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**

or

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

For the transition period from __________ to __________

Commission File Number: **001-35561**

IDEANOMICS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-1778374**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1441 Broadway, Suite 5116
New York, NY 10018
(Address of principal executive offices)

212-206-1216
(Registrant’s telephone number, including area code)

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, $0.001 par value per share	IDEX	The 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, a smaller reporting company, or an emerging growth company. See the definitions of “larger accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 492,449,892 shares as of September 7, 2022.

QUARTERLY REPORT ON FORM 10-Q
OF IDEANOMICS, INC.
FOR THE PERIOD ENDED MARCH 31, 2022
TABLE OF CONTENTS

Use of Terms

Except as otherwise indicated by the context, references in this report to “we,” “us,” “our,” “our Company,” “the Company,” “IDEX,” or “Ideanomics,” are to the business of Ideanomics, Inc. (formerly known as “Seven Star Cloud Group, Inc.,” “SSC” and “Wecast Network, Inc.,”) a Nevada corporation, and its consolidated subsidiaries.

The following is a glossary of certain terms used in this report:

$	refers to the legal currency of the United States.
ASC 606	refers to Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers*.
ASC 718	refers to Accounting Standards Codification Topic 718, *Stock Compensation*.
ASC 810	refers to Accounting Standards Codification Topic 810, *Consolidation*.
ASEAN	refers to the Association of Southeast Asian Nations.
ASU 2015-02	refers to Accounting Standards Update 2015-02 *Consolidation* (Topic 810).
ASU 2016-13	refers to Accounting Standards Update 2016-13, *Financial Instruments-Credit Losses* (Topic 326).
ASU 2019-12	refers to Accounting Standards Update 2019-12, *Income Taxes* (Topic 740).
ASU 2020-06	refers to Accounting Standards Update 2020-06, *Debt* (Topic 470).
ASU 2021-04	refers to Accounting Standards Update 2021-04, *Earning Per Share*.
BEV	refers to battery electric vehicles.
China	refers to the People’s Republic of China.
Chinese	refers to the People’s Republic of China.
COVID-19	refers to Novel Coronavirus 2019.
DBOT	refers to the Delaware Board of Trade Holdings, Inc. which is holding company for the Company’s FINRA Registered Broker Dealer. The Company owns 99% of the share capital Delaware Board of Trade Holdings, Inc. On September 20, 2021 the name was changed to Justly Holdings Inc. (JUSTLY).
Dr. Wu.	refers to Dr. Bruno Wu., the former Chairman of the Company as of December 31, 2020.
Energica	refers to Energica Motor Company, S.P.A., manufacturer of high-performance electric motorcycles.
EV	refers to electric vehicles, particularly battery operated electric vehicles.
Exchange Act	refers to the Securities Exchange Act of 1934, as amended.
FASB	refers to the Financial Accounting Standards Board.
FCEV	refers to fuel cell electric vehicles.
FINRA	refers to the Financial Industry Regulatory Authority.
Fintech	refers to financial technology.
Fintech Village	refers to the Global Headquarters for Technology and Innovation in Connecticut.
FNL	refers to FNL Technologies, Inc., the owner and operator of the social media platform Hoo.be
GAAP	refers to generally accepted accounting principles in the United States of America.
GDPR	refers to General Data Protection Regulation.
Glory	refers to Glory Connection Sdn. Bhd.
Grapevine	refers to Grapevine Logic, Inc. a previously wholly-owned subsidiary of Ideanomics focused on influencer marketing.
Ideanomics China	refers to Mobile Energy Global (MEG) the subsidiary that holds all of the Company’s EV.
Ideanomics	refers to Ideanomics Inc.
JUSTLY	refers to the company formerly known as DBOT - Delaware Board of Trade Holdings, Inc. which is holding company for the Company’s FINRA Registered Broker Dealer. The Company owns 99% of the share capital Delaware Board of Trade Holdings, Inc. On September 20, 2021 the name was changed to Justly Holdings Inc. (JUSTLY).
MDI Fund	refers to the Minority Depository Institution Keepers Fund.

Medici	refers to Medici Motor Works.
NASDAQ	refers to the Nasdaq Stock Market.
New Energy	refers to Qingdao Medici New Energy Vehicle Co., Ltd. , formerly known as Qingdao Chengyang Mobo New Energy Vehicle Sales Service Company Limited.
OEM	refers to original equipment manufacturer.
OPEX	refers to the day-to-day operating expenses of a business.
PEA	refers to Prettl Electronics Automotive.
Qianxi	refers to Guizhou Qianxi Green Environmentally Friendly Taxi Service Co.
PBOC	refers to the People’s Bank of China.
PRC	refers to the People’s Republic of China.
Sarbanes-Oxley Act	refers to Section 404 of the Sarbanes-Oxley Act of 2002, as amended.
Securities Act	refers to the Securities Act of 1933, as amended.
Silk EV Note	refers to the convertible promissory note Ideanomics entered into with Silk EV Cayman LP.
Solectrac	refers to Solectrac, Inc., which was acquired on June 11, 2021.
The 2010 Plan	refers to the 2010 Stock Incentive Plan.
The Company	refers to Ideanomics Inc.
Timios	refers to Timios Holdings Corp. and its affiliates which was acquired on January 8, 2021.
TM2	refers to Technology Metals Market Limited, a London based digital commodities issuance and trading platform for technology metals.
Tree Technologies	refers to Tree Technologies Sdn. Bhd., headquartered in Kuala Lumpur, Malaysia and through its Treeletrik brand sells EV bikes, scooters, and batteries throughout the ASEAN region.
U.S. dollars	refers to the legal currency of the United States.
U.S. GAAP	refers to accounting principles generally accepted in the United States of America.
US Hybrid	refers to US Hybrid Corporation, which was acquired on June 20, 2021.
USD	refers to the legal currency of the United States.
VaaS	refers to Vehicle as a Service.
VIA	refers to VIA Motors International, Inc. a business that produces commercial battery electric skateboard architecture.
WAVE	refers to Wireless Advanced Vehicle Electrification, Inc. which was acquired on January 15, 2021.
WAVE Agreement	refers to the agreement and plan of merger the Company entered into to acquire 100% of Wireless Advanced Vehicle Electrification, Inc.
YA II PN	refers to YA II PN, Ltd.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

IDEANOMICS, INC.
INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

IDEANOMICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (USD in thousands)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 170,757	$ 269,863
Accounts receivable, net	3,393	3,338
Contract assets	2,649	2,772
Amount due from related parties	290	266
Available-for-sale securities	3,917	—
Notes receivable from related party	—	697
Notes receivable from third parties	56,212	54,907
Inventory	21,855	6,159
Prepaid expenses	26,068	20,015
Other current assets	4,703	4,490
Total current assets	**289,844**	**362,507**
Property and equipment, net	5,547	2,905
Intangible assets, net	89,583	42,546
Goodwill	75,754	16,161
Operating lease right of use assets	18,833	12,827
Long-term investments	23,073	35,588
Other non-current assets	1,537	903
Total assets	**$ 504,171**	**$ 473,437**
LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED STOCK, REDEEMABLE NON-CONTROLLING INTEREST AND EQUITY		
Current liabilities		
Accounts payable	$ 16,181	$ 6,674
Deferred revenue (including customer deposits of $5,623 and $3,163 as of March 31, 2022 and December 31, 2021, respectively)	8,370	5,392
Accrued salaries	6,473	8,957
Amount due to related parties	2,512	1,102
Other current liabilities	10,557	7,137
Current portion of operating lease liabilities	3,855	3,086
Current contingent consideration	722	648
Promissory note-short term	3,945	312
Convertible promissory note due to third-parties-short term	58,376	57,809
Total current liabilities	**110,991**	**91,117**
Promissory note-long term	1,850	—
Operating lease liability-long term	14,646	9,647
Non-current contingent consideration	145	350
Deferred tax liabilities	9,845	5,073
Other long-term liabilities	632	620
Total liabilities	**138,109**	**106,807**
Commitments and contingencies (Note 18)		
Convertible redeemable preferred stock and Redeemable non-controlling interest:		
Series A - 7,000,000 shares issued and outstanding, liquidation and deemed liquidation preference of $3,500,000 as of March 31, 2022 and December 31, 2021	1,262	1,262
Equity:		
Common stock - $0.001 par value; 1,500,000,000 shares authorized, 497,747,525 shares and 497,272,525 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	498	497
Additional paid-in capital	970,838	968,066
Accumulated deficit	(634,270)	(605,758)
Accumulated other comprehensive income	1,147	222
Total Ideanomics, Inc. shareholders' equity	**338,213**	**363,027**
Non-controlling interest	26,587	2,341
Total equity	**364,800**	**365,368**
Total liabilities, convertible redeemable preferred stock, redeemable non-controlling interest and equity	**$ 504,171**	**$ 473,437**

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

IDEANOMICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) (USD in thousands)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Revenue from sales of products (including from a related party of $0 and $1 for the three months ended March 31, 2022 and 2021, respectively)	$ 14,877	$ 4,515
Revenue from sales of services	10,460	25,210
Other revenue	54	214
Total revenue	25,391	29,939
Cost of revenue from sales of products (including from a related party of $0 and $4 for the three months ended March 31, 2022 and 2021, respectively)	15,738	4,318
Cost of revenue from sales of services	9,583	14,748
Cost of other revenue	50	160
Total cost of revenue	25,371	19,226
Gross profit	**$ 20**	**$ 10,713**
Operating expenses:		
Selling, general and administrative expenses	37,095	16,889
Research and development expense	1,014	10
Asset impairments	81	—
Change in fair value of contingent consideration, net	(131)	494
Litigation settlement	—	5,000
Depreciation and amortization	1,285	1,328
Total operating expenses	**39,344**	**23,721**
Loss from operations	**(39,324)**	**(13,008)**
Interest and other income (expense):		
Interest income	763	157
Interest expense	(579)	(574)
Loss on disposal of subsidiaries, net	(148)	(30)
Gain on remeasurement of investment	10,965	—
Other income (expense), net	191	(338)
Loss before income taxes and non-controlling interest	**(28,132)**	**(13,793)**
Income tax benefit	378	7,345
Equity in loss of equity method investees	(1,338)	(154)
Net loss	**(29,092)**	**(6,602)**
Net loss attributable to common shareholders	**(29,092)**	**(6,602)**
Net loss attributable to non-controlling interest	580	120
Net loss attributable to Ideanomics, Inc. common shareholders	**$ (28,512)**	**$ (6,482)**
Earnings (loss) per share		
Basic	**$ (0.06)**	**$ (0.02)**
Diluted	**$ (0.06)**	**$ (0.02)**
Weighted average shares outstanding:		
Basic	**497,359,747**	**391,125,134**
Diluted	**497,359,747**	**391,125,134**

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

IDEANOMICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited) (USD in thousands)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net loss	**$ (29,092)**	**$ (6,602)**
Other comprehensive loss, net of nil tax:		
Foreign currency translation adjustments	1,209	(693)
Comprehensive loss	**(27,883)**	**(7,295)**
Comprehensive loss attributable to non-controlling interest	296	433
Comprehensive loss attributable to Ideanomics, Inc. common shareholders	**$ (27,587)**	**$ (6,862)**

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

IDEANOMICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF EQUITY (Unaudited) (USD in thousands)

	Three Months Ended March 31, 2021							
	Common Stock	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Ideanomics Shareholders' equity	Non-controlling Interest*	Total Equity
Balance, January 1, 2021	344,861,295	$ 345	$ 531,866	$ (349,747)	$ 1,231	$ 183,695	$ 3,739	$ 187,434
Share-based compensation	—	—	2,040	—	—	2,040	—	2,040
Contingent shares	—	—	7,658	—	—	7,658	—	7,658
Common stock issuance for acquisition	10,181,299	10	32,366	—	—	32,376	—	32,376
Common stock issuance for professional fee	440,909	—	1,162	—	—	1,162	—	1,162
Common stock issued under employee stock incentive plan	475,000	—	251	—	—	251	—	251
Common stock issuance	17,615,534	18	53,389	—	—	53,407	—	53,407
Common stock issuance for convertible note	45,895,763	46	140,080	—	—	140,126	—	140,126
Net loss	—	—	—	(6,482)	—	(6,482)	(235)	(6,717)
Foreign currency translation adjustments, net of nil tax	—	—	—	—	(380)	(380)	(313)	(693)
Balance, March 31, 2021	419,469,800	$ 419	$ 768,812	$ (356,229)	$ 851	$ 413,853	$ 3,191	$ 417,044

* Excludes accretion of dividend for redeemable non-controlling interest.

** Excludes deemed dividend related to warrant repricing

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

IDEANOMICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF EQUITY (Unaudited) (USD in thousands) Continued

	Three months ended March 31, 2022							
	Common Stock	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Ideanomics Shareholders' equity	Non-controlling Interest	Total Equity
Balance, January 1, 2022	497,272,525	$ 497	$ 968,066	$ (605,758)	$ 222	$ 363,027	$ 2,341	$ 365,368
Share-based compensation	—	—	2,355	—	—	2,355	—	2,355
Common stock issuance for professional fee	350,000	1	434	—	—	435	—	435
Tax withholding paid for net share settlement of equity awards	—	—	(83)	—	—	(83)	—	(83)
Common stock issued under employee stock incentive plan	125,000	—	66	—	—	66	—	66
Deconsolidation of subsidiary	—	—	—	—	—	—	(236)	(236)
Acquisition of Energica	—	—	—	—	—	—	24,778	24,778
Net loss	—	—	—	(28,512)	—	(28,512)	(580)	(29,092)
Foreign currency translation adjustments, net of nil tax	—	—	—	—	925	925	284	1,209
Balance, March 31, 2022	497,747,525	$ 498	$ 970,838	$ (634,270)	$ 1,147	$ 338,213	$ 26,587	$ 364,800

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

IDEANOMICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (USD in thousands)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities:		
Net loss	$ (29,092)	$ (6,602)
Adjustments to reconcile net loss to net cash used in operating activities		
Share-based compensation expense	2,355	2,040
Depreciation and amortization	1,285	1,328
Non-cash lease expense	878	—
Non-cash interest expense (income)	(718)	417
Income tax benefit	(378)	(7,620)
Disposal of cost method investment	—	212
Equity in losses of equity method investees	1,338	154
Other income (forgiveness of liabilities)	43	—
Loss on disposal of subsidiaries	180	—
Issuance of common stock for professional fees	749	—
Gain on extinguishment of debt	—	1,162
Change in fair value of contingent consideration	(131)	494
Impairment of other assets	81	—
Gain on remeasurement of equity method investment	(10,965)	—
Change in assets and liabilities (net of amounts acquired):		
Accounts receivable	1,183	2,144
Inventory	(6,428)	(252)
Prepaid expenses and other assets	(3,967)	1,579
Accounts payable	6,624	2,438
Deferred revenue	1,933	(613)
Amount due to related parties	101	348
Accrued expenses, salary and other current liabilities	(6,991)	5,342
Net cash(used in) provided by operating activities	**(41,920)**	**2,571**
Cash flows from investing activities:		
Acquisition of property and equipment	(1,132)	(157)
Acquisition of intangible asset	(85)	—
Disposal of subsidiaries, net of cash disposed	(417)	—
Acquisition of subsidiaries, net of cash acquired	(54,889)	(55,265)
Long term investment	(120)	(15,707)
Notes receivable	(514)	(15,000)
Net cash used in investing activities	**(57,157)**	**(86,129)**
Cash flows from financing activities		
Proceeds from issuance of convertible notes	—	220,000
Proceeds from exercise of options and warrants and issuance of common stock	—	53,659
Repayments from/to third parties	(147)	—
Tax withholding paid for net share settlement of equity awards	(83)	—
Net cash (used in) provided by financing activities	**(230)**	**273,659**
Effect of exchange rate changes on cash	201	(9)
Net (decrease) increase in cash and cash equivalents	**(99,106)**	**190,092**
Cash and cash equivalents at the beginning of the period	**269,863**	**165,764**
Cash and cash equivalents at the end of the period	**$ 170,757**	**$ 355,856**
Supplemental disclosure of cash flow information:		
Cash paid for income tax	$ —	$ —

Cash paid for interest	$	—	$	—
Issuance of shares for acquisition	$	—	$	32,377
Issuance of shares for convertible notes conversion	$	—	$	140,126

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

IDEANOMICS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Ideanomics, Inc. (Nasdaq: IDEX) is a Nevada corporation that primarily operates in Asia and the United States through its subsidiaries.

The Company's chief operating decision maker has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company. The Company operates in one segment with two business units: Ideanomics Mobility and Ideanomics Capital. For the three months ended March 31, 2022, the Company completed one acquisition. We are in the in the process of filing the necessary disclosures in anticipation of obtaining the required shareholder approval to acquire 100% of VIA. The total aggregate consideration payable in connection with this transaction is equal to $630.0 million, consisting of an upfront payment at the closing of the transaction of $450.0 million and an earnout payment of up to $180.0 million. The Company anticipates that its internal management structure and the information reviewed by the chief operating decision maker will change such that it may have multiple reportable segments in the future. Anticipated segments are, Ideanomics Mobility, which will encompass the entities with businesses centered in the EV market, Ideanomics Capital, will encompass businesses centered in the finance/real estate market, Other which will encompass businesses that do not operate in the sectors covered by Ideanomics Mobility and Ideanomics Capital and a corporate entity which will encompass costs associated with head office operations, with the combination/consolidation of all segments and the corporate entity comprising the consolidated operations of the Company. The chief operating decision maker will review financial results at the segment level; the Company has appointed business unit managers for Ideanomics Mobility and Ideanomics Capital and is in the process of and revising its internal reporting, budgeting and forecasting process so as to be aligned with the anticipated corporate structure.

Ideanomics Mobility will drive EV adoption by assembling a synergistic ecosystem of subsidiaries and investments across the three key pillars of EV: Vehicles, Charging, and Energy. These three pillars provide the foundation for Ideanomics Mobility's planned offering of unique business solutions such as CaaS and VaaS.

Ideanomics Capital will be the Company's fintech business unit, which focuses on leveraging technology and innovation to improve efficiency, transparency, and profitability for the financial services industry.

Recent Developments

Energica Tender Offer

On September 15, 2021, the Company announced it had entered into an agreement to launch a voluntary conditional tender offer in concert with the founders of Energica for shares of Energica, pursuant to which Ideanomics plans to increase its investment from 20.0% in Energica to approximately 70.0%. The Energica founders shall continue to own 29.0% of Energica.

On February 9, 2022, the Company wired €52.5 million (approximately $60.3 million) to an escrow account in order to facilitate and fund the conditional tender offer. On March 7, 2022 the Company announced that it had achieved the 90.0% threshold for the conditional tender offer. The transaction received final approval from Italian regulatory authorities and closed on March 14, 2022.

Basis of Presentation

In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. All significant intercompany transactions and balances are eliminated in consolidation. However, the results of operations included in such financial statements may not necessary be indicative of annual results.

The Company uses the same accounting policies in preparing quarterly and annual financial statements. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with accounting principles generally accepted in U.S. GAAP have been condensed or omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the related disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

On an ongoing basis, the Company evaluates its estimates, including those related to the bad debt allowance, collectability of notes receivable, sales returns, fair values of financial instruments, equity investments, stock-based compensation, intangible assets and goodwill, useful lives of intangible assets and property and equipment, asset retirement obligations, income taxes, and contingent liabilities, among others. The Company bases its estimates on assumptions, both historical and forward looking, that are believed to be reasonable, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities.

Significant Accounting Policies

For a detailed discussion of Ideanomics' significant accounting policies, refer to Note 2 — "Summary of Significant Accounting Policies," in Ideanomics' consolidated financial statements included in the Company's 2021 Form 10-K. During the three months ended March 31, 2022, the Company acquired one business, Energica, which resulted in the adoption of the following accounting policies with respect to that business.

Inventory

Inventories, which include the costs of material, labor and overhead, are stated at the lower of cost or net realizable value, with cost generally computed on a FIFO basis. Estimated losses from obsolete and slow-moving inventories are recorded to reduce inventory values to their estimated net realizable value and are charged to costs of revenue. At the point of loss recognition, a new cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in a recovery in carrying value.

The composition of inventory is as follows (in thousands):

	March 31, 2022	December 31, 2021
Raw materials	$ 11,162	$ 245
Work in progress	7,304	90
Finished goods	3,389	5,824
Total	$ 21,855	$ 6,159

The majority of the inventory is held in US Hybrid, Solectrac and Energica entities and represents finished assemblies and sub assemblies to be used in delivering electric powertrain components and electric tractors to customers, respectively.

Revenue

For product sales, the acquired EV entities consider practical and contractual limitations in determining whether there is an alternative use for the product. For example, long-term design and build contracts are typically highly customized to a customer's specifications. For contracts with no alternative use and an enforceable right to payment for work performed to date, including a reasonable profit if the contract were terminated at the customer's convenience for reason other than nonperformance, the acquired EV entities recognize revenue over time. All other product sales are recognized at a point in time.

For contracts recognized over time, the acquired EV entities have historically used the cost-to-total cost method to recognize the revenue over the life of the contract.

For contracts recognized at a point in time, the acquired EV entities recognize revenue when control passes to the customer, which is generally based on shipping terms that address when title and risk and rewards pass to the customer. However, the acquired EV entities also consider certain customer acceptance provisions as certain contracts with customers include installation, testing, certification or other acceptance provisions. In instances where contractual terms include a provision for customer acceptance, the acquired EV entities consider whether they have previously demonstrated that the product meets objective criteria specified by either the seller or customer in assessing whether control has passed to the customer.

For service contracts, the acquired EV entities recognize revenue as the services are rendered if the customer is benefiting from the service as it is performed, or otherwise upon completion of the service. Separately priced extended warranties are recognized as a separate performance obligation over the warranty period.

The transaction price in the acquired EV entities' contracts consists of fixed consideration and the impact of variable consideration including returns, rebates and allowances, and penalties. Variable consideration is generally estimated using a probability-weighted approach based on historical experience, known trends, and current factors including market conditions and status of negotiations.

For design and build contracts, the acquired entities may at times collect progress payments from the customer throughout the term of the contract, resulting in contract assets or liabilities depending on the timing of the payments. Contract assets consist of unbilled amounts when revenue recognized exceeds customer billings. Contract liabilities consist of advance payments and billings in excess of revenue recognized.

Design and engineering costs for highly complex products to be sold under a long-term production-type contract are deferred and amortized in a manner consistent with revenue recognition of the related contract or anticipated contract. Other design and development costs are deferred only if there is a contractual guarantee for reimbursement. Costs to obtain a contract (e.g., commissions) for contracts greater than one year are deferred and amortized in a manner consistent with revenue recognition of the related contract.

Product Warranties

The acquired EV entities' standard product warranty terms generally include post-sales support and repairs or replacement of a product at no additional charge for a specified period of time. Accruals for estimated expenses related to product warranties are made at the time revenue is recognized and are recorded as a component of costs of revenue. The acquired EV entities estimate the liability for warranty claims based on standard warranties, the historical frequency of claims and the cost to replace or repair products under warranty. Factors that influence the warranty liability include the number of units sold, the length of warranty term, historical and anticipated rates of warranty claims and the cost per claim. The warranty liability as of March 31, 2022 is $0.6 million and is included in “Other long-term liabilities” within the condensed consolidated balance sheet. The warranty liability has not changed substantially subsequent to WAVE's acquisition.

Effects of COVID 19

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus. The disease was first identified in December 2019 in Wuhan, the capital of China’s Hubei province, and has since spread globally, resulting in the ongoing COVID-19 pandemic.

The spread of COVID-19 has caused significant disruption to society as a whole, including the workplace. The resulting impact to the global supply chain has disrupted most aspects of national and international commerce, with government-mandated social distancing measures imposing stay-at-home and work-from-home orders in almost every country. The effects of social distancing have shut down significant parts of the local, regional, national, and international economies, for limited or extended periods of time, with the exception of government designated essential services.

In many parts of the world, stay-at-home and work-from-home orders were relaxed during the summer of 2021 as the effects of the Coronavirus appeared to lessen, and economic activity began to recover. However, commencing in the autumn and fall of 2021 and continuing, the U.S. as well as countries in Europe, South America and Asia began to experience an increase in new COVID-19 cases, and in some cases local, state, and national governments began to reinstate restrictive measures to stem the spread of the virus. The U.S. and other countries also experienced an increase in new COVID-19 cases after the fall and winter holiday season, with new, more infectious variants of COVID-19 identified. Various vaccines have been developed, with vaccinations programs in effect worldwide, though reaching acceptable levels of immunization against COVID-19 remains challenging at the local, regional and global level.

The future effects of the virus are difficult to predict, due to uncertainty about the course of the virus, different variants that may evolve, and the supply of the vaccine on a local, regional, and global basis, as well as the ability to implement vaccination programs in a short time frame.

The Company does not anticipate significant adverse effects on its operations’ revenue as compared to its business plan in the near- or mid-term, although the future effects of COVID-19 may result in regional restrictive measures which may constrain the Company’s operations, and supply chain shortages of various materials may have a negative effect on our EV sales or production capacity in the longer-term. The Company's Tree Technologies business, which focuses on the sale of motorbikes in the ASEAN region, is experiencing disruption in its operations as a result the continued lockdowns in the region, which have adversely impacted its ability to fulfill committed orders.

The Company continues to monitor the overall situation with COVID-19 and its effects on both local, regional and global economies.

Liquidity and Going Concern

The accompanying consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern and in accordance with generally accepted accounting principles in the United States of America. The going concern basis of presentation assumes that the Company will continue in operation one year after the date these financial statements are issued and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Pursuant to the requirements of the ASC 205, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year from the date these financial statements are issued.

This evaluation does not take into consideration the potential mitigating effect of management’s plans that have not been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company’s ability to continue as a going concern. The mitigating effect of management’s plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued.

The Company has a pending acquisition of VIA, a U.S. manufacturer of electric commercial vehicles including Class 2 through Class 5 cargo vans, trucks, and buses. The Company is in the in the process of obtaining required shareholder approval to acquire 100% of VIA. The total aggregate consideration payable in connection with this transaction is equal to $630.0 million, consisting of an upfront payment at the closing of the transaction of $450.0 million, more than $62.9 million of which has been paid to date (prior to closing) in cash as documented in the form of convertible notes, as well as an earnout payment of up to $180.0 million. In addition, the company has provided an incremental $11.7 million in bridge financing to VIA for the support of ongoing operations due to the delay in closing. This bridge loan will be forgiven at the time of closing. The remaining consideration for the acquisition of VIA is to be consummated with Ideanomics common stock, rather than cash. However, transaction fees are material and estimated to be $45.0 million, and it is anticipated that VIA will require operational and capital funding of $260.0 million in the next twelve months. The Company has filed a registration statement on Form S-4 regarding shareholder approval for the transaction. As of the date of these financial statements, the registration statement had not been declared effective, and the financial statements contained therein must be updated to December 31, 2021. An amended S-4 statement with the required updated financial statements is anticipated to be filed with the SEC in the fourth quarter of 2022. The terms of the agreement stated that either party may terminate the agreement under specified conditions as of August 31, 2022, however the Company has exercised its option to extend that date to September 30, 2022.

As of December 31, 2021, the Company had cash and cash equivalents of approximately $269.9 million, of which $11.8 million is held in China and is subject to local foreign exchange regulations in that country, $0.4 million is held at a consolidated entity which requires the minority interest’s permission to withdraw, and additionally two subsidiaries have required capital or liquidity requirements of $2.2 million. The Company also had accounts payable and accrued expenses of $15.6 million, other current liabilities of $7.1 million, current contingent consideration of $0.6 million, lease payments due within the next twelve months of $3.1 million, and payments of short-term and long-term debt due within the next twelve months of $58.1 million. Additionally, the Company has committed to invest in the MDI Fund a total of $25.0 million, of which $20.4 million remains and may be called at any time. The Company had a net loss of $256.7 million for the year ended December 31, 2021, and an accumulated deficit of $605.8 million.

The Company believes that its current level of cash and cash equivalents are not sufficient to fund continuing operations or the addition of the one planned acquisitions in various stages of completion. The Company will need to bring in new capital to support its growth and, as evidenced from its successful capital raising activities in 2020 and 2021, believes it has the ability to continue to do so. However, there can be no assurance that this will occur. As described in Note 13, on October 25, 2021 the Company executed a security purchase agreement with YA II PN, whereby the Company issued a convertible note of $75.0 million, and received aggregate gross proceeds of $75.0 million. The note is scheduled to mature on October 24, 2022 and bears interest at an annual rate of 4.0%, which would increase to 18.0% in the event of default. The note has a fixed conversion price of $1.88. The conversion price is not subject to adjustment except for subdivisions or combinations of common stock. Commencing April 1, 2022, the Company has the obligation to redeem $8.3 million per month, against the unpaid principal. This amount may be reduced by any conversions by YA II or optional redemptions made by the Company. As of December 31, 2021, after the conversion of principal in the amount of $17.5 million, $57.5 million remained outstanding.

The Company has various vehicles through which it could raise a limited amount of equity funding, however, these are subject to market conditions which are not within management's control. As our Quarterly Report on Form 10-Q was not filed timely, we will not be Form S-3 eligible until August 9, 2023, which could make fund raising more difficult or more expensive. Management continues to seek to raise additional funds through the issuance of equity, mezzanine or debt securities. As we seek additional sources of financing, there can be no assurance that such financing would be available to us on favorable terms or at all. Our ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, our performance and investor sentiment with respect to us and our business and industry. These factors individually and collectively raise doubt about the Company's ability to continue as a going concern.

As of June 30, 2022, the Company's principal source of liquidity is its unrestricted cash balance in the amount of $85.5 million of which $12.2 million is held by the Company's subsidiaries located in China and is subject to foreign exchange control regulations and $2.2 million is minimum regulatory capital required to be held by US operating companies – we do not consider cash balances held in China or required minimum regulatory capital to be part of the Company's liquid cash balances. The Company has experienced greater net losses and negative cash flows from operating and investing activities in the third quarter consistent with its business plan for ongoing activities and planned acquisitions. As of the date of the filing of this Form 10-Q, securing additional financing is in progress, and as such management has limited the extent to which it is taking actions to delay, scale back, or abandon future expenditures. As such, management's actions to preserve an adequate level of liquidity for a period extending twelve months from the date of the filing of this Form 10-Q are no longer sufficient on their own without additional financing, to mitigate the conditions raising substantial doubt about the Company's ability to continue as a going concern. We currently do not have adequate cash to meet our short or long-term needs. In the event additional capital is raised, it may have a dilutive effect on our existing stockholders.

The Company's ability to raise capital is critical. On September 2, 2022, the Company entered into a SEPA with YA II PN. Pursuant to the SEPA, the Company will have the right, but not the obligation, to sell to Yorkville up to 60 million shares of Common Stock, at the Company's request any time during the 36 months following the execution of the SEPA, unless earlier terminated due to satisfaction of the terms therein. Each sale the Company requests under the SEPA (an "Advance") may be for a number of shares of Common Stock up to 5.0 million shares. The shares would be purchased at a purchase price equal to 95.0% of the market price (as defined in the SEPA). In addition, the issuance of shares under the SEPA would be subject to certain limitations, including that the aggregate number of shares of Common Stock issued pursuant to the SEPA cannot exceed 19.9% of the Company's outstanding Common Stock as of the date September 2, 2022. The SEPA will become available when the Company has an effective S-1 registration statement, which is expected to occur during the fourth quarter of 2022.
Although management continues to these facilities and other opportunities to raise additional capital through a combination of debt financing, other non-dilutive financing and/or equity financing to supplement the Company's capitalization and liquidity, management cannot conclude as of the date of this filing that its plans are probable of being successfully implemented.

The accompanying consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

We believe substantial doubt exists about the Company's ability to continue as a going concern for twelve months from the date of issuance of our financial statements.

Note 2. Immaterial Corrections of Prior Period Financial Statements

In the fourth quarter of 2021, the Company became aware of immaterial errors related to amortization expense on certain intangible assets acquired in various acquisitions, the classification of gains and losses from equity method investments, and the accounting for non-controlling interest and income taxes related to the Company's acquisition of 51% of the ownership interests of Tree Technologies, a Malaysian company engaged in the EV market in December 2019. An assessment concluded that the errors were not material, individually or in the aggregate, to any prior period consolidated financial statements. As such, in accordance with ASC 250, "Accounting Changes and Error Corrections" and Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, the prior period consolidated financial statements have been revised in the applicable consolidated financial statements. The Company concluded a revision of prior period consolidated financial statements was appropriate the next time they were reported, since the correction of errors would have been material if recorded in the year ended December 31, 2021. Periods not presented herein will be revised, as applicable, in future filings. Although management has determined that the errors, individually and in the aggregate, were not material to prior periods, the condensed consolidated financial statements for the three months ended March 31, 2021, included herein, have been revised to correct for the impact of these items. Unless otherwise indicated, the condensed consolidated financial information as of and for the three months ended March 31, 2021 presented in this Quarterly Report on Form 10-Q reflects these revisions.

The following table reflects the impact of the immaterial corrections discussed above on the Company's previously reported condensed consolidated statement of comprehensive loss for the three months ended March 31, 2021 (in thousands, except per share amounts):

	Previously Reported	Adjustment	As Revised
Cost of revenue – sales of products	$ 4,354	$ 161	$ 4,515
Cost of revenue – sales of services	14,742	6	14,748
Total cost of revenue	19,096	130	19,226
Gross profit	10,842	(129)	10,713
Selling, general and administrative	17,019	(130)	16,889
Depreciation and amortization	1,128	200	1,328
Total operating expenses	23,651	70	23,721
Loss from operations	(12,809)	(199)	(13,008)
Loss on disposal of subsidiaries, net	(212)	182	(30)
Other income (expense), net	(156)	(182)	(338)
Loss before income taxes and non-controlling interest	(13,594)	(199)	(13,793)
Income tax benefit	7,256	89	7,345
Equity in loss of equity method investees	(237)	83	(154)
Net loss	(6,575)	(27)	(6,602)
Foreign currency translation adjustments	(860)	167	(693)
Comprehensive loss	(7,435)	140	(7,295)
Comprehensive loss attributable to non-controlling interest	552	(119)	433
Comprehensive loss attributable to Ideanomic, Inc. shareholders	$ (6,883)	$ 21	$ (6,862)

The following table reflects the impact of the immaterial corrections discussed above on the Company's previously reported condensed consolidated statement of cash flows for the three months ended March 31, 2021 (in thousands):

	Previously Reported	Adjustment	As Revised
Cash flows from operating activities:			
Net loss	$ (6,575)	$ (27)	$ (6,602)
Equity in losses of equity method investees	237	(83)	154
Accounts receivable	2,600	(456)	2,144
Inventory	117	(369)	(252)
Prepaid expenses and other assets	1,653	(74)	1,579
Accrued expenses, salary and other current liabilities	$ 4,534	$ 808	$ 5,342

Note 3. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, which simplifies the accounting for income taxes by removing certain exceptions currently provided for in ASC 740 and by amending certain other requirements of ASC 740. The Company adopted ASU 2019-12 effective January 1, 2021. The effect of the adoption of ASU 2019-12 was not material.

In August 2020, the FASB issued ASU No. 2020-06, which simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current U.S. GAAP. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting, and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as additional paid-in capital. ASU 2020-06 also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. The Company adopted ASU 2020-06 effective January 1, 2021. As the Company had no outstanding convertible instruments as of that date, the adoption of ASU 2020-06 had no effect.

In May 2021, the FASB issued ASU No. 2021-04, which provides guidance on modifications or exchanges of a freestanding equity-classified written call option that is not within the scope of another Topic. An entity should treat a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as an exchange of the original instrument for a new instrument, and provides further guidance on measuring the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange. ASU 2021-04 also provides guidance on the recognition of the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange on the basis of the substance of the transaction, in the same manner as if cash had been paid as consideration. The Company adopted ASU 2021-04 on January 1, 2022. The Company has no freestanding equity-classified written call options. The effect will largely depend on the terms of written call options or financings issued or modified in the future.

Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes will result in earlier recognition of credit losses. In November 2019, the FASB issued ASU 2019-10, which defers the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, for public entities which meet the definition of a smaller reporting company on the date the ASU was issued. The Company will adopt ASU 2016-13 effective January 1, 2023. Management is currently evaluating the effect of the adoption of ASU 2016-13 on the consolidated financial statements. The effect will largely depend on the composition and credit quality of our investment portfolio and the economic conditions at the time of adoption.

In October 2021, the FASB issued ASU No. 2021-08, which will require companies to apply the definition of a performance obligation under ASC Topic 606 to recognize and measure contract assets and contract liabilities (i.e., deferred revenue) relating to contracts with customers that are acquired in a business combination. Under current U.S. GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU No. 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. ASU No. 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statements and the effects will be based upon the contract assets and liabilities acquired in the future.

Note 4. Revenue

The following table summarizes the Company's revenues disaggregated by revenue source, geography (based on the Company's business locations,) and timing of revenue recognition (in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Geographic Markets		
Malaysia	$ 17	$ 7
USA	11,760	26,876
PRC	13,235	3,056
Italy	$ 379	$ —
Total	$ 25,391	$ 29,939
Product or Service		
Electric vehicles products	$ 14,623	$ 3,030
Electric vehicles services	83	32
Charging, batteries and powertrain products	254	1,485
Charging, batteries and powertrain services	452	140
Title and escrow services	9,925	24,841
Digital advertising services and other	—	197
Other revenue	54	214
Total	$ 25,391	$ 29,939
Timing of Revenue Recognition		
Products and services transferred at a point in time	$ 24,856	$ 29,554
Services provided over time	535	385
Total	$ 25,391	$ 29,939

In the three months ended March 31, 2022 and 2021, the Company recognized revenue of $2.1 million and $0.1 million recorded in deferred revenue as of the beginning of the periods, respectively.

In the three months ended March 31, 2022 and 2021, the Company recorded grant revenue of $50,000 and $0.2 million, respectively, in "Other revenue" in the condensed consolidated statements of operations.

Note 5. Available-for-Sale Securities

The Company accounts for its available-for-sale securities at their fair value, with changes in fair value, if any, recorded in other comprehensive income. The fair value of available-for-sale securities is determined utilizing Level 3 inputs, as further discussed below.

The following table provides certain information related to available-for-sale debt securities (in thousands):

	As of March 31, 2022					
	Cost	Interest	Unrealized Gains	Unrealized Losses	Impairment	Estimated Fair Value
Available-for-sale securities:						
SILK EV Note (a)	$ 15,000	$ 902	$ 4	$ (20)	$ (15,886)	$ $ —
Equity and debt securities (b)	4,114	—	0	(197)	—	3,917
Total available-for-sale securities	$ 19,114	$ 902	$ 4	$ (217)	$ (15,886)	$ 3,917

(a) Silk EV Convertible Promissory Note

On January 28, 2021, the Company invested $15.0 million in Silk EV via a convertible promissory note. Silk is an Italian engineering and design services company that has recently partnered with FAW to form a new company Silk-FAW to produce fully electric, luxury vehicles for the Chinese and global auto markets.

The principal amount of the convertible promissory note is $15.0 million, is unsecured, bears interest at an annual rate of 6.0%, and the scheduled maturity date is January 28, 2022.

Upon a qualified equity financing, as defined, the outstanding principal and accrued interest convert into equity securities sold in the qualified equity financing at a conversion price equal to the cash price for the equity securities times 0.80.

The convertible promissory note contains certain customary events of default and other rights and obligations of the parties.

SILK EV did not remit payment of principal and interest on the scheduled maturity date of January 28, 2022, and the Company has sent a notice of default. The Company determined that the Silk EV note was fully impaired and recorded an impairment loss of $15.8 million recorded in "Asset impairment" in the year ended December 31, 2021.

(b) Equity and debt Securities

As of March 31, 2022, the fair value of equity securities held by the Company was $3.9 million. The securities are classified as a Level 1 financial instrument.

Note 6 Notes Receivable from Third Parties

Notes receivable consists of the following (in thousands):

	As of March 31, 2022					
	Cost	Interest	Unrealized Gains	Unrealized Losses	Impairment	Estimated Fair Value
VIA Note (a)	$ 42,500	$ 997	$ —	$ —	$ —	$ 43,497
Inobat Note (b)	11,819	233	149	—	—	12,201
Timios Note (c)	514	—	—	—	—	514
Total notes receivable	$ 54,833	$ 1,230	$ 149	$ —	$ —	$ 56,212

	As of December 31, 2021					
	Cost	Interest	Unrealized Gains	Unrealized Losses	Impairment	Estimated Fair Value
VIA Note (a)	$ 42,500	$ 578	$ —	$ —	$ —	$ 43,078
Inobat Note (b)	11,819	10	—	—	—	11,829
Total notes receivable	$ 54,319	$ 588	$ —	$ —	$ —	$ 54,907

(a) VIA Convertible Promissory Note

On August 30, 2021, the Company invested $42.5 million in VIA, in the form of a convertible promissory note. VIA is a leading electric commercial vehicle company with proven advanced electric drive technology, delivering sustainable mobility solutions for a more livable world. VIA designs, manufactures and markets electric commercial vehicles, with superior life-cycle economics, for use across a broad cross-section of the global fleet customer base.

The principal amount of the convertible promissory note is $42.5 million, is unsecured, bears interest at an annual rate of 4.0%, and the scheduled maturity date is the earlier of the closing date of the acquisition or one year after the agreement is terminated according to its terms.

The convertible promissory note contains certain customary events of default and other rights and obligations of the parties. The Company expects to convert this promissory note in conjunction with the closing of the acquisition of VIA. Management assessed the probability of closing the acquisition in determining the recoverability of the promissory note.

(b) Inobat Convertible Promissory Note

On December 24, 2021, the Company invested €10.0 million ($11.4 million) in Inobat via a convertible promissory note, that is due December 24, 2022. Inobat specializes in the research, development, manufacture, and provision of innovative electric batteries custom-designed to meet the specific requirements of global mainstream and specialist OEMs within the automotive, commercial vehicle, motorsport, and aerospace sectors. Inobat is a European based battery manufacturer, that has a battery research and development facility and pilot line under development in Slovakia.

The principal amount of the convertible promissory note is €10.0 million ($11.4 million) is unsecured, bears interest at an annual rate of 8.00%, and the scheduled maturity date is December 28, 2022.

The convertible promissory note contains certain customary events of default and other rights and obligations of the parties.

The fair value of the Inobat convertible promissory note was valued using a scenario-based approach utilizing Level 3 inputs. The significant unobservable inputs include the probability of a qualified financing and the implied yield rate. Significant increases or decreases in any of those inputs in isolation would result in a significantly different fair value measurement. The following table summarizes the significant inputs and assumptions used in the model:

	March 31, 2022
Probability	50 %
Yield rate	17.5 %

(c) Timios Promissory Notes

During the first quarter of 2022, Timios purchased mortgage notes at a fair value of $0.5 million, the notes bear interest of 3.5% and 4.875%. The notes mature August 2043 and December 2049. Installments for the loans are approximately $3,000. There was no interest recorded for the three months ended March 2022.

Note 7. Acquisitions and Divestitures

The Company continually evaluates potential acquisitions that align with the Company's strategy of accelerating the adoption of electric vehicles. The Company has completed a number of acquisitions that have been accounted for as purchases and have resulted in the recognition of goodwill in the Company's Consolidated Financial Statements. This goodwill arises because the purchase prices for these businesses exceeds the fair value of acquired identifiable net assets due to the purchase prices reflecting a number of factors including the future earnings and cash flow potential of these businesses, the multiple to earnings, cash flow and other factors at which similar businesses have been purchased by other acquirers, the competitive nature of the processes by which the Company acquired the businesses and the complementary strategic fit and resulting synergies these businesses bring to existing operations.

For all acquisitions, the Company makes an initial allocation of the purchase price at the date of acquisition based upon its understanding of the fair value of the acquired assets and assumed liabilities. The Company obtains the information used for the purchase price allocation during due diligence and through other sources. In the months after closing, as the Company obtains additional information about the acquired assets and liabilities, including through tangible and intangible asset appraisals, and learns more about the newly acquired business, it is able to refine the estimates of fair value and more accurately allocate the purchase price.

The fair values of acquired intangibles are determined based on estimates and assumptions that are deemed reasonable by the Company. Significant assumptions include the discount rates and certain assumptions that form the basis of the forecasted results of the acquired business including earnings before interest, taxes, depreciation and amortization, revenue, revenue growth rates, royalty rates and technology obsolescence rates. These assumptions are forward looking and could be affected by future economic and market conditions. The Company engages third-party valuation specialists who review the Company's critical assumptions and calculations of the fair value of acquired intangible assets in connection with significant acquisitions.

Only facts and circumstances that existed as of the acquisition date are considered for subsequent adjustment. The Company will make appropriate adjustments to the purchase price allocation prior to completion of the measurement period, as required. The Company has included tables for the respective acquisitions by calendar year below. Where a purchase price allocation is considered final this has been disclosed respectively.

In addition to evaluating potential acquisitions, the Company may divest certain businesses from time to time based upon review of the Company's portfolio considering, among other items, factors relative to the extent of strategic and technological alignment and optimization of capital deployment, in addition to considering if selling the businesses results in the greatest value creation for the Company and for shareholders. Details and the impacts of any dispositions are noted below.

2022 Acquisitions

The Company has completed the below acquisition in the three months ended March 31, 2022. The accompanying condensed consolidated financial statements include the operations of the acquired entities from their respective acquisition dates. All of the acquisitions have been accounted for as business combinations.

Acquisition Energica

On March 3, 2021, the Company entered into an investment agreement with Energica Motor Company S.p.A (Energica) to acquire 20.0% of Energica share capital. On September 15, 2021, the Company announced it had entered into an agreement to launch a voluntary conditional tender offer in concert with the founders of Energica for shares of Energica, pursuant to which

Ideanomics planned to increase its investment from 20.0% in Energica to approximately 70.0%. The Energica founders shall continue to own approximately 29.0% of Energica.

On February 9, 2022, the Company wired €52.5 million (approximately $60.3 million) to an escrow account in order to facilitate and fund the conditional tender offer. On March, 7, 2022 the Company announced that it had achieved the 90.0% threshold for the conditional tender offer. The transaction received final approval from Italian regulatory authorities and closed on March 14, 2022.

The preliminary purchase price was $58.1 million including $2.0 million in cash obtained through the acquisition. The purchase price was paid in cash and funded from available cash resources. The table below summarizes the preliminary estimates of fair value of identifiable assets acquired and liabilities assumed in the acquisition of Energica. These preliminary estimates of the fair value are subject to revisions, which may result in an adjustment to the preliminary values presented below.

(Dollars in thousands)		
Cash paid at closing, including working capital estimates	$	58,140
Fair value of previously held interest		22,183
Fair value of non-controlling interest		24,778
Purchase price	**$**	**105,101**
Allocated to:		
Current assets	$	19,708
Property and equipment, net		1,927
Intangible assets –Customer relationships		14,226
Intangible assets – Development technology		18,603
Intangible assets – Trademark and trade name		14,496
Goodwill		58,643
Other assets		2,775
Current liabilities		(16,894)
Other liabilities		(8,383)
Fair value of assets acquired, less liabilities assumed	**$**	**105,101**

The useful lives of the intangible assets acquired is as follows:

	Energica
Intangible assets – customer relationships	13.0
Intangible assets – development technology	8.0
Intangible assets – trademark and tradename	25.0
Weighted average	14.7

The estimated amortization expense related to these intangible assets for each of the years subsequent to March 31, 2022 is as follows (amounts in thousands):

2022 remaining	$	3,160
2023		3,972
2024		3,972
2025		3,972
2026		3,972
2027 and beyond		27,579
Total	$	46,627

Amortization expense related to intangible assets created as a result of Energica acquisition for three months ended March 31, 2022 was $0.4 million.

The goodwill from the Energica acquisition represents future economic benefits that we expect to achieve as a result of the Energica acquisition, Goodwill is calculated as the excess of the consideration transferred over the net assets acquired and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The goodwill is not expected to be deductible for tax purposes. Goodwill will not be amortized but instead will be tested for impairment at least annually and more frequently if certain indicators of impairment are present.

Revenue of $0.4 million and net loss of $0.8 million for the three months ended June 30, 2022, respectively, have been included in the condensed consolidated financial statements. As the Company did not consolidate Energica prior to the acquisition date of March 14, 2022, there are no results to disclose, these have been included in the unaudited proforma information below.

2021 Acquisitions

The Company completed the below acquisitions in 2021. The accompanying condensed consolidated financial statements include the operations of the acquired entities from their respective acquisition dates. All of the acquisitions have been accounted for as business combinations. Accordingly, consideration paid by the Company to complete the acquisitions is initially allocated to the acquired assets and liabilities assumed based upon their estimated acquisition date fair values. The recorded amounts for assets acquired and liabilities assumed are provisional and subject to change during the measurement period, which is up to 12 months from the acquisition date. Management considers the valuations final for the 2021 Acquisitions.

The acquisitions below are collectively defined as the 2021 Acquisitions.

Timios

On January 8, 2021 the Company purchased 100% of Timios and its affiliates, a privately held company, pursuant to a stock purchase agreement for a purchase price of $40.0 million, net of cash acquired of $6.5 million. The purchase price was paid in cash and pursuant to the Agreement, $5.1 million of the cash consideration was paid into escrow pending a one year indemnification review.

Timios is a nationwide title and settlement solutions provider, which has been expanding in recent years though offering innovative solutions for real estate transactions, including residential and commercial title insurance, closing and settlement services, as well as specialized offers for the mortgage industry. The Company expects Timios to become one of the cornerstones of the Company's fintech business unit.

Revenue of $9.9 million and $27.6 million and net loss of $2.0 million and net income of $3.4 million for the three months ended March 31, 2022 and 2021, respectively, have been included in the condensed consolidated financial statements.

The final purchase price allocation for Timios is summarized in the table below.

Refer to Note 10 for information related to an impairment charge recognized for the Timios reporting unit during the year ended December 31, 2021.

WAVE

On January 15, 2021 the Company purchased 100% of WAVE, a privately held company, pursuant to an agreement and plan of merger for a purchase price of $15.0 million of cash plus a total of 12.6 million unregistered shares of the Company's common stock, valued at $40.0 million at the date of closing. Pursuant to the Wave Agreement, $5.0 million of the cash consideration was paid into escrow pending a one year indemnification review. The WAVE Agreement provided that 3.6 million shares of the Company's common stock be held back at closing, to be released upon the receipt of certain customer consents not obtained prior to closing.

WAVE is a technology company focused on creating practical and economical solutions for the worldwide transit and off-road EV markets and is a leading provider of wireless charging solutions for medium and heavy duty EVs. The Company expects WAVE to create immediate synergies with its existing EV initiatives as it brings wireless charging to the Company's current product offerings.

As of March 31, 2022, 0.5 million of the Company's common stock remains unissued pending receipt of a final consent. Since receipt of this consent is probable, the Company has included the total common shares to be issued as contingent consideration as of the acquisition date of $11.4 million as of the acquisition date. Pursuant to the original agreement, if any such consent is not obtained within six months following the closing date, the portion of the common stock allocated to such consent in the agreement would not be issued to the sellers. The Company has extended the time frame for this contractual provision as the receipt of the consents is outside the control of the former WAVE shareholders.

In addition to the purchase price to be paid at closing, the WAVE Agreement contains three earnouts that could result in additional payments of up to $30.0 million to the sellers based upon: (1) revenue and gross profit margin metrics in calendar year 2021; (2) revenue and gross profit margin metrics in calendar year 2022; and (3) revenue and gross profit margin metrics for 2021 and 2022 collectively. The Company considers this earnout to be contingent consideration that as of the acquisition date is unlikely to occur and has therefore attributed zero value for purposes of the preliminary purchase price allocation. No earnout was either recorded or earned for the periods ending December 31, 2021 and March 31, 2022. The Company will continue to monitor the fair value of this contingent considerations with any changes being recorded in the consolidated statement of operations if and when a change occurs.

The Company has also agreed to a performance and retention plan for the benefit of certain WAVE's employees which could result in up to $10.0 million paid to such employees if certain gross revenue targets and certain gross profit margins are achieved for calendar years 2021 and 2022. The Company has concluded that this performance and retention plan does not constitute purchase consideration and will be recorded as compensation expense when the criteria are probable of being met. The Company has not accrued any of this retention plan as the revenue and gross profit margin criteria are not probable of being met.

Revenue of $0.5 million and $1.8 million and net loss of $3.3 million and $0.6 million, for the three months ended March 31, 2022 and 2021, respectively, have been included in the condensed consolidated financial statements.

The final purchase price allocation for WAVE is summarized in the table below.

Refer to Note 10 for information related to an impairment charge recognized for the WAVE reporting unit during the year ended December 31, 2021.

US Hybrid

On June 10, 2021, the Company purchased 100% of US Hybrid, a privately held company, pursuant to an agreement and plan of merger for a purchase price of $50.0 million in a combination of $30.0 million in cash and 6.6 million in unregistered shares of the Company's common stock, valued at $20.9 million at the date of closing. Pursuant to the agreement, $1.0 million of cash consideration was paid into escrow pending a true up of net working capital within 90 days of the closing date. The agreement provided that the 6.6 million shares were paid into an indemnity escrow to satisfy future indemnification obligations of the selling shareholders, if any.

US Hybrid specializes in the design and manufacturing of zero-emission electric powertrain components including traction motors, controllers, auxiliary drives, energy storage and fuel cell engines for electric, hybrid, and fuel cell medium and heavy-duty municipality vehicles, commercial trucks, buses, and specialty vehicles throughout the world. The Company expects US Hybrid to become another cornerstone in the Company's mission to reduce commercial fleet greenhouse gas emissions through advanced EV technologies and forward-thinking partnerships.
The Company has also agreed to a performance and retention plan for the benefit of certain US Hybrid employees which could result in up to $16.7 million paid to such employees if certain gross revenue targets, gross profit margins and certain operational targets are achieved for calendar years 2021, 2022 and 2023. The Company has concluded that this performance and retention plan does not constitute purchase consideration and will be recorded as compensation expense when the criteria are probable of being met. As of March 31, 2022 the Company has accrued $1.0 million of this retention plan as certain criteria for the first performance period continue to be partially met. Criteria associated with the second and third performance periods are not probable of being met and will be evaluated on a regular basis once those performance periods commence.

Revenue of $0.3 million and net loss of $1.9 million, for the three months ended March 31, 2022, respectively, have been included in the condensed consolidated financial statements. As the Company did not consolidate US Hybrid until the acquisition date of June 10, 2021 there is no comparative activity, this has been included in the Unaudited Proforma Information below.

The final purchase price allocation for US Hybrid is summarized in the table below.

Refer to Note 10 for information related to an impairment charge recognized for the US Hybrid reporting unit during the year ended December 31, 2021.

Solectrac

On June 11, 2021, the Company purchased the remaining 78.6% of Solectrac, a privately held company, pursuant to an agreement and plan of merger for a purchase price of $18.0 million. The Company had previously acquired 21.4% of Solectrac in 2020. The Company now owns 100% of Solectrac. The purchase price was paid in cash and pursuant to the agreement $2.0 million of cash consideration was paid into an indemnity escrow to satisfy future indemnification obligations of the selling shareholders, if any. In conjunction with the acquisition of Solectrac, the Company remeasured the 21.4% previously accounted for as an equity method investment. The Company remeasured the previous equity investment by grossing up the value of the 21.4% equity ownership to reflect the proceeds paid to gain control of Solectrac. This remeasurement resulted in a gain of $2.9 million recorded in the year ended December 31, 2021, this was recorded in Gain on remeasurement of investment, in our consolidated statement of operations.

Solectrac is a manufacturer and distributor of clean agricultural equipment of 100% battery-powered, all-electric tractors for agriculture and utility operations. Solectrac tractors provide an opportunity for farmers around the world to power their tractors by using the sun, wind, and other clean renewable sources of energy. The Company expects Solectrac to create immediate synergies with its existing EV initiatives as it brings a rapidly growing agricultural sector to the Company's current product offerings.

In addition to the purchase price to be paid at closing, the Solectrac Agreement contains three earnouts that could result in additional payments of up to $6.0 million to the sellers based upon: (1) revenue and gross profit margin metrics in calendar year 2021; (2) revenue and gross profit margin metrics in calendar year 2022; and (3) revenue and gross profit margin metrics in calendar year 2023. The Company considers this earnout to be contingent consideration that as of the acquisition date is probable to occur in certain years and has attributed $2.4 million as additional consideration for purposes of the preliminary purchase price allocation. Of the $2.4 million, $1.6 million was included in the purchase price allocation and $0.8 million has been recorded as an expense for the year ended December 31, 2021 in the consolidated statement of operations, other income (expense) caption. The Company will continue to monitor the fair value of this contingent consideration with any changes being recorded in the consolidated statement of operations if and when a change occurs.

The Company has also agreed to a performance and retention plan for the benefit of certain Solectrac employees which could result in up to $3.0 million paid to such employees if certain gross revenue targets, gross profit margins and certain operational targets are achieved for calendar years 2021, 2022 and 2023. The Company has concluded that this performance and retention plan does not constitute purchase consideration and will be recorded as compensation expense when the criteria are probable of being met. As of March 31, 2022 the Company has not accrued any of this retention plan as the various criteria are not yet probable of occurring.

Revenue of $1.1 million and net loss of $2.8 million, for the three months ended March 31, 2022, respectively, have been included in the condensed consolidated financial statements. As Solectrac was not consolidated until the acquisition date of June 11, 2021 there is no comparative activity, this has been included in the Unaudited Proforma Information below.

The final purchase price allocation for Solectrac is summarized in the table below.
Refer to Note 10 for information related to an impairment charge recognized for the Solectrac reporting unit during the year ended December 31, 2021.

Acquisition Method Accounting Estimates

The table below reflects the Company's final purchase price allocations of the acquisition date fair values of the assets acquired and liabilities assumed for the 2021 Acquisitions (in thousands):

	Solectrac	US Hybrid	Timios	WAVE
Purchase Price				
Cash paid at closing, including working capital estimates	$ 18,025	$ 30,139	$ 46,576	$ 15,000
Fair value of previously held interest	5,287	—		
Fair value of common stock	—	20,877	—	28,616
Fair value of contingent consideration	1,640	—	—	11,418
Total purchase consideration	$ 24,952	$ 51,016	$ 46,576	$ 55,034
Purchase Price Allocation				
Assets acquired				
Current assets	2,700	3,793	7,292	2,820
Property, plant and equipment	30	5	429	—
Other assets	45	52	48	—
Intangible assets – tradename	4,210	1,740	8,426	12,630
Intangible assets – lender relationships	—	—	16,600	—
Intangible assets - technology	2,350	5,110		
Intangible assets – patents	—	—	—	13,000
Intangible assets - non-compete	—	520	—	—
Intangible assets – licenses	—	—	1,000	—
Indefinite lived title plant	—	—	500	—
Goodwill	17,714	42,218	21,824	35,689
Total assets acquired	27,049	53,438	56,119	64,139
Liabilities assumed:				
Current liabilities	(509)	(1,602)	(4,306)	(4,578)
Deferred tax liability	(1,588)	(820)	(5,237)	(4,527)
Total liabilities assumed	(2,097)	(2,422)	(9,543)	(9,105)
Net assets acquired	$ 24,952	$ 51,016	$ 46,576	$ 55,034

Intangible Assets

During the year-ended December 31, 2021 the Company identified impairment indicators related to the 2021 Acquisitions resulting from changing market conditions and sustained supply chain issues that negatively impacted the subsidiaries' projections. The Company impaired all of the intangible assets for WAVE, US Hybrid and Solectrac. The intangibles assets related to Timios were partially impaired. Refer to Note 10 of the Form 10-K filed on September 2, 2022 for additional details of the impairment. The table below represents the useful lives for the remaining intangibles assets related to the 2021 Acquisitions:

	Timios
Intangible assets – tradename	15
Intangible assets – lender relationships	7
Intangible assets – licenses	15
Weighted average useful life	10

The estimated amortization expense adjusted for the impairment related to the remaining intangible assets for each of the years subsequent to March 31, 2022 is as follows (amounts in thousands):

2022 remaining	$	699
2023		932
2024		933
2025		933
2026		933
2026 and beyond		5,296
Total	$	9,726

Amortization expense related to the 2021 Acquisitions was $0.4 million and $0.8 million for the three months ended March 31, 2022 and 2021, respectively.

Goodwill

Cumulative Goodwill, excluding any impairments, in the amount of $117.4 million was recorded as a result of the 2021 Acquisitions. The goodwill from the 2021 Acquisitions represent future economic benefits that we expect to achieve as a result of the acquisitions period, Goodwill is calculated as the excess of the consideration transferred over the net assets acquired and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The goodwill is not expected to be deductible for tax purposes for any of the 2021 Acquisitions. Goodwill will not be amortized but instead will be tested for impairment at least annually and more frequently if certain indicators of impairment are present.

Refer to Note 10 for information related to an impairment charge recognized for the 2021 Acquisitions during the year ended December 31, 2021. This impairment charge reflected the impact of changing market conditions and sustained supply chain issues that negatively impacted the subsidiaries' projections.

2021 and 2022 Transaction Costs

Transaction costs describe the broad category of costs the Company incurs in connection with signed and/or closed acquisitions. Transaction costs include expenses associated with legal, accounting, regulatory, and other transition services rendered in connection with acquisition, travel expense, and other non-recurring direct expenses associated with acquisitions.

- The Company incurred transaction costs of $0.2 million and $0.3 million during the three months ended March 31, 2022 and 2021, related to the 2021 Acquisitions, immaterial transactions and the evaluation of other opportunities, respectively, other than Energica.

- The Company incurred transaction costs of $0.6 million during the three months ended March 31, 2022 related to the Energica acquisition.

Transaction costs have been included in selling, general and administrative expenses in the condensed consolidated statements of operations and in cash flows from operating activities in the condensed consolidated statements of cash flows.

Unaudited Pro forma Financial Information

The unaudited pro forma results presented below include the effects of the Company’s acquisitions as if the acquisitions had occurred on January 1, 2021. The Company filed an Amended Form 8-K on April 6, 2021 to disclose unaudited pro forma financial information, and explanatory notes, related to the acquisition of Timios as it met the criteria of a significant acquisition. The remainder of the 2021 Acquisitions and the Energica acquisition did not meet the criteria of a significant acquisition, in aggregate or individually.

The pro forma adjustments are based on historically reported transactions by the acquired companies. The pro forma results do not include any material, nonrecurring adjustments directly attributable to the 2021 Acquisitions or the Energica acquisition. The pro forma results do not include any anticipated synergies or other expected benefits of the acquisitions. The unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisitions occurred on January 1, 2021.

	Three Months Ended	
(Amounts in thousands, except per share and share data)	March 31, 2022	March 31, 2021
Total revenue	$ 28,523	$ 34,436
Net loss attributable to IDEX common shareholders	(30,141)	(12,010)
Earnings (loss) per share		
Basic and Diluted	$ (0.06)	$ (0.03)
Weighted average shares outstanding		
Basic and Diluted	497,359,747	393,191,290

Dispositions

Seven Stars Energy Pte. Ltd.

On February 9, 2022, the Company transferred its 51.0% interest in Seven Starts Energy Pte. Ltd. to Fan Yurong, a current shareholder of SSE, for a nominal amount.

The Company recognized a disposal loss of $0.5 million as a result of the deconsolidation of SSE and such loss was recorded in “Loss on disposal of subsidiaries, net” in the condensed consolidated statements of operations for the three months ended March 31, 2022.

Grapevine

On April 20, 2021, Ideanomics entered into a stock purchase agreement with FNL the owner and operator of the social media platform Hoo.be, pursuant to which Ideanomics made an investment into FNL, including cash, Ideanomics common stock, and 100% of the common stock outstanding of Grapevine, a wholly-owned subsidiary of the Company focused on influencer marketing. Subsequent to this transaction, the Company owned 29.0% of the outstanding common stock of FNL.

The Company recognized a disposal loss of $1.2 million as a result of the deconsolidation of Grapevine, and such loss was recorded in “Loss on disposal of subsidiaries, net” in the condensed consolidated statements of operations. Through its ownership in FNL, the Company has retained a 29.0% interest in Grapevine. The disposal loss of $1.2 million includes the adjustment recorded to adjust the retained interest of 29.0% in Grapevine to its fair value on the date of disposal. The fair value of the retained interest in Grapevine was determined based on the present value of estimated future cash flows which are Level 3 unobservable inputs in the fair value hierarchy. The Company prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic industry and market conditions.

Refer to Note 9 for additional information concerning the investment in FNL.

Note 8. Accounts Receivable

The following table summarizes the Company's accounts receivable (in thousands):

	March 31, 2022	December 31, 2021
Accounts receivable	$ 5,002	$ 4,945
Less: allowance for doubtful accounts	(1,609)	(1,607)
Accounts receivable, net	$ 3,393	$ 3,338

As of March 31, 2022 and December 31, 2021, the gross balance includes the taxi commission revenue receivables from the related party Qianxi of $1.3 million and $1.3 million, respectively. These balances are fully reserved in the balances stated above.

The following table summarizes the movement of the allowance for doubtful accounts (in thousands):

	March 31, 2022	December 31, 2021
Balance at the beginning of the period	$ (1,607)	$ (1,219)
Increase in the allowance for doubtful accounts	—	(350)
Effect of change in foreign currency exchange rates	(2)	(38)
Balance at the end of the period	$ (1,609)	$ (1,607)

For the quarter ended March 31, 2022, the Company did not increase its allowance for doubtful accounts for accounts receivable from a third-party. In the year ended December 31, 2021, the Company increased its allowance for doubtful accounts by $0.4 million for accounts receivable from a third-party.

Note 9. Property and Equipment, net

The following table summarizes the Company's property and equipment (in thousands):

	March 31, 2022	December 31, 2021
Furniture and office equipment	$ 2,234	$ 1,432
Vehicle	901	900
Leasehold improvements	1,368	581
Machinery and equipment	2,134	825
Total property and equipment	6,637	3,738
Less: accumulated depreciation	(1,090)	(833)
Property and equipment, net	$ 5,547	$ 2,905

The Company recorded depreciation expense of $0.3 million and $0.1 million, which is included in its operating expense, for the three months ended March 31, 2022 and 2021, respectively.

Fintech Village

On January 28, 2021, the Company's Board accepted an offer of $2.8 million for Fintech Village, which was a 58-acre former University of Connecticut campus in West Hartford and subsequently signed a sale contract on March 15, 2021. The Company estimated the costs to sell Fintech Village to be $0.2 million and recorded these costs in "Loss on disposal of subsidiaries, net"

In the three months ended December 31, 2021, the Company closed on the sale of Fintech Village for $2.8 million, excluding commissions and other costs of $0.2 million.

The asset retirement obligations were derecognized in the three months ended December 31, 2021.

Note 10. Goodwill and Intangible Assets

A reporting unit is the level at which goodwill is tested for impairment, and is defined as an operating segment or one level below an operating segment, if certain criteria are met. Under its current corporate structure, the Company has one operating segment and seven reporting units.

Goodwill

The following table summarizes changes in the carrying amount of goodwill (in thousands):

Balance as of January 1, 2021	$	705
Measurement period adjustment		186
Impairment (a,b,c,d,e)		(101,470)
Acquisitions		117,445
Effect of change in foreign currency exchange rates		(1)
Disposal of Grapevine (d)		(704)
Balance as of December 31, 2021		16,161
Acquisitions		58,689
Effect of change in foreign currency exchange rates		904
Balance as of March 31, 2022	$	75,754

(a) On July 26, 2021, Timios experienced a systems outage that was caused by a cybersecurity incident, which caused disruption to parts of Timios' business, including its ability to perform its mortgage title, closing and escrow services offerings. This resulted in an adverse impact on Timios' revenues in that one significant customer was lost and other customers have reduced their volume. The Company determined that an indicator of potential impairment existed and decided to perform an interim quantitative tangible and intangible asset and goodwill impairment tests for its Timios reporting unit.

Based on the results of this interim quantitative impairment test, the fair value of the Timios reporting unit was below the carrying value of its net assets. The decline in the fair value of the Timios reporting unit resulted from the cybersecurity event described above, which lowered the projected revenue and profitability levels of the reporting unit. The fair value of the Timios reporting unit was based on the income approach. Under the income approach, the Company estimated the fair value of the reporting unit based on the present value of estimated future cash flows which are Level 3 unobservable inputs in the fair value hierarchy. The Company prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic industry and market conditions. The Company based the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the Timios' ability to execute on the projected cash flows. The fair value of Timios' reporting unit is based on management's best estimates, and should actual results differ from those estimates, future impairment charges may be required in future periods.

The quantitative analysis indicated that the carrying amount of the Timios reporting unit exceeded its fair value by $19.5 million. As a result, the Company recorded a goodwill impairment charge of $5.6 million, and impairment charges related to the Timios tradename and lender relationships of $0.7 million and $13.2 million, respectively, in the three months ended September 30, 2021.

(b) For the year ended December 31, 2021, market conditions and supply chain issues have had an adverse impact on WAVE's business forecasts. The projections have negatively impacted WAVE's performance, resulting in lower gross margins and revenue forecasts being reduced. As a result, the Company recorded a goodwill impairment charge of $35.7 million for the year ended December 31, 2021.

(c) For the period ended December 31, 2021, market conditions and supply chain issues have had an adverse impact on US Hybrid's business forecasts. The projections have negatively impacted US Hybrid's performance, resulting in lower gross margins and revenue forecasts being reduced. As a result, the Company recorded a goodwill impairment charge of $42.2 million for the year ended December 31, 2021.

(d) During the three months ended June 30, 2021, the Company completed the sale of Grapevine. Refer to Note 8 for additional information.

(e) For the period ended December 31, 2021, market conditions and supply chain issues have had an adverse impact on Solectrac's business forecasts. The projections have negatively impacted Solectrac's performance, resulting in lower gross margins and revenue forecasts being reduced. As a result, the Company recorded a goodwill impairment charge of $17.7 million for the year ended December 31, 2021

Intangible Assets

The following table summarizes information regarding amortizing and indefinite lived intangible assets (in thousands):

	March 31, 2022					December 31, 2021			
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Impairment Loss	Net Balance	Gross Carrying Amount	Impairment Loss	Accumulated Amortization	Net Balance
Amortizing Intangible Assets									
Continuing membership agreement (a)	17.3	$ 1,179	$ (657)	$ —	$ 522	$ 1,179	—	$ (649)	$ 530
Patents, trademarks and brands (c,e,f,g,h)	55.6	22,526	(718)	(672)	21,136	39,820	(30,492)	(2,715)	6,613
Customer relationships	14.5	14,445	(105)	—	14,340				
Land use rights (b)	96.8	26,928	(465)	—	26,463	27,102	—	(411)	26,691
Licenses (c)	13.8	1,000	(82)	—	918	1,000	—	(65)	935
Lender relationships (c	5.8	14,790	(1,737)	(10,740)	2,313	16,600	(12,550)	(1,638)	2,412
Internally developed software (d)	2.3	553	(112)	—	441	452	—	(76)	376
Software (g,i)	11.5	4,492	(444)	—	4,048	4,492	—	(178)	4,314
Non-compete (h)	0	—	—	—	—	520	(463)	(57)	—
Technology (g,i)	8	18,890	(138)	—	18,752	7,460	(7,113)	(347)	—
Assembled workforce	1.7	150	(25)	—	125	150	—	(6)	144
Total		104,953	(4,483)	(11,412)	89,058	98,775	(50,618)	(6,142)	42,015
Indefinite lived intangible assets									
Timios Title plant (c)		500	—	—	500	500	—	—	500
Website name		25	—	—	25	25	—	—	25
Title License		6	—	(6)	—	6	—	—	6
Total		$ 105,484	$ (4,483)	$ (11,418)	$ 89,583	$ 99,306	$ (50,618)	$ (6,142)	$ 42,546

(a) During the three months ended September 30, 2019 the Company completed the acquisition of additional shares in DBOT, which increased its ownership to 99.0%. Intangible assets of $8.3 million were recognized on the date of acquisition. As part of the determination of the fair value of DBOT's intangible assets mentioned above, the Company utilized the cost method to determine the fair value of the continuing membership agreement, and determined the fair value was $0.6 million, and recorded an impairment loss of $7.1 million. The Company also recorded an impairment loss of $30,000 related to DBOT's customer list.

(b) During the three months ended December 31, 2021, the Company completed the acquisition of a 51.0% interest in Tree Technologies, a Malaysian company engaged in the EV market. As part of the acquisition, Tree Technologies acquired an exclusive right to market and distribute the EVs manufactured by Tree Manufacturing. Upon acquisition, the fair value of this agreement was determined to be $11.3 million. In the three months ended December 31, 2020, Tree Technologies obtained a domestic EV manufacturing license in Malaysia; and therefore determined it would not purchase vehicles from Tree Manufacturing. The Company subsequently severed all commercial relationships with Tree Manufacturing. Accordingly, the Company determined there was no underlying value to the marketing and distribution agreement, and recorded an impairment loss of $12.5 million.

(c) During the three months ended March 31. 2021, the Company completed the acquisition of 100.0% interest in Timios. Refer to Note 7 for additional information related to the acquisition.

(d) Relates to software development costs capitalized during the three months ended September 30, 2021 at Timios. The asset was placed into service in July 2021.

(e) During three months ended March 31. 2021, the Company completed the acquisition of 100.0% interest in WAVE. Refer to Note 7 for additional information related to the acquisition.

(f) During the three months ended June 30, 2021, the Company completed a stock purchase agreement with FNL, pursuant to which Ideanomics made an investment into FNL, including cash, Ideanomics common stock, and 100% of the common stock outstanding of Grapevine.

(g) During three months ended June 30, 2021, the Company completed the acquisition of privately held Solectrac. Solectrac develops 100% battery-powered, all-electric tractors for agriculture and utility operations. Refer to Note 7 for additional information related to the acquisition.

(h) During three months ended June 30, 2021, the Company completed the acquisition of privately held US Hybrid Corporation. US Hybrid specializes in the design and manufacturing of zero-emission electric powertrain components. Refer to Note 7 for additional information related to the acquisition.

(i) Relates to software costs capitalized during the nine months ended September 30, 2021.

Amortization expense relating to intangible assets was $1.0 million for the three months ended March 31, 2022 and 2021, respectively.

The following table summarizes the expected amortization expense for the following years (in thousands):

Years ending December 31,	Amortization to be recognized
2022 (excluding the three months ended March 31, 2022)	$ 4,907
2023	6,544
2024	6,385
2025	5,683
2026	5,801
2027 and thereafter	59,738
Total	$ 89,058

Note 11. Long-term Investments

The following table summarizes the Company’s long-term investments (in thousands):

	March 31, 2022	December 31, 2021
Non-marketable equity investments	$ 7,500	$ 7,500
Equity method investments	15,573	28,088
Total	$ 23,073	$ 35,588

Non-marketable equity investment

Our non-marketable equity investments are investments in privately held companies without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

The Company reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Company considers the investee’s cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management’s assessment indicates that an impairment exists, the Company estimates the fair value of the equity investment and recognizes an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. Based on management's analysis of certain investment's performance, the Company determined that there was a no impairment loss recorded in the three months ended March 31, 2022 and 2021, respectively.

The following table summarizes the Company's investment in companies accounted for using the equity method of accounting (in thousands):

		March 31, 2022							
		January 1, 2022	Addition	Income (loss) on investment	Reclassification to equity method investee	Impairment losses	Reclassification to subsidiaries	Dilution loss due to investee share issuance	March 31, 2022
Energica	(b)	12,329	—	(1,031)	—	—	(11,298)	—	—
FNL	(c)	2,856	—	(217)	—	—	—	—	2,639
MDI Fund	(d)	3,765	121	59	—	—	—	—	3,945
PEA	(f)	9,138		(149)					8,989
Total		$ 28,088	$ 121	$ (1,338)	$ —	—	$ (11,298)	$ —	$ 15,573

The Company has received no dividends from equity method investees in the three months ended March 31, 2022 and 2021.

(a) Solectrac

On October 22, 2020, the Company acquired 1.4 million common shares, representing 15.0% of the total common shares outstanding, of Solectrac for a purchase price of $0.91 per share, for total consideration of $1.3 million. On November 19, 2020, Ideanomics acquired an additional 1.3 million shares of common stock for $1.00 per share, for a subsequent investment of $1.3 million. The Company's ownership in Solectrac was diluted to 24.3% as of March 31, 2021 due to the new share issuance by Solectrac during the three months ended March 31, 2021.

On June 11, 2021, Ideanomics entered into a stock purchase agreement and plan of merger with Solectrac and its shareholders, and acquired the remaining common shares outstanding of Solectrac for total consideration of $18.0 million. Ideanomics now owns 100% of Soletrac, and commenced consolidation of Solectrac on that date.

Refer to Note 7 for additional information on the acquisition of Solectrac.

(b) Energica

On March 3, 2021, the Company entered into an investment agreement with Energica. The Company invested €10.1 million ($13.6 million) for 6.1 million ordinary shares of Energica at a subscription price of €1.78 ($2.21) for each ordinary share. Pursuant to the purchase of the shares the Company will hold 20.0% of Energica's share capital. From March 3, 2021 through September 30, 2021 the Company has the right to participate in any equity financing by Energica. Ideanomics was restricted from selling any of the shares for a period of 90 days.

Energica is the world's leading manufacturer of high performance electric motorcycles and the sole manufacturer of the FIM Enel MotoE™ World Cup. Energica motorcycles are currently on sale through the official network of dealers and importers.

The Company has decided to account for Energica on a one quarter lag as Energica, which is publicly traded on the Milan stock exchange, is only required to prepare and file semi-annual and annual financial statements, and the time frame in which the filings must be complete is much more lenient than in the U.S. Energica prepares its financial statements in accordance with Article 2423 et seq of the Italian Civil Code, rather than U.S. GAAP. Energica's financial statements will either be prepared in or reconciled to U. S. GAAP prior to the Company recording its share of Energica's earnings or losses, and the one quarter lag will be utilized to accomplish this, as well as related disclosure matters.

As of March 31, 2022, the excess of the Company's investment over its proportionate share of Energica's net assets was $10.9 million. The difference represents goodwill.

Certain shareholders of Energica have rights such that they may convert their ordinary shares into ordinary shares with supervoting rights under certain conditions. If some or all of these ordinary shares were converted into ordinary shares with supervoting rights, the Company's ownership in Energica would be diluted, perhaps significantly.

The aggregate market value of the Energica common shares owned by the Company was $22.5 million as of March 31, 2022.

(c) FNL

On April 20, 2021, Ideanomics entered into a stock purchase agreement with FNL, pursuant to which Ideanomics made an investment into FNL, which included the investment of $2.9 million cash into FNL, the issuance of 0.1 million shares of Ideanomics common stock, and 100.0% of the common stock outstanding of Grapevine. Ideanomics received 0.6 million shares of common stock of FNL at a subscription price of $8.09 per share of common stock, and Ideanomics also converted a $250,000 SAFE into 30,902 shares of common stock. The Company determined that the basis in the FNL investment is the aggregate of the cash invested, including the SAFE, the fair value of the Ideanomics common stock issued, and the fair value of Grapevine. As a result of this transaction, Ideanomics owns 29.0% of the common stock outstanding of FNL, and FNL appointed Alfred Poor, Ideanomics' Chief Executive Officer, to be a member of its board of directors.

The Company has decided to account for FNL on a one quarter lag, as FNL is in the development stage and will require the additional time to prepare financial statements in accordance with U.S. GAAP.

(d) Minority Depository Institution Keepers Fund

On July 26, 2021, the Company entered into a subscription agreement to invest $25.0 million in the MDI Fund. The MDI Fund an organization of minority-owned banks that aim to increase inclusivity in the financial services industry, is sponsored by the National Bankers' Association. The MDI Fund will provide capital resources primarily in low and moderate income areas to grow a more skilled workforce, increase employment opportunities, and support businesses' growth among minority and underserved communities. The initial investment of $0.6 million was made on July 26, 2021.

The Company has decided to account for MDI on a one quarter lag, the MDI Fund reporting requirements differ from the Company's quarterly reporting schedule.

(e) TM2

On January 28, 2021, the Company entered into a SAFE with TM2. As of August 13, 2021, the SAFE was amended to which Ideanomics would invested €5.0 million ($5.9 million), an increase in the investment of €3.5 million ($4.1 million), from the original contracted investment of €1.5 million ($1.8 million.) If there is an equity financing (of above €5.0 million ($6.8 million) during the twelve months immediately following execution of the SAFE, on the initial closing of such equity financing the SAFE will automatically convert into the number of ordinary shares equal to the purchase amount divided by the lowest price per share of the ordinary shares paid during such equity financing. If no equity financing has taken place during the twelve-month period immediately following the date of the SAFE, the parties shall in good faith attempt for one month to agree to a fair value per ordinary share represented by the SAFE, following which the SAFE shall convert into the number of ordinary shares equal to the purchase amount divided by such fair value. If the parties are unable to establish a fair value per ordinary share within such one-month period, the Company shall be entitled to convert the purchase amount into ordinary shares based on the pre-investment valuation of the Company of €10.0 million ($11.1 million) on December 20, 2019, plus the value of any investment into the SAFE since the original investment resulting in a current valuation of the Company of €11.0 million ($12.5 million), but subject to increase by the amount of any further debt, equity, convertible investment prior to January 28 2022. In the event of a non-qualifying financing, TM2 shall provide the Company with sufficient information to verify such funding and increase in valuation. The Company accounts for TM2 as an equity method investment, as it holds a 10.0% equity ownership interest and has one of four seats on the board of directors.

(f) PEA

On August 2, 2021, the Company announced a strategic investment in PEA, a business unit within the Prettl Group, a large German industrial company that manufactures and distributes components and systems for the automotive, energy, and electronics industries. The terms include a strategic investment of €7.5 million ($9.1 million) for 11,175 preferred shares. Ideanomics will receive exclusive sales and distribution rights for PEA charging infrastructure products and solutions in North America and CEO Alf Poor will join PEA's Board of Directors. The Company received legal ownership as of October 19, 2021, after payment of €7.5 million ($9.1 million) representing a 30% equity ownership.

Note 12. Leases

As of March 31, 2022 and December 31, 2021, the Company's operating lease right of use assets are $18.8 million and $12.8 million, respectively. The weighted-average remaining lease term is 5.7 and the weighted-average discount rate is 4.9%.

The following table summarizes the components of lease expense (in thousands):

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Operating lease cost	$ 1,014	$ 169
Short-term lease cost	133	88
Sublease income	—	—
Total	$ 1,147	$ 257

The following table summarizes supplemental information related to leases (in thousands):

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,042	$ 165
Right of use assets obtained in exchange for new operating lease liabilities	6,746	1,763

The additional right of use assets were primarily acquired in the Tree Technologies, Energica, WAVE and Solectrac acquisitions. The facilities acquired are primarily office buildings and warehouses in Asia, Europe and U.S. locations where they conduct business.

The following table summarizes the maturity of operating lease liabilities (in thousands):

March 31	**Leased Property Costs**
2022 (excluding the three months ended March 31, 2022)	$ 3,515
2023	4,637
2024	3,514
2025	3,037
2026	2,460
2026 and thereafter	4,118
Total lease payments	21,281
Less: interest	(2,780)
Total	$ 18,501

In the three months ended March 31, 2022, the Company acquired two finance leases through an acquisition of Energica, the manufacturer of high-performance electric motorcycles with a six-year and two-year remaining life for a service center and an office facility, respectively. In Asia, the Company acquired a two-year operating lease for a manufacturing facility for EV bikes, scooters, and batteries. In the U.S., the Company acquired two operating leases, one of which has a two-year term for a general office building and the other lease, has a ten-year life for a warehouse and office facility used primarily for fabrication, assembly, production, and storage of battery-powered electric tractors.

Note 13. Promissory Notes

The following table summarizes the outstanding promissory notes as of March 31, 2022 and December 31, 2021 (dollars in thousands):

		March 31, 2022		December 31, 2021	
	Interest Rate	Principal Amount	Carrying Amount*	Principal Amount	Carrying Amount*
Convertible Debenture (a)	4.0%	$ 57,500	$ 58,376	57,500	57,809
Small Business Association Paycheck Protection Program (b)	1.0%	288	288	311	312
Energica lending arrangements (c)	0.05% - 4.5%	—	5,507	—	—
Total		$ 57,788	64,171	$ 57,811	$ 58,121
Less: Current portion			(62,321)		(58,121)
Long-term Note, less current portion			$ 1,850		$ —

*Carrying amount includes the accrued interest and approximates the fair value because of the short term nature of these instruments.

As of March 31, 2022 and December 31, 2021, all debts are classified as current.

The weighted average interest rate for these borrowings is 4.0% as of March 31, 2022 and December 31, 2021, respectively.

As of March 31, 2022, and December 31, 2021 the Company was in compliance with all ratios and covenants.

(a) $75.0 million Convertible Debenture due October 24, 2022 – YA II PN

On October 25, 2021, the Company executed a security purchase agreement with YA II PN, whereby the Company issued a convertible note of $75.0 million, and received aggregate gross proceeds of $75.0 million. The note is scheduled to mature on October 24, 2022 and bears interest at an annual rate of 4.0%, which would increase to 18.0% in the event of default. The note has a fixed conversion price of $1.88. The conversion price is not subject to adjustment except for subdivisions or combinations of common stock. The Company has the right, but not the obligation, to redeem a portion or all amounts outstanding under this note prior to the maturity date at a cash redemption price equal to the principal to be redeemed, plus accrued and unpaid interest. The note contained customary events of default, indemnification obligations of the Company and other obligations and rights of the parties. Commencing February 1, 2022, the Company has the obligation to redeem $8.3 million per month, against the unpaid principal. This amount may be reduced by any conversions by YA II PN or optional redemptions made by the Company.

During the three months ended March 31, 2022, none of the principal or accrued interest were converted into shares of common stock of the Company.

During the three months ended December 31, 2021, principal and accrued and unpaid interest in the amount of $17.6 million was converted into 9.4 million shares of common stock of the Company. Total interest expense recognized was $0.6 million for the three months ended March 31, 2022

(b) Small Business Association Paycheck Protection Program

On Apr 10, 2020, the Company borrowed $0.3 million at an annual rate of 1.0% from a commercial bank through the Small Business Association Paycheck Protection Program. The loan was originally payable in 18 installments of $18,993 commencing on November 10, 2020, with a final payment due on April 10, 2022. With several amendments, the loan is currently payable monthly commencing on September 10, 2021, with a final payment due on April 10, 2025. The forgiveness application of the loan was submitted in August 2021. While the forgiveness application is under review, the Company has made payments totaling $31,674 of principal and interest during the year ended December 31, 2021 and $24,152 of principal and interest During the three months ended March 31, 2022. Interest expense recognized in connection with this loan was $568 and $832 in the three months ended March 31, 2022 and March 31, 2021 respectively for the Small Business Association Paycheck Protection Program.

On May 1, 2020 Grapevine borrowed $0.1 million at an annual rate of 1.0% from a commercial bank through the Small Business Association Paycheck Protection Program. The loan was originally payable in 18 installments of approximately $7,000 commencing on December 1, 2020, with a final payment due on May 1, 2022. With several amendments, the loan was payable commencing on October 1, 2021, with a final payment due on April 10, 2025. On April 20, 2021, the Company completed the disposal of Grapevine and the loan balance was deconsolidated from consolidated balance sheet. Interest expense recognized in connection with this loan was $1 and $306 in the three months ended March 31, 2022 and March 31, 2021 respectively for the Small Business Association Paycheck Protection Program.

(c) Energica Lending Arrangements

Energica is party to eleven individual instruments with different counterparties in Italy comprising an aggregate outstanding unpaid balance of $5.5 million. These instruments provide working capital for the Energica manufacturing operations through the combination of accounts receivable factoring, vendor financing programs and other secured asset-based lending arrangements. The instruments bear interest rates ranging from 0.05% to 4.5%, with a weighted average interest rate of 1.3%. $4.2 million of the payable will be due within one year, and $1.3 million of the payable will due between 2026 and 2028 in installments ranging 8 to 45 months. Due to the nature of the lending arrangements providing working capital, these arrangements are primarily classified as current liabilities and are secured primarily by Energica's related trade accounts receivable, inventory and other current assets.

Promissory Notes Issued and Repaid in the Year Ended December 31, 2021

During the year ended December 31, 2021, the Company issued several convertible debt instruments to YA II PN, the terms of which are summarized in the following table (principal and gross proceeds in thousands):

	YA II PN Note 1	YA II PN Note 2	YA II PN Note 3	YA II PN Note 4
Principal	$ 37,500	$ 37,500	$ 65,000	$ 80,000
Gross proceeds	$ 37,500	$ 37,500	$ 65,000	$ 80,000
Interest rate	4.0 %	4.0 %	4.0 %	4.0 %
Conversion price	$ 2.00	$ 3.31	$ 4.12	$ 4.95
Maturity dates	July 4, 2021	July 15, 2021	July 28, 2021	August 8, 2021

The conversion prices on the notes above were fixed, and were not subject to adjustment except for subdivisions or combinations of common stock. The Company had the right, but not the obligation, to redeem a portion or all amounts outstanding under these notes prior to their maturity date at a cash redemption price equal to the principal to be redeemed, plus accrued and unpaid interest. The notes contained customary events of default, indemnification obligations of the Company and other obligations and rights of the parties. In the event of default, the interest rate would increase to 18.0%.

During the year ended December 31, 2021, the notes, plus accrued and unpaid interest, were converted into 45.9 million shares of common stock of the Company, and one note of $80.0 million was repaid.

Vendor Notes Payable Repaid in the Year Ended December 31, 2021

On May 13, 2020, DBOT entered into a settlement agreement with a vendor whereby the existing agreement with the vendor was terminated, the vendor ceased to provide services, and all outstanding amounts were settled. In connection with this agreement, DBOT paid an initial $30,000 and executed an unsecured promissory note in the amount of $60,000, bearing interest at 0.25% per annum, and payable in two installments of $30,000. The first installment was due on December 31, 2020 and was repaid, the remaining payment was due on August 31, 2021 and was repaid.

In the three months ended March 31, 2020 the Company ceased to use the premises underlying one lease and vacated the real estate. In the three months ended June 30, 2020, the Company completed negotiations with the landlord to settle the remaining operating lease liability of $0.9 million by issuing a promissory note for $0.1 million, bearing an annual interest rate of 4.0%, and which was due and repaid as of December 31, 2021.

Note 14. Stockholders' Equity, Convertible Preferred Stock and Redeemable Non-controlling Interest

Convertible Preferred Stock

The Board of Directors has authorized 50.0 million shares of convertible preferred stock, $0.001 par value, issuable in series. As of March 31, 2022 and December 31, 2021, 7.0 million shares of Series A preferred stock were issued and outstanding. The

Series A preferred stock shall be entitled to one vote per common stock on an as-converted basis and is only entitled to receive dividends when and if declared by the Board.

Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time, at the office of the Company or any transfer agent for such stock, into ten fully paid and nonassessable shares of Common Stock, and redeemable at a stated dollar amount upon a merger/consolidation/change in control.

Upon the occurrence of a liquidation event, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, whether from capital, surplus or earnings, an amount per share equal to $0.50, as may be adjusted from time to time plus all accrued, but unpaid dividends, whether declared or not.

Common Stock

Our Board has authorized 1,500 million shares of common stock, $0.001 par value.

2022 Equity Transactions

The Company issued $0.5 million shares during the three months ended March 31, 2022 for professional service received and the employee stock option exercise.

2021 Equity Transactions

Redeemable Non-controlling Interest

The Company and Qingdao formed an entity named New Energy. Qingdao entered into a capital subscription agreement for a total of RMB 200.0 million ($28.0 million), and made the first capital contribution of RMB 50.0 million($7.0 million) in the three months ended March 31, 2020. The remaining RMB 150.0 million ($21.0 million) are payable in three installments of RMB 50.0 million ($7.0 million) upon New Energy attaining certain revenue or market value benchmarks.

The investment agreement stipulates that New Energy must pay Qingdao dividends at the rate of 6.0%. After one year, Qingdao may sell its investment to an institutional investor, and after three years may redeem its investment for the face amount plus 6.0% interest less dividends paid. The redemption feature was neither mandatory nor certain. Due to the redemption feature, the Company had classified the investment outside of permanent equity. Redeemable non-controlling interest is recorded as
at the greater of (i) the redemption amount or (ii) the cumulative amount that would result from applying the measurement guidance in ASC 810.

In the year ended December 31 2021, Qingdao officially requested redemption of the invested funds and dividend, RMB 56.0 million ($7.9 million) in total. The Company has designated New Energy to pay the redemption price. After the payment, New Energy owns 100% of Qingdao. Because Qingdao Medici cannot complete its foreign exchange settlement prior to December 31, 2021, New Energy made the payment on behalf of Qingdao Medici. Qingdao, Qingdao Medici and New Energy agreed that Qingdao Medici will make the payment to Qingdao directly when it completes the foreign exchange settlement and Qingdao will return the money previously paid by New Energy to New Energy immediately after it receives the fund from Qingdao Medici.

The following table summarizes activity for the redeemable non-controlling interest (in thousands):

	Three months ended	
	March 31, 2022	**March 31, 2021**
Beginning balance	$ —	$ 7,485
Initial investment	—	—
Accretion of dividend	—	115
Loss attributable to non-controlling interest	—	(154)
Adjustment to redemption value	—	154
Ending balance	$ —	$ 7,600

The agreement with Roth Capital

On February 26, 2021, the Company entered into a sales agreement with Roth Capital. In accordance with the terms of the sales agreement, the Company may offer and sell from time to time through Roth Capital the Company's common stock having an aggregate offering price of up to $150.0 million. The Company shall pay to Roth Capital in cash, upon each sale of such shares pursuant to the sales agreement, an amount equal to 3.0% of the gross proceeds from each sale of such shares. During the three months ended March 31, 2021, the Company issued 17.6 million shares of common stock and received net proceeds of $53.4 million after deducting $1.7 million commission and transaction fees.

Refer to Note 7 for information related to the issuance to common stock for acquisitions, Note 13 for information related to issuance of common stock with convertible notes, Note 16 for information related to the issuance to common stock for option exercise.

Note 15. Related Party Transactions

(a) Long-Term Investment to Qianxi

In November 2019, the Company entered into a share transfer agreement with Shenma to acquire its 1.72% ownership in Qianxi for consideration of $4.9 million, which was to be paid in six installments. Shenma was required to complete the share transfer registration prior to May 31, 2020, otherwise it will be required to return the consideration to the Company. The Company has paid $0.5 million as of March 31, 2022 and December 31, 2021, and recorded it on the "Other Non-Current Assets". The Company has requested that Shenma return the consideration provided and currently has full allowance against this receivable.

(b) Transaction with Dr. Wu. and his affiliates

As of March 31, 2022 and December 31, 2021, the Company has receivables of $0.2 million and $0.2 million, respectively, due from Dr. Wu, the former Chairman of the Company, and his affiliates and recorded in "Amounts due from related parties" in the condensed consolidated balance sheets.

As of March 31, 2022 and December 31, 2021, the Company has payables of $0.7 million and $0.7 million, respectively, due to Dr. Wu, the former Chairman of the Company, and his affiliates and recorded in "Amounts due to related parties" in the condensed consolidated balance sheets.

Service agreement with SSSIG

The Company entered a service agreement with SSSIG for the period from July 1, 2020 through June 30, 2021 for $1.4 million in exchange for consulting services from SSSIG, the services include but are not limited to human resources, finance and legal advice. The Company recorded the service charges of $0.4 million in "Professional fees" for the three months ended March 31, 2021. The agreement was terminated in May 2021 and both parties agree that the service agreement has been completely performed and no payment is outstanding, and the termination shall not be regarded as a breach by either party. As a result, the Company recorded unpaid $0.6 million in "Other income (expense, net)" in the condensed consolidated statement of operations for the year ended December 31, 2021.

(c) Amounts due from and due to Glory

As of March 31, 2022 and December 31, 2021, the Company has payables of $0.2 million and $0.2 million, respectively, due to Glory as a result of the transactions incurred in 2020 and is recorded in "Amount due to related parties".

(d) Stock purchase consideration payable due to FNL

On April 20, 2021, Ideanomics entered into a stock purchase agreement with FNL, pursuant to which Ideanomics made an investment into FNL. The unpaid consideration of $0.1 million is recorded in the "Amount due to related parties" in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021. Refer to Note 7 for additional information.

(d) Energica Notes Receivable

In October 2021 , the Company extended a revolving line of credit to Energica Motor Company in the amount of $4.5 million. The parent company of Energica Motor Company is Energica, of which the Company has 20% ownership. The revolving loan commitment termination date is December 31, 2022.

On January 7, 2022, the Company entered into a loan agreement with Energica. Pursuant to this loan agreement, the Company may advance up to €5.0 million ($5.7 million) in installments, at an annual interest rate of Euribor plus 2.0%. The purpose of the loan is to provide working capital during the motorcycle manufacturing and purchasing season. During the three months ended March 31, 2021, the Company lent $1.4 million and $1.1 million to Energica Motor Company and Energica, respectively.

The Company has provided a loan of $0.7 million to Energica Motor Company as of December 31, 2021, and recorded in “notes receivable from related party” in the consolidated balance sheets. On March 14, 2022, the Company acquired Energica, the loans are eliminated on the consolidated financial statements as of March 31, 2022. The interest income recognized is $28,476 for the three months ended March 31, 2022.

(e) Energica Options

The Company lent $1.8 million to Energica senior management to exercise their options during the three months ended March 31, 2022. In April, the Company purchased 847,156 shares from option exercise in another $1.3 million. The $1.8 million was converted into the purchase price of the shares. The total $3.1 million is considered part of the acquisition price of Energica

Refer to Note 7 for the details

(f) Energica Purchases

During the three months ended March 31, 2022, Energica has purchased $0.1 million of material and services from three entities owned by one of its senior management team. The balance as of March 31, 2022 with these three entities are $1.3 million and recorded in “Amounts due to related parties” in the condensed consolidated balance sheets.

Note 16. Share-Based Compensation

As of March 31, 2022, the Company had 21.6 million options and 1.0 million warrants outstanding.

The Company awards common stock and stock options to employees, consultants, and directors as compensation for their services, and accounts for its stock option awards to employees, consultants, and directors pursuant to the provisions of ASC 718, *Stock Compensation*. For the options with market conditions, the fair value of each award is estimated on the date of grant using Monte-Carlo valuation model and recognizes the fair value of each option as compensation expense over the derived service period. For the options with performance conditions, the fair value of each award is estimated on the date of grant using Black-Scholes Merton valuation model and recognizes the fair value of each option as compensation expense over the implicit service period. For Restricted stock and option awards only with service conditions, the fair value of each option award is estimated on the date of grant using the Black-Scholes Merton valuation model. The Company recognizes the fair value of each option as compensation expense ratably using the straight-line attribution method over the service period, which is generally the vesting period.

Effective as of December 3, 2010 and amended on August 3, 2018, the Company’s Board of Directors approved the 2010 Plan pursuant to which options or other similar securities may be granted. On October 22, 2020, the Company’s shareholders approved the amendment and restatement of the 2010 Plan. The maximum aggregate number of shares of common stock that may be issued under the 2010 Plan increased from 31.5 million shares to 56.8 million shares. As of March 31, 2022, options available for issuance are 17.6 million shares.

For the three months ended March 31, 2022 and 2021, total share-based payments expense was $2.4 million and $2.0 million, respectively.

(a) Stock Options

The following table summarizes stock option activity for the three months ended March 31, 2022:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2022	21,843,781	$ 1.74	—	$ —
Granted	430,000	1.01	—	—
Expired	(589,374)	2.54	—	—
Forfeited	(103,410)	2.33	—	—
Outstanding at March 31, 2022	21,580,997	1.71	8.27	4,047,624
Vested as of March 31, 2022	15,201,625	1.51	7.86	3,755,918
Expected to vest as of March 31, 2022	6,379,372	2.18	9.25	291,706

As of March 31, 2022, $10.7 million of total unrecognized compensation expense related to non-vested share options is expected to be recognized over a weighted average period of 1.42 years. The total intrinsic value of shares exercised in the three months ended March 31, 2022 and 2021 was $0.0 million and $0.5 million, respectively. The total fair value of shares vested in the three months ended March 31, 2022 and 2021 was $2.2 million and $1.9 million, respectively. Cash received from options exercised in the three months ended March 31, 2022 and 2021 were $0.0 million and $0.3 million, respectively.

For the options with service conditions, the assumptions used to estimate the fair values of the stock options granted in the three months ended March 31, 2022 and 2021 as follows:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Expected term (in years)	5.51-5.53	5.51-5.53
Expected volatility	123%	120%-122%
Expected dividend yield	— %	— %
Risk free interest rate	1.69%-2.12%	0.51%-1.01%

(b) Warrants

In connection with certain of the Company's service agreements, the Company issued warrants to service providers to purchase common stock of the Company. The weighted average exercise price was $4.24 and the weighted average remaining life was 0.4 years.

	March 31, 2022	December 31, 2021		
Warrants Outstanding	Number of Warrants Outstanding and Exercisable	Number of Warrants Outstanding and Exercisable	Exercise Price	Expiration Date
Service providers	200,000	200,000	$ 5.00	July 1, 2022
Service providers	550,000	700,000	2.50	July 1, 2022 - October 1, 2022
Service provider	100,000	100,000	7.50	January 1, 2023
Service provider	100,000	100,000	9.00	January 1, 2023
Total	950,000	1,100,000		

(c) Restricted Shares

As of March 31, 2022, there was $0 of unrecognized compensation cost related to unvested restricted shares.

Note 17. Earnings (Loss) Per Common Share

The following table summarizes the Company's earnings (loss) per share for the three months ended March 31, 2022 and 2021 (USD in thousands, except per share amounts):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net earnings (loss) attributable to common stockholders	$ (28,512)	$ (6,482)
Basic weighted average common shares outstanding	497,359,747	391,125,134
Effect of dilutive securities		
Convertible preferred shares- Series A	—	—
Convertible promissory notes	—	—
Diluted potential common shares	497,359,747	391,125,134
Earnings (loss) per share:		
Basic	$ (0.06)	$ (0.02)
Diluted	$ (0.06)	$ (0.02)

Basic earnings (loss) per common share attributable to the Company's shareholders is calculated by dividing the net loss attributable to the Company's shareholders by the weighted average number of outstanding common shares during the period.

Diluted earnings (loss) per share is calculated by taking net loss, divided by the diluted weighted average common shares outstanding. Diluted net loss per share equals basic net loss per share because the effect of securities convertible into common shares is anti-dilutive.

The following table includes the number of shares that may be dilutive potential common shares in the future. The holders of these shares do not have a contractual obligation to share in the Company's losses and thus these shares were not included in the computation of diluted loss per share because the effect was antidilutive (in thousands):

	March 31, 2022	December 31, 2021
Warrants	950	1,100
Options and RSUs	21,596	21,859
Series A Preferred Stock	933	933
Contingent shares	1,491	1,491
Convertible promissory note and interest	30,749	30,585
Total	55,719	55,968

Note 18. Income Taxes

In general, the Company has net operating loss carryovers creating deferred tax assets that, to the extent that they do not offset deferred tax liabilities, are reduced by a 80% valuation allowance. Certain deferred tax liabilities cannot be offset by deferred tax assets. These consist of state deferred tax liabilities of certain US subsidiaries that file separate state tax returns and of certain foreign subsidiaries. The Company also has certain deferred tax liabilities that can only be 80% offset by deferred tax assets relating to net operating loss carryovers that can only offset 80% of taxable income. During the three months ended March 31, 2022 there was an income tax benefit of $0.4 million. This consisted principally of $0.3 million state income tax benefits for US subsidiaries and $0.1 million of foreign income tax benefits.

In March 2022 approximately $4.7 million of deferred tax liabilities were recognized on the acquisition of Energica. These are included in "other liabilities" in the table in Note 7. The foreign income tax benefit for the period consists primarily of the reversal of some of this liability as a result of Energica losses.

During the three months ended March 31, 2021 there was an income tax benefit of $7.3 million. This principally consisted of a reduction in the Company's valuation allowance that resulted from the acquisitions of Timios and WAVE. In both cases intangible assets were recognized for financial reporting purposes that were not recognized for income tax purposes. This, in combination with some smaller temporary differences of Timios and WAVE, resulted in the recognition of $8.3 million deferred tax liabilities. The federal tax returns of Timios and WAVE will be included in the Ideanomics and subsidiaries consolidated U.S. federal tax return. WAVE will be included in the state tax returns of Ideanomics. The federal deferred tax liabilities, and the WAVE state deferred tax liabilities created, resulted in the valuation allowance on Ideanomics' deferred tax assets being reduced by an equal amount. Ideanomics' net deferred tax assets that had previously been judged to be more likely that not to be unable to reduce the Company's income tax liability and consequently were completely offset by a valuation allowance. Once the acquisitions of Timios and WAVE occurred, a portion of Ideanomics' deferred tax assets could be utilized in offsetting the newly acquired deferred tax liabilities, this resulted in a $7.4 million one-time income tax benefit

Timios has taxable income reported on certain separate state tax returns and consequently has related state income tax expense. The net state income tax expense for Timios was $0.2 million for the three months ended March 31, 2021. TT had a foreign income tax benefit of $0.1 million principally because of the ability of net operating losses to offset deferred tax liabilities. There are no other material income tax expenses or benefits for the three months ended March 31, 2021 because of net operating loss and deferred tax assets related to the net operating loss carryovers utilized had been offset by a valuation allowance. The Company had established a 80% valuation allowance against its net deferred tax assets, excluding Timios' net state deferred tax liabilities, due to its history of pre-tax losses and the likelihood that the deferred tax assets will not be realized.

At March 31, 2022 and December 31, 2021, the Company's deferred tax assets do not include $0.3 million of potential deferred tax assets, arising in 2021, not recognized because they do not meet the threshold for recognition. If these assets were to be recognized, they would be fully offset by a valuation allowance. Other than these, there were no uncertain tax positions that would prevent the Company from recording the related benefit as of March 31, 2022 and December 31, 2021.

Note 19. Commitments and Contingencies

Lawsuits and Legal Proceedings

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the business.

Vendor Settlement

In the year ended December 31, 2020, Ideanomics preliminarily settled a payable of $1.7 million with one vendor for $1.3 million. The settlement were conditioned upon factors which did not expire until three months from the date of the settlement; therefore, the Company recognized the gain of $0.4 million in the year ended December 31, 2020.

Shareholder Class Actions and Derivative Litigations

On July 19, 2019, a purported class action, now captioned *Rudani v. Ideanomics, Inc. et al.*, was filed in the United States District Court for the Southern District of New York against the Company and certain of its then current and former officers and directors. The Amended Complaint alleged violations of Section 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other things, the Amended Complaint alleged purported misstatements made by the Company in 2017 and 2018, seeking damages. As part of a mediation, the parties reached a settlement for $5.0 million. The Court granted final approval of the settlement on January 25, 2022.

On June 28, 2020, a purported securities class action, captioned *Lundy v. Ideanomics Inc. et al.*, was filed in the United States District Court for the Southern District of New York against the Company and certain current officers and directors of the Company. Additionally, on July 7, 2020, a purported securities class action captioned *Kim v. Ideanomics Inc. et al*, was filed in the Southern District of New York against the Company and certain current officers and directors of the Company. Both cases alleged violations of Section 10(b) and 20(a) of the Exchange Act arising from certain purported misstatements by the Company beginning in September 2020 regarding its Ideanomics China division. On November 4, 2020, the *Lundy* and *Kim* actions were consolidated and the litigation is now titled "*In re Ideanomics, Inc. Securities* Litigation." In December 2020, the Court appointed Rene Aghajanian as lead plaintiff and an amended complaint was filed in February 2021, alleging violations of Section 10(b) and 20(a) of the Exchange Act arising from certain purported misstatements by the Company beginning in March 2020 regarding its Ideanomics China division and seeking damages. The defendants filed a motion to dismiss on May 6, 2021. On March 15, 2022, the Court granted Defendants' motions to dismiss in full and dismissed Plaintiff's complaint. On April 14, 2022, Plaintiff sought leave to amend its complaint and Defendants opposed that request. The Court has not yet ruled on Plaintiff's request to amend the complaint. While the Company believes that this action is without merit, there can be no assurance that the Company will prevail. We cannot predict the outcome of the pending request seeking leave to amend the complaint. The Company cannot currently estimate the possible loss or range of losses, if any, that it may experience in connection with this litigation.

On July 10, 2020, the Company was named as a nominal defendant, and certain of its former officers and directors were named as defendants, in a shareholder derivative action filed in the United States District Court for the Southern District of New York, captioned *Toorani v. Ideanomics*, *et al*. The Complaint alleges violations of Section 14(a) of the Exchange Act 1934, breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and corporate waste and seeks monetary damages and other relief on behalf of the Company. Additionally, on September 11, 2020, the Company was named as a nominal defendant, and certain of its former officers and directors were named as defendants, in a shareholder derivative action filed in the United States District Court for the Southern District of New York, captioned *Elleisy, Jr. v. Ideanomics, et al*, alleging violations and allegations similar to the *Toorani* litigation. On October 10, 2020, the Court in the *Elleisy* and *Toorani*, consolidated these two actions. Additionally, on October 27, 2020, the Company was named as a nominal defendant, and certain of its former officers and directors were named as defendants, in a shareholder derivative action filed in the United States District Court for the District of Nevada, captioned *Zare v. Ideanomics, et al*, alleging violations and allegations similar to the *Toorani* and *Elleisy* litigation. The Company and certain of the defendants have reached a settlement in which the Company has agreed to certain corporate governance and internal procedure reforms. The Court granted final approval on March 1, 2022.

Merger-related Litigation and Demand Letters

Following the announcement of the Company's agreement to acquire VIA, the Company has received several demand letters on behalf of purported stockholders of the Company and the Company and certain of its officers and directors have been named as defendants in complaints filed and consolidated in the United States District Court for the Southern District of New York demanding the issuance of additional disclosures in connection with the merger. The specific complaints, all of which have been consolidated, have the following filing dates: *Macmillan v. Ideanomics, Inc.et al.*¸ December 2, 2021; *Saee v. Ideanomics, et al.,* December 7, 2021; and *Foran v. Ideanomics, Inc., et al.,* January 11, 2022. In those complaints, Plaintiffs allege that the Company's Registration Statement on Form S-4 initially filed with the SEC on November 5, 2021, is false and misleading and purportedly omits material information regarding the Company's acquisition of VIA. The Company believes that its disclosures comply fully with applicable law and that the demand letters and complaints are without merit. Nevertheless, in order to moot the purported deficiencies alleged in the demand letters and the complaints, avoid the risk of delaying the consummation of the merger, and minimize the costs, risks, and uncertainties inherent in litigation, the Company, without admitting any liability or wrongdoing, voluntarily provided certain supplemental disclosures. Nothing in those supplemental disclosures should be considered an admission of the legal necessity or materiality under applicable laws of any of the disclosures included. To the contrary, the Company denies all of the allegations in the demand letters and the complaints that any additional disclosures are required.

SEC Investigation

As previously reported, the Company is subject to an investigation by the Division of Enforcement of the United States Securities and Exchange Commission. The Company is cooperating with the investigation and has responded to requests for documents, testimony and information regarding various transactions and disclosures going back to 2017. At this point, we are unable to predict what the timing or the outcome of the SEC investigation may be or what, if any, consequences the SEC investigation may have with respect to the Company. However, the SEC investigation could result in additional legal expenses and divert management's attention from other business concerns and harm our business. If the SEC were to determine that legal violations occurred, we could be required to pay civil penalties or other amounts, and remedies or conditions could be imposed as part of any resolution.

Ideanomics Audit Committee Investigation

On March 14, 2022, BDO informed the company that information related to the company's operations in China indicated that an illegal act may have occurred. In response, the company's Audit Committee engaged an Am Law 100 law firm and a nationally recognized forensics accounting firm to conduct a complete and thorough investigation and such investigation was completed by such parties to the Audit Committee's satisfaction on July 17, 2022. The investigation concluded with no findings of improper or fraudulent actions or practices by the Company or any of its officers or employees with respect to any matters, including those raised by BDO.

Ideanomics, Inc. v. Silk EV Cayman LP

Silk executed a convertible promissory note in favor of Ideanomics on January 28, 2021, in the amount of $15.0 million plus interest. Payment of the original principal amount plus interest was due on January 28, 2022. Silk did not pay on the convertible promissory note when it became due. On April 27, 2022, Ideanomics filed suit against Silk in the Supreme Court of the State of New York, New York County, Index No 51668/2022 for non-payment of the convertible promissory note. Silk was timely served with the Summons and Notice of Motion for Summary Judgment in Lieu of Complaint.

On June 1, 2022, Ideanomics agreed to dismiss the lawsuit without prejudice in exchange for Silk's execution of a Confession of Judgment wherein Silk, through its Chairman, acknowledged its debt obligation under the convertible promissory note and agreed to a payment schedule, with interest continuing to run until payment in full at the rate of 6.0% per annum.

Following this agreement, Silk did not remit payment according to the payment schedule. On August 16, 2022, Ideanomics obtained a judgment against Silk for $16.4 million including prejudgment interest of 6.0%, which will accrue post-judgment interest of 9% until paid. It has not been paid.

Note 20. Concentration of Credit and Foreign Currency Risks

Concentration of Credit Risks

Financial instruments that potentially subject the Company to significant concentration of credit risk primarily consist of cash, cash equivalents, and accounts receivable. As of March 31, 2022 the Company's cash and cash equivalents were held by financial institutions (located in the PRC, Hong Kong, Malaysia, the U.S. and Singapore) that management believes have acceptable credit. Accounts receivable are typically unsecured. The risk with respect to accounts receivable is mitigated by regular credit evaluations that the Company performs on its distribution partners and its ongoing monitoring of outstanding balances.

(a) Foreign Currency Risks

A portion of the Company's operating transactions are denominated in RMB. RMB is not freely convertible into foreign currencies. The value of the RMB is subject to changes in the central government policies and to international economic and political developments. In the PRC, certain foreign exchange transactions are required by laws to be transacted only by authorized financial institutions at exchange rates set by the PBOC. Remittances in currencies other than RMB by the Company in China must be processed through PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to complete the remittance.

(b) Cybersecurity Incident

The Company's real estate services subsidiary, Timios, experienced a systems outage that was caused by a cybersecurity incident. Timios has engaged leading forensic information technology firms and legal counsel to assist its investigation into the incident. Although Timios is actively managing the impact of the cybersecurity incident, it has caused a delay or disruption to parts of Timios' business, including its ability to perform its mortgage title, closing and escrow services offerings during the reporting period. Timios has since recovered their operation capabilities. The cybersecurity incident has had a material adverse impact on Timios' revenues. Daily orders are increasing and the company anticipates that a significant amount of the business lost immediately after the cybersecurity incident will be recovered in 2022, although there can be no assurances in this regard. Timios promptly notified third-parties who may have been affected by this incident, and its insurer has offered a one year credit monitoring service to those who may have been affected.

Timios has since recovered their operational capabilities, and has implemented multiple safeguards against future incidents, including but not limited to the establishment of a Chief Information Security Officer and a Security Operations Center that monitors the system against cyber threats twenty four hours a day. Timios still has yet to recover a significant portion of business lost as a result of the incident. Timios is uncertain to what degree any further revenue will be recovered. A class action lawsuit was filed against Timios as a result of the systems outage, which was settled within the limits of its insurance coverage. Timios has filed a claim with its insurer to recover a portion of the lost revenues and profits for the period from July 26, 2021 through January 27, 2022.

Note 21. Contingent Consideration

The following table summarizes information about the Company's financial instruments measured at fair value on a recurring basis, grouped into Level 1 to 3 based on the degree to which the input to fair value is observable (in thousands):

	March 31, 2022							
	Level I		Level II		Level III		Total	
DBOT - Contingent consideration[1]	$	—	$	—	$	649	$	649
Tree Technology - Contingent consideration[2]		—		—		119		119
Solectrac - Contingent consideration[3]		—		—		100		100
Total	$	—	$	—	$	868	$	868

	December 31, 2021							
	Level I		Level II		Level III		Total	
DBOT - Contingent consideration[1]	$	—	$	—	$	649	$	649
Tree Technology - Contingent consideration[2]		—		—		250		250
Solectrac - Contingent consideration[3]		—		—		100		100
Total	$	—	$	—	$	999	$	999

[1] This represents the liability incurred in connection with the acquisition of DBOT shares during the three months ended September 30, 2019 and as remeasured as of April 17, 2020. The contractual period which required periodic remeasurement has expired, and therefore the Company will not remeasure this liability in the future. The fair value of DBOT contingent consideration as of March 31, 2022 was valued using the Black-Scholes Merton method. The Company issued 11.3 million shares during the year ended December 31, 2021 and partially satisfied this liability. No shares have been issued in the three months ended March 31, 2022.

[2] This represents the liability incurred in connection with the acquisition of Tree Technology shares during the three months ended December 31, 2019 and as subsequently remeasured as of December 31, 2021 and 2020. The fair value of the Tree Technology contingent consideration was valued using a probability-weighted discounted cash flow approach.

[3] This represents the liability incurred in connection with the acquisition of Solectrac. The liability represents the fair value of the three contingent considerations that were entered into at closing. The fair value was determined using Monte-Carlo simulations.

DBOT Contingent Consideration

The fair value of the DBOT contingent consideration as of March 31, 2021 and December 31, 2021 was valued using the Black-Scholes Merton model.

The significant unobservable inputs used in the fair value measurement of the contingent consideration includes the risk-free interest rate, expected volatility, expected term and expected dividend yield. The following table summarizes the significant inputs and assumptions used in the model:

	March 31, 2021	December 31, 2021
Risk-free interest rate	0.1%	1.6 %
Expected volatility	30%	30 %
Expected term (years)	0.08	0.25
Expected dividend yield	— %	— %

Tree Technologies Contingent Consideration

The fair value of the Tree Technologies contingent consideration as of December 31, 2021 and 2020, was valued using a probability-weighted discounted cash flow approach which incorporates various estimates, including projected gross revenue for the periods, probability estimates, discount rates and other factors. Significant increases or decreases in any of those inputs in isolation would result in a significantly different fair value measurement.

The following table summarizes the significant inputs and assumptions used in the probability-weighted discounted cash flow approach:

	March 31, 2021	December 31, 2021
Weighted-average cost of capital	15.0%	15.0%
Probability	5%- 10%	5%-10%

Solectrac Contingent Consideration

The fair value of the Solectrac contingent consideration as of March 31, 2021 was valued using a Monte-Carlo simulation model. The significant unobservable inputs include volatility, discount rate and the risk free rate, Significant increases or decreases in any of those inputs in isolation would result in a significantly different fair value measurement. The following table summarizes the significant inputs and assumptions used in the model:

	March 31, 2021
Risk-free interest rate	3.4 %
Expected volatility	25.0 %
Expected discount rate	13.1 %

The following table summarizes the reconciliation of Level 3 fair value measurements (in thousands):

	Contingent Consideration
January 1, 2022	$ 999
Remeasurement loss/(gain) recognized in the statement of operations	(131)
March 31, 2022	$ 868

Note 22. Subsequent Events

Timios Investment in Orangegrid

On May 20, 2022, Timios purchased 6.6 million Series A-1 preferred share units in Orangegrid for a total investment of $3.0 million. Orangegrid is a is a developer and vendor of software technologies which improve the operational efficiency and effectiveness of financial institutions and their service providers. Timios and Orangegrid also entered into a strategic partnership making Timios the preferred provider of title, escrow, valuation and asset management services within OrangeGrid's GridReady default management ecosystem.

VIA Promissory Notes

As of December 31, 2021, the company had invested $42.5 million in VIA, in the form of convertible promissory note. As of August 31, 2022, the company has invested an additional $24.6 million in VIA, in the form of the 2021 convertible promissory note ($12.9 million) and a new promissory note issued in May 2022 ($11.7 million). Both promissory notes bear interest at an annual rate of 4% and the new promissory note is due and payable in the event of the termination of the merger agreement on the twelve month anniversary date of such termination.

US Hybrid Escrow Shares

On July 12, 2022, the Company received 6.6 million shares of common stock back from the escrow agent pursuant to the triggering of a legal condition that permitted the Company to reclaim 100% of the shares held in escrow. The Company has concluded that the return of these shares do not constitute a change in the purchase consideration of US Hybrid and will account for this transaction as a Treasury Stock transaction in the third quarter is 2022.

Convertible Debenture Amendment

On August 30, 2022, the Company and YA II PN agreed to amend the terms of the outstanding convertible note and entered into an amendment agreement dated August 29, 2022. As of August 29, 2022, the outstanding principal balance of the Original Debenture was $16.7 million. The amendments to the Original Debenture amended the principal amount to reflect the outstanding balance as of August 29, 2022, change the maturity date to January 29, 2023 and adjust the conversion price to the lower of $1.50 or 85.0% of the lowest daily VWAP during the 7 consecutive Trading Days immediately preceding the Conversion Date or other date of determination, but not lower than $0.20 per share of common stock. The Company shall not have the right to prepay any amounts due under the Amended Debenture prior to the Maturity Date without the Investor's prior written consent.

Standby Equity Purchase Agreement

On September 1, 2022, the company entered into a SEPA with YA II PN. The Company will be able to sell up to sixty million of the Company's shares of common stock, par value $0.001 per share (the at the Company's request any time during the 36 months following the date of the SEPA's entrance into force. The shares would be purchased at 95.0% of the Market Price (as defined below) and would be subject to certain limitations, including that YA could not purchase any shares that would result in it owning more than 5.0% of the Company's common stock. Market Price is the lowest daily VWAP of the Common Shares during the three consecutive trading days commencing on the advance notice date, other than the daily VWAP on any excluded days. VWAP means, for any trading day, the daily volume weighted average price of the Common Shares for such trading day on the principal market during regular trading hours as reported by Bloomberg L.P.

Pursuant to the SEPA, the Company is required to register all shares which YA may acquire. The Company agreed to file with the SEC a Registration Statement (as defined in the SEPA) registering all of the shares of common stock that are to be offered and sold to YA pursuant to the SEPA. The Company is required to have a Registration Statement declared effective by the SEC before it can raise any funds using the SEPA.

Unless earlier terminated as provided under the SEPA, the SEPA shall terminate automatically on the earliest of (i) the first day of the month next following the 36-month anniversary of the Effective Date or (ii) the date on which the YA shall have made payment of Advances (as defined in the SEPA) pursuant to the SEPA for the Common Shares equal to the Commitment Amount (as defined in the SEPA).

Cautionary Note Regarding Forward Looking Statements

This Form 10-Q contains “forward-looking” statements that involve risks and uncertainties. You can identify these statements by the use of forward-looking words such as “may,” “will,” “expect,” “anticipate,” “estimate,” “believe,” “continue,” or other similar words. You should read statements that contain these words carefully because they discuss the Company’s future expectations, contain projections of the Company’s future results of operations or financial condition or state other “forward-looking” information. The Company believes that it is important to communicate its future expectations to its investors. However, these forward-looking statements are not guarantees of future performance and actual results may differ materially from the expectations that are expressed, implied or forecasted in any such forward-looking statements. For example, forward-looking statements include all statements relating to, among others, our estimated and projected expenditures, cash flows, results of operations, financial condition and liquidity; our expectations regarding economic and competitive market conditions and customer behavior; our plans and objectives for, and expectations regarding, future operations, growth and initiatives, industry trends, impact of the Covid-19 pandemic, supply chain challenges; or expected outcome or effect of pending or threatened legal disputes, litigation or audits.

Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, readers should carefully review the reports and documents the Company files from time to time with the SEC, particularly its most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports.

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

The following management's discussion and analysis is presented in four sections as below and should be read in conjunction with the condensed consolidated financial statements and the notes thereto and the other financial information appearing elsewhere in this report on Form 10-Q. In addition to historical information, the following discussion contains certain forward-looking information. See "Cautionary Note Regarding Forward Looking Statements" above for certain information concerning those forward-looking statements.

- *Overview*
- *Results of Operations*
- *Liquidity and Capital Resources*
- *Outlook*

OVERVIEW

Ideanomics, Inc. (Nasdaq: IDEX) was incorporated in the State of Nevada on October 19, 2004.

Through March 31, 2022, the Company operates in one segment with two business units, Ideanomics Mobility and Ideanomics Capital. Ideanomics Mobility is driving EV adoption by assembling a synergistic ecosystem of subsidiaries and investments across the three key pillars of EV: Vehicles, Charging, and Energy. These three pillars provide the foundation for Ideanomics Mobility's planned offering of unique business solutions such as CaaS and VaaS.

Ideanomics Capital is the Company's business focused on the financial services and title and agency services in the real estate market. Ideanomics Capital has begun providing a range of financing programs in support of the sale of EVs and associated charging and energy systems by Ideanomics Mobility. Over time, it is Ideanomics intention to focus Ideanomics Capital solely as the financial services arm of Ideanomics Mobility and to divest its other fintech assets accordingly.

Immaterial Corrections of Prior Period Financial Statements

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the prior period adjustments made to the previously reported Condensed Consolidated Financial Statements as of and for the periods ended March 31, 2021. For additional information and a detailed discussion of the Restatement, see Note 2, "Immaterial Corrections of Prior Period Financial Statements."

Significant Transactions in the Three Months Ended March 31, 2022

Energica Loan Agreement

On January 7, 2022, the Company entered into a loan agreement with Energica. Pursuant to this loan agreement, the Company may advance up to €5.0 million ($5.7 million), in installments of €250,000 ($284,075), at an annual interest rate of Euribor plus 2.0%. The purpose of the loan is to provide working capital during the motorcycle manufacturing and purchasing season. The loan is unsecured, with interest payable semi-annually, on June 30 and December 31 of each year. The outstanding principal is due and payable in two installments, on June 30, 2024 and December 31, 2024.

Energica Tender Offer

On September 15, 2021, the Company announced it had entered into an agreement to launch a voluntary conditional tender offer in concert with the founders of Energica for shares of Energica, pursuant to which Ideanomics plans to increase its investment from 20.0% in Energica to approximately 70.0%. The Energica founders shall continue to own 29.0% of Energica.

On February 9, 2022, the Company wired €52.5 million (approximately $60.3 million) to an escrow account in order to facilitate and fund the conditional tender offer. On March, 7, 2022 the Company announced that it had achieved the 90.0% threshold for the conditional tender offer. The transaction received final approval from Italian regulatory authorities and closed on March 14, 2022.

Disposition of Seven Stars Energy Pte. Ltd.

On February 9, 2022, the Company transferred its 51.0% interest in Seven Starts Energy Pte. Ltd. for a nominal amount. The Company expects to record a loss resulting from the disposition of $0.5 million.

Principal Factors Affecting the Company's Financial Performance

The business is expected to be impacted by both macroeconomic and Ideanomics-specific factors. The following factors have been part of the transformation of the Company which affected the results of its operations in 2022 and 2021:

- ***The Company's ability to access the equity and debt markets to obtain the working capital and investment capital required to fund its EV operations.*** The Company's EV businesses are in the development stage, are not profitable, and are not expected to be profitable and cash generative in the short to medium term. Consequently, the EV businesses are highly dependent on the Company's ability to access the equity & debt capital markets to provide sufficient cash for these businesses to continue to develop their products, build large scale manufacturing capacity and invest in sales and marketing infrastructure.

- ***The Company's ability to remain competitive***. The Company will continue to face intense competition: these new technologies are constantly evolving, and the Company's competitors may introduce new platforms and solutions that are superior. In addition, the Company's competitors may be able to adapt more quickly to new technologies or may be able to devote greater resources to the development, marketing and sale of their products than the Company can. The Company may never establish and maintain a competitive position in the hybrid financing and logistics management businesses.

- ***The fluctuation in earnings from the deployment of the Company's services through acquisitions, strategic equity investments, the formation of joint ventures, and through licenses of technology***. The Company's results of operations may fluctuate from period to period based on the entry into new transactions to expand the business. In addition, while management intends to contribute cash and other assets to the Company's various investments, the Company does not intend for its holding company to conduct significant research and development activities. The Company intends research and development activities to be conducted by its technology partners and licensors. These fluctuations in growth or costs and in the Company's various investments may contribute to significant fluctuations in the results of the Company's operations.

Effects of COVID 19

COVID-19 is an infectious disease cause by severe acute respiratory syndrome coronavirus. The disease was first identified in December 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing COVID-19 pandemic. As of August 31, 2022, over 607.6 million cases had been reported across the globe, resulting in 6.5 million deaths.

The spread of COVID-19 has caused significant disruption to society as a whole, including the workplace. The resulting impact on the global supply chain has disrupted most aspects of national and international commerce, with government-mandated social distancing measures imposing stay-at-home and work-from-home orders in almost every country. The effects of social distancing have shut down significant parts of the local, regional, national, and international economies, for limited or extended periods of time, with the exception of government designated essential services.

In many parts of the world, stay-at-home and work-from-home orders were relaxed during the summer of 2020 as the effects of the Coronavirus appeared to lessen, and economic activity began to recover. However, commencing in the autumn and fall of 2020, the U.S. as well as countries in Europe, South America and Asia began to experience an increase in new COVID-19 cases, and in some cases local, state, and national governments began to reinstate restrictive measures to stem the spread of the virus. The U.S. and other countries also experienced an increase in new COVID-19 cases after the fall and winter holiday season, with new, more infectious variants of COVID-19 identified. Various vaccines have been developed, with vaccination programs in effect worldwide, though reaching acceptable levels for worldwide immunization against COVID-19 remains challenging at the local, regional and global level.

The future effects of the virus are difficult to predict, due to uncertainty about the course of the virus, different variants that may evolve, and the supply of the vaccine on a local, regional, and global basis, as well as the ability to implement vaccination programs in a short time frame.

The Company does not anticipate significant adverse effects on its operations' revenue as compared to its business plan in the near- or mid-term, although the future effects of COVID-19 may result in regional restrictive measures which may constrain the Company's operations, and supply chain shortages of various materials may have a negative effect on our EV sales or production capacity in the longer-term. The Company's Tree Technologies business, which focuses on the sale of motorbikes in the ASEAN region, is experiencing disruption in its operations as a result the continued lockdowns in the region, which have adversely impacted its ability to fulfill committed orders.

The Company continues to monitor the overall situation with COVID-19 and its effects on local, regional and global economies.

Information about Segment Presentation

The Company's chief operating decision maker has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company. The Company operates in one segment with two business units: Ideanomics Mobility and Ideanomics Capital. For the three months ended March 31, 2022, the Company completed one acquisition. We are in the in the process of obtaining required shareholder approval to acquire 100% of VIA. The total aggregate consideration payable in connection with this transaction is equal to $630.0 million, consisting of an upfront payment at the closing of the transaction of $450.0 million and an earnout payment of up to $180.0 million. The Company anticipates that its internal management structure and the information reviewed by the chief operating decision maker will change such that it may have multiple reportable segments in the future.

Ideanomics Mobility will drive EV adoption by assembling a synergistic ecosystem of subsidiaries and investments across the three key pillars of EV: Vehicles, Charging, and Energy. These three pillars provide the foundation for Ideanomics Mobility's planned offering of unique business solutions such as CaaS and VaaS.

Ideanomics Capital will be the Company's fintech business unit, which focuses on providing a range of financing programs in support of the sale of EVs and associated charging and energy systems by Ideanomics Mobility. Over time, it is Ideanomics intention to focus Ideanomics Capital as the financial services arm of Ideanomics Mobility and to divest its other fintech assets accordingly.

Our Unconsolidated Equity Investments

The investments where the Company exercises significant influence, but not control, are classified as long-term equity investments and accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and adjusted for its share of undistributed earnings or losses of the investee. Investment losses are recognized until the investment is written down to nil, provided that the Company does not guarantee the investee's obligations or is committed to provide additional funding. Refer to Note 11 of the notes to unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Consolidated Results of Operations

Comparison of Three Months Ended March 31, 2022 and 2021 (USD in thousands):

	Three Months Ended			
	March 31, 2022	March 31, 2021	Amount Change	% Change
Revenue	$ 25,391	$ 29,939	$ (4,548)	(15.2)%
Cost of revenue	25,371	19,226	6,145	32.0
Gross profit	**20**	**10,713**	**(10,693)**	**(99.8)**
Operating expenses:				
Selling, general and administrative expenses	37,095	16,889	20,206	n/m
Research and development expense	1,014	10	1,004	n/m
Impairment losses	81	—	81	n/m
Change in fair value of contingent consideration, net	(131)	494	(625)	n/m
Litigation settlement	—	5,000	(5,000)	n/m
Depreciation and amortization	1,285	1,328	(43)	(3.2)
Total operating expenses	**39,344**	**23,721**	**15,623**	**65.9**
Loss from operations	**(39,324)**	**(13,008)**	**(26,316)**	n/m
Interest and other income (expense):				
Interest income	763	157	606	n/m
Interest expense	(579)	(574)	(5)	n/m
Loss on disposal of subsidiaries, net	(148)	(30)	(118)	n/m
Conversion expense	—	—	—	n/m
Gain on remeasurement of investment	10,965	—	10,965	n/m
Gain on extinguishment of debt	—	—	—	n/m
Other income, net	191	(338)	529	n/m
Loss before income taxes and non-controlling interest	**(28,132)**	**(13,793)**	**(14,339)**	**n/m**
Income tax benefit	378	7,345	(6,967)	(94.9)
Equity in gain (loss) of equity method investees	(1,338)	(154)	(1,184)	n/m
Net loss	**(29,092)**	**(6,602)**	**(22,490)**	**n/m**
Net loss attributable to common shareholders	**(29,092)**	**(6,602)**	**(22,490)**	**n/m**
Net loss attributable to non-controlling interest	580	120	460	n/m
Net loss attributable to Ideanomics, Inc. common shareholders	**$ (28,512)**	**$ (6,482)**	**$ (22,030)**	**n/m**

n/m = Not Meaningful - represents percentage changes, in terms of absolute value over 100%.

Revenues (USD in thousands)

	Three Months Ended			
	March 31, 2022	March 31, 2021	Amount Change	% Change
Electric vehicles products*	$ 14,623	$ 3,030	$ 11,593	n/m
Electric vehicles services	83	33	50	n/m
Charging, batteries and powertrain products	254	1,485	(1,231)	(82.9)
Charging, batteries and powertrain services	452	140	312	n/m
Title and escrow services	9,925	24,841	(14,916)	(60.0)
Digital advertising services and others	—	197	(197)	n/m
Other revenue	54	213	(159)	(74.6)
Total	$ 25,391	$ 29,939	$ (4,548)	(15.2)

n/m = Not Meaningful - represents percentage changes, in terms of absolute value over 100%.

* The revenues were recorded on either a Principal or Agent basis, depending on the terms of the underlying transaction, including the ability to control the product and the level of inventory risk taken. For those contracts in which it acted in a Principal capacity, revenues were recorded on a Gross basis and for those contracts where it acted in an Agent capacity the revenues were recorded on a Net basis.

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Revenue for the three months ended March 31, 2022 was $25.4 million as compared to $29.9 million for the same period in 2021, a decrease of $4.5 million. The decrease was mainly due to a decreased in revenues from Timios, which fell from $24.8 million for the three months ended March 31, 2021 to $9.9 million for the three months ended March 31, 2022. This decrease is due principally to two factors, one being the reduction in orders following the July 2021 cybersecurity incident and the other being the increase in interest rates which has seen the cost of refinancing rise and a resulting drop in the number of refinancing applications. This was partially offset by an $11.6 million increase principally in revenue from sales of electric vehicle products in China which increased from $3.0 million for the three months ended March 31, 2021 to $14.6 million for the three months ended March 31, 2022.

Cost of revenues (USD in thousands)

	Three Months Ended			
	March 31, 2022	March 31, 2021	Amount Change	% Change
Electric vehicles products	$ 14,732	$ 3,027	$ 11,705	n/m
Electric vehicles services	56	33	23	69.7
Charging, batteries and powertrains products	1,006	1,291	(285)	(22.1)
Charging, batteries and powertrain services	420	45	375	n/m
Title and escrow services	9,107	14,494	(5,387)	(37.2)
Digital advertising services and others	—	176	(176)	n/m
Other revenue	50	160	(110)	(68.8)
Total	$ 25,371	$ 19,226	$ 6,145	32.0 %

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Cost of revenues was $25.4 million for the three months ended March 31, 2022, as compared to $19.2 million for the three months ended March 31, 2021, an increase of $6.1 million. The increase was mainly due to the cost of revenues from Electric Vehicles Products which increased from $3.0 million for the three months ended March 31, 2021 to $14.7 million for the three months ended March 31, 2022, an increase of $11.7 million. This was partially offset by a $5.4 million decrease in cost of revenues from title and escrow services which decreased from $14.4 million for the three months ended March 31, 2021 to $9.1 million for the three months ended March 31, 2022.

Gross profit (USD in thousands)

	Three Months Ended			
	March 31, 2022	March 31, 2021	Amount Change	% Change
Electric vehicles	$ (109)	3	$ (112)	n/m
Electric vehicles services	27	(1)	28	n/m
Charging, batteries and powertrains	(752)	194	(946)	n/m
Charging, batteries and powertrain services	32	95	(63)	(66.3)
Title and escrow services	818	10,347	(9,529)	(92.1)
Digital advertising services and others	—	21	(21)	n/m
Other revenue	4	54	(50)	(92.6)%
Total	$ 20	$ 10,713	$ (10,693)	(99.8)

Gross profit ratio

	Three Months Ended	
	March 31, 2022	March 31, 2021
Electric vehicles product	(0.7)%	0.1 %
Electric vehicles services	32.5 %	(3.1)%
Charging, batteries and powertrains products	(296.1)%	13.1 %
Charging, batteries and powertrain services	7.1 %	67.9 %
Title and escrow services	8.2 %	41.7 %
Digital advertising services and others	— %	10.7 %
Other revenue	7.4 %	25.2 %
Total	0.1 %	35.8 %

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Gross profit for the three months ended March 31, 2022 was $20,000, as compared to gross profit in the amount of $10.7 million during the same period in 2021. The decrease was mainly due to decreased gross profit on title and escrow services which fell from $10.3 million for the three months ended March 31, 2021 to $0.8 million for the three months ended March 31, 2022.

The gross profit ratio for the three months ended March 31, 2022 was 0.1%, while in 2021, it was 35.8%. The decrease was mainly due to decline in gross margin from the sales of title and escrow services for the three months ended March 31, 2022. . Both revenue and cost of revenue for title and escrow services decreased, but the costs did not fall proportional to the revenue thus resulting in decreased gross margin. Additionally, the gross margin earned on electric vehicle products, which principally consists of the sale of ride hailing vehicles in China, is very low and consequently, significantly higher revenues generated from this product do not materially impact gross margin. Additionally, the negative gross margin on charging, batteries, and powertrains products continues to negatively impact the Company’s overall gross profit ratio.

Selling, general and administrative expenses

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Selling, general and administrative expenses for the three months ended March 31, 2022 were $37.1 million as compared to $16.9 million for the same period in 2021, an increase of $20.2 million. Selling, general and administrative expense includes compensation & benefits costs, professional fees and marketing and other costs. Compensation & benefits expense increased due to hiring of additional staff in the corporate and head office functions to support the continuing growth of the business, incremental costs associated with businesses purchased after March 31, 2021, partially offset by lower performance based compensation in the Company's Title & Escrow Agency business. The increase in professional fees was principally due to increased consulting costs related to regulatory filings, transaction fees associated with the acquisition of Energica, audit fees, legal fees related to patents and investor relations expenses.

Research and development expense

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Research and development expense was $1.0 million in the three months ended March 31, 2022 as compared to $10,000 for the three months ended March 31, 2021 an increase of $1.0 million. Expense in the current quarter was primarily incurred in research and development activities in Wave, Solectrac and US hybrid.

Impairment losses

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

In the three months ended March 31, 2022, the Company recorded impairment losses of $0.1 million which represents the impairment of the interest accrued of available for sale securities during the first quarter of 2022.

There was no impairment during the three months ended March 31, 2021.

Change in fair value of contingent consideration, net

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

The change in fair value of contingent consideration, net was $0.1 million for the three months ended March 31, 2022 represents the remeasurement of the contingent consideration payable to Tree Technology shareholders.

The change in fair value of contingent consideration, net was $0.5 million for the three months ended March 31, 2021 represents the remeasurement of the contingent consideration payable to Tree Technology shareholders.

Litigation settlement

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

There were no litigation settlement expenses recorded for the three months ended March 31, 2022.

The Company recorded a $5.0 million litigation settlement as a result of the agreement reached by both parties on the mediation in the three months ended March 31, 2021.

Depreciation and amortization

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Depreciation and amortization for the three months ended March 31, 2022 was $1.3 million as compared to $1.3 million for the same period in 2021, an decrease of $0.0 million. There was no change in the depreciation and amortization due to the 2021 acquisitions, offset by the impairment of the intangibles in the three months ended December 31, 2021.

Interest Income

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Interest income for the three months ended March 31, 2022 was $0.8 million compared to $0.2 million compared to the same period of 2021, an increase of $0.6 million., related to income from note receivable. During 2021 interest income was derived from Silk EV compared to 2022 interest income is from Inobat, EV riderz, Silk EV, Via Motors and Energica.

Interest expense

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Interest expense of $0.6 million for the three months ended March 31, 2022, was in line with the same period of 2021.

Loss on disposal of subsidiaries, net

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Loss on disposal of subsidiaries, net mainly represents $180,000 loss on disposal of SSE during the three months ended March 31, 2022. Compared to the same period 2021, the company recorded a $30,180 dilution loss on Solectrac.

Gain on remeasurement of investment

Gain on remeasurement of investment of $11.0 million in the three months ended March 31, 2022 resulted from remeasuring the Company's investment in Energica.

There were no such remeasurements in the three months ended March 31, 2021.

Other income, net

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Other income (expense), net has increased $0.5 million to $0.2 million for the three months ended March 31, 2022 mainly represents the fair value adjustment on Inobat during 2022. The loss in the first quarter of 2021, mainly represents the estimated costs to sell Fintech Village.

Income tax (expense) benefit

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

During the three months ended March 31, 2022, the income tax benefit of $0.4 million , this consisted principally of $0.3 million state income tax benefits for US subsidiaries and $0.1 million of foreign income tax benefits.

During the three months ended March 31, 2021, the income tax benefit of $7.3 million is mainly due to a reduction in the Company’s valuation allowance of $7.4 million that resulted from the acquisitions of Timios and WAVE, partially offset by the $0.2 million state income taxes mainly from Timios that has taxable income reported on certain separate state tax returns and consequently has related state income tax expense. TT had a foreign income tax benefit of $0.1 principally because of the ability of net operating losses to offset deferred tax liabilities. The Company had established a 100% valuation allowance against its net deferred tax assets due to its history of pre-tax losses and the likelihood that the deferred tax assets will not be realized.

Equity in loss of equity method investees

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Equity in loss of equity method investees increased $1.2 million to $1.3 million for the three months ended March 31, 2022 from $0.2 million during the same period of 2021. The 2022 decrease mainly represents the equity pick up from Energica, FNL, MDI , TM2 and Prettl, while 2021 represents the equity pick up from TM2 and Solectrac.

Net loss attributable to non-controlling interest

Three months ended March 31, 2022 as compared to the three months ended March 31, 2021

Net loss attributable to non-controlling interests was $0.6 million for the three months ended March 31, 2022 compared to a net loss of $0.1 million in the same period in 2021. The increase is primarily due to the increase in the Energica equity pick up and the increase in the Company's ownership in new energy to 100%, therefore no NCI pick up in 2022.

Liquidity and Capital Resources

As of March 31, 2022, the Company had cash of $170.8 million. Approximately $28.2 million was held in accounts outside of the United States, primarily in Hong Kong and the PRC.

Due to the strict regulations governing the transfer of funds held in the PRC to other jurisdictions, the Company does not consider funds held in its PRC entities to be available to fund operations and investment outside of the PRC and consequently does not include them when evaluating the liquidity needs of its businesses operating outside of the PRC.

Timios holds various regulatory licenses related to its business as a title insurance agency and is required to hold a minimum cash balance of $2.0 million. As a broker-dealer, JUSTLY has minimum capital requirements. JUSTLY had cash of $0.2 million as of March 31, 2022, which was necessary for JUSTLY to meet its minimum capital requirements.

The following table provides a summary of net cash flows from operating, investing and financing activities (in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net cash used in operating activities	$ (41,920)	$ 2,571
Net cash used in investing activities	(57,157)	(86,129)
Net cash provided by financing activities	(230)	273,659
Effect of exchange rate changes on cash	201	(9)
Net increase in cash and cash equivalents	(99,106)	190,092
Cash and cash equivalents at beginning of period	269,863	165,764
Cash and cash equivalents at end of period	$ 170,757	$ 355,856

Operating Activities

Cash used in operating activities was $41.9 million for the three months ended March 31, 2022 as compared to cash provided in operating activities of $2.6 million in the same period in 2021. This was primarily due to: (1) an increase in net loss to $29.1 million in the current period as compared to a net loss of $6.6 million in the same period of 2021, (2) total non-cash adjustments resulted in a decrease to net loss of $5.3 million and $1.8 million for the three months ended March 31, 2022 and 2021, respectively; and (3) total changes in operating assets and liabilities resulted in $7.5 million and $11.0 million in cash used in operating activities for the three months ended March 31, 2022 and 2021, respectively.

Investing Activities

Cash used in investing activities was $57.2 million for the three months ended March 31, 2022, which was primarily due to expenditures incurred for the acquisition of Energica. Cash used in investing activities was $86.1 million for the three months ended March 31, 2021, which was primarily due to expenditures incurred for the acquisition of Timios and WAVE, the investment in Energica and the acquisition of the convertible note with Silk EV.

Financing Activities

In the three months ended March 31, 2022, the Company did not received any cash from financing activities versus $273.7 million in the same period in the prior year. There was no issuance of convertible notes in the current period as compared to $220.0 million in the same period of 2021. There was no exercises of warrants and stock options and issuance of common stock generated during the three months ended March 2022 as compared to $53.7 million in the same period of 2021.

The Company expects to continue to raise both equity and debt finance to support the Company’s investment plans and operations.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements are obligations the Company has with nonconsolidated entities related to transactions, agreements or other contractual arrangements. The Company holds interests in investments accounted for under the equity method of accounting. The Company does not control these investments and therefore does not consolidate them.

The Company does not have other off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity or capital expenditures or capital resources that is material to an investor in its securities.

Seasonality

The Company expects that orders and sales in its Ideanomics Mobility business unit will be influenced by the amount and timing of budgeted expenditure by its customers. Typically, the Company would expect to see higher sales at the start of the year when companies start executing on their capital programs and at the end of the year when companies are spending any surplus or uncommitted budget before the new budget cycle commences. The Company's operating businesses are in the early stage of their development and consequently do not have sufficient trading histories to project seasonal buying patterns with any degree of confidence.

Orders and sales in our Ideanomics Capital business unit will principally be influenced by changes in interest rates and the resulting impact on in the U.S. housing market particularly as it relates to purchases of homes and the refinancing of existing mortgages which are central to our Timios business.

OUTLOOK

The Company has two distinct business units, Ideanomics Mobility and Ideanomics Capital. Each is focused on the growth opportunity, fueled by technological and legislative disruption, taking place in the automotive, energy, and financial services industries. Ideanomics Mobility has as its mission the acceleration of commercial adoption of electric vehicles. Ideanomics Capital focuses on providing a range of financing programs in support of the sale of EVs and associated charging and energy storage systems by Ideanomics Mobility. The Company believes these two business units provide an opportunity for the Company to benefit from the value creation that can be achieved in the short, medium, and long-term through establishing competitive products and services which can enable the capture of market share sufficient to sustain profitable operations.

IDEANOMICS MOBILITY

The Ideanomics Mobility business unit seeks to accelerate the commercial adoption of electric vehicles. The Company's EV and technology acquisitions during 2021 completed the foundation for the development of four product-focused verticals comprised of off-highway, two-wheeler, on-highway, and energy and charging services. This integrated offering helps support business progress toward its mission of offering fleet operators a range of vehicles and associated charging systems through a single procurement partner.

By combining leading EV technologies, products, knowledge, and capabilities across the Company's four product verticals, Ideanomics anticipates that it will be able to rapidly develop unique zero emission mobility solutions in both the off-highway and on-highway commercial vehicle markets. These are anticipated to include the provision of commercial electric vans, trucks, and buses, electric tractors, and two-wheeled transportation, supported by the provision of energy services and infrastructure for the EV market consisting of charging systems, energy storage, energy generation, including hydrogen and solar, and associated data and management applications. These will be supported by financing programs which have been developed to enable commercial fleet operators to migrate away from gasoline and diesel-powered vehicles with minimal disruption to their business models and balance sheet. Together, these products and services will provide the Company with the capability to assist commercial fleet operators to transition with confidence to BEV and FCEV and meet their zero-emission objectives.

By choosing the integrated platform approach from Ideanomics Mobility, the commercial fleet operator will benefit from a single source solution that supports all aspects of the transition to EV, from early-stage requirements analysis, charging infrastructure specification and installation, vehicle procurement and deployment, training, vehicle- and charging-derived data management, operationalization management services, and financing.

To support the cost of transition from fossil fuels to BEV and FCEV, Ideanomics will offer fleet operators the complete financial and management support to confidently migrate from traditional CapEx models to an OpEx model, releasing capital to support traditional business growth and have the simplicity, predictability, and certainty of a monthly subscription which covers all aspects of EV fleet operations. These programs will also have the added advantage of providing Ideanomics with predictable recurring revenues. These Mobility-as-a-Service solutions are comprised of financing programs we refer to as VaaS and CaaS.

The Company anticipates that the shift from combustion engine vehicles to zero-emission vehicles is a complex process that most fleet operators do not have the expertise to manage. The Company anticipates that vendors selling a single product will be at a disadvantage compared to the Company's integrated offering. The Company believes this will create a unique opportunity for the Company to become a trusted partner, providing services to analyze and define a customer's needs, specifying and installing charging infrastructure, procuring and deploying vehicles, administering training, and operationalizing management services. In addition, the Company anticipates that its as-a-Service financing models will make it possible for more customers to transition to zero-emission vehicles as an operating expense rather than a large upfront capital expenditure.

At the operating business level, further investment is planned to support continuous technology and product development and the associated manufacturing and assembly expansion to support increasing demand and revenue achievement.

Global supply chain slowdowns and shipping constraints continue to present challenges at each of the operating companies within the Ideanomics Mobility business unit.

IDEANOMICS CAPITAL

Fintech continues to provide opportunities which could generate high rates of return through the deployment of technology to disrupt existing business models.

Ideanomics Capital provides a range of financing programs in support of the sale of EVs and associated charging and energy storage systems by Ideanomics Mobility. Some of these finance programs are disruptive, subscription-based, models which are new-to-market offerings designed to help commercial fleet operators absorb the cost of transitioning to EV by removing CapEx costs as a barrier to entry. The company anticipates continuing the provision of resources and expertise for the development of these financing programs, which will underpin sales and revenues of Ideanomics Mobility. We call these financing programs CaaS and VaaS, and MaaS when combined, and they form part of our Ideanomics Mobility offering to commercial fleet operators. Over time, it is Ideanomics intention to focus Ideanomics Capital as the financial services arm of Ideanomics Mobility and to divest its other fintech assets accordingly.

Environmental Matters

The Company is subject to various federal, state and local laws and regulations governing, among other things, hazardous materials, environmental contamination and the protection of the environment. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. We may also incur fines and penalties from time to time associated with noncompliance with such laws and regulations.

New Accounting Pronouncements

Information regarding new accounting pronouncements is included in Note 2 to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates

Interest Rate Risk

We are exposed to market risk for changes in interest rates applicable to our cash and cash equivalents. We had cash and cash equivalents totaling $85.5 million as of June 30, 2022. Our cash and cash equivalents were invested primarily in money market and like funds and are not invested for trading or speculative purposes. However, due to the short term nature and the low-risk profile of the money market funds, we do not believe a sudden increase or decrease in market interest rates would have a material effect on the fair market value of our portfolio. In addition, the Company had $58.4 million of fixed rate 4.0% convertible debt outstanding as of March 31, 2022.These debt obligations are not currently subject to fluctuations in interest rates, although in the event of issuance of new debt, such debt could be subject to changes in interest rates.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Inflationary factors such as increases in material costs (e.g. semiconductor chips) or overhead costs may adversely affect our business, financial condition, and operating costs upon commencing commercial operations.

Market and Investment Risk

We have investments in debt securities, which are recorded at fair value. The fair value of the debt securities was $69.8 million and $54.9 million as of June 30, 2022, and December 31, 2021, respectively.

We also have investments in equity securities, which are publicly-traded, and which had carrying amounts of $3.3 million and $12.3 million as of June 30, 2022 and December 31, 2021, respectively. We had equity investments which are not publicly traded with carrying amounts of $25.5 million and $23.3million as of June 30, 2022, and December 31, 2021.

Our investments in debt and equity securities are generally not in companies which are publicly traded, and the market for these securities may be illiquid. Furthermore, many of the companies in which we invest may have a business model which is embryonic or developmental in nature and may not come to fruition.

Investments in debt and equity securities carry a degree of risk, as there can be no assurance that the securities will be collectible or otherwise recoverable, will not lose value and, in general, securities markets can be volatile and unpredictable. As a result of these different market risks, our holdings of these securities could be materially and adversely affected.

Foreign Currency Risk

The Company has operations in a number of foreign countries and sources components for its US manufacturing operations internationally; consequently, the Company is subject to foreign currency risk. This risk is composed of both potential losses from the translation of foreign currency financial statements, the remeasurement of foreign currency transactions and increased raw material costs for components purchased in foreign currencies. Related to these, risks, a hypothetical change of 10% in currency rates could result in an adjustment to the income statement of approximately $7.4 million. Actual results may differ. While our exposure to foreign exchange risk is not currently material to us, we expect to grow our international revenues in the future, and any future potential exposure to foreign exchange fluctuations may present a material risk to our business. We recorded foreign currency exchange (gains) losses of $3.0 million and $0.1 million for the three months ended March 31, 2022 and 2021, respectively.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term “disclosure controls and procedures”, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of March 31, 2022 that our disclosure controls and procedures were not effective as of such date due to a material weakness in internal control over financial reporting that was disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Exchange Act defines internal control over financial reporting as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board, 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 our receipts and expenditures are being made only in accordance with authorizations of our management and Directors;

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

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. Also, 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.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2021, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on our assessment, we have concluded that our internal control over financial reporting was not effective as of December 31, 2021 due to the material weaknesses described below.

Our evaluation excluded Timios, WAVE, Solectrac and US Hybrid which were acquired in the year ended December 31, 2021, and were not integrated with Ideanomics' business units as of that date. As of and for the year ended December 31, 2021, Timios represented 8.6% of total assets and 63.7% of revenue, WAVE represented 2.1% of total assets and 6.1% of revenue, Solectrac represented 2.3% of total assets and 1.5% of revenue, and US Hybrid represented 2.2% of total assets and 2.3% of revenue. In accordance with guidance issued by the SEC, we have excluded the acquisitions from our assessment of internal controls over financial reporting during the first year following the acquisition.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

As disclosed in our Form 10-Q as of September 30, 2021, the matters involving internal controls and procedures that our management considered to be material weaknesses as of September 30, 2021, were:

- The design and implementation of internal controls over the review of management's inputs into valuation models and associated valuation outputs from third party valuation specialists.

- The design and implementation of internal controls over the revenue recognition process, specifically the failure to properly evaluate whether the Company was to be considered the principal or the agent in contracts with customers.

- There is a lack of sufficient personnel in accounting and financial reporting functions with sufficient experience and expertise with respect to the application of U.S. GAAP and SEC disclosure requirements.

- Operating effectiveness of internal controls to identify and evaluate the accounting implications of non-routine transactions.

In addition to the material weaknesses disclosed in our Form 10-Q as of September 30, 2021, Management has determined that the Company has the following material weaknesses in its internal control over financial reporting as of December 31, 2021:

- There is a lack of controls designed to address risk of material misstatement for various financial statement areas and related assertions.

- There is a lack of validation of completeness and accuracy of internally prepared data, including key reports generated from systems, utilized in the operations of controls.

- There is a lack of evidence to support the effective review in the operations of controls.

- There is a lack of controls at the entity level, particularly over the review of subsidiary financial information, including analysis of balance sheet data, operating results, non-routine transactions, litigation accruals and income tax matters.

- Controls are not designed with a sufficient level of precision to prevent or detect a material misstatement.

- An inventory of service organizations utilized to process transactions was not maintained throughout the reporting period. There is a lack of review over service organization reports. In instances in which service organization reports are not available, the Company does not have adequate complementary controls.

- There is a lack of segregation of duties that exists in the information technology environments and payroll and procure to pay cycles at the Company.

- There is a lack of documented compliance related to controls to evaluate potential risk of dealing with inappropriate vendors and/or customers.

- The Company's information technology general controls over certain information technology systems were not designed properly and therefore did not operate effectively.

On July 26, 2022, subsequent to the dismissal of BDO as the company's auditor, BDO informed the company of their belief that the Company also had the following material weaknesses as of December 31, 2021:

- There is ineffective oversight from the Company's Audit Committee.

- There is a lack of documented compliance-related controls to evaluate transactions in accordance with the FCPA.

Management's Plan for Remediation

Management has discussed the material weaknesses described above with the Audit Committee and is in the process of identifying the steps necessary to design a remediation plan in order to remediate the material weaknesses. We anticipate that such plan will include the addition of accounting resources, the implementation of the Company's ERP system throughout the organization and the design and implementation of new internal controls that address the material weaknesses noted above.

As to the two material weaknesses communicated by BDO following their dismissal, management has discussed the related observations with the Audit Committee:

FCPA

On March 14, 2022, BDO informed the company that information related to the company's operations in China indicated that an illegal act may have occurred. In response, the company's Audit Committee engaged an Am Law 100 law firm and a nationally recognized forensics accounting firm to conduct a complete and thorough investigation and such investigation was completed by such parties to the Audit Committee's satisfaction on July 17, 2022. The investigation concluded with no findings of improper or fraudulent actions or practices by the Company or any of its officers or employees with respect to any matters, including those raised by BDO.

In addition, management believes that the current FCPA compliance program, as designed and currently in operation, is consistent with standard industry policies and practices related to FCPA compliance, which include amongst other activities regular updates to compliance policies as posted on the company's website, standard procedures for vetting new customers, vendors and contractual counterparties supported by recognized external vendors for KYC and training for employees on the FCPA compliance program.

Following the conclusion of the investigation, the Audit Committee has requested management to conduct an assessment of the effectiveness of the current FCPA compliance program in the fourth quarter of 2022 with the objective of ensuring optimization of the program.

Audit Committee Oversight

Prior to the June 30, 2021 testing date, the company was a smaller reporting company and as of the testing date became a large accelerated filer. Throughout 2021 the Company completed multiple acquisitions and investments into early stage technology growth companies. The Audit Committee discussed with management the implications related to assessment activities for internal control over financial reporting. The change in the plan for the assessment of internal control over financial reporting for 2021 comprehended the risks associated with the change in reporting status and the financial accounting and reporting associated with the acquisitions, including but not limited to purchase price accounting, tax accounting and consolidation.

The response to these risks included amongst other items, the engagement of additional external resources to document and test controls, the engagement of external qualified valuation and tax resources to support financial accounting and reporting related to the acquisitions and the hiring of internal resources to collaborate with the external advisors. The plan was implemented in the first quarter of 2021, concurrent with the operational integration of the acquired businesses.

Management believes that the number and nature of material weaknesses noted above result in a presumption of ineffective oversight and management of the internal control over financial reporting activities. In developing remediation plans to address this presumption, management is evaluating all existing and necessary oversight and operational administration activities associated with internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2022, which have materially affected or would likely materially affect our internal control over financial reporting. The Company continues to invest resources in order to upgrade internal controls.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a description of the Company's legal proceedings, see Note 20, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

For a description of other applicable risk factors, please refer to Part I, Item 1A: "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021. No material change in the risk factors discussed in such Form 10-K has occurred. Such risk factors do not identify all risks that we face because our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Our business operations could also be affected by additional factors that apply to all companies operating in the U.S. and globally.

Item 2. Unregistered Sales of Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the period covered by this report, other than those that were previously reported in the Company's Current Reports on Form 8-K.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the period covered by this report.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation of the Company, as amended to date [incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K (File No. 001-35561) filed on March 30, 2012]
3.2	Second Amended and Restated Bylaws, adopted on January 31, 2014 [incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35561) filed on February 6, 2014]
3.3	Amendment No. 1 to the Second Amended and Restated Bylaws, adopted on March 26, 2015 [incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K (File No. 001-35561) filed on March 30, 2015]
3.4	Amendment No. 2 to the Second Amended and Restated Bylaws, adopted on November 20, 2015. [incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K (File No. 001-35561) filed on November 24, 2015]
3.5	Amendment No. 3 to the Second Amended and Restated Bylaws, adopted November 10, 2021 [incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35561) filed on November 23, 2021]
3.6	Certificate of Designation of Series A Preferred Stock [incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-35561) filed on August 23, 2010]
3.7	Certificate of Designation of Series B Preferred Stock, as corrected by Certificate of Correction [incorporated by reference to Exhibit 3.7 to the Company's Annual Report on Form 10-K (File No. 001-35561) filed on September 2, 2022]
3.8	Certificate of Designation of Series C Preferred Stock [incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-35561) filed on August 31, 2012]
3.9	Certificate of Designation of Series D 4% Convertible Preferred Stock [incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35561) filed on July 11, 2013]
3.10	Certificate of Designation of Series E Convertible Preferred Stock [incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35561) filed on February 6, 2014]
31.1*	Certifications of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certifications of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

*Filed herewith
**Furnished herewith

SIGNATURES

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

		IDEANOMICS, INC.
Date: September 9, 2022	By:	/s/ Conor McCarthy
		Conor McCarthy Chief Financial Officer *(Principal Financial and Accounting Officer)*

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alfred P. Poor certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ideanomics, Inc.;

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 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 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.

Date: September 9, 2022	By:	/s/ Alfred P. Poor
	Name:	Alfred P. Poor
	Title:	Chief Executive Officer
		(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Conor McCarthy certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ideanomics, Inc.;

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 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 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.

Date: September 9, 2022	By:	/s/ Conor McCarthy
	Name:	Conor McCarthy
	Title:	Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Alfred P. Poor, Chief Executive Officer of Ideanomics, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2022 (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. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: September 9, 2022.

By:	/s/ Alfred P. Poor
Name:	Alfred P. Poor
Title:	Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Conor McCarthy, Chief Financial Officer of Ideanomics, Inc. (the “Company”), hereby certify, that, to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2022 (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. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: September 9, 2022.

By:	/s/ Conor McCarthy
Name:	Conor McCarthy
Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.