

**Aura Smart Air Ltd.**

**(the "Company")**

This is an English translation of a Hebrew report of the company, that was published on December 29, 2022 (reference No. 2022-01-157627) 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.

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

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

January 1, 2023

Re: **Interim Arrangement with Beit El Industries – Follow-up Report**

Further to the immediate reports of the Company from August 14 2022 and August 21, 2022 (reference numbers: 102652-01-2022 and 2022-01-105985, respectively) and section 8 of the corporate business update chapter in the Company's report for June 30, 2022 (which was published on August 28, 2022; reference number: 2022-01-109384), regarding the discussions that took place and the agreements between the Company and Beit El Industries Ltd. ("**Beit El**" and the "**Previous Reports**", as applicable), the Company informs that on December 28, 2022 the parties signed a binding interim arrangement (the "**Arrangement**"), which amends part of the provisions of the production and supply agreement with Beit El dated May 26, 2021 (as set forth in section 20.1.2 of the Company's periodic report for December 31, 2021, which was published on March 15, 2022, reference no. 030457-01-2022; "**Conditions of the Production Agreement**").

The main points of the Arrangement will be set forth hereafter:

1. The Company will pay Beit El an additional amount of 750 thousand US Dollars, on account of the Company's debt to Beit El, in three equal installments (the "**Installments**"). The Company will be entitled to withdraw, in the period of time determined in the Arrangement, a certain quantity of Aura Air products, and this is against each of the payments, without additional payment.

It is noted that in the month of October 2022 the Company completed the payment in the amount of 750,000 US Dollars on account of the Company's debt to Beit El (which was mentioned in the Previous Reports).

2. Starting from December 2022 and until the end of the existing inventory, the Company undertook to purchase from Beit El at least 500 Aura Air systems each month (when the calculation is made based on an average of 3 months), and this is in lieu of the minimum quantities set forth in the terms of the production agreement.

It is noted that in the Company's estimation, based on the current rate of the sales of the Aura Air systems, it will purchase at least 500 such systems from Beit El each month.

3. The company will pay the consideration for all the products to Beit El in advance. It is noted that payments paid to the Beit El by January 15, 2023 will not constitute part of the calculation of the consideration for the products as mentioned.
4. The time schedules for the supply of the Company's products by Beit El have been updated, when the said time schedules depend on the status of the production of the products and the purchase of the inventory of the raw materials, and they range from a week to 180 days.
5. Beit El will continue to produce products and filters for the Company, in accordance with the terms of the production agreement and subject to the provisions of the arrangement. Furthermore, Beit El will not be required to purchase additional raw materials for the production of the Company's products. To the extent that Beit El does not wish to continue to produce products as mentioned, the Company will be able to purchase the production lines, including inventory, components, molds, plans, etc., in exchange for consideration to be agreed upon by and between the parties and subject to actual payment.
6. It was further agreed, subject to the Arrangement not harming the existence of the Company's financial debt towards Beit El, that the parties do not and will not have claims against each other in any matter. In addition, the Company and Beit El confirm that they do not have and will not have any claims that impose on the other responsibility for any malfunctions, defects or flaws concerning the design or production of the delivered products or arising from them, and the parties expressly waive any claim against the other.

***The information included in section 2 of this report above, regarding the monthly rate of purchases of Aura Air systems from Beit El, is considered forward-looking information, as defined in the Securities Law, which is based on the Company's assessments, inter alia, on the basis of past data, and the Company's familiarity with market conditions the realization of which is uncertain and may differ, inter alia, due to external factors, including changes in market factors, continuation of proceedings, changes in costs, changes in the Company's business plan, changes in customer demand, and the occurrence of additional risk factors, which are not under the control of the Company and which may have a material impact on the Company's valuations mentioned above.***

Sincerely,

Aura Smart Air Ltd.

By: Aviad Shnaiderman, CEO