

**Aura Smart Air Ltd.  
(the "Company")**

This is an English translation of a Hebrew report of the company, that was published on July 17, 2022 (reference No. 2022-01-090220) at the ISA reporting website (magna.isa.gov.il) (hereafter: "The Hebrew Version"). The English version is only for convenience purposes. This is not an official translation and has no binding force. The translation in any case cannot perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

Attn:  
The Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

Attn:  
The Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

July 17, 2022

**Re: An Immediate Report About the Provision of a Credit Facility and a Long-Term Loan to the  
Company from a Banking Corporation**

Further to section 22 in Part A of the Company's Periodic Report for 2021, as published on March 15, 2022 (Reference No.: 2022-01-030457), and the credit facility granted to the Company under the credit agreement signed on November 23, 2021, between the Company and another banking corporation ("Previous Credit Agreement"), the Company respectfully updates that on July 17, 2022, it entered into a credit facility agreement with another banking corporation ("The Agreement" and "the Bank," as the case may be). Within the framework of the Agreement, the Bank provided the Company with a short-term credit facility to finance renewable invoices in the amount of USD 2,000,000 (the "Short-Term Credit Frame") and has also undertaken to provide a long-term loan of \$ 4,000,000. All are subject to the terms set forth in the Agreement, including the design of the collateral detailed herein, for the benefit of the Bank ("Long-Term Loan"). As stated, this Agreement supersedes the previous Credit Agreement.

**1. The Credit Frame**

**1.1. Term**

The Short-Term Credit Frame will be available until and no later than May 20, 2023. Any withdrawal of loan from the Short-Term Credit Frame will be for a period of up to 90 days from the date a signed invoice is presented to the bank (Depending on the date of approved receipt, as defined below).

**1.2. Withdrawals from the Credit Frame**

The Company will be entitled to withdraw loans amounting to 70% - 90% of the approved receipt amount for the Company or its subsidiary, Aura Smart Air Inc. ("**The American Subsidiary**"), in accordance with the terms set forth in the Agreement ("**Loans from the Credit Framework**").

**"Approved Receipt"** - an invoice that the Company or the American Subsidiary has issued to its customers following a sale that complements several conditions, including the bank's approval, and everything as specified in the agreement.

1.3. **Interest**

The loans that the Company will take out of the Short-Term Credit Facility will bear: (a) Pertaining to the loans the Company takes in U.S. Dollars - an annual variable interest, at a monthly TERM SOFR interest rate, including a margin of 3.5% to 4.5%; (B) Pertaining to loans the Company takes in NIS - Prime plus 2% to 3%.

2. **Long-Term Loan**

2.1. **Term**

The long-term loan will be withdrawable (in one withdrawal) until July 28, 2022. The Long-Term Loan fund will be repaid in 30 monthly installments, consecutively starting in January 2023.

2.2. **Interest**

The Long-Term Loan will bear: (a) inasmuch as the long-term loan extends in NIS - an annual variable interest at Prime plus 4% to 5%; (b) inasmuch as the long-term loan extends in U.S. Dollars - an annual variable interest, at a monthly TERM SOFR interest rate plus 6% to 7%.

3. **Additional Conditions**

Within the framework of the agreement, the Company undertook to submit to the bank various reports and documents, including reports pertaining to the approved receipts and periodic financial statements. It also undertook to obtain the bank's prior approval, in writing, for any change of control in the Company. The agreement is subject to the Company's General Terms and Conditions vis-à-vis the bank (except for changes agreed between the parties), including grounds for placing the full outstanding balance of the credit for immediate repayment, including a change in control of the Company, a material change in its field of activity, a structural change without the prior approval of the bank and a breach of the Company's obligations towards the bank. Also, within the framework of the agreement, the subsidiaries - **AuraAir Private Limited** and the American Subsidiary (hereinafter together - "**The Subsidiaries**") undertook various obligations vis-à-vis the bank, including concerning taking credit and creating liens on their assets.

4. **Securities**

To guarantee all the payments to the Bank from the Company, the Company undertook to provide the Bank with the following securities: (a) A first-ranking floating charge, at an unlimited amount, on all Company assets; (B) A first-ranking fixed charge on the Company's

reputation, its fixed assets, intellectual property, rights to receive funds from its customers and rights to receive funds from subsidiaries, its holdings in its subsidiaries, tradable documents and the bank account to its name ("**Bank Account**"); The Company also undertook that, at all times, a bailment shall be deposited in its bank account at an amount that is no less than the amount stipulated in the agreement.

#### 5. Options

As part of its engagement in the agreement, the Company allocated to the Bank, subject to TASE approval, 671,072 non-negotiable options of the Company, which can be converted into Company ordinary shares. Simultaneous to this report, the Company will publish a private proposal report that is neither material nor exceptional, detailing the terms of these options.

Sincerely,

Aura Smart Air Ltd.

By: Ofer Blumenfeld, CFO