

MICT, Inc.
Form SC 14D9
February 20, 2019

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 14D-9

SOLICITATION/RECOMMENDATION STATEMENT

UNDER SECTION 14(d)(4) OF THE SECURITIES EXCHANGE ACT OF 1934

MICT, INC.

(Name of Subject Company)

MICT, INC.

(Name of Person(s) Filing Statement)

Common Shares, par value \$0.001 per share

(Title of Class of Securities)

595117102 (Common Stock)

(CUSIP Number of Class of Securities)

David Lucatz

President and Chief Executive Officer

MICT, Inc.

28 West Grand Avenue, Suite 3

Montvale, New Jersey 07645

(201) 225-0190

**(Name, address and telephone number of person authorized to receive notice and communications
on behalf of the person(s) filing statement)**

With a copy to:

KENNETH R. KOCH, ESQ.

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

666 Third Avenue

New York, New York 10017

(212) 935-3000

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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Item 1. *Subject Company Information*

(a) The name of the subject company is MICT, Inc., a Delaware corporation (the “Company” or “MICT”), the address of the principal executive office of the Company is 28 West Grand Avenue, Suite 3, Montvale, NJ 07645, and its telephone number at such address is (201) 225-0190.

(b) The title of the class of equity securities to which this Solicitation/Recommendation Statement on Schedule 14D-9 (together with any exhibits hereto and any information incorporated herein by reference, this “Statement”) relates is the shares of common stock, par value \$0.001 per share (the “Common Stock”) of the Company. As of February 19, 2019, 9,422,115 shares of Common Stock were issued and outstanding.

Item 2. *Identity and Background of Filing Person*

(a) *Name and Address*

This Statement is being filed by the Company. The name, business address, and business telephone number of the Company are set forth in Item 1(a) above, which information is incorporated herein by reference.

(b) *Tender Offer*

This Statement relates to the tender offer by BNN Technology PLC, a United Kingdom private limited company (“BNN”). BNN is offering to purchase up to 20% of the outstanding shares of MICT Common Stock from the public stockholders of MICT at a price per share of \$1.65 (the “Offer Price”), net to the seller in cash (the “Offer”). The Offer is described in a Tender Offer Statement filed by BNN under cover of Schedule TO with the United States Securities and Exchange Commission (the “SEC”) on February 5, 2018 (together with all exhibits thereto and subsequent amendments thereto, the “Schedule TO”), on the terms and subject to the conditions set forth in the Offer to Purchase, dated as of February 5, 2018 (as amended or supplemented from time to time, the “Offer to Purchase”), and in the related Letter of Transmittal, copies of which are filed herewith as Exhibits (a)(1)(i) and (a)(1)(ii), respectively, and which are incorporated herein by reference, and in the Acquisition Agreement entered into on December 18, 2018 by and among MICT, BNN, Global Fintech Holdings Ltd., a British Virgin Islands corporation (“GFH”), GFH Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of GFH (“Merger Sub”), Brookfield Interactive (Hong Kong) Limited, a Hong Kong company and a subsidiary of BNN (“BI China”), ParagonEx LTD, a British Virgin Islands company (“ParagonEx”), certain holders of ParagonEx’s outstanding ordinary shares and a trustee thereof, and

Mark Gershinson, in the capacity as the representative of the ParagonEx sellers (collectively, the “Acquisition Parties”) (the “Acquisition Agreement”), a copy of which is filed herewith as Exhibit (e)(1) and which is incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Acquisition Agreement.

The completion of the Offer is subject to the satisfaction or waiver of certain conditions set forth in the Offer to Purchase, including, among other things, that: (i) the Acquisition Agreement has not been terminated, (ii) the consummation of the Offer and the purchase of the shares of Common Stock being tendered shall not (1) cause the Common Stock to be held of record by fewer than 300 round lot holders, or (2) require, pursuant to one or more Nasdaq rules or regulations, that MICT obtain stockholder approval in connection therewith; and (iii) no action or proceeding has been instituted by any government or governmental authority or agency before any court or governmental authority or agency, (a) challenging or seeking to make illegal, to delay or otherwise, directly or indirectly, to restrain or prohibit the making of the Offer (or the acceptance for payment of some or all of the shares sought by BNN) or the transactions contemplated by the Acquisition Agreement, (b) seeking to obtain material damages or otherwise directly or indirectly relating to the Offer or the transactions contemplated by the Acquisition Agreement, (c) seeking to impose limitations on BNN’s ability or that of any of its subsidiaries or affiliates effectively to exercise any rights as record or beneficial owner of shares of Common Stock acquired or owned by BNN or any of its subsidiaries or affiliates, including, without limitation, the right to vote any shares of Common Stock acquired or owned by BNN or any of its subsidiaries or affiliates on all matters properly presented to MICT’s stockholders, or (d) that otherwise would reasonably be expected to result in a material adverse effect.

The Acquisition Agreement contemplates, following the consummation of the Offer and subject to the satisfaction or waiver of the applicable conditions set forth in the Acquisition Agreement, a business combination consisting of: (1) a merger between MICT and Merger Sub, with MICT continuing as the surviving entity, and as a result of which each issued and outstanding share of common stock of MICT will be converted automatically into 0.93 GFH Ordinary Shares (defined hereinafter) (the “Merger”), (2) an acquisition by GFH of all the issued and outstanding securities of BI China from BNN and the other BI China sellers in exchange for newly issued GFH Ordinary Shares, and (3) an acquisition by GFH of all the issued and outstanding ParagonEx ordinary shares from the ParagonEx sellers in exchange for a combination of cash, notes and newly issued GFH Ordinary Shares (collectively, the “Business Combination”); as well as a spin-off of MICT’s current business assets, including MICT’s interest in Micronet Ltd., a partially owned subsidiary of MICT (“Micronet”), to MICT’s Stockholders who retain shares of MICT after the Offer, provided that seven percent (7%) of the shares of Micronet otherwise distributable to stockholders of MICT will be held back for issuance to Sunrise (as defined below) or its affiliates (the “Spin-Off”).

Subject to the terms and conditions of the Acquisition Agreement, and assuming that none of the shares of MICT common stock are purchased by BNN in connection with the Offer, MICT’s Stockholders will own approximately 5.27% of GFH after giving effect to the transactions contemplated by the Acquisition Agreement.

The Schedule TO states that the principal executive office of BNN is located at First Floor Mallory House, Goostrey Way, Knutsford, Cheshire, W167GY, United Kingdom, and its telephone number at such address is +44 (0) 1565-872990.

The foregoing summary of the Offer, the Acquisition Agreement, and the Transactions is qualified in its entirety by the descriptions contained in the Offer to Purchase and the Letter of Transmittal as well as the full text of the Acquisition Agreement, all of which are incorporated herein by reference. MICT does not take any responsibility for the accuracy or completeness of any information described herein and contained in the Schedule TO, including information concerning BNN, GFH or ParagonEx, or their respective affiliates, officers, or directors, or actions or events with respect to any of them. The Company takes no responsibility for the accuracy or completeness of such information or for any failure by BNN to disclose events or circumstances that may have occurred and may affect the significance, completeness, or accuracy of any such information.

The information relating to the Offer, including the Offer to Purchase and related documents and this Statement, can be obtained without charge from the SEC’s website at www.sec.gov.

Item 3. *Past Contacts, Transactions, Negotiations, and Agreements*

Except as set forth in this Schedule 14D-9, as of the date hereof, to the knowledge of MICT, there are no material agreements, arrangements or understandings or any actual or potential conflicts of interest between MICT or its affiliates, on the one hand, and (1) its executive officers, directors or affiliates or (2) BNN or its respective executive officers, directors or affiliates, on the other hand. MICT's board of directors (the "MICT Board" or the "Board") was aware of the agreements and arrangements described in this Item 3 during its deliberations of the merits of the Acquisition Agreement and in determining to make the recommendation set forth in this Schedule 14D-9.

Relationship between MICT and BNN

In January 2018, BNN approached David Lucatz, MICT's President and Chief Executive Officer, about potentially purchasing a portion of Mr. Lucatz' equity in MICT. This evolved in February 2018 into a discussion as to the possibility of BNN and ParagonEx doing a transaction directly with MICT. Those discussions culminated in a confidentiality and exclusivity agreement being executed on April 23, 2018. After some discussion, the parties did not appear to be close on relative valuations, and the exclusivity agreement was terminated on May 8, 2018, as were all negotiations regarding any contemplated transaction.

Subsequently, in mid-June 2018, BNN again reached out to Mr. Lucatz with a view to acquiring a portion of Mr. Lucatz' equity in MICT. This culminated in the entrance into a stock purchase agreement dated June 21, 2018 between BNN and D.L. Capital Ltd., a private company organized under the laws of Israel and controlled by Mr. Lucatz ("DLC"), pursuant to which BNN purchased 1,363,000 shares of MICT Common Stock at a price for \$1.65 per share, which represented a 14.89% stake in MICT. Such purchase contemplated that BNN would subsequently launch a tender offer for MICT Common Stock, thereby providing MICT's stockholders with the option to cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those BNN offered to purchase in the Offer), and that the MICT Board would engage in further discussions about a larger series of transactions with BNN and ParagonEx.

As of February 19, 2019, BNN continues to own 1,363,000 shares of MICT Common Stock, equal to approximately 14.47% of the issued and outstanding Common Stock as of the date thereof.

Material Arrangements Relating to the Offer

Letter of Intent

On July 2, 2018, MICT and BNN entered into a non-binding letter of intent (the "LOI") that provided for the following transactions to occur by and among MICT, BNN and/or ParagonEx, as applicable: (i) BNN would seek to acquire, through a third-party cash tender offer at a price of at least \$1.65, an additional approximately 35% stake in the Company (in addition to the 14.89% stake acquired on June 21, 2018), with a view to owning at least 50.1% of MICT's issued shares of Common Stock; (ii) BNN, ParagonEx and MICT would enter into a business combination, which was initially contemplated to be structured whereby BNN and ParagonEx would be acquired by MICT in exchange for cash and securities; (iii) all of the shares of Micronet, MICT's Israel-based partially owned subsidiary company, held by MICT in advance of the closing of the business combination would be spun-off to MICT's stockholders of record that remained stockholders of MICT after the completion of the tender offer; and (iv) the

combined entity would raise a minimum of between \$26-\$36 million from major global institutional investors in a private placement.

Acquisition Agreement

The Acquisition Agreement was entered into on December 18, 2018 by and among MICT, BNN, GFH, Merger Sub, BI China, ParagonEx, certain holders of ParagonEx's outstanding ordinary shares and a trustee thereof, and Mark Gershinson, in the capacity as the representative of the ParagonEx sellers. The summary of the material provisions of the Acquisition Agreement contained in Section 14 of the Offer to Purchase and the description of the conditions of the Offer contained in Section 13 of the Offer to Purchase are incorporated herein by reference. Such summaries and descriptions are qualified in their entirety by reference to the Acquisition Agreement.

The Acquisition Agreement governs the contractual rights among the Acquisition Parties in relation to, among other matters, the Offer, the Business Combination, and the Spin-Off. The Acquisition Agreement has been included as Exhibit (e)(1) to this Schedule 14D-9 to provide MICT's stockholders with information regarding the terms of the Acquisition Agreement. The Acquisition Agreement contains representations and warranties made by the Acquisition Parties. Neither the inclusion of the Acquisition Agreement nor the summary thereof is intended to modify or supplement any factual disclosures about MICT or any of the other Acquisition Parties in MICT's public reports filed with the SEC. For example, certain representations and warranties in the Acquisition Agreement were used for the purpose of allocating risk among the Acquisition Parties, rather than establishing matters of fact. The representations and warranties set forth in the Acquisition Agreement may also be subject to a contractual standard of materiality different from that generally applicable to stockholders and reports and documents filed with the United States Securities and Exchange Commission (the "SEC") and in some cases were qualified by disclosures that were made by each party to the other, which disclosures may not be reflected in the Acquisition Agreement. Moreover, information concerning the subject matter of the representations and warranties of the Acquisition Parties, which do not purport to be accurate as of the date of this Schedule 14D-9, may have changed since the date as of which the representations and warranties were made for purposes of the Acquisition Agreement, and subsequent developments or new information qualifying a representation or warranty may be included in this Schedule 14D-9. Accordingly, the representations and warranties in the Acquisition Agreement may not constitute the actual state of facts about the Acquisition Parties. MICT's stockholders are not third-party beneficiaries of the Acquisition Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or conditions of the Acquisition Parties or any of their respective subsidiaries or affiliates.

Voting Agreement

In connection with the execution and delivery of the Acquisition Agreement, Mr. Lucatz, on behalf of his affiliates that are stockholders of MICT (the "Stockholder"), entered into a voting agreement (the "Voting Agreement") pursuant to which, during the term of such agreement, the Stockholder has agreed to certain actions in support of the transactions contemplated by the Acquisition Agreement and will, at every meeting of the stockholders of MICT called for such purpose, and at every adjournment or postponement thereof (or in any other circumstances upon which a vote, consent or approval is sought, including by written consent), not vote any of its shares of MICT Common Stock at such meeting in favor of, or consent to, and will vote against and not consent to, the approval of any alternative proposal that is intended, or would reasonably be expected, to prevent, impede, interfere with, delay or adversely affect in any material respect the transactions contemplated by the Acquisition Agreement. The Voting Agreement shall terminate, among other reasons, upon the termination of the Acquisition Agreement and if the Offer is terminated, withdrawn or otherwise not consummated.

This summary does not purport to be complete and is qualified in its entirety by reference to the Voting Agreement, which is filed as Exhibit (e)(2) to this Schedule 14D-9 and is incorporated by reference herein.

Lock-Up Agreements

The Acquisition Agreement required that any stockholders of MICT who shall own in excess of 3% of the ordinary shares of GFH (the “GFH Ordinary Shares”) that shall be issued and outstanding after consummation of the Transactions enter into lock-up agreements (the “MICT Lock-Up Agreement”). Pursuant to the Lock-Up Agreement, any such stockholders would be prohibited from selling or transferring the GFH Ordinary Shares they received for the period ending on the earlier of twelve (12) months following the Closing Date or the date such stockholders own less than three percent (3%) of the issued and outstanding GFH Ordinary Shares as a result of dilution of their ownership interest. As of the signing of the Acquisition Agreement, it was determined that no stockholders of MICT shall own in excess of 3% of the GFH Ordinary Shares, and no MICT stockholders were thus required to enter into the MICT Lock-up Agreement.

BNN has, and the ParagonEx Sellers shall, enter into lock-up agreements on substantially the same terms and conditions as the MICT Lock-Up Agreement, except that the lock-up period for the ParagonEx Sellers shall be six (6) months.

This summary does not purport to be complete and is qualified in its entirety by reference to the Form of Lock-Up Agreement, which is filed as Exhibit (e)(5) to this Schedule 14D-9 and is incorporated by reference herein.

Consideration for Shares Tendered Pursuant to the Offer

If MICT’s current directors and executive officers who own shares of Common Stock tender their shares for purchase pursuant to the Offer, they will receive the same cash consideration for their shares on the same terms and conditions as the other stockholders of MICT, as described herein. If the Business Combination is consummated, any shares of Common Stock held of record or beneficially owned by a current director or executive officer that are not tendered into the Offer will be converted into the right to receive their pro rata portion of the shares of Micronet that would be spun-off pursuant to the Spin-Off, and to receive their pro rata portion of the shares of GFH in connection with the Merger. No current directors or executive officers have entered into any binding agreements, in their respective capacities as stockholders of MICT, to tender any of all of their shares of Common Stock.

The approximate value of the cash payments that each current director and executive officer of MICT would receive in exchange for his or her shares of Common Stock in the Offer if they were to tender such shares is set forth in the table below. This information is based on the number of shares of Common Stock directly or indirectly owned by such individuals as of February 19, 2019. Given that the Offer is only to purchase up to 20% of MICT’s outstanding shares of Common Stock, the amounts described below are subject to a pro rata reduction to reflect such 20% threshold, as

well as any other shares of MICT Common Stock that are tendered by stockholders other than MICT's current directors and executive officers. These numbers do not reflect any future share issuances or dispositions that may occur between February 19, 2019 and the Effective Time.

Name	Number of Shares of Common Stock Beneficially Owned (excluding Equity Awards)	Transaction Consideration for Shares
Executive Officers and Directors		
David Lucatz (1) President and Chief Executive Officer	1,234,200	\$ 2,036,430
Moran Amran Controller	7,500	\$ 12,375
Chezy (Yehezkel) Ofir Director	25,000	\$ 41,250
Jeffrey Bialos (2) Director	122,424	\$ 202,000
Miki Balin Director	25,000	41,250

Mr. Lucatz, by virtue of being the controlling shareholder of DLC, as well as the Chief Executive Officer and Chairman of the board of directors of DLC, may be deemed to beneficially own the 1,834,200 shares of MICT Common Stock, including 1,234,000 shares owned by DLC and 600,000 shares of Common Stock issuable upon the exercise of stock options owned by Mr. Lucatz and vested as of the date hereof.

(2) Includes 80,000 restricted shares granted to Mr. Bialos as consideration for certain special efforts and services performed in connection with negotiations for the Business Combination.

Treatment of MICT Stock Options

If the Business Combination is consummated, pursuant to Section 2.6(b)(i) of the Acquisition Agreement, at the Effective Time, all MICT Options that are outstanding and unexercised immediately prior to the Effective time shall survive the Closing, and each shall be converted into an option to purchase GFH Ordinary Shares, and GFH shall take all action to assume, and shall assume, MICT's 2012 Stock Incentive Plan and 2014 Stock Incentive Plan. The MICT

Plans assumed by GFH will thus remain in full force and effect except that after the Effective Time, all references therein to MICT Common Stock will be deemed to be references to GFH Ordinary Shares. Accordingly, from and after the Effective Time: (i) each MICT Replacement Option may be exercised solely for GFH Ordinary Shares; (ii) the number of GFH Ordinary Shares subject to each MICT Replacement Option shall be equal to the same number of shares of MICT Common Stock the MICT Option would have been exercisable for immediately prior to the Merger; (iii) the per share exercise price for the GFH Ordinary Shares issuable upon exercise of each MICT Replacement Option shall be the same as the per share exercise price for the applicable MICT Option immediately prior to the Merger; and (iv) any restriction on the exercise of any MICT Option shall continue in full force and effect and the term, exercisability, and other provisions of such MICT Option shall otherwise remain unchanged; *provided, however*, that the vesting of all such options shall be fully accelerated and they will all become fully exercisable as of the Effective Time; and provided further that notwithstanding the termination of the employment or directorship of any optionholder, the applicable MICT Replacement Options shall expire on the 15 month anniversary of the Closing Date, and to the extent provided under the terms of any MICT Replacement Option, such MICT Replacement Option shall, in accordance with its terms, be subject to further adjustment as appropriate to reflect any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction with respect to GFH Ordinary Shares subsequent to the Effective Time.

Name	Number of Stock Options
Executive Officers and Directors	
David Lucatz (1) President and Chief Executive Officer	800,000
Moran Amran Controller	60,000
Chezy (Yehezkel) Ofir (2) Director	35,000
Jeffrey Bialos (3) Director	35,000
Miki Balin (4) Director	35,000

Does not include 300,000 options to purchase ordinary shares of GFH at an exercise price of \$1.65 that are (1) contemplated to be awarded to Mr. Lucatz as success bonus options under MICT's Stock Incentive Plans or under the GFH Equity Plan and which shall expire on the 15-month anniversary of the Closing Date.

(2) Does not include 300,000 options to purchase ordinary shares of GFH at an exercise price of \$1.65 that are contemplated to be awarded to Mr. Ofir as success bonus options under MICT's Stock Incentive Plans or under the GFH Equity Plan and which shall expire on the 15-month anniversary of the Closing Date.

(3) Does not include 300,000 options to purchase ordinary shares of GFH at an exercise price of \$1.65 that are contemplated to be awarded to Mr. Bialos as success bonus options under MICT's Stock Incentive Plans or under the GFH Equity Plan and which shall expire on the 15-month anniversary of the Closing Date.

(4) Does not include 300,000 options to purchase ordinary shares of GFH at an exercise price of \$1.65 that are contemplated to be awarded to Mr. Balin as success bonus options under MICT's Stock Incentive Plans or under the GFH Equity Plan and which shall expire on the 15-month anniversary of the Closing Date.

Treatment of Equity Awards Other than MICT Stock Options

As of the Effective Time, each restricted share of MICT Common Stock that is outstanding (including the 80,000 restricted shares granted to Mr. Bialos as consideration for certain special efforts and services performed in connection with negotiations for the Business Combination) shall become entitled, with respect to such shares, to receive their pro rata portion of the shares of Micronet that would be spun-off pursuant to the Spin-Off, and to receive their pro rata portion of the shares of GFH in connection with the Merger.

Arrangements with Executive Officers and Directors of MICT

Certain of MICT's executive officers have financial interests in the Transactions that are different from, or in addition to, the interests of MICT's stockholders generally. The Board was aware of these potentially differing interests and considered them, among other matters, in evaluating and negotiating the Acquisition Agreement and in reaching its decision to approve the Acquisition Agreement and the Transactions.

For further information with respect to the agreements and arrangements between MICT and its executive officers and their affiliates, see the information included in Item 8 under the heading "*Additional Information — Golden Parachute Compensation*" below (which is incorporated by reference into this Item 3).

Pursuant to Section 11.4(b)(ii) of the Acquisition Agreement, MICT is permitted to grant to each of the Company's directors, including Mr. Lucatz, 300,000 options (for a maximum total of 1,200,000 options) to purchase ordinary shares of GFH at an exercise price of \$1.65 as success bonus options under MICT's Stock Incentive Plans or under the GFH Equity Plan, which shall expire on the 15-month anniversary of the Closing Date.

Under the Acquisition Agreement, it is stipulated that two (2) individuals who currently serve as directors of MICT as of the date of the Acquisition Agreement shall be selected by ParagonEx (subject to the agreement of such individuals to serve, and provided further that the selection shall be made prior to the mailing or distribution of this proxy statement to the stockholders of MICT) to serve as members of GFH Board until the earlier of the completion of the Spin-Off or 180 days after the closing of the Business Combination.

Section 16 Matters

Prior to the Closing, GFH shall take all such steps as may be required to cause any acquisitions of GFH Ordinary Shares and any options to purchase GFH Ordinary Shares in connection with the Transactions, by each individual who is reasonably expected to become subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to GFH, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Indemnification and Insurance

Pursuant to the Acquisition Agreement, MICT's directors and officers shall be entitled to certain ongoing indemnity and tail insurance coverage for a period of six years from the Closing Date to the fullest extent permitted under the Delaware Act for directors or officers of Delaware corporations or, if the law of the British Virgin Islands permits greater indemnification rights than the Delaware Act in any particular instance, the fullest extent permitted under such British Virgin Islands' provision.

Item 4. The Solicitation or Recommendation

(a) Solicitation or Recommendation—No Opinion/Remaining Neutral toward the Offer

During a meeting held on December 17, 2018, the Board unanimously determined that the transactions contemplated by the Acquisition Agreement, including the Business Combination and the Offer, were advisable, fair to, and in the best interest of MICT and MICT's stockholders; approved and declared advisable the Acquisition Agreement and the transactions contemplated therein; and determined to recommend, upon the terms and subject to the conditions of the Acquisition Agreement, that MICT's stockholders vote to approve the Acquisition Agreement and the transactions contemplated therein.

A complex range of competing considerations were analyzed by the Board in approving the Transactions, which analysis included a thorough review of the Offer with the Company's senior management, the Company's legal advisers, and consideration of the Transactions with CoView Capital, Inc. ("CoView"), the Board's independent financial adviser, and as a result, while the Board determined that the Transactions are in the best interests of the Company and its stockholders, it has resolved to remain neutral and to make no recommendation to the holders of the shares of Common Stock as to whether or not to accept the Offer and tender their shares pursuant to the Offer.

The Board makes no recommendation to the Company's stockholders regarding whether to accept the Offer and tender their shares pursuant to the Offer. In approving the Acquisition Agreement and the transactions contemplated thereby, including the Offer, the Board consulted with the Company's senior management, its legal advisers, and CoView, and reviewed, evaluated and considered numerous factors and a wide range of information and data. An important reason why the Board unanimously deemed the Acquisition Agreement to be in the best interest of the Company and its stockholders is that it offers stockholders the option to either (i) cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those offered to purchase by BNN in the Offer), which would allow such stockholders to sell their shares at a premium to the market (based both on the current share price, and as adjusted to give effect to the presumed reduction in the value of MICT's stock price pursuant to the Spin-Off), or (ii) receive their pro rata portion of the shares of Micronet that would be spun out, which shares would represent all of MICT's current value (other than the value of its listing on The Nasdaq Capital Market and certain other immaterial equity interests), and receive shares of the ultimate public company for shares of their MICT Common Stock, thereby participating in the upside of the public company. The Company urges each stockholder to make its own decision regarding whether to tender its shares pursuant to the Offer, including, among other things, the adequacy of the Offer Price, based on all available information and in light of the stockholder's own investment objectives; the stockholder's view with respect to the Company's prospects and outlook; the matters considered by the Board, as noted below; and any other factors that the stockholder deems relevant to its investment decision.

(b) Background and Reasons for the Board's Position

Background of the Transaction

The terms of the Acquisition Agreement are the result of extensive arm's-length negotiations among the management teams of MICT, BNN and ParagonEx, along with their respective advisors and under the guidance of each company's board of directors. MICT followed a careful process assisted by experienced outside financial and legal advisors to rigorously examine potential transactions and transaction candidates. The following is a summary of the background of the events leading up to the decision by MICT to engage in the Business Combination and the negotiation of the Acquisition Agreement with BNN and ParagonEx.

On March 13, 2017, MICT entered into an engagement letter with Trump Securities, LLC and Sunrise Securities LLC ("Sunrise") to act as a non-exclusive advisor to provide a range of investment banking services. In connection therewith, Sunrise compiled a list of, and engaged in discussions with, potential counterparties for a strategic transaction with MICT.

In January 2018, BNN approached Mr. Lucatz through Amnon Mandelbaum of Sunrise about potentially purchasing Mr. Lucatz' equity in MICT. This evolved in February 2018 into a discussion as to the possibility of BNN and ParagonEx doing a transaction directly with MICT. Those discussions culminated in a confidentiality and exclusivity

agreement being executed on April 23, 2018.

In connection with the transactions contemplated by the confidentiality and exclusivity agreement executed on April 23, 2018, BNN referred to its valuation immediately prior to its delisting from the UK Alternative Investment Market (“AIM”) as being indicative of its current valuation. Discussions concerning MICT’s valuation were mostly based on some premium to market.

After some discussion, it appears that the parties were not close on relative valuations, and the exclusivity agreement was terminated on May 8, 2018, as were all negotiations regarding any contemplated transaction.

In mid-June 2018, BNN reached out to David Lucatz with a view to acquiring a portion of Mr. Lucatz’ equity in MICT. This culminated in the purchase by BNN of 1,363,000 of Mr. Lucatz’ shares on June 21, 2018 at a price for \$1.65 per share, which represented a 14.89% stake in MICT. Such purchase contemplated that BNN would subsequently launch a tender offer for MICT Common Stock, thereby providing MICT’s Stockholders with the option to cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those BNN offered to purchase in the tender offer), and that the MICT Board would engage in subsequent discussions about a larger series of transactions with BNN and ParagonEx.

Following such purchase, MICT's management and board of directors engaged in discussions regarding renewed negotiations with BNN and ParagonEx, including the potential that BNN might launch a tender offer for MICT Common Stock, and on July 1, 2018, the MICT Board approved the LOI, which was executed on July 2, 2018. A Current Report on Form 8-K disclosing the LOI was filed by MICT on July 2, 2018.

In early July 2018, MICT, BNN and ParagonEx exchanged due diligence request lists, and data room access as to BNN and ParagonEx was provided to certain members of the MICT due diligence team on July 19, 2018. In connection with such diligence processes, certain preliminary financial data concerning BNN and ParagonEx, as well as information concerning the general field of operations of each such company, was disclosed to Mr. Lucatz, who subsequently relayed such information to the MICT Board.

In mid-July 2018, MICT began the process of interviewing investment bankers for the purpose of analyzing the transactions contemplated to be entered into and advising the MICT Board as to the fairness of such transactions to the MICT's stockholders.

On July 25, 2018, Mr. Lucatz, Mr. Bialos of the MICT Board, Mr. Mandelbaum and representatives from Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC ("Mintz") met with representatives from BNN, BNN's financial advisor Maxim Group LLC ("Maxim"), and ParagonEx in order to discuss the transactions contemplated to be entered into. Such discussions included but were not limited to matters involving the tender offer price and relative valuations, fiduciary-out provisions in the forthcoming draft of the Acquisition Agreement, termination fees, and transaction expenses.

On July 26, 2018, tax counsel from Mintz provided a preliminary analysis to MICT's management in connection with the contemplated spin-off which indicated that the spin-off would be a taxable event to MICT's Stockholders. Also on July 26, 2018, representatives from Elenoff Grossman & Schole LLP, counsel to BNN ("EGS"), provided to Mintz a draft Structuring Steps Paper which outlined their proposed mechanics of the transactions contemplated to be entered into.

On July 27, 2018, EGS provided to Mintz an initial draft of the Acquisition Agreement.

Throughout early August 2018, representatives from Mintz and EGS communicated by conference call and email regarding certain of the open issues in the initial draft of the Acquisition Agreement. Such matters included but were not limited to voting agreement thresholds, fiduciary-out provisions, termination fees, D&O insurance for current directors and officers of MICT, the removal of Micronet from certain of MICT's representations, warranties and covenants (given that it was being spun off), and tax matters in connection with the inversion that was initially

contemplated to be completed in connection with the Business Combination (but which was not ultimately completed due to certain structural changes).

On August 3, 2018, ParagonEx executed a joinder to the confidentiality agreement previously entered into between MICT and BNN on April 23, 2018.

On August 5, 2018, the MICT Board held a telephonic meeting. At such meeting, representatives from Mintz provided an update regarding the status of the negotiations with BNN and ParagonEx, and Mr. Lucatz provided an update on the legal, financial and business due diligence being conducted by MICT. In addition to an overview of the terms of the contemplated transactions, the MICT Board discussed certain potential merits of the contemplated transactions, including that, in connection with the tender offer, MICT's Stockholders would be provided with the option to either (i) cash out at a price of \$1.65 per share (subject to a pro rata reduction if more shares were tendered than those offered to purchase by BNN in the tender offer), which would allow such stockholders to sell their shares at a premium to the market (based both on the current share price, and as adjusted to give effect to the presumed reduction in the value of MICT's stock price pursuant to the spin-off of MICT's Tel Aviv Stock Exchange-listed subsidiary Micronet), or (ii) receive their pro rata portion of the shares of Micronet that would be spun out, which shares would represent all of MICT's current value (other than the value of its listing on The Nasdaq Capital Market and certain other immaterial equity interests), and receive shares of the ultimate public company for shares of their MICT Common Stock. The MICT Board also discussed the respective businesses of BNN and ParagonEx and the synergies that could result from the Business Combination. Additionally, Mr. Bialos led a discussion about BNN's prior delisting from AIM.

During July and August of 2018, MICT's management and the MICT Board engaged in discussions with multiple investment banking firms regarding a potential engagement, and based on these discussions, on September 17, 2018, Coview was engaged by MICT for the purpose of analyzing the transactions contemplated to be entered into and advising the MICT Board as to the fairness of such transactions to MICT's stockholders from a financial point of view.

On August 7, 2018, a conference call was held among representatives from Mintz and MICT's management and board of directors to discuss the open issues in the initial draft of the Acquisition Agreement.

On August 8, 2018, Mintz provided to EGS a revised draft of the Acquisition Agreement. In connection with ongoing discussions regarding BNN's willingness to proceed with the tender offer, representatives from Mintz reiterated to EGS and BNN that the tender offer was important to the MICT Board and that it should remain as part of the contemplated transactions. Conversations about whether BNN would be willing to complete the tender offer continued throughout August 2018.

On August 13, 2018, the MICT Board held a special meeting. At such meeting, the MICT Board received from Mr. Luctaz an update regarding the status of the negotiations with BNN and ParagonEx, and an update on the legal, financial and business due diligence being conducted by MICT. It was further determined by the MICT Board to further negotiate several commercial issues related to, among other things, employee options, escrow deposit and closing conditions for the Business Combination, including termination fees payable during the interim period.

Following such meeting, and pursuant to the direction of the MICT Board, on August 13, 2018, Mr. Bialos reached out to Darren Mercer, BNN's Chief Executive Officer, in order to seek additional information about BNN's prior delisting from AIM and the internal investigation related thereto conducted by Price Waterhouse Coopers ("PwC"). Discussions about this matter ensued among representatives from the MICT Board, representatives from Mintz, Mr. Mercer, representatives from EGS, and representatives from Gateley PLC, which firm had served as personal counsel to Mr. Mercer.

Also on August 13, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement, as well as drafts of the subscription materials contemplated to be used by BNN in connection with the GFH Private Placement.

On August 16, 2018, in connection with MICT's due diligence efforts, representatives from Mintz requested from EGS financial projections for BNN and ParagonEx and an outline describing BNN's business strategy going forward, as well as additional information regarding BNN's proposed expansion of ParagonEx's trading platform.

On August 17, 2018, Mintz sent to EGS certain comments on the subscription materials contemplated to be used by BNN in connection with the GFH Private Placement.

On August 21, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement, and on August 22, 2018, EGS communicated to Mintz that BNN and ParagonEx agreed to have two continuing MICT directors remain on the public company's board for some limited period of time.

On August 28, 2018, a conference call was held among representatives from Mintz, MICT's management and board of directors and EGS to discuss certain open issues in the latest draft of the Acquisition Agreement. Such issues included but were not limited to the respective valuations of MICT, BNN and ParagonEx, termination fees and related escrow arrangements, transaction structure (i.e. the use of a BVI entity as the public company), the size of the GFH Private Placement, closing conditions, transaction expenses, and D&O insurance for current directors and officers of MICT.

On September 5, 2018, Mintz provided to EGS a revised draft of the Acquisition Agreement, and on September 6, 2018, EGS provided to Mintz a revised draft of the same.

Also on September 6, 2018, in connection with MICT's due diligence efforts, representatives from Mintz and the MICT Board attended a meeting at the offices of EGS with Mr. Mercer and Mark Hanson, BNN's Chairman, to discuss BNN's delisting and to review materials from the internal investigation conducted by PwC at BNN's request in connection therewith. A telephonic meeting of the MICT Board was also held to discuss the same topic.

On September 7, 2018, representatives from Mintz and MICT's management, EGS and BNN's management attended a meeting at the offices of EGS to discuss certain open issues in the latest draft of the Acquisition Agreement. The primary items discussed involved the termination fee, closing conditions, and certain other legal issues that the parties viewed as material to the contemplated transactions. Subsequent conversations transpired among representatives from Mintz and the MICT Board concerning due diligence matters, open issues in the latest draft of the Acquisition Agreement, and the question of whether to negotiate for a higher price for the tender offer.

On September 17, 2018, the MICT Board held a special meeting. At such meeting, the MICT Board discussed, among other things, the internal investigation, and it was agreed to seek further assurances from BNN in the form of a representation by BNN or a director thereof pertaining thereto.

Also on September 17, 2018, in connection with MICT's due diligence efforts, representatives from Mintz and EGS discussed MICT's requests for financial statements of BNN and ParagonEx, and representatives from Mintz also conveyed to representatives from EGS MICT's intention to seek further assurances from BNN regarding the internal investigation. ParagonEx's financials were provided to MICT on October 2, 2018, and BNN's financials, which encompassed BI China's financials, were provided to MICT on October 9, 2018.

Also on September 17, 2018, EGS provided to Mintz initial drafts of the form of voting agreement and lock-up agreements. Subsequent drafts of such agreements were circulated between EGS and Mintz in the following months, which were finalized and executed by the relevant parties simultaneously with the Acquisition Agreement on December 18, 2018.

On October 1, 2018, principals of BNN and MICT attended a meeting at the offices of EGS to discuss certain material terms of the Acquisition Agreement.

On October 3, 2018, MICT and ParagonEx received a formal due diligence report from Hogan Lovells LLP ("HL"), which law firm was engaged to act as joint due diligence counsel to MICT and ParagonEx with respect to BNN's Chinese operations.

On October 9, 2018, Mintz sent a draft agreement to representatives from YA II PN, Ltd. (“Yorkville”) in connection with the amendment of certain convertible debentures and warrants in MICT held by Yorkville (the “Yorkville Agreement”). Yorkville sent a revised draft of the Yorkville Agreement to Mintz on October 10, 2018, and negotiations regarding the same continued through early December, 2018. Following such negotiations and comments from BNN and EGS, the Yorkville Agreement was finalized on December 8, 2018 and executed on December 17, 2018.

On October 16, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement.

On October 17, 2018, a conference call was held among representatives from Mintz, MICT’s management, EGS, representatives from BNN’s management, and representatives from ParagonEx to discuss the termination fees to which the parties to the Acquisition Agreement would be entitled in the event that the Business Combination did not close.

On October 30, 2018, representatives from Mintz, MICT’s management, MICT’s Israeli counsel Naschitz, Brandes, Amir & Co. (“NB”), EGS, BNN’s management, Maxim and ParagonEx attended a meeting at the offices of EGS to discuss certain open issues in the latest draft of the Acquisition Agreement, as well as mechanics for the contemplated transactions and other matters. At this meeting, BNN and ParagonEx agreed to pay to MICT a base termination fee of \$1,800,000, which would increase to \$3,000,000 under certain specified circumstances. BNN also agreed to deposit \$900,000 and 1,363,000 shares of MICT Common Stock into escrow as security for MICT in connection with such termination fee.

On November 1, 2018, EGS provided to Mintz a revised draft of the Acquisition Agreement, which incorporated the revised termination fee, as well as other material changes.

On November 6, 2018, a conference call was held among representatives from Mintz and EGS to discuss the conditions to the tender offer that would be included in the Acquisition Agreement, as well as other items that remained open in the Acquisition Agreement.

On November 7, 2018, a conference call was held among representatives from NB and HL to discuss the due diligence report concerning BNN’s Chinese operations.

On November 10, 2018, Mintz provided to EGS a revised draft of the Acquisition Agreement, which was supplemented on November 12, 2018 with additional comments from NB regarding certain of the representations, warranties, and closing conditions for BNN and ParagonEx.

On November 12, 2018, EGS provided to Mintz a revised draft of the conditions to the tender offer that would be included in the Acquisition Agreement, which incorporated a new condition that BNN not be required to complete the tender offer in the event that MICT failed to satisfy any of the initial or continued listing standards of The Nasdaq Capital Market.

Also on November 12, 2018, in light of certain issues that had arisen in connection with MICT's due diligence efforts, representatives from NB, Mintz and MICT's management had discussions about the inclusion of additional protective mechanisms in the Acquisition Agreement and/or negotiating for a more favorable price for MICT's Stockholders. Other open items were discussed as well, including due diligence surrounding BNN's prior delisting from AIM, MICT, BNN and ParagonEx's respective disclosure schedules, the status of CoView's Fairness Opinion (defined hereinafter), and the request by ParagonEx that certain members of its current management receive an equity position in the public company resulting from the Business Combination.

On November 13, 2018, the MICT Board held an extended mee