

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

This is an English translation of a Hebrew report of the company, that was published on August 29, 2022 (reference No. 2022-01-109384) at the ISA reporting website ([magna.isa.gov.il](https://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.

**Aura Smart Air Ltd.**  
**Condensed Consolidated Financial Statements as of June 30, 2022**  
**(Unaudited)**

**Aura Smart Air Ltd.**  
**Condensed Consolidated Balance Sheets**

		as of June 30		As of December 31, 2021
		2022	2021	
		Unaudited		Audited
Note		Thousands of USD		
<b>Current Assets</b>				
		2,537	12,388	8,387
		12	-	62
		-	5	-
		2,820	2,297	3,325
		1,381	509	959
		3,053	1,209	2,130
		9,803	16,408	14,863
<b>Non-current Assets</b>				
		124	51	196
	2(2)	1,138	1,460	1,230
		956	-	362
		190	568	568
		2,408	2,079	2,356
		12,211	18,487	17,219
<b>Current Liabilities</b>				
		631	-	1,532
		1,094	304	807
		97	40	111
		883	1,095	881
		258	723	600
		624	1,381	927
		27	-	33
		33	36	38
		3,647	3,579	4,929
<b>Non-Current Liabilities</b>				
		11	15	80
		237	-	-
		-	51	-
		248	66	80
<b>Equity</b>				
	3	-	-	-
		19,684	19,467	19,569
		1,256	642	959
		(12,624)	(5,267)	(8,318)
		8,316	14,842	12,210
<b>Total Liabilities and Equity</b>				
		12,211	18,487	17,219

August 28, 2022

Ofer Blumenfeld  
Chief Financial Officer

Aviad Shnaiderman  
Chief Executive Officer

Yuval Bronstein  
Chairman of the Board of  
Directors

Date of approval of the  
financial statements

**Aura Smart Air Ltd.**  
**Condensed Consolidated Statements of Comprehensive Income**

	For the Six-Month Period Ended on June 30		For the Year Ended on December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of USD		
Revenues	3,285	6,377	11,517
Cost of sales	(2,493)	(5,231)	(8,843)
Gross profit	792	1,146	2,674
Research and development expenses	(399)	(458)	(1,355)
Sales and marketing expenses	(2,076)	(1,005)	(2,946)
Management and general expenses	(2,204)	(962)	(2,834)
Costs of listing for trading on the stock exchange	-	(241)	(287)
<b>Operating loss</b>	<b>(3,887)</b>	<b>(1,520)</b>	<b>(4,748)</b>
Financing expenses	(41)	(1,507)	(1,407)
Financing income	-	1	78
<b>Loss before Income Taxes</b>	<b>(3,928)</b>	<b>(3,026)</b>	<b>(6,077)</b>
Income (expenses) from income taxes	(378)	205	205
<b>Loss for the Period</b>	<b>(4,306)</b>	<b>(2,821)</b>	<b>(5,872)</b>
<b>Comprehensive loss</b>	<b>(4,306)</b>	<b>(2,821)</b>	<b>(5,872)</b>
<b>Loss per ordinary basic and diluted share of \$0.00 nominal value</b>	<b>(0.18)</b>	<b>(0.17)</b>	<b>(0.29)</b>
<b>Weighted average of share capital used in calculation of the loss per basic share</b>	<b>23,995,514</b>	<b>16,312,487</b>	<b>20,425,959</b>

**Aura Smart Air Ltd.**  
**Condensed Consolidated Statements of Cash Flows**

	For the Six-Month Period Ended on June 30		For the Year Ended on December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of USD		
<b><u>Cash flows for current activity</u></b>			
Loss for the Period	(4,306)	(2,821)	(5,872)
Adjustments required for presentation of cash flows from current activity - Appendix A	340	(1,780)	(3,021)
<b>Net cash used for current activity</b>	<b>(3,966)</b>	<b>(4,601)</b>	<b>(8,893)</b>
<b><u>Cash flows for investing activities</u></b>			
Investment in short-term deposits	50	-	(62)
Capitalization of development costs	(594)	-	(362)
Purchase of fixed assets	(321)	(85)	(629)
<b>Net cash used for investment activity</b>	<b>(865)</b>	<b>(85)</b>	<b>(1,053)</b>
<b><u>Cash flows from financing activity</u></b>			
Receiving short-term credit	631	-	1,529
Repayment of short-term credit	(1,532)	-	-
Net proceeds from an issue of shares	-	10,150	10,149
Issue of a bridging investment	-	4,387	4,387
Receiving development grants	-	93	93
Repayment of development grants	(78)	(113)	(436)
Repayment of a lease liability	(49)	(17)	(72)
Payment of deposit in respect of a right-of-use asset	-	-	(7)
<b>Net cash used from financing activity</b>	<b>(1,028)</b>	<b>14,500</b>	<b>15,643</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(5,859)</b>	<b>9,814</b>	<b>5,697</b>
<b>Balance of cash and cash equivalents at the beginning of the year</b>	<b>8,387</b>	<b>2,634</b>	<b>2,634</b>
<b>Effect of exchange rate fluctuations on cash balances held in foreign currency</b>	<b>9</b>	<b>(60)</b>	<b>56</b>
<b>Balance of cash and cash equivalents at the end of the year</b>	<b>2,537</b>	<b>12,388</b>	<b>8,387</b>

**Aura Smart Air Ltd.**  
**Condensed Consolidated Statements of Cash Flows**

**Appendix A - Adjustments Required for Presentation of Cash Flows from Current Activity**

		For the Six-Month Period Ended on June 30		For the Year Ended on December 31
		2022	2021	2021
		Unaudited		Audited
Note		Thousands of USD		
Income and Expenses not Involving Cash Flows:				
Depreciation and amortization	2(2)	158	96	467
Exchange rate differences on cash balances		(9)	60	(56)
Financing expenses, net		(10)	17	3
Expenses for revaluation of a liability to the Chief Scientist		(27)	-	217
Expenses in respect of a share-based payment		412	317	736
Expenses in respect of revaluation of a bridging investment		-	1,358	1,358
Income taxes		378	(205)	(205)
		902	1,643	2,520
Changes in assets and liability items:				
(Increase) decrease in customers		505	(2,193)	(3,221)
(Increase) in accounts payable		(422)	(180)	(629)
(Increase) in inventory		(923)	(387)	(1,308)
(Increase) decrease in related parties		-	(5)	2
Increase (decrease) in other suppliers and service providers		287	(1,119)	(616)
Increase in accounts payable		(9)	461	231
		(562)	(3,423)	(5,541)
Total Adjustments Required for Presentation of Cash Flows from Current Activity				
		340	(1,780)	(3,021)

**Appendix B - Transactions not Involving Cash Flows**

Sale of bridging investment	-	5,745	5,745
Increase in right-of-use asset liability	-	-	242
Purchase of fixed asset offsetting a liability (*)	-	1,454	1,514
(*)Non-substantial correction in respect of comparison figures			

**Appendix C - Interest Payments**

Interest paid on a short-term loan	15	-	-
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## Note 5 - Revenues

### Sales Figures According to Customer Characteristics:

As of the reporting date, 54% of the Company's sales are to distributors and 46% are to end customers.

### Distribution of Sales to Regular Customers:

#### 1. Classification of the Company's Income According to Types of Customers:

	For the Period Ended on June 30				For the Year Ended on	
	2022		2021		December 31, 2021	
	Unaudited					
	Thousand s of USD	Rate	Thousands of USD	Rate	Thousands of USD	Rate
Institutional	1,072	33%	74	1%	290	3%
Distributor	1,767	54%	5,941	93%	10,626	92%
Others	446	13%	362	6%	601	5%
Total	3,285		6,377		11,517	

#### 2. CLASSIFICATION OF THE COMPANY'S INCOME ACCORDING TO GEOGRAPHIC MARKETS, BASED ON THE CUSTOMERS' LOCATION:

	For the Period Ended on June 30				For the Year Ended on	
	2022		2021		December 31, 2021	
	Unaudited					
	Thousand s of USD	Rate	Thousands of USD	Rate	Thousands of USD	Rate
Israel	1,135	35%	317	5%	638	6%
Europe	329	10%	1,789	28%	3,594	31%
North America	521	16%	2,413	38%	3,025	26%
Asia	403	12%	1,489	23%	2,981	26%
Latin America	469	14%	258	4%	673	6%
Australia	410	12%	-	-		
Other	18	1%	111	2%	606	5%
Total	3,285		6,377		11,517	