

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

**This is an English translation of a Hebrew report of the company, that was published on February 24, 2022 (reference No. 2022-01-018954) at the ISA reporting website ([magna.isa.gov.il](http://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)

February 24, 2022

**Re: An Immediate Report About the Signing of an Exclusive Distribution Agreement with a South Korean Distribution Company**

The Company respectfully updates that on February 23, 2022, it signed an Exclusive Distribution Agreement with a South Korean Company (the "Agreement," the "Distributor," and the "Exclusivity Area," as applicable).

Here are the key points of the Agreement:

The Exclusive Distribution Agreement includes the following provisions: (a) The Distributor receives an exclusivity only for the territory of South Korea; (b) The exclusivity is conditional on the Distributor's meeting pre-defined sales targets, whereas the Distributor's non-compliance with the defined targets grants the Company with the right to cancel the Agreement with the Distributor or, alternatively, cancel the Distributor's exclusivity; (c) The Company's Distributors have the right to purchase its products at a fixed price and sell them in the Exclusivity Territory at a price they deem appropriate. The engagement period is four years and includes the possibility for an extension by mutual consent. Under the Agreement, the Company undertakes to deliver its products on the delivery dates and terms chosen by the Distributor. Furthermore, according to the terms stipulated in the Agreements with its Distributors, the Company remains liable towards end customers in everything related to the warranty for its products for 12 months.

The Agreement defines estimated and non-binding sales targets for four years, split by a year-on-year growth trend, amounting to a total target of approximately \$ 3.3 million (the "Estimated Sales

Target"). Inasmuch as the Distributor could withstand the aforesaid target, the Agreement will be extended upon mutual consent.

The Distributor is a company engaged in providing air-conditioning and green solutions for the real estate sector, predominantly - for smart buildings throughout South Korea and its neighboring countries.

**It is emphasized that the Estimated Sales Target is non-binding, and there is no certainty that the Distributor will meet the said target in its entirety or partially and/or whether the Company will sell its products through the said Distributor.**

Sincerely,

Aura Smart Air Ltd.

By: Aviad Shneiderman, CEO