June 17, 2022

MICT, Inc. Reports Fourth Quarter and Full Year 2021 Results with $55M Annual Revenues

$9.2M in Gross Profit by Insurance Business for Full Year 2021, of which $3.9M in Gross Profit Was Delivered in Q4, Equating to Quarter-over-Quarter Growth of 39.3%

Due Diligence on Tingo Inc. Has Been Completed and The Merger Agreement Updated and Reaffirmed

MONTVALE, N.J., June 17, 2022 (GLOBE NEWSWIRE) -- MICT, Inc. (Nasdaq: MICT), (the "Company"), today announced its financial results for the fourth quarter and fiscal year ended December 31, 2021.

Year End 2021 Highlights and Recent Developments

- Announced definitive merger agreement with Tingo Inc. (“Tingo”), which on May 16, 2022 announced total revenues for Q1 2022 of $257.1m, operating income of $65.5m and Non-GAAP adjusted operating income of $143.9m
- MICT Insurance business generated revenue of approximately $55 million in its first year of operation
- Total gross profit of MICT in 2021 was $9.2 million versus a gross loss of $58,000 in 2020
- Company obtained further insurance licences, both nationwide and regional, allowing it to distribute insurance products throughout China for B2B, and for the first time B2B2C and B2C
- Following the launch of subsidiary Magpie Securities’ mobile stock trading app, first revenues were earned by this division during Q4 2021
- Received in-principle approval of Capital Markets Services License from the Monetary Authority of Singapore, paving the way to launch Magpie Invest in Singapore and elsewhere and significantly expand its product range
- As of December 31, 2021, cash position was approximately $95 million, up from approximately $29 million as of December 31, 2020

Darren Mercer, MICT’s Chief Executive Officer commented, “We are pleased that COVID-19 conditions in Shanghai and certain other provinces recently improved such that we have now been able to finalize our audit and financial results. Following the launch of our insurance business towards the end of December of 2020, we grew it into a thriving enterprise with $55 million in revenues. While insurance commission revenues declined in the fourth quarter because of a change in government regulation, our volume growth and gross profit growth continues strongly as we expand our product range to add more profitable specialty insurance products, in addition to our core B2B offerings. The positive impact on our gross margins is evidenced by the quarter-over-quarter increase in our gross profit from $2.8 million in Q3 to $3.9 million in Q4, an increase of $1.1 million or 39.3%, and by the significant increase in our gross profit margin to 24%, up from 15% in Q3 and 5% in Q2. Following the lifting of COVID-19 lockdowns in certain key provinces in China, we have been able to resume our work towards introducing our B2B2C and B2C insurance products, which we expect to launch in the second half of 2022, and which we are confident will result in a continuation of our increase in margins and revenues.

“We officially launched our stock trading app in September 2021 and continue to improve the technology with more features and functionality. This is an ongoing process to develop an app that is a world class product. While the revenues generated from our stock trading app were minimal in the fourth quarter, we expect dramatic growth in the coming year as we expand internationally and entertain a number of exciting white-label partnerships and joint venture opportunities. As part of our globalization strategy, we recently received our Capital Markets License (“CMS License”) in Singapore, and, as announced yesterday, are looking for additional expansion opportunities in Australia, as well as in Europe and the U.S. Our CMS License not only allows us to operate throughout Singapore and onboard clients from several other countries, it, together with the Money Services Operators License we have applied for, will also allow us to launch a number of new products, including payment services, foreign exchange services, and CFDs, including commodity CFDs and cryptocurrency CFDs.

“On May 10th, we announced the execution of a definitive merger agreement with Tingo, a leading and highly profitable Agri-Fintech company operating in Africa, and this week we completed the due diligence and have updated and reaffirmed our definitive merger agreement. Tingo provides a fintech and marketplace platform that amongst other things provides Africa’s farmers with access to international markets to secure pricing for their produce. We are very excited about the opportunities and synergies arising from the combination of MICT and Tingo, including the opportunity to create one of the world’s leading fully integrated fintech platforms, with combined financial services, payment services, a marketplace and an e-wallet, together with our own wealth management, stock trading and insurance products. We are also excited about the opportunity to introduce Tingo’s platform and products into China and other parts of Asia, and about the opportunity to work with Tingo to accelerate the globalization of our business. Following the completion of due diligence, MICT and Tingo are working together to meet the closing conditions for the Merger, including obtaining stockholder approval, the satisfaction of regulatory requirements and the SEC declaration of effectiveness of a Registration Statement, all of which we aim to achieve during the third quarter of this year,” concluded Mr. Mercer.

Q4 2021 Financial Review

- Revenue in the fourth quarter was $15.9 million versus $18.5 million in the prior quarter and $0.8 million in the year-ago period. The revenue decline from the third quarter was driven by a reduction in commission rates, set by government regulations, somewhat offset by strong volume growth in the insurance business.
- Gross profit increased to $3.9 million in Q4, up from $2.8 million in the prior quarter. Gross margin improved significantly in Q4 to 24.3%, up from 14.8% in Q3 and 5.4% in Q2. The improvement in gross margins was the result of MICT’s focus on more

profitable insurance business.
- Selling & marketing expenses were $2.9 million for the fourth quarter, up from $1.5 million in the third quarter and $1.4 million in the second quarter. The increase in selling and marketing expenses were driven by added expenses to support insurance business and launch of the stock trading app.
- General and administrative (G&A) expenses were $10.4 million in the fourth quarter, up from $6.6 million in the third quarter and $14.9 million in the second quarter. The increase in G&A from the third quarter was a result of (i) increased expenses associated with new businesses launched; (ii) a bad and doubtful debt provision of $2.6 million, to reflect a new more prudent bad debt provision policy in our insurance business; (iii) a book loss of $1.1 million relating to the decrease in the holding percentage in our -Guangxi Zhongtong subsidiary, which was previously held under a VIE arrangement.
- The Net Loss for Q4 was $8.2 million, up from $5.3 million in the prior quarter.
- The Non-GAAP Net Loss for Q4 was $7.9 million versus $3.1 million for Q3, mainly due to the $2.6 million adjustment on the introduction of our new bad and doubtful debt provision policy and the book loss of $1 million relating to the change in accounting for the investment into our Guangxi Zhongtong subsidiary.
- As of December 31, 2021, the cash position was approximately $95 million

About MICT, Inc.
MICT, Inc. (NasdaqCM: MICT) operates through its wholly owned subsidiary, GFH Intermediate Holdings Ltd ("GFHI"), and GFHI's various fully owned subsidiaries or VIE structures. GFHI's versatile proprietary trading technology platform is designed to serve a large number of high growth sectors in the global fintech space. Primary areas of focus include online brokerage for equities trading and sales of insurance products in several high-growth foreign markets including Asia.

Forward-looking Statement

This press release contains express or implied forward-looking statements within the Private Securities Litigation Reform Act of 1995 and other U.S. Federal securities laws. All statements other than statements of historical fact contained in this press release are forward-looking statements. The words “believe,” “may” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, business prospectus, growth strategy and liquidity. Such forward-looking statements and their implications including, but not limited to, the ability to consummate the merger with Tingo involve known and unknown risks, uncertainties and other factors that may cause actual results or performance to differ materially from those projected. The forward-looking statements contained in this press release are subject to other risks and uncertainties, including those discussed in the “Risk Factors” section and elsewhere in the Company’s annual report on Form 10-K for the year ended December 31, 2021, and in subsequent filings with the Securities and Exchange Commission. Except as otherwise required by law, the Company is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash	$ 94,930	$ 29,049
Trade accounts receivable, net	17,879	523
Related party	5,134	-
Inventories	-	2,002
Other current assets	9,554	1,756
Held for sales assets	-	350 *
Total current assets	127,497	33,680
Property and equipment, net	677	417 *
Intangible assets, net	21,442	17,159 *
Goodwill	19,788	22,405
Investment and loan to Magpie	-	3,038
Right of use assets	1,921	291
Long-term deposit and prepaid expenses	824	266
Deferred tax assets	1,764	-
Restricted cash escrow	2,417	477
Micronet Ltd. Equity method investment	1,481	-
Total long-term assets	50,314	40,053
Total assets	$ 177,811	$ 77,733

* Reclassified – see note 2.

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

	December 31, 2021	December 31, 2020
LIABILITIES AND EQUITY		

Short-term loan	$ 1,657	$ 884
Trade accounts payable	14,416	838
Deposit held on behalf of clients	3,101	-
Related party	4	163
Lease liability	1,298	*107
Other current liabilities	4,914	*4,995
Total current liabilities	25,390	6,987
Long term escrow	-	477
Lease liability	691	164
Deferred tax liabilities	3,952	4,256
Accrued severance pay	56	153
Total long-term liabilities	4,699	5,050
Stockholders' Equity:		
Common stock; $0.001 par value, 250,000,000 shares authorized, 122,435,576 and 68,757,450 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	122	68
Additional paid in capital	220,786	102,195
Additional paid in capital - preferred stock	-	138
Capital reserve related to transaction with the minority shareholder	-	(174)
Accumulated other comprehensive loss	(414)	(196)
Accumulated deficit	(76,394)	(39,966)
MICT, Inc. stockholders' equity	144,100	62,065
Non-controlling interests	3,622	3,631
Total equity	147,722	65,696
Total liabilities and equity	$ 177,811	$ 77,733

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

	Year ended December 31,	
	2021	**2020**
Revenues	$ 55,676	$ 1,173
Cost of revenues	46,456	1,231
Gross profit (loss)	9,220	(58)
Operating expenses:		

Research and development	889	484
Selling and marketing	6,814	(38)
General and administrative	36,488	14,228
Amortization of intangible assets	2,925	1,847
Total operating expenses	47,116	16,521
Loss from operations	(37,896)	(16,579)
Gain (loss) from equity investment	353	(786)
(Loss) gain of controlling equity investment held in Micronet	(1,934)	665
Loss from decrease in holding percentage in former VIE	(1,128)	-
Other income, net	1,261	200
Finance income (expense), net	395	(7,462)
Loss before provision for income taxes	(38,949)	(23,962)
Income tax benefit	(1,791)	(326)
Net loss	(37,158)	(23,636)
Net loss attributable to non-controlling stockholders	(730)	(664)
Net loss attributable to MICT	$ (36,428)	$ (22,992)
Loss per share attributable to MICT:		
Basic and diluted loss per share	$ (0.32)	$ (0.83)
Weighted average common shares outstanding:		
Basic and diluted	112,562,199	27,623,175

Non-GAAP Financial Measures

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

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

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

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

- **Amortization of acquired intangible assets** - We are required to amortize the intangible assets, included in our GAAP financial statements, related to the Transaction and the Acquisition. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization are unique to these transactions. The amortization of acquired intangible assets are non-cash charges. We believe that such charges do not reflect our operational performance. Therefore, we exclude amortization of acquired intangible assets to provide investors with a consistent basis for comparing pre- and post-transaction operating results.

- **Expenses related to beneficial conversion feature expense** - Those expenses are non-cash expenses and are related to the difference between the stock price at the closing of the Note Purchase Agreements and the conversion price of $1.10 per share.

- **Stock-based compensation is** share based awards granted to certain individuals. They are non-cash and affected by our historical stock prices which are irrelevant to forward-looking analyses and are not necessarily linked to our operational performance.

- **Expenses related to the purchase of a business**- These expenses relate directly to the purchase of the GFH I transaction and consist mainly of legal and accounting fees, insurance fees and other consultants. We believe that these expenses do not reflect our operational performance. Therefore, we exclude them to provide investors with a consistent basis for comparing pre- and post-Vehicle Business purchase operating results.

- **Expenses related to settlement agreement** - These expenses relate directly to the settlement agreement with Maxim and Sunrise. More information can be found in the legal proceeding part.

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.:

	Year ended December 31, (Dollars in Thousands, other than share and per share amounts)	
	2021	**2020**
GAAP net loss attributable to MICT, Inc.	$ (36,428)	$ (22,992)
Amortization of acquired intangible assets	2,925	1,572
Expenses related to beneficial conversion feature expense	-	8,482
Stock-based compensation	10,580	3,571
Expenses related to purchase of a business	-	3,364
One time expenses relates to settlement agreement	303	2,440
Income tax effect of above non-GAAP adjustments	(773)	(398)
Total Non-GAAP net loss attributable to MICT, Inc.	$ (23,393)	$ (3,961)

Non-GAAP net loss per diluted share attributable to MICT, Inc.	$ (0.20)	$ (0.14)
Weighted average common shares outstanding used in per share calculations	112,562,199	27,623,175
GAAP net loss per diluted share attributable to MICT, Inc.	$ (0.32)	$ (0.83)
Weighted average common shares outstanding used in per share calculations	112,562,199	27,623,175

Source: MICT, Inc.