FUCHENG LIANBAO TECHNOLOGY CO., LTD TRANSACTION

On February 10, 2021, the Company closed a transaction pursuant to which it acquired (via Beijing Fucheng in which it holds 24% and engaged in a VIE structure) all of the shares of Beijing Yibao Technology Co., Ltd., and indirectly its fully owned subsidiary Beijing Fucheng Insurance Brokerage Co., Ltd. (the "Fucheng Insurance Transaction").

The table set forth below summarizes the estimates of the fair value of assets acquired and liabilities assumed and resulting gain on bargain purchase. In addition, the following table summarizes the allocation of the preliminary purchase price as of the acquisition date:

#### Beijing Fucheng Lianbao Technology Co., Ltd transaction, Purchase Price Allocation

Total cash consideration	\$ 5,711
Total Purchase Consideration	<u>\$ 5,711</u>
Less:	
Net working capital	\$ 926
Property and equipment	26
License	4,814
Current liabilities	<u>(55)</u>
Fair value of net assets acquired	<u>\$ 5,711</u>

#### NOTE 7 — GUANGXI ZHONGTONG INSURANCE AGENCY CO., LTD ACQUISITION

On January 1, 2021, we entered into a transaction through Bokefa, with the shareholders of Guangxi Zhongtong Insurance Agency Co., Ltd ("Guangxi Zhongtong"), a local Chinese entity with business and operations in the insurance brokerage business. Pursuant to the transaction, we granted loans to Guangxi Zhongtong's shareholders through a frame work loan (the "GZ Frame Work Loan") the amount of up to RMB 40,000 (approximately \$6,125) ("GZ Frame Work Loan Amount") which is designated, if exercised, to be used as a working capital loan for Guangxi Zhongtong. As of March 31, 2022, only RMB 8,010 (approximately \$1,243) was drawn down from the GZ Frame Work Loan for working capital and approximately \$919 was drawn down for loans to shareholders of Guangxi Zhongtong (as stipulated in the agreement). In consideration for the GZ Frame Work Loan, the parties entered into various additional agreements which include: (i) a pledge agreement pursuant to which the shareholders have pledged their shares for the benefit of Bokefa in order to secure the GZ Frame work Loan Amount (ii) an exclusive option agreement pursuant to which Bokefa has an exclusive option to purchase the entire issued and outstanding common shares of Guangxi Zhongtong from the shareholders ("Option Agreement") under such terms set forth therein (which include an exercise price not less than the maximum GZ Frame Work Loan Amount and the right to convert the GZ Frame Work Loan Amount into the purchased shares) (iii) an entrustment agreement and power of attorney agreement pursuant to which the shareholders irrevocably entrusted and appointed Tianjin Bokefa as their proxy and trustee to exercise on their behalf any and all rights under applicable law and the articles of association of Guangxi Zhongtong in the shareholder's equity interest in Guangxi Zhongtong (iv) a business cooperation agreement and a master exclusive service agreement which grants Bokefa rights related to Guangxi Zhongtong's business and operations in order to secure repayment of the GZ Frame Work Loan Amount.

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This transaction was structured pursuant to a Variable Interest Entity, Structure (in which we do not hold the shares). As such, and given our direct ownership in Bokefa and its contractual arrangements with Guangxi Zhongtong, we are regarded as Guangxi Zhongtong's controlling entity and primary beneficiary of Guangxi Zhongtong business. We have, therefore, consolidated the financial position and operating results of Guangxi Zhongtong into our consolidated financial statements, using the fair value of the assets and liabilities of Guangxi Zhongtong in accordance with U.S. GAAP. Beijing Fucheng Lianbao Technology Co., Ltd is an entity incorporated on December 29, 2020, in which Bokefa owns 24% equity interest with the remaining 76% controlled by Bokefa through VIE agreements. On February 10, 2021, Beijing Fucheng acquired all of the shares of Beijing Yibao Technology Co., Ltd., which holds 100% of the equity interest in Beijing Fucheng Insurance Brokerage Co., Ltd. ("Fucheng Insurance"). Fucheng Insurance is a Chinese insurance brokerage agency and a nation-wide licensed entity which offers insurance brokerage services for a broad range of insurance products. Fucheng Insurance, through their nationwide license, will give us the flexibility to offer and create tailor-made insurance products, leverage customers directly or through distribution partners and procure better deals with both our existing and new insurance company partners. Fucheng Insurance further enables us to accelerate the onboarding of new agents onto our platforms all throughout China. It also creates the opportunity to promote our business through some of China's biggest online portals, which will provide business-to-business-to-consumer (B2B2C) as well as business-to-consumer (B2C) channels. When Fucheng Insurance initiates its nationwide rollout of its mobile application, it will facilitate access to those portals' large customer bases which will also offer MICT'S full suite of insurance products. Beijing Fucheng shares were acquired for approximately \$5,700, and funded through MICT.

On October 21, 2021, Yibao transferred such funds and the transaction closed. As a result of the transaction, Yibao now holds a sixty percent (60%) equity interest in Guangxi Zhongtong and is the controlling shareholder. As a condition of the Closing, the previous agreements consummated on January 1, 2021 per the Frame Work Loan became null and void.

Purchased identifiable intangible assets are amortized on a straight-line basis over their respective useful lives. The table set forth below summarizes the estimates of the fair value of assets acquired and liabilities assumed and resulting gain on bargain purchase. In addition, the following table summarizes the allocation of the preliminary purchase price as of the acquisition date:

#### Guangxi Zhongtong Insurance agency co., Ltd, Purchase Price Allocation

Total cash consideration (1)	\$ -
<b>Total Purchase Consideration</b>	<b>\$ -</b>
<b>Less:</b>	
Debt-free net working capital	\$ 613
Property and equipment	13
Intangible assets - Licenses	1,926
Intangible assets - customer relationship (1)	248
Deferred Tax liability (2)	(544)
<b>Fair value of net assets acquired</b>	<b>\$ 2,256</b>
Noncontrolling interest	\$ (3,231)
Gain on equity interest	1,128
Equity investment	-
<b>Change in investment</b>	<b>(2,103)</b>
<b>Goodwill value (3)</b>	<b>\$ (153)</b>

- (1) The customer database value is based on the cost to recreate, as indicated by management.
- (2) Represents the income tax effect of the difference between the accounting and income tax bases of the identified intangible assets, using an assumed statutory income tax rate of 26%.
- (3) The goodwill is not deductible for tax purposes.

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**NOTE 8 - ALL WEATHER TRANSACTION**

On July 1, 2021, we entered into a transaction through Bokefa, with the shareholders of All Weather, a local Chinese entity with business and operations in the insurance brokerage business. Pursuant to the transaction, we granted loans to All Weather's shareholders through a frame work loan (the "AW Frame Work Loan") the amount of up to RMB 30,000 (approximately \$4,700) ("AW Frame Work Loan Amount") which is designated, if exercised, to be used as a working capital loan for All Weather. As of March 31, 2022, RMB 30,000 (approximately \$4,700) was drawn down from the AW Frame Work Loan for working capital. In consideration for the AW Frame Work Loan, the parties entered into various additional agreements which include: (i) a pledge agreement pursuant to which the shareholders have pledged their shares for the benefit of Bokefa in order to secure the AW Frame work Loan Amount (ii) an exclusive option agreement pursuant to which Bokefa has an exclusive option to purchase the entire issued and outstanding common shares of All Weather from the shareholders ("Option Agreement") under such terms set forth therein (iii) an entrustment agreement and power of attorney agreement pursuant to which the shareholders irrevocably entrusted and appointed Bokefa as their proxy and trustee to exercise on their behalf any and all rights under applicable law and the articles of association of All Weather in the shareholder's equity interest in All Weather (iv) a business cooperation agreement and a master exclusive service agreement which grants Bokefa rights related to All Weather's business and operations in order to secure repayment of the AW Frame Work Loan Amount.

This transaction was structured pursuant to a Variable Interest Entity Structure (in which we do not hold the shares). As such, and given our direct ownership in Bokefa and its contractual arrangements with All Weather, we are regarded as All Weather's controlling entity and primary beneficiary of All Weather's business. We have, therefore, consolidated the financial position and operating results of All Weather into our consolidated financial statements, using the fair value of the assets and liabilities of All Weather in accordance with U.S. GAAP.

Purchased identifiable intangible assets are amortized on a straight-line basis over their respective useful lives. The table set forth below summarizes the estimates of the fair value of assets acquired and liabilities assumed and resulting gain on bargain purchase. In addition, the following table summarizes the allocation of the preliminary purchase price as of the acquisition date:

**All Weather, Purchase Price Allocation**

Total cash consideration (1)	\$ -
<b>Total Purchase Consideration</b>	<b>\$ -</b>
<b>Less:</b>	
Debt-free net working capital	\$ (105)
Property and equipment	153
Right of use assets	208
Lease liabilities	(258)
Intangible assets - licenses (1)	849
Intangible assets - customer relationship (1)	54
Deferred Tax liability (2)	(226)
<b>Fair value of net assets acquired</b>	<b>\$ 675</b>
Noncontrolling interest	\$ (675)
<b>Change in investment</b>	<b>(675)</b>
<b>Goodwill value (3)</b>	<b>\$ -</b>

- (1) The customer database value is based on the cost to recreate, as indicated by management.

- (2) Represents the income tax effect of the difference between the accounting and income tax bases of the identified intangible assets, using an assumed statutory income tax rate of 25%.
- (3) The goodwill is not deductible for tax purposes.

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**NOTE 9 — SEGMENTS**

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for detailing the Company’s business segments.

Operating segments are based upon our internal organization structure, the manner in which our operations are managed and the availability of separate financial information. As a result of our acquisition of GFHI on July 1, 2020, we currently serve the marketplace, through our operating subsidiaries, as a financial technology company (Fintech Industry) targeting the Chinese marketplace as well as other areas of the world. We have built and/or, are in the process of building, various platforms to capitalize on business opportunities in a range of insurance platform segments (formerly: verticals and technology segments) including stock trading and insurance brokerage services. We will continue to increase the capabilities of our platforms through acquisition and/or the licensing of different technologies to support our efforts in the different market segments. By building secure, reliable and scalable platforms with high volume processing capability, we intend to provide customized solutions that address the needs of a highly diverse and broad client base. First, we have launched our insurance platform, operated by GFHI, for the Chinese market and have been generating revenues in GFHI. While the revenues were not material in 2020, these revenues are building and we expect these revenues to continue to grow as this business establishes itself in the market as a reputable service available to consumers. Secondly, we are currently in the process of launching our securities trading software platform and accelerating the development and business around this segment. This is possible due to the recent completion of the acquisition of Magpie (formerly: Huapei) on February 26, 2021.

As a result of such acquisition, we have obtained the necessary licenses and permits to operate our online platform in the Hong Kong stock exchange.

As we begin development of our oil and gas trading platform, we are looking to partner with an established and reputable Chinese organization to build out our technology, which will support two major elements of China’s energy sector.

During the period between June 23, 2020, and May 9, 2021 we have held a controlling interest in Micronet, and we have presented our mobile resource management (“MRM”) business operated by Micronet as a segment. As of May 9, 2021, the Company’s ownership interest was diluted and, as a result, we no longer include Micronet’s operating results in our consolidated financial statements.

The following table summarizes the financial performance of our operating segments:

	<b>Three months ended March 31, 2022</b>			
	<b>Insurance platform</b>	<b>Mobile resource management</b>	<b>Online stock trading</b>	<b>Consolidated</b>
Revenues from external customers	\$ 9,533	-	30	\$ 9,563
Segment operating loss	(4,295)(1)	-	(3,544)	(7,839)
Non allocated expenses				(2,131)
Finance expenses and other				49
Consolidated loss before provision for income taxes				<u>\$ (9,921)</u>

- (1) Includes \$733 of intangible assets amortization, derived from GFHI acquisition.

	<b>Three months ended March 31, 2021</b>			
	<b>Insurance platform</b>	<b>Mobile resource management</b>	<b>Consolidated</b>	
Revenues from external customers	\$ 8,209	\$ 726	\$ 8,935	
Segment operating loss	(1,967)(1)	(827)(2)	(2,794)	
Non allocated expenses			(1,989)	
Finance expenses and other			(479)	
Consolidated loss before provision for income taxes			<u>\$ (5,262)</u>	

- (1) Includes \$733 of intangible assets amortization, derived from GFHI acquisitions.
- (2) Includes \$103 of intangible assets amortization, derived from Micronet consolidation.

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The following table summarizes the financial statements of our balance sheet accounts of the segments:

	Insurance platform (Unaudited)	Mobile resource management (Unaudited)	Online stock trading (Unaudited)	Consolidated (Unaudited)
Assets related to segments	\$ 62,522(2)	\$ -	\$ 56,632(4)	\$ 119,154
Non allocated Assets		-		45,690
Liabilities related to segments	(20,032)(3)	-	(3,552)	(23,584)
Non allocated liabilities	-	-	-	(2,341)
<b>Total Equity</b>				<b>\$ 138,919</b>

(2) Includes \$11,440 of intangible assets and \$19,788 goodwill, derived from GFHI's acquisition.

(3) Includes \$2,974 of deferred tax liability, derived from GFHI acquisition.

The following table summarizes the financial statements of our balance sheet accounts of the segments:

	As of December 31, 2021			
	Insurance platform	Mobile resource management	Online stock trading	Consolidated
Assets related to segments	\$ 86,474(1)	\$ -	\$ 60,581(3)	\$ 147,055
Non allocated Assets		-		30,756
Liabilities related to segments	(23,516)(2)	-	(3,953)	(27,469)
Non allocated liabilities	-	-	-	(2,620)
<b>Total Equity</b>				<b>\$ 147,722</b>

(1) Includes \$19,292 of intangible assets and \$19,788 goodwill, derived from GFHI's acquisition.

(2) Includes \$3,728 of deferred tax liability, derived from GFHI acquisition.

(3) Includes \$1,222 of intangible assets.

#### NOTE 10 — INTANGIBLE ASSETS, NET

	Useful life years	March 31, 2022	December 31, 2021
<b>Original amount:</b>			
Technology know-how	6	\$ 11,490	\$ 11,490
Trade name/ trademarks	Indefinite or 5 years	923	923
Customer relationship	5-10 years	4,802	4,802
License	Indefinite or 10 years	8,498	8,498
Software	10	175	172
		<u>25,888</u>	<u>25,885</u>
<b>Accumulated amortization:</b>			
Technology know-how		(3,351)	(2,873)
trade name/ trademarks		(203)	(174)
Customer related intangible assets		(1,590)	(1,355)
License		(90)	(39)
Software		(6)	(2)
		<u>(5,240)</u>	<u>(4,443)</u>
Net		<u>\$ 20,648</u>	<u>\$ 21,442</u>

**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(In Thousands, except Share and Par Value data)**

#### NOTE 11 — TRADE ACCOUNTS RECEIVABLE, NET

For the three months ended March 31, 2022 and the fiscal year ended December 31, 2021, accounts receivable were comprised of the following:

	March 31, 2022	December 31, 2021
Trade accounts receivable	\$ 17,153	\$ 20,485
Allowance for doubtful accounts	(2,738)	(2,606)
	<u>\$ 14,415</u>	<u>\$ 17,879</u>

Movement of allowance for doubtful accounts the three months ended March 31, 2022 and the fiscal year ended December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
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Beginning balance	\$ 2,606	\$ 5
Provision	118	2,574
Exchange fluctuation	14	32
Decrease due to deconsolidation of Micronet	-	(5)
	<u>\$ 2,738</u>	<u>\$ 2,606</u>

#### NOTE 12 — OTHER CURRENT ASSETS

	March 31, 2022	December 31, 2021
Prepaid expenses	\$ 1,090	\$ 1,715
Advance to suppliers	3,793	4,027
Deposit	137	1,335
Business advance to employee	1,658	1,444
Other receivables	3,516	1,033
	<u>\$ 10,194</u>	<u>\$ 9,554</u>

#### NOTE 13 — RELATED PARTIES

##### Current assets – related parties

	March 31, 2022	December 31, 2021
Shareholders of All Weather	\$ 3,197	\$ 3,680
Convertible loan to Micronet	-	535
Shareholders of Guangxi Zhongtong	926	919
	<u>\$ 4,123</u>	<u>\$ 5,134</u>

##### Current liabilities – related party

(USD in thousands)	March 31, 2022	December 31, 2021
Shareholders of All Weather	264	4
	<u>\$ 264</u>	<u>\$ 4</u>

**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In Thousands, except Share and Par Value data)

#### NOTE 14 — OPERATING LEASES

The Company follows ASC No. 842, Leases. The Company has operating leases for its office facilities. The Company's leases have remaining terms of approximately 4 years. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company does not separate non-lease components from the lease components to which they relate, and instead accounts for each separate lease and non-lease component associated with that lease component as a single lease component for all underlying asset classes.

The following table provides a summary of leases by balance sheet location as of March 31, 2022 and December 31, 2021

Assets/liabilities	March 31, 2022	December 31, 2021
Assets		
Right-of-use assets	\$ 1,597	\$ 1,921
Liabilities		
Lease liabilities- current portion	\$ 1,079	\$ 1,298
Lease liabilities- long term	601	691
Total Lease liabilities	<u>\$ 1,680</u>	<u>\$ 1,989</u>

The operating lease expenses for the three months ended March 31, 2022 and 2021 were as follows:

	Three months ended March 31,	
	2022	2021
Operating lease cost	\$ 412	\$ 135

Maturities of operating lease liabilities for the three-month ended March 31, 2022 were as follows:

	Year ended March 31,
2022*	1,112

2023	537
2024	122
2025	13
2026	1
Total lease payment	1,785
Less: imputed interest	(105)
Total	1,680

\* include operating leases with a term less than one year.

	<b>March 31,</b>
	<b>2022</b>
<b>Lease term and discount rate</b>	
Weighted-average remaining lease term (years) – operating leases	1.99
Weighted average discount rate – operating leases	5.28%

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**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In Thousands, except Share and Par Value data)

**NOTE 15 — PROVISION FOR INCOME TAXES**

**A. Basis of Taxation**

**United States:**

On December 22, 2017, the U.S. Tax Cuts and Jobs Act, or the Act, was enacted, which significantly changed U.S. tax laws. The Act lowered the tax rate of the Company. The statutory federal income tax rate was 21% in 2020 and in the three months ended March 31, 2021 and 2022. As of March 31, 2022 the operating loss carry forward were \$36,156, among which there was \$5,115 expiring from 2025 through 2037, and the remaining \$31,041 has no expiration date.

**Israel:**

The Company's Israeli subsidiaries and associated are governed by the tax laws of the state of Israel which had a general tax rate of 23% in the three months ended March 31, 2021 and 2022. As of March 31, 2022 the operating loss carry forward were \$6,361, which does not have an expiration date.

**Mainland China:**

The Company's Chinese subsidiaries in the PRC are subject to the PRC Corporate Income Tax Law ("CIT Law") and are taxed at the statutory income tax rate of 25%. As of March 31, 2022 the operating loss carry forward was \$9,228, which will expire from 2023 through 2027.

**Hong Kong:**

Our subsidiaries incorporated in Hong Kong, such as Magpie Securities Limited, BI Intermediate Limited, are subject to Hong Kong profit tax on their profits arising from their business operations carried out in Hong Kong. Hong Kong profits tax for a corporation from the year of assessment 2018/2019 onwards is generally 8.25% on assessable profits up to HK\$2,000; and 16.5% on any part of assessable profits over HK\$2,000. Under the Hong Kong Inland Revenue Ordinance, profits that we derive from sources outside of Hong Kong are generally not subject to Hong Kong profits tax.

As of March 31, 2022, the tax loss carry forward was \$1,464 for Magpie Securities Limited, and the operating loss carry forward was \$3,620 for BI Intermediate Limited. Tax losses can be carried forward indefinitely until utilized.

**Singapore:**

Our subsidiaries incorporated in Singapore are subject to an income tax rate of 17% for taxable income earned in Singapore. Singapore does not impose a withholding tax on dividends for resident companies. In 2021, we did not incur any income tax as there was no estimated assessable profit that was subject to Singapore income tax.

As of March 31, 2022, the operating loss carry forward was \$49.

Subject to qualifying conditions, trade losses can be carried forward indefinitely while unutilized donations can be carried forward for up to 5 years of assessment.

**B. Provision for (Benefit of) Income Taxes**

	Three months ended	
	March 31,	
	2022	2021
Current		
Domestic	\$ -	\$ 43
Foreign	3	7
Total	\$ 3	50
Deferred		
Domestic	\$ -	\$ -
Foreign	(1,079)	(406)
Total	\$ (1,076)	\$ (356)

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**MICT, Inc.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(In Thousands, except Share and Par Value data)

**C. Deferred Tax Assets and Liabilities**

Deferred tax reflects the net tax effects of temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the amounts used for income tax purposes. As of March 31, 2022 and December 31, 2021, deferred tax assets were included in long-term deposit and prepaid expenses, and the Company's deferred taxes were in respect of the following:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Deferred tax assets		
Provisions for employee rights and other temporary differences	\$ 23	\$ 260
Provisions for bad debt	685	696
Net operating loss carry forward	13,860	12,034
Valuation allowance	(11,934)	(11,226)
Deferred tax assets, net of valuation allowance	2,634	1,764
Deferred tax liabilities		
Recognition of intangible assets arising from business combinations	(3,748)	(3,952)
Deferred tax liabilities, net	\$ (1,114)	\$ (2,188)

**NOTE 16 — LEGAL PROCEEDINGS**

There are no open legal proceeding as of March 31, 2022 and as of today.

**NOTE 17 — SUBSEQUENT EVENTS**

On May 10, 2022, Tingo, Inc., a Nevada corporation (“Tingo” or the “Seller”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with MICT Merger Sub, Inc., a Nevada corporation and a wholly-owned subsidiary of MICT (“Merger Sub”), and MICT, Inc., a Delaware corporation.

Pursuant to the Merger Agreement, subject to the terms and conditions set forth therein, upon the consummation of the transactions contemplated by the Merger Agreement (the “Closing”), Merger Sub will merge with and into Tingo (the “Merger” and, together with the other transactions contemplated by the Merger Agreement, the “Transactions”), with the Seller continuing as the surviving corporation in the Merger and a wholly-owned subsidiary of MICT.

As a result of the Merger, all of the issued and outstanding capital stock of the Seller immediately prior to the Closing, shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, in exchange for the right for each Seller Stockholder to receive its Pro Rata Share of the Merger Consideration, upon the terms and subject to the conditions set forth in the Merger Agreement.

As consideration for the Merger, the Seller Security Holders collectively shall receive from MICT, in the aggregate, a number of shares of MICT Common Stock equal to (the “Merger Consideration”) the product of (a) 3.44444 and (b) the number of shares of MICT Pre-Closing Common Stock (the total portion of the Merger Consideration amount payable to all Seller Stockholders in accordance with the Merger Agreement). This will result in Tingo shareholders receiving new MICT common shares in an amount equal to approximately 77.5% in the combined company, and current MICT shareholders owning approximately 22.5% on a fully diluted basis following the closing, with a combined estimated group value of \$4.09 billion.

On June 15, 2022, Tingo, Merger Sub and MICT entered into an Amended and Restated Agreement and Plan of Merger, following the completion of extensive due diligence by MICT and its advisors, including financial due diligence, tax due diligence and quality of earnings analysis by Ernst & Young, financial analysis by Houlihan Lokey, legal, operational, corporate and local due diligence by the Nigerian office of Dentons and corporate due diligence and securities due diligence by Ellenoff Grossman & Schole.

In accordance with US GAAP, upon Closing, which is subject to Tingo stock holder approval, MICT stock holder approval, the satisfaction of regulatory requirements and the Registration Statement having been declared effective by the SEC, the Merger will be accounted for by MICT in its consolidated financial statements as a reverse acquisition.

On April 2, 2022, Shanghai Zhengzhong Energy Technology Co., Ltd. (Zhengzhong Energy”), our wholly owned subsidiary, entered into a transaction with the shareholders of Tianjin Dibao Technology Development Co. Ltd. (“Tianjin Dibao”) the parties have entered into various additional agreements which include among other: (i) a pledge agreement pursuant to which the Shareholders have pledged their shares for the benefit of Shanghai Zhengzhong Energy in order to secure the amount drawn from the Frame work Loan Amount (ii) exclusive option agreement pursuant to which Shanghai Zhengzhong Energy has an exclusive option to purchase the entire shares of Tianjin Dibao from the Shareholders (“Option Agreement”) under such terms set forth in the Option Agreement (iii) Entrustment Agreement and Power of Attorney Agreement pursuant to which the Shareholders irrevocably entrusted and appointed Shanghai Zhengzhong Energy as its proxy and trustee to exercise on their behalf any and all rights under applicable law and the articles of association of Tianjin Dibao in the Shareholder’s equity interest in Tianjin Dibao (iv) business cooperation agreement and a master exclusive service agreement which grants Shanghai Zhengzhong Energy with rights related to the Tianjin Dibao business and operations designed to secure repayment of the Loan Amount. The transaction above was structured pursuant to a Variable Interest Entity (VIE) Structure according to which Zhengzhong Energy controlled 76% interest in Dibao, and the remaining 24% equity was held directly by Zhengzhong Energy.

On April 5, 2022, Beijing Fucheng Lianbao disposed its subsidiary of Beijing Fucheng Prospect Technology Co., Ltd (“Fucheng Prospect”). The shares previously held by Beijing Fucheng Lianbao were transferred to an individual Wang Yuanyuan on April 5, 2022. The net assets of Fucheng Prospect as of April 5, 2022 was \$ 94 and transaction price was zero. The Company recognized a gain of \$ 94 for disposing and stopped consolidating its financials starting from April.

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

This Quarterly Report on Form 10-Q (the “Quarterly Report”), 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 factors include, but are not limited to changes in economic conditions, government regulations, contract requirements and abilities, competitive pressures and constantly changing technology and market acceptance of our products and services and other risks and uncertainties discussed in this annual Form 10-K report. 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 and include, but are not limited to, statements regarding the following:

- our ownership position in Micronet's share capital;
- the impact of COVID-19 on both our operations and financial outlook and those of Intermediate, Micronet and MICT;
- our financing needs and strategies, and our ability to continue to raise capital in the future;
- our corporate development objectives;
- our financial position and the value of and market for our common stock;
- use of proceeds from any future financing, if any; and
- the sufficiency of our capital resources.

**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 in our SEC filing and the risk factors included in Part II, Item IA below. Readers are also urged to carefully review and consider the various disclosures we have made below and 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.**

## Overview

MICT, Inc. ("MICT", the "Company", "we", "us", "our") was formed as a Delaware corporation on January 31, 2002 under the name Lapis Technologies, Inc. On March 14, 2013, we changed our corporate name to Micronet Enertec Technologies, Inc. On July 13, 2018, following the sale of our former subsidiary, Enertec Systems Ltd., we changed our name to MICT, Inc. Our shares have been listed for trading on The Nasdaq Capital Market under the symbol "MICT" since April 29, 2013.

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MICT is a holding company conducting financial technology business through its subsidiaries and entities controlled through various VIE arrangements ("VIE entities"). The company is principally focused on developing insurance broker business and products across approximately 120 cities in China through its subsidiaries and VIE entities, with planned expansion into additional markets. The company has developed highly scalable proprietary platforms for insurance products (B2B, B2B2C and B2C) and financial services/products (B2C), the technology for which is highly adaptable for other applications and markets. MICT through its subsidiaries has also acquired and holds the requisite license and approvals with the Hong Kong Securities and Futures Commission to deal in securities and provide securities advisory and asset management services. MICT also has memberships/registrations with the Hong Kong Stock Exchange, the London Stock Exchange and the requisite Hong Kong and China Direct clearing companies. MICT's financial services business and first financial services product, the Magpie Invest app, is able to trade securities on NASDAQ, NYSE, TMX, HKSE, China Stock Connect, LSE, the Frankfurt Stock Exchange and the Paris Stock Exchange.

Since July 1, 2020, after MICT completed its acquisition of GFHI (the "GFHI Acquisition") pursuant to that certain Agreement and Plan of Merger entered into on November 7, 2019 by and between MICT, GFHI, Global Fintech Holding Ltd. ("GFH"), a British Virgin Islands company and the sole shareholder of GFH Intermediate Holdings Ltd. ("GFHI" or "Intermediate"), and MICT Merger Subsidiary Inc., a British Virgin Islands company and a wholly owned subsidiary of MICT ("Merger Sub"), as amended and restated on April 15, 2020 (the "Restated Merger Agreement" or "Merger"), we have been operating in the financial technology sector. GFHI is a financial technology company with a marketplace in China, as well as other areas of the world and is currently in the process of building various platforms for business opportunities in different insurance platform segments (formerly: verticals and technology segments) in order to capitalize on such technology and business. GFHI plans to increase its capabilities and its technological platforms through acquisition and licensing technologies to support its growth efforts in the different market segments. After the Merger, MICT included the business of Intermediate, MICT's wholly-owned subsidiary, operating through Intermediate operating subsidiaries.

Following Intermediate's acquisition of Magpie Securities Limited ("Magpie"), a Hong Kong securities and investment services firm, on February 26, 2021 and the subsequent receipt of regulatory approval from the Hong Kong Securities and Futures Commission, Magpie is licensed to deal in securities, futures and options, and also undertake the business of securities advisory services and asset management.

Intermediate launched Magpie Invest, a global stock trading app, on September 15, 2021, through its wholly owned subsidiary, Magpie Securities Limited ("Magpie"). It is a proprietary technology investment trading platform that is currently operational in Hong Kong. Magpie Invest's technology allows the platform to connect to all major stock exchanges and we planned to expand into Australia and Switzerland by Q4 2022.

These opportunities will continue to be realized and executed through our business development efforts, which include the acquisition of potential target entities, business and assets (such as applicable required licenses) in the relevant business space and segments in which we plan to operate. We believe that this will allow the Company to enter into the market quickly and leverage existing assets in order to promote our growth strategy.

Prior to July 1, 2020, MICT operated primarily through its Israel-based then majority-owned subsidiary, Micronet. 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. Micronet's vehicle portable tablets are designed to increase workforce productivity and enhance corporate efficiency by offering computing power and communication capabilities that provide fleet operators with visibility into vehicle location, fuel usage, speed and mileage. Furthermore, users are able to manage the drivers in various aspects, such as: driver behavior, driver identification, reporting hours worked, customer/organization working procedures and protocols, route management and navigation based on tasks and time schedule. End users may also receive real time messages for various services, such as pickup and delivery, repair and maintenance, status reports, alerts, notices relating to the start and ending of work, digital forms, issuing and printing of invoices and payments. Through its SmartHub product, Micronet provides its consumers with services such as driver recognition, identifying and preventing driver fatigue, recognizing driver behavior, preventive maintenance, fuel efficiency and an advanced driver assistance system. In addition, Micronet provides TSPs a platform to offer services such as "Hours of Service." Micronet previously commenced and continues to evaluate integration with other TSPs. On May 9, 2021, following the exercise of options by certain minority stockholders, the Company's ownership interest of Micronet was diluted to 49.88% and as a result the Company is no longer required to consolidate Micronet's financial statements with the Company's and include Micronet's operating results in its financial statements. The Company owned 31.47% of the outstanding ordinary shares of Micronet and 26.83% on a fully diluted basis as of March 31, 2022.

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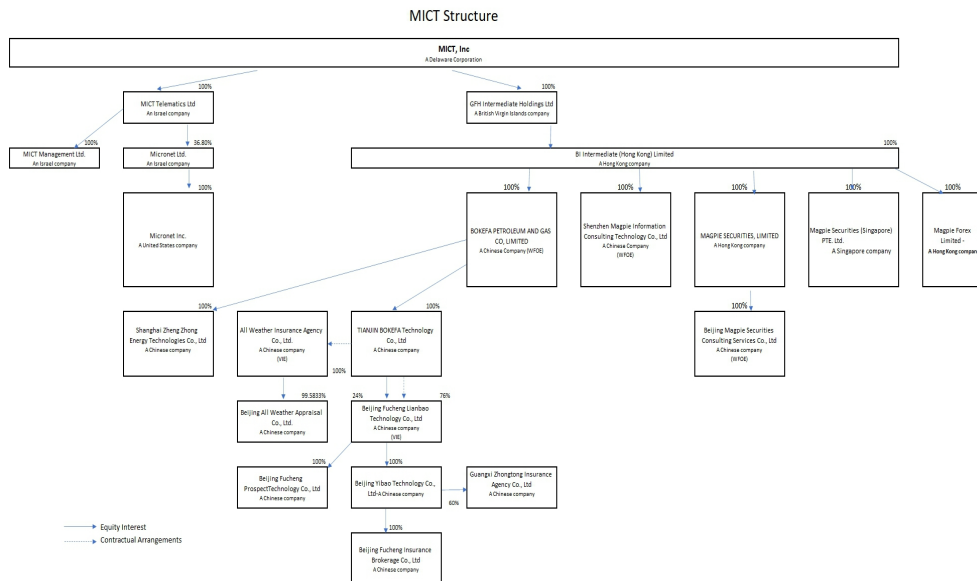
**Potential Merger with Tingo, Inc.**

On May 10, 2022, Tingo, Inc., a Nevada corporation (“Tingo” or the “Seller”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with MICT Merger Sub, Inc., a Nevada corporation and a wholly-owned subsidiary of MICT (“Merger Sub”), and MICT, Inc., a Delaware corporation (“MICT”).

Pursuant to the Merger Agreement, subject to the terms and conditions set forth therein, upon the consummation of the transactions contemplated by the Merger Agreement (the “Closing”), Merger Sub will merge with and into Tingo (the “Merger” and, together with the other transactions contemplated by the Merger Agreement, the “Transactions”), with the Seller continuing as the surviving corporation in the Merger and a wholly-owned subsidiary of MICT. It is expected that current holders of Tingo Shares will own approximately 77% of the total shares of the post-merger company and the current shareholders of MICT will own the remaining 23% of the Shares of the post-merger company.

Tingo is the leading Agri fintech company operating in Africa, with a marketplace platform that empowers social upliftment through mobile, technology and financial access for rural farming communities. Their ‘device as a service’ model allows them to add market leading applications to enable customers to trade, buy top ups, pay bills, access insurance and lending services. With 9.3 million existing customers, Tingo is seeking to expand its operations across select markets in Africa. Tingo’s strategic plan is to become the eminent Pan African Agri-Fintech business delivering social upliftment and financial inclusion to millions of SME farmers and women-led businesses. There can be no assurances given that the Company will consummate this merger since there are several conditions before the merger could be consummated including, but not limited to, the approval by the shareholders of the Company and Tingo, Regulatory approvals and other closing conditions.

The following diagram illustrates the Company’s current corporate structure, including its subsidiaries, and variable interest entities (“VIEs”), as of March 31, 2022:



**VIE agreements with Guangxi Zhongtong:**

On January 1, 2021, as amended on August 6, 2021, Bokefa, our wholly foreign-owned enterprise (“WFOE”), Guangxi Zhongtong, and nominee shareholders of Guangxi Zhongtong entered into six agreements, (together, the “Guangxi Zhongtong VIE Agreements”), described below, pursuant to which Bokefa is deemed to have controlling financial interest and be the primary beneficiary of Guangxi Zhongtong. Therefore, Guangxi Zhongtong is deemed a VIE of Bokefa.

**Loan Agreement**

Pursuant to this agreement, Bokefa agreed to provide loans to the registered shareholders of Guangxi Zhongtong. The term of the loan shall start from the date when the loan is actually paid, until the date on which the loan is repaid in full. The agreement shall terminate when the shareholders repay the loan. The loan should be used solely for Guangxi Zhongtong’s operating expenses and should be exclusively repaid by transferring shares of Guangxi Zhongtong to Bokefa when PRC Law permits.

**Exclusive Option Agreement**

The effective term of the agreement is unlimited and the agreement shall terminate upon the transfer of all the equity interest of Guangxi Zhongtong to Bokefa in accordance with relevant laws and provisions as provided in the agreement, or upon written notice by Bokefa to shareholders. In consideration of Bokefa’s loan arrangement, the shareholders have agreed to grant Bokefa an exclusive option to purchase their equity interest. Distribution of residual profits, if any, are restricted without the approval of Bokefa. Upon request by Bokefa, Guangxi Zhongtong is obligated to distribute profits to the shareholders of Guangxi Zhongtong, who must remit such profits to Bokefa immediately. Guangxi Zhongtong and its shareholders are required to act in a manner that is in the best interest of Bokefa with regards to Guangxi Zhongtong’s business operation.

**Equity Pledge Agreement**

The agreement will be terminated upon such date when the other agreements have been terminated. Pursuant to the agreement, the nominee shareholders pledged all their equity interest in Guangxi Zhongtong to Bokefa as security for the obligations in the other agreements. Bokefa has the right to receive dividends on the pledged shares, and all shareholders are required to act in a manner that is in the best interest of Bokefa.

**Business Cooperation Agreement**

The agreement is effective until terminated by both parties. Guangxi Zhongtong and its shareholders agree that the legal person, directors, general manager and other senior officers of Guangxi Zhongtong should be appointed or elected by Bokefa. Guangxi Zhongtong and its shareholders agree that all the financial and operational decisions for Guangxi Zhongtong will be made by Bokefa.

#### *Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to Guangxi Zhongtong and Guangxi Zhongtong agrees to pay service fees to Bokefa.

#### *Entrustment and Power of Attorney Agreement*

The shareholders of Guangxi Zhongtong agreed to entrust all the rights to exercise their voting power and any other rights as shareholders of Guangxi Zhongtong to Bokefa. The shareholders of Guangxi Zhongtong have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until deregistration of Guangxi Zhongtong.

On August 23, 2021, Beijing Yibao Technology Co., Ltd (“Beijing Yibao”), Guangxi Zhongtong Insurance Agency Co., Ltd (“Guangxi Zhongtong”), and two shareholders of Guangxi Zhongtong entered into a capital increase agreement pursuant to which Beijing Yibao will invest approximately RMB30 million (USD 4.7 million) into Guangxi Zhongtong. On October 21, 2021, Beijing Yibao transferred the funds separately and the transaction closed. As a result of the transaction, Beijing Yibao now holds a sixty percent (60%) equity interest in Guangxi Zhongtong and is the controlling shareholder. As a condition of the closing, the previous agreements consummated on January 1, 2021 per the GZ Frame Work Loan became null and void, and the loan should be repaid by the shareholders before December 31, 2022.

#### VIE agreements with Beijing Fucheng:

On December 31, 2020, as amended on August 25, 2021, Bokefa, Beijing Fucheng Lianbao Technology Co., Ltd. (“Beijing Fucheng”), and the shareholders of Beijing Fucheng entered into six agreements, described below, pursuant to which Bokefa is deemed to have a controlling financial interest and be the primary beneficiary of Beijing Fucheng. Therefore, Beijing Fucheng is deemed a VIE of Bokefa. Beijing Fucheng was incorporated on December 29, 2020 and had no assets or liabilities as of December 31, 2020.

#### *Loan Agreement*

Pursuant to this agreement, Bokefa agreed to provide loans to the registered shareholders of Beijing Fucheng. The term of the loan under this agreement shall start from the date when the loan is actually paid and shall continue until the shareholders repay all the loan in accordance with this agreement. The agreement shall terminate when the shareholders repay the loan. The loan should be used solely for Beijing Fucheng’s operating expenses, and should be exclusively repaid by transferring shares of Beijing Fucheng to Bokefa when PRC Law permits. As of March 31, 2022 the loans were not drawn.

#### *Exclusive Option Agreement*

The effective term of the agreement is unlimited and the agreement shall terminate upon the transfer of all of the equity interest of Beijing Fucheng to Bokefa in accordance with relevant laws and provisions as provided in the agreement, or upon written notice by Bokefa to the shareholders. In consideration for Bokefa’s loan arrangement, the shareholders have agreed to grant Bokefa an exclusive option to purchase their equity interest. Distribution of residual profits, if any, is restricted without the approval of Bokefa. Upon request by Bokefa, Beijing Fucheng is obligated to distribute profits to the shareholders of Beijing Fucheng, who must remit those profits to Bokefa immediately. Beijing Fucheng and its shareholders are required to act in a manner that is in the best interest of Bokefa with regards to Beijing Fucheng’s business operations.

#### *Equity Pledge Agreement*

The agreement will be terminated at the date when the other agreements have been terminated. Pursuant to the agreement, the shareholders pledged all their equity interest in Beijing Fucheng to Bokefa as security for their obligations under the agreements. Bokefa has the right to receive dividends on the pledged shares, and all shareholders are required to act in a manner that is in the best interest of Bokefa.

#### *Business Cooperation Agreement*

The agreement is effective until terminated by both parties. Beijing Fucheng and its shareholders agree that the legal person, directors, general manager and other senior officers of Beijing Fucheng should be appointed or elected by Bokefa. Beijing Fucheng and its shareholders agree that all financial and operational decisions of Beijing Fucheng will be made by Bokefa.

#### *Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to Beijing Fucheng and Beijing Fucheng agrees to pay service fees to Bokefa.

#### *Entrustment and Power of Attorney Agreement*

The shareholders of Beijing Fucheng agreed to entrust all the rights to exercise their voting power and any other rights as shareholders of Beijing Fucheng to Bokefa. The shareholders of Beijing Fucheng have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until deregistration of Beijing Fucheng.

#### VIE agreements with All Weather:

On July 1, 2021, Bokefa, All Weather, and nominee shareholders of All Weather entered into six agreements, described below, pursuant to which Bokefa is deemed to have a controlling financial interest and be the primary beneficiary of All Weather. All Weather is deemed a VIE of Bokefa.

#### *Loan Agreement*

Pursuant to this agreement, Bokefa agreed to provide loans to the shareholders of All Weather. The term of the loan shall start from the date when the loan is actually paid until the date on which the loan is repaid in full. The agreement shall terminate when the shareholders repay the loan. The loan should be used solely by All Weather for operating expenses, and should be exclusively repaid by transferring shares of All Weather to Bokefa when PRC Law permits.

#### *Exclusive Option Agreement*

The effective term of the agreement is unlimited and the agreement shall terminate upon the transfer of all of the equity interest of All Weather to Bokefa in accordance with relevant laws and provisions in the agreement, or upon written notice by Bokefa to the shareholders. In consideration for Bokefa's loan arrangement, the shareholders have agreed to grant Bokefa an exclusive option to purchase their equity interest. Distribution of residual profits, if any, is restricted without the approval of Bokefa. Upon request by Bokefa, All Weather is obligated to distribute profits to the shareholders of All Weather, who must remit the profits to Bokefa immediately. All Weather and its shareholders are required to act in a manner that is in the best interest of Bokefa with regard to All Weather's business operations.

#### *Equity Pledge Agreement*

The agreement will be terminated at the date when the other agreements have been terminated. Pursuant to the agreement, the nominee shareholders pledged all of their equity interest in All Weather to Bokefa as security for their obligations pursuant to the other agreements. Bokefa has the right to receive dividends on the pledged shares, and all shareholders are required to act in a manner that is in the best interest of Bokefa.

#### *Business Cooperation Agreement*

The agreement is effective until terminated by both parties. All Weather and its shareholders agree that the legal person, directors, general manager and other senior officers of All Weather should be appointed or elected by Bokefa. All Weather and its shareholders agree that all the financial and operational decisions of All Weather will be made by Bokefa.

#### *Exclusive Service Agreement*

The effective term of this agreement is for one year and it can be extended an unlimited number of times if agreed by both parties. Bokefa agrees to provide exclusive technical consulting and support services to All Weather and All Weather agrees to pay service fees to Bokefa.

#### *Entrustment and Power of Attorney Agreement*

The shareholders of All Weather agreed to entrust all their rights to exercise their voting power and any other rights as shareholders of All Weather to Bokefa. The shareholders of All Weather have each executed an irrevocable power of attorney to appoint Bokefa as their attorney-in-fact to vote on their behalf on all matters requiring shareholder approval. The agreement is effective until the deregistration of All Weather.

### **Results of Operations**

#### **Three Months Ended March 31, 2022, Compared to Three Months Ended March 31, 2021.**

As of June 23, 2020, we increased our ownership interest in Micronet to over 50% and started to consolidate Micronet's operations into our financial statements up until May 9, 2021 when our ownership in Micronet was diluted to less than 50%. In addition, on July 1, 2020, we completed a merger transaction for the Acquisition of GFHI. We are consolidating the financial results of GFHI as of the date the Acquisition and for the period thereafter. Beginning December 2020, we launched our insurance platform operated by GFHI for the Chinese market and have been generating revenues in GFHI in this segment of our operations. During the first quarter of 2021, as described above, we entered into a certain transaction with Guangxi Zhongtong, Beijing Fucheng Lianbao Technology Co., Ltd. and completed the acquisition of Magpie, which operates in the field of securities trading platforms. As a result of these transactions, we have started to consolidate the financial results of these companies and business lines into our business. On July 1, 2021, we entered into a VIE transaction with All Weather and started to consolidate the financial results and business lines of All Weather into our business once the transaction was consummated. On October 21, 2021 we completed the transaction of Guangxi Zhongtong, we currently holds a sixty percent (60%) equity interest in Guangxi Zhongtong.

These business activities conducted by MICT in combination with the completion of the above acquisitions, contributed to the following P&L items:

#### **Revenues**

Net revenues for the three months ended March 31, 2022 were \$9,563,000, compared to \$8,935,000 for the three months ended March 31, 2021,. This represents an increase of \$628,000 for the three months ended March 31, 2022, as compared to the same period last year.

Net revenues related to the MRM segment for the three months ended March 31, 2022 were \$0, as compared to \$726,000 for the three months ended March 31, 2021 and reflects a decrease of \$726,000 for the three months ended March 31, 2022. MRM revenues were solely contributed by Micronet. The change is attributed to the consolidation of the MRM segment (Micronet) results with the company during the first quarter of 2021 but not the first quarter of 2022 as described above.

Net revenues related to the insurance platform segment for the three months ended March 31, 2022 were \$9,533,000, as compared to \$8,209,000 revenues for the three months ended March 31, 2021, and reflects an increase of \$1,324,000, for the three months ended March 31, 2022. On the one hand we have increase from the VIE transaction with All Weather which we started to consolidate their financial results and business lines of All Weather into our business once the transaction was consummated on July 1, 2021, on the other hand we have decrease in revenues from Guangxi Zhongtong as a result of the lockdown in certain cities and regions due to COVID-19.

Net revenues related to the online stock trading platform segment for the three months ended March 31, 2022 was \$30,000 as compared to \$0 revenues for the three months ended March 31, 2021, and reflects an increase of \$30,000, for the three months ended March 31, 2022. The increase is attributed to the acquisition of Magpie that was finalized on February 26, 2021, (as further detailed above). As the global stock markets trading keep going downwards, we stopped market campaign in the beginning of the year.

#### **Cost of revenues**

Cost of revenues for the three months ended March 31, 2022 were \$8,298,000, compared to \$6,992,000 for the three months ended March 31, 2021. This represents an increase of \$1,306,000, for the three months ended March 31, 2022 as compared to the same period last year.

Cost of revenues related to the MRM segment for the three months ended March 31, 2022 were \$0, as compared to \$716,000 for the three months ended March 31, 2021 and reflects a decrease of \$716,000 for the three months ended March 31, 2022. The change is attributed to the consolidation of the MRM segment (Micronet) results with the company during the first quarter of 2021 but not the first quarter of 2022 as described above

Cost of revenues related to the insurance platform segment for the three months ended March 31, 2022, were \$,293,000, as compared to \$6,276,000 for the three months ended March 31, 2021, and reflects an increase of \$2,017,000, for the three months ended March 31, 2022. The increase is attributed to the from the VIE transaction with All Weather which we started to consolidate their financial results and business lines of All Weather into our business once the transaction was consummated on July 1, 2021.

Cost of revenues related to the online stock trading platform segment for the three months ended March 31, 2022 was \$4,000 as compared to \$0 Cost of revenues for the three months ended March 31, 2021, and reflects an increase of \$4,000, for the three months ended March 31, 2022. The increase is attributed to the acquisition of Magpie that was finalized on February 26, 2021, (as further detailed above).

### **Gross profit**

Gross profit for the three months ended March 31, 2022 was \$1,265,000, and represents 13% of the revenues. This is in comparison to gross profit of \$1,943,000, representing 22% of the revenues, for the three months ended March 31, 2021 and reflects a decrease of \$678,000, for the three months ended March 31, 2022 as compared to the same period last year. The decrease was primarily attributable to the insurance platform segment as discussed below.

Gross profit related to the MRM (Micronet) segment for the three months ended March 31, 2022 were \$0, as compared to gross profit of \$10,000 for the three months ended March 31, 2021 and reflects a decrease of \$10,000 for the three months ended March 31, 2022. MRM Gross profit were solely contributed by Micronet The change is attributed to the consolidation of the MRM segment (Micronet) results with the company during the first quarter of 2021 but not the first quarter of 2022 as described above.

Gross profit related to the insurance platform segment for the three months ended March 31, 2022 was \$1,240,000, as compared to \$1,933,000 Gross profit for the three months ended March 31, 2021, and reflects a decrease of \$693,000, for the three months ended March 31, 2022 as compared to the same period last year. The decrease is attributed to the Company stopped certain information drainage and online promotion business in the first quarter of 2022. These businesses had a higher margin and therefore resulted in a decreased gross profit as compared to the same period last year.

Gross profit related to the online stock trading platform segment for the three months ended March 31, 2022 was \$25,000, as compared to no gross profit for the three months ended March 31, 2021, and reflects an increase of \$25,000, for the three months ended March 31, 2022 as compared to the same period last year. The increase is attributed to the acquisition of Magpie that was finalized on February 26, 2021 (as further detailed above).

### **Selling and Marketing Expenses**

Selling and Marketing expenses are part of operating expenses. Selling and marketing cost for the three months ended March 31, 2022, were \$2,517,000, as compared to expenses of \$1,001,000 for three months ended March 31, 2021. This represents a decrease of \$1,516,000, for the three months ended March 31, 2022 as compared to the same period last year. The increase is attributed to the increase in Selling and Marketing expenses related to the insurance companies as well as increase in the online stock trading platform. The increase is mainly a result of increase in: (i) increase in advertising promotion fee of \$655,000 and; (ii) increase in sales technological development expense in an amount of \$475,000 and (iii) increase from the acquisition of online stock trading platform segment that was finalized on February 26, 2021 in a total amount of \$779,000.

### **General and Administrative Expenses**

General and administrative expenses are part of operating expenses. General and administrative expenses for the three months ended March 31, 2022 were \$7,326,000, compared to \$4,568,000 for the three months ended March 31, 2021. This represents an increase of \$2,758,000, for the three months ended March 31, 2022 as compared to the same period last year. The increase is attributed to the increase in general and administrative expenses related to the insurance companies as well as increase in the online stock trading platform. The increase is mainly a result of (i) an increase associated with the D&O insurance in a total amount of \$456,000 and; (ii) increase in lease expenses in a total amount of \$277,000 (iii) increase associated with the salary expenses following the acquisition of new subsidiaries and VIEs transactions during 2021 in a total amount of \$1,923,000; (iv) a decrease in retainer for professional advice from various services providers, in connection with the completion of the public offering closed in February 2021 and March 2021.

### **Research and Development Expenses**

Research and development expenses are part of operating expenses. Research and development costs, which mainly include wages, materials and sub-contractors, for the three months ended March 31, 2022 were \$595,000, compared to \$231,000 for the three months ended March 31, 2021, respectively. This represents an increase of \$364,000, for the three months ended March 31, 2022, as compared to the same period last year. The increase is attributed to the (i) increase of \$328,000 related to the development of the Stock trading application and; (ii) increase in \$267,000 related to the development of the insurance core system and sales platform and; (iii) a decrease of \$231,000 from consolidation of the MRM segment (Micronet) results with the company during the first quarter of 2021 but not the first quarter of 2022 as described above.

### **Loss from Operations**

Our loss from operations for the three months ended March 31, 2022 were \$9,970,000, compared to loss from operations of \$4,783,000, for the three months ended March 31, 2021. The increase in loss from operations is mainly a result of the acquisitions as mention above, as well as the increase in general and administrative costs.

### **Financial Income (Expense), Net**

Financial income (expenses), net for the three months ended March 31, 2022 were income of \$78,000 compared to an expenses of \$566,000 for the three months ended March 31, 2021. This represents a decrease in financial expenses of \$644,000, for the three months ended March 31, 2022. The decrease in financial expenses, net for the three months ended March 31, 2022, is primarily due to the exchange rate and income of interest of \$174,000.

### **Net Loss Attributed to MICT, Inc.**

Our net loss attributed to MICT, Inc. for the three months ended March 31, 2022, was \$8,686,000 compared to 4,461,000, for the three months ended March 31, 2021. This represents an increase of \$4,225,000 for the three months ended March 31, 2022, as compared to the same period last year. The change for the three months ended March 31, 2022 is mainly a result of the increase in operating expenses and decrease in gross profit.

### **Liquidity and Capital Resources**

As of March 31, 2022, our total cash balance was \$86,447,000, as compared to \$94,930,000 as of December 31, 2021. This reflects a decrease of \$8,483,000 in cash for the reasons described below.

## Loans Provided by MICT

On November 13, 2019, the Company and Micronet executed a convertible loan agreement pursuant to which the Company agreed to loan Micronet \$500,000 (the "Convertible Loan"). The Convertible Loan bears interest at a rate of 3.95% calculated and paid on a quarterly basis. In addition, the Convertible 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 Convertible Loan, with the remaining three installments due on each subsequent quarter thereafter, such that the Convertible Loan shall be repaid in full upon the lapse of 24 months from its issuance. In addition, the outstanding principal balance of the Convertible 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. Pursuant to the Convertible Loan agreement, Micronet also agreed to issue the Company an option to purchase one of Micronet's ordinary shares for each ordinary share that it issued as a result of a conversion of the Convertible Loan at an exercise price of 0.60 NIS per share, exercisable for a period of 15 months. On July 5, 2020, Micronet had a reverse split where the price of the Convertible Loan changed from 0.08 NIS per Micronet share into 5.7 NIS per Micronet share. The option's exercise price changed from 0.6 NIS per share to 9 NIS per Micronet share.

On January 1, 2020, the Convertible Loan was approved at a general meeting of the Micronet shareholders, and the Convertible Loan and the transactions contemplated thereby became effective. The loan was repaid on January 4, 2022.

On August 13, 2020, MICT Telematics extended to Micronet an additional loan in the aggregate amount of \$175,000 (the "Third Loan") which governed the existing outstanding intercompany debt. The Third Loan does not bear any interest and has a term of twelve (12) months. The Third Loan was extended for the purpose of supporting Micronet's working capital and general corporate needs. The loan was repaid on August 25, 2021.

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## Debt Repayment

As of March 31, 2021, the Company had short-term loans from others of \$1,138,000 comprised as follows: \$949,000 loans of All Weather Insurance Agency that bear an interest of 0% will be repaid on December 31, 2022. The \$189,000 loan of Zhongtong Insurance that bears an interest of 10% will be repaid before December 31, 2022.

## Total Current Assets, Trade Accounts Receivable and Working Capital

As of March 31, 2022, our total current assets were \$115,179,000, as compared to \$127,497,000 as of December 31, 2021. The decrease is mainly due to the decrease in our cash as described above.

Our trade accounts receivable as of March 31, 2022, were \$14,415,000 as compared to \$17,879,000 as of December 31, 2021.

As of March 31, 2022, our working capital was \$93,659,000, compared to \$102,107,000 as of December 31, 2020. The decrease is mainly due to the decrease in our cash as described above.

	For the Three Months Ended March 31,	
	2022	2021
	USD in thousands (unaudited)	USD in thousands (unaudited)
Net Cash Used in Operating Activities	\$ (8,362)	\$ (8,526)
Net Cash Used in Investing Activities	(49)	(3,361)
Net Cash Provided by Financing Activities	14	106,383
Translation adjustment on cash and restricted cash	(74)	(142)
Cash and restricted cash at Beginning of Period	97,347	29,049
Cash and restricted cash at end of period	<u>\$ 88,876</u>	<u>\$ 123,403</u>

### Cash Flow from Operating Activities

For the three months ended March 31, 2022, net cash used in operating activities was \$8,362,000, which primarily consists of net loss of \$8,845,000 and various non-cash items of \$(1,180,000), as well as (1) changes in deferred tax, net of \$1,073,000, (2) changes in trade account receivable of \$(3,464,000), (3) changes in trade accounts payable of 3,606,000, (4) changes in deposit held on behalf of clients of \$198,000, (5) changes in other current assets of \$ 640,000, (6) changes in other current liabilities of \$(401,000), (7) changes in related party of \$(737,000), (8) changes in long-term deposit and prepaid expenses of \$(203,000), (9) changes in right of use assets of \$(324,000), and (10) change in lease liabilities of \$ 309,000.

For the three months ended March 31, 2021, net cash used in operating activities was \$8,526,000, which primarily consists of net loss of \$4,906,000 and various non-cash items of \$(819,000), and changes in other assets and liabilities of \$4,439,000.

### Cash Flow from Investing Activities

For the three months ended March 31, 2022, we had net cash used in investing activities of \$(49,000), which consisted of the net cash used in investing of purchase of property and equipment of \$(49,000).

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For the three months ended March 31, 2021, we had net cash used in investing activities of \$(3,361,000), which consisted of the net cash used in additional investment of company of \$(3,057,000), and purchase of property and equipment of \$(304,000).

### Cash Flow from Financing Activities

For the three months ended March 31, 2022, we had net cash provided by financing activities of \$14,000, which primarily consisted of: (1) repayment of loan from

related party from Micronet Ltd of \$534,000; and (2) repayment of loan to others of \$(520,000) .

For the three months ended March 31, 2021, we had net cash provided by financing activities of \$106,383,000, which primarily consisted of (1) proceeds from issuance of shares and warrants of \$105,365,000 from our public offering in February and March 2021; (2) proceeds from the exercise of warrants and options of \$1,213,000; and (3) repayment of current maturity of long-term bank loans of \$(195,000).

### Non-GAAP Financial Measures

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

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

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

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

- **Amortization of acquired intangible assets** - We are required to amortize the intangible assets, included in our GAAP financial statements, related to the Transaction and the Acquisition. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization are unique to these transactions. The amortization of acquired intangible assets are non-cash charges. We believe that such charges do not reflect our operational performance. Therefore, we exclude amortization of acquired intangible assets to provide investors with a consistent basis for comparing pre- and post-transaction operating results.
- **Expenses related to the settlement agreements**- These expenses relate to a settlement agreement as described in part III -Item 1. Legal Proceedings of this reports. We believe that these expenses do not reflect our operational performance. Therefore, we exclude them to provide the investors with a consistent basis for comparing pre- and post-transaction operating results.
- **Stock-based compensation** - is share based awards granted to certain individuals. They are non-cash and affected by our historical stock prices which are irrelevant to forward-looking analyses and are not necessarily linked to our operational performance.
- **Options-based compensation** – Refers to compensation components which includes stock options awards granted to certain employees, officers, directors or consultants of the Company. This is a non cash personal compensation component for our employees, officers, directors or consultants and its cost to the Company is calculated based on B&S. This these costs attributed to the grant of stock options are irrelevant to the forward-looking analyses and are not necessarily linked to our operational performance.

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

	<b>Three months ended March 31,</b>	
	<b>(Dollars in Thousands, other than share and per share amounts)</b>	
	<b>2022</b>	<b>2021</b>
GAAP net loss attributable to MICT, Inc.	\$ (8,686)	\$ (4,461)
Amortization of acquired intangible assets	797	786
Expenses related to purchase of a business	143	465
Options- based compensation	125	-
Stock-based compensation	0	-
Income tax-effect of above non-GAAP adjustments	(204)	(199)
Total Non-GAAP net loss attributable to MICT, Inc.	<u>\$ (7,825)</u>	<u>\$ (3,409)</u>
Non-GAAP net loss per diluted share attributable to MICT, Inc.	\$ (0.06)	\$ (0.04)
Weighted average common shares outstanding used in per share calculations	122,435,576	85,554,624
GAAP net loss per diluted share attributable to MICT, Inc.	\$ (0.07)	\$ (0.83)
Weighted average common shares outstanding used in per share calculations	122,435,576	85,554,624

### 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 our financing costs related to the loans and funding instruments assumed by us.

We expect the net proceeds from the sale of the securities will be used to fund the growth and development of our business, as well as for working capital and for other general corporate purposes. We may also use a portion of the net proceeds to acquire or invest in businesses, products and technologies that are complementary to our business, but we currently have no commitments or agreements relating to any of these types of transactions.

Based on our current business plan, and in view of our cash balance following the transactions described in this Item 2, we anticipate that our cash balances 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 Report.

### Item 3. Quantitative and Qualitative Disclosures about Market Risks.

Not applicable.

#### **Item 4. Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

We conducted an evaluation under the supervision of our Chief Executive Officer and Chief Financial Officer (our Principal Executive Officer and Principal Financial Officer, respectively), regarding the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2022 and management concluded that our disclosure controls and procedures over financial reporting is not effective at the reasonable assurance level due to the material weaknesses described below.

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##### **Internal Control Over Financial reporting**

Our management, including our chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's chief executive officer and chief financial officer and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of March 31, 2022, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on such evaluation, the Company's management, including our chief executive officer and chief financial officer, concluded that, during the period covered by this Report, internal controls and procedures over financial reporting were not effective. This was due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

##### **Identified Material Weaknesses**

As a result of MICT's rapid growth, inability to timely integrate various information technology systems from all of its acquired businesses, the ongoing effects of COVID-19 and PRC regulations related thereto, including the inability to hire additional employees with extensive knowledge in U.S. GAAP and the inability to provide information timely to its auditors, management has concluded that our controls and procedures represented a material weakness. Specifically, we have (a) five material weaknesses related to our Information Technology, consisting of (i) failure to implement certain formal risk and vulnerability assessment procedures, (ii) failure to upgrade certain operating systems and security patches on certain of our computers, (iii) failure to design and implement certain effective data backup and recovery management systems, (iv) failure to design and implement effective access to systems and data and (v) failure to have antivirus software running on certain of our computers, and (b) one material weakness related to not having sufficient full-time personnel with appropriate levels of accounting knowledge and expertise.

##### **Management's Remediation Initiatives**

With provinces opening again within the PRC, MICT is in the process of hiring additional staff in its finance department. During the quarter covered by this report, we hired an additional controller, as well as a new financial manager. Additionally, we conducted a mapping of the processes and controls that support financial reporting and also performed tests to examine the effectiveness of the controls. As part of the effectiveness test, gaps in the ITGC control process were identified for the companies that were acquired and did not manage to produce a control environment without gaps. These gaps were mapped and identified by us, and we built a remediation plan to reduce and to fix the gaps as early as this fiscal year. Our IT team has begun implementing the remediation plan and are in the process of fixing the gaps.

##### **Changes in Internal Control Over Financial Reporting**

Other than as described above, there were not changes has occurred in the Company's internal control over financial reporting during the quarterly period ended March 31, 2022, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Item 5. Other.**

None.

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## **PART II - OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

There are no open legal proceeding as of March 31, 2022 and as of today.

#### Item 1A. Risk Factors.

Please refer to our note on forward-looking statements on page 16 of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in our 2021 Annual Report. The risks described in such 2021 Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, operating results and stock price.

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#### Item 6. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
31.1*	<a href="#">Rule 13a-14(a) Certification of Chief Executive Officer.</a>
31.2*	<a href="#">Rule 13a-14(a) Certification of Chief Financial Officer.</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</a>
101*	The following materials from MICT, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in iXBRL (Inline 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.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith

\*\* Furnished herewith

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#### 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.

#### MICT, INC.

Date: July 25, 2022

By: /s/ Darren Mercer  
Name: Darren Mercer  
Title: Chief Executive Officer

Date: July 25, 2022

By: /s/ Kevin Chen  
Name: Kevin Chen  
Title: Chief Financial Officer (Principal Financial Officer)

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**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, Darren Mercer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MICT, Inc. for the quarter ended March 31, 2022;
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.

July 25, 2022

/s/ Darren Mercer

Darren Mercer  
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, Kevin Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MICT, Inc. for the quarter ended March 31, 2022;
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.

July 25, 2022

/s/ Kevin Chen

Kevin Chen  
Chief Financial Officer  
(Principal Financial 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 March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Darren Mercer, 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.

July 25, 2022

/s/ Darren Mercer

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Darren Mercer

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 March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Chen, Chief Financial 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.

July 25, 2022

/s/ Kevin Chen

Kevin Chen

Chief Financial Officer

(Principal Financial Officer)