2022

Q2 Interim Report

SMART WIRES
REIMAGINE THE GRID

Recent Business Highlights and Guidance

- As anticipated, global supply chain disruptions led to a low-volume quarter
- Given continued supply chain challenges, full year revenue outlook was reduced to $55 million to $60 million
- Orders outlook remains on track for $100 million to $120 million
- Current order backlog at $72 million slated for 2022 and 2023 delivery
- Q2 Revenue of $8.2 million, -20% vs. Q2 2021
- Q2 Net loss of $18 million, +26% vs. Q2 2021
- Q2 non-GAAP adjusted EBITDA loss of $16.1 million, -7% vs. Q2 2021
- ~50% of order target contracted already or in late contracting stage; $120+ million of high-probability, new opportunities identified this year from lighthouse customers; strong position and potential for order upside in 2022
- $18 million - $20 million order received for second largescale project with ISA Transelca
- New global HQ opened in North Carolina; Colombian subsidiary officially incorporated
- Organization strengthened with key appointments
- Reseller partnership with ELES Group subsidiary Operato broadens commercial offering to include dynamic rating software SUMO

Key Figures (Unaudited)

($ in millions, unless stated otherwise)	Q2 2022	Q2 2021	Change	2022 Jan - Jun	2021 Jan - Jun	Change
Revenue	**$ 8.2**	**$ 10.2**	**(20%)**	**$ 10.9**	**$ 22.5**	**(51%)**
Cost of revenue	12.3	10.7	(15%)	19.5	22.5	13%
Gross profit	**$ (4.1)**	**$ (0.5)**	**(776%)**	**$ (8.6)**	**$ (0.1)**	**(16995%)**
Gross margin	*(50%)*	*(5%)*	*(46%)*	*(79%)*	*(0%)*	*(78%)*
Operating Expenses	13.3	15.2	13%	29.5	28.6	(3%)
Net Profit (loss)	$ (18.0)	$ (24.3)	26%	$ (39.2)	$ (40.5)	3%
EBITDA [1]	$(16.1)	$ (15.0)	(7%)	$(35.2)	$ (27.4)	(28%)
EBITDA margin	*(196%)*	*(146%)*	*(50%)*	*(323%)*	*(122%)*	*(201%)*
Ending cash, including Restricted Cash	**$ 40.2**	**$ 109.2**	**(63%)**	**$ 40.2**	**$ 109.2**	**(63%)**
Net working capital	**$ 65.8**	**$ 112.6**	**(42%)**	**$ 65.8**	**$ 112.6**	**(42%)**
Cash flows from operations	$ (21.6)	$ (9.4)	(129%)	$ (48.6)	$ (30.8)	(58%)

[1] EBITDA is a non-GAAP measure. Please refer to page 9 for the reconciliation of EBITDA to Net Loss.

Note: Unaudited financial statements presented herein are prepared in accordance with U.S. Generally Accepted Accounting Principles.

Due to rounding the number presented may not add to the totals provided.

Strong order book and continued supply chain disruptions

Countries around the world are taking the energy transition seriously, and governments and consumers continue to take steps to expand renewable energy production and drive efficiencies in their networks. All of this is boosting our orders and backlog as our technology sits in the middle of this shifting landscape.

Key players are taking action
In June, the U.S. Federal Energy Regulatory Commission (FERC) issued a proposed rule to speed up the current process for connecting new electric generation facilities to the grid, aiming to address the more than 1,400 gigawatts of generation and storage projects waiting in interconnection queues for approval across the country. This follows action earlier this year by FERC requiring investor-owned utilities to consider grid enhancing technologies like advanced power flow control as part of their approach to transmission planning.

I am encouraged by the enthusiasm I saw from a variety of stakeholders during the quarter. I spoke on stage with industry leaders about energy policy and strategies for optimizing electricity networks with grid enhancing technologies. In Australia, I contributed to a panel with other industry experts about the critical importance of the grid acting as a digital platform for energy transition, leveraging emerging grid enhancing technologies. This topic was covered further in a recently published PTR podcast I was part of, and increasingly – the future of the grid – is a topic of choice with our customers and partners. All of this highlights the deep interest in reaching the ambitious international target of net zero carbon emissions by 2050, and the critical role of the grid in helping us get there.

Busy second quarter
During the second quarter we received an order for a second project from ISA Transelca in Colombia for a grid expansion project worth $18M to $20M with deliveries through 2023. This will enable an additional 300 MW of renewables to reliably connect to the grid. The new agreement highlights the trust our customers have in our technology and our ability to deliver impact.

We opened our new global headquarters in Durham, North Carolina, which has state-of-art research and development facilities, testing and validation laboratories as well as general office space for our expanding team. This gives us the quality space and access to talent we need to support our future growth.

We also announced the incorporation of our new Colombian subsidiary in Medellin, Colombia. This office will act as our operational hub for the Latin America region, enabling us to help accelerate the region's ongoing energy transition. The Latin American region is proving to be a leading region when it comes to grid modernization, driven by the demand for secure, clean energy, and market designs that encourage the use of best-available technology like ours.

With significant growth expected over the coming years, we took steps to bolster our organization. Hêdd Roberts joined as General Manager for the European region from the global utility National Grid. Jessica Joyce was promoted to Chief Sales Officer, Michael Walsh moved to Chief Development Officer, Jeremy Knepper was promoted to Chief Operating Office, while Sundar Baladhandapani was appointed Senior Director of Controls and Communication. Ensuring we have top talent will be critical for meeting our ambitious growth plans.

After the quarter ended, we teamed up with ELES Group subsidiary Operato to offer dynamic rating software SUMO. This partnership allows us to act as a re-seller for the SUMO Dynamic Rating System. This compliments and strengthens our existing offering to help grid operators meet the demands of renewable energy adoption and demand-side electrification. The partnership boosts our current commercial offering and creates a high-impact value proposition for our customers.

Updated 2022 outlook due to global supply chain disruptions
Revenue in the second quarter of $8.2M was in-line with our previously communicated guidance that more than 70% of revenue will be in the second half of the year as supply chain disruption continued to impact production timing and associated deliveries. The gross margin during the second quarter was (50%) due to continued low production volume and cost pressure on logistics and broker-sourced components.

After the end of the quarter, we updated the market on the company's outlook for the rest of 2022. We lowered the revenue outlook to $55M to $60M compared to the previously stated $65M to $70M due to the impact of continued supply chain disruption on our production volume and technology deployment. We also suspended our outlook regarding full-year 2022 gross margins and EBITDA. No new outlook was provided. Cash at the end of the quarter was $30.2M. We are managing our cash profile through careful management of quarterly spending and driving improved payment terms with both vendors and suppliers, while continuing to explore strategic financing opportunities.

Companies around the world continue to be impacted by global disruptions such as ongoing COVID pressures and the Russian invasion of Ukraine, which affect the availability of materials, lead times, logistics and costs. There has been high uncertainty regarding raw materials and components we need throughout 2022, impacting our ability to properly forecast for the near term. We have worked hard to develop and deploy incremental pathways to source material while also bolstering our supply chain diversity, strength and depth. These efforts have helped us mitigate impact and find solutions for the second half of 2022 and through 2023, with ongoing improvements reaching full normalization by Q4 2023.

Peter Wells
CEO

Strong commercial momentum with growing order backlog
Market demand continues to gain pace, strengthening from quarter to quarter, and we're well positioned to benefit from the long-term trends. Our order backlog has grown to $72M with additional orders expected in the back half of 2022, driving our expected orders intake to between $100M to $120M for 2022, with more than half coming from key customers in the UK, Australia and Colombia.

We're in a fantastic position to benefit from the energy transition, and in turn deliver significant benefit back to the energy ecosystem by accelerating renewable energy adoption and connecting that clean energy to all consumers.

Thank you for following us.

Peter Wells
CEO, Smart Wires

Earnings – Q2 2022

Revenue and gross profit
Total revenue for the quarter was $8.2 million a decrease of 20% compared to Q2 2021. Q2 revenue was in-line with our expectations and previously communicated guidance that >70% of revenue would come from the second half of the year as we transition from the 10-3600 v1.03 product to the 10-1800 v1.04 SmartValve and manage through continued global supply chain challenges.

Gross margins were (50%) in Q2 2022 down from (5%) in Q2 of 2021. This was driven primarily by lower production volumes in the quarter driving deleverage of the fixed manufacturing cost base as well as cost pressure on logistics and broker-sourced components. In addition, a warranty provision of $0.9 million for earlier generation products (v1.03) was recorded resulting in a (11%) impact to gross margins. While the company believes this provision to be adequate for potential issues relating to a limited production run of the v1.03, we will continue to assess on a quarterly basis and adjust as necessary.

EBITDA
EBITDA decreased by $1.1 million or 7% to a loss of $16.1 million in Q2 2022 from a loss of $15.0 million in Q2 2021, driven largely by lower revenue and gross margins but partially offset by lower operating expenses compared with the prior year period. Spending in the quarter was reduced to help offset the impact of the supply chain disruptions on our revenues and to conserve cash.

Net loss and loss per share
The net loss in Q2 2022 decreased by 26% to $18.0 million compared to $24.3 million in Q2 2021. The decrease was related primarily to $7.3 million in expenses related to the revaluation of preferred stock warrants and issuance of common stock warrants in Q2 2021. This one-time expense was partially offset by the reduced EBITDA as described above.

Net loss per share on a fully diluted basis improved from a loss of $0.35 per share in Q2 2021 to a loss of $0.18 in Q2 2022. This improvement was driven by the negative impact of the revaluation of the preferred and common stock warrants in Q2 2021 as well as an increase in the weighted average shares outstanding in Q2 2022 which were issued at the time of the public offering in May 2021.

Earnings - YTD June 30, 2022

Revenue and gross profit
Total revenue for the six-months ended June 30, 2022, was $10.9 million a decrease of 51% compared to the same period in 2021. The decrease in revenue was anticipated as we transition from the 10-3600 v1.03 product to the 10-1800 v1.04 SmartValve and manage through continued global supply chain challenges.

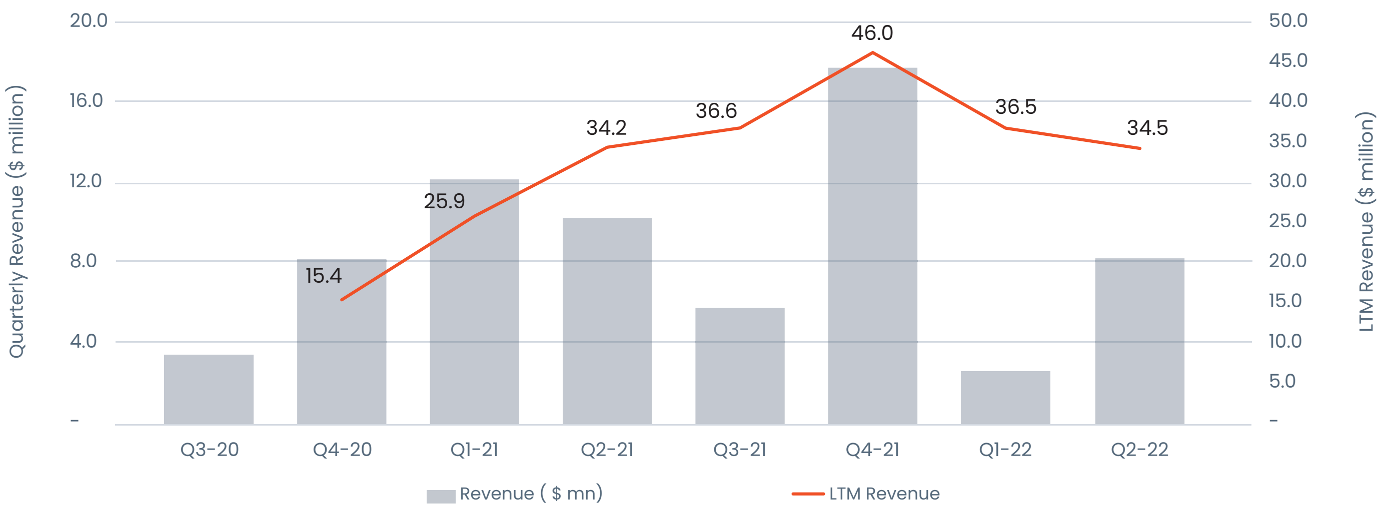
Gross margins declined by 78 percentage points in the first half of 2022 to (79%) from gross margin of approximately (0%) in the first half of 2021. This was driven primarily by lower revenue and lower production volumes in the quarter driving deleverage of the fixed manufacturing cost base as well as cost pressures on logistics and broker-sourced components. In addition, a warranty provision of $1.9 million for earlier generation products (v1.03) was recorded during the first half of 2022 which had a (17%) impact to gross margins.

EBITDA
EBITDA decreased by $7.8 million or 28% to a loss of $35.2 million in the first half of 2022 from a loss of $27.4 million in the same period in 2021, driven largely by the lower revenue and gross margins as well as slightly increased operating expenses to support expansion and relocation to the company's new headquarters in Durham, North Carolina, new product introductions and engineering solutions.

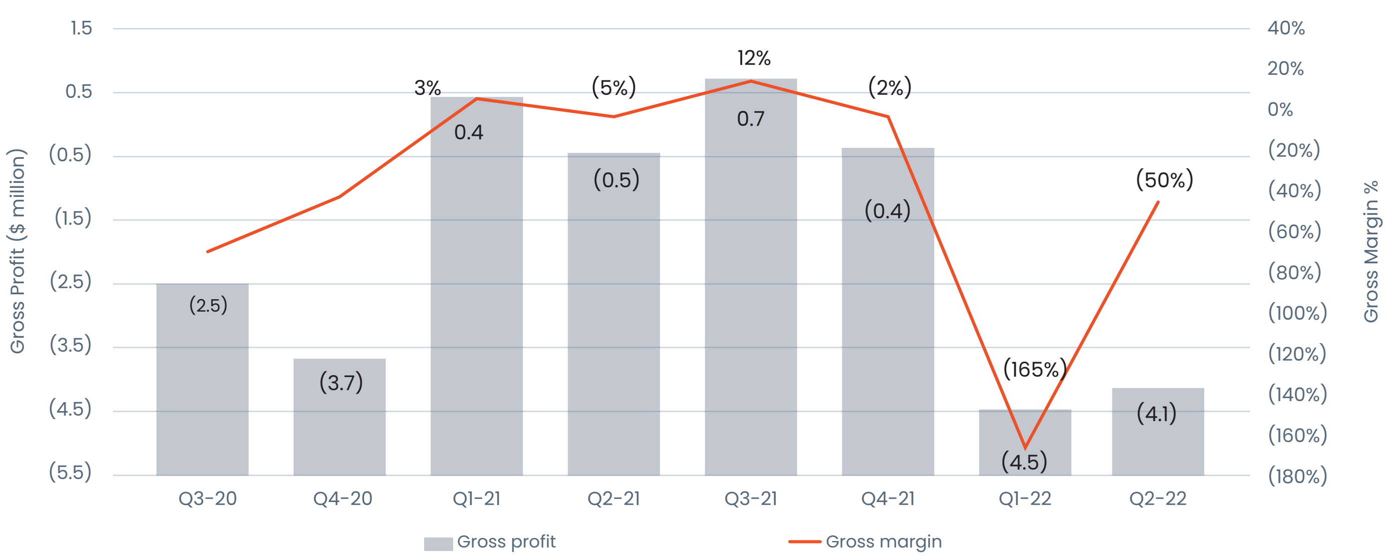
Net loss and loss per share
The net loss in the first half of 2022 decreased by 3% to $39.2 million compared with $40.5 million in the same period in 2021. The decrease is attributable to $7.3 million in preferred stock warrant revaluation and common stock warrant issuance expenses, a $1.8 million loss on extinguishment of debt, and higher interest expenses in Q1 2021, all of which was primarily offset by the decrease in EBITDA described above.

Net loss per share on a fully diluted basis improved from a loss of $1.10 per share in Q2 2021 to a loss of $0.38 in Q2 2022. This improvement was driven by the negative impact of the revaluation of the preferred and common stock warrants in Q2 2021 as well as the debt extinguishment loss and higher interest expense in Q1 2022. In addition the weighted average shares outstanding were higher in Q2 2022 as result of the public offering in May 2021.

Revenue Growth



Gross Profit vs Margin



Balance Sheet and Cash Flow

Liquidity and financial position
As of June 30, 2022, the balance of cash, cash equivalents, and restricted cash was $44.0 million including $13.8 million of restricted cash related to advanced payment and performance guarantees for certain customers. Inventory and prepaid assets increased by $14 million since December 31, 2021, due to purchases and deposits for raw material associated with the launch of the 10-1800 v1.04 product. Total current assets were $90.9 million compared with current liabilities of $25.1 million that consist of $7.6 million of trade payables, $8.4 million of accrued expenses and $8.3 million of deferred revenue and customer deposits. The deferred revenue represents milestone payments received to date that are expected to be recognized in the next 12 months. In Q1, the company recorded a right-of-use asset in the amount of $9.7 million and a long-term lease liability of $10.5 million related to the new company headquarters and research facility Durham, North Carolina. The company received a tenant improvement allowance of $5.1 million in Q2 of 2022 which reduced the value of the right-of-use asset on the balance sheet. In December 2021, we entered into a senior secured term loan agreement for a $50 million facility subject to certain milestones being achieved. The first tranche of $30 million was funded on December 31, 2021. A second tranche of $20 million is available from April 2023 to September 2023 provided we achieve $40 million in trailing six months revenue.

Cash flow activities
Cash flow from operating activities for the six months ended June 30, 2022, was negative $48.6 million compared with negative $30.8 million for the same period in the prior year. The primary use of cash is to fund ongoing operating expenses and manufacturing and inventory procurement needs. Cash used in investing activities for the six months ended June 30, 2022, included $9.0 million in capital expenditures, due primarily to construction of the new facility in Durham, North Carolina which opened in Q2 of 2022. The company received a $5.1 million tenant improvement allowance in Q2 2022. Cash flow from financing activities was immaterial in the six months ended June 30, 2022, compared with $130.5 million during the same period in the prior year which was the result of the net proceeds of $143.3 million from the public listing via Nasdaq First North Growth market on May 18, 2021, $23.9 million of net proceeds from borrowing, $7.8 million of net proceeds from issuance of convertible preferred stock and $4.6 million of proceeds from the issuance of convertible notes payable. These proceeds were partially offset by the repayment of $49.4 million in credit facility debt after the completion of the public listing.

Net Working Capital

	Jun-22	Jun-21	Dec-21
($ in millions)			
Cash and cash equivalents	$ 30.2	$ 104.4	$ 90.7
Restricted cash	10.0	4.8	10.0
Accounts receivable	1.6	1.6	1.3
Inventory	30.2	20.6	18.7
Prepaid expenses and other current assets	18.9	12.4	16.7
Current assets	**$ 90.9**	**$143.8**	**$137.5**
Accounts payable	7.6	8.4	5.0
Accrued expenses and other current liabilities	8.4	6.9	12.7
Deferred revenue and customer deposits	8.3	15.9	12.2
Lease Liability-Current	0.3	-	-
Derivative liability	0.5	-	0.7
Current liabilities	**$25.1**	**$31.3**	**$30.6**
Net Working Capital	**$65.8**	**$112.6**	**$106.9**

Due to rounding the number presented may not add to the totals provided.

Other Disclosures

During Q1 2022

On 21st April, FERC released a Notice of Proposed Rulemaking (NOPR) requiring investor-owned utilities to consider grid enhancing technologies as part of their traditional transmission planning process. FERC's NOPR is the first large-scale action taken regarding the Commission's effort to reform or revise existing regulations to improve how regional transmission grids are planned, how costs are allocated to various stakeholders and the process by which new generation connects to the grid. Today's transmission planning process does not require the evaluation of grid enhancing technologies (GETs). These changes would require electric utilities to consider the use of technologies like advanced power flow control in their long-term transmission planning processes.

On 22nd April, Smart Wires announced the appointment of Hêdd Roberts as General Manager, Europe. Hêdd is an experienced energy industry leader having worked in various leadership, commercial and engineering roles with National Grid Electricity Transmission (NGET) over the past two decades, covering charging and access development, investment management and customer and commercial services. Hêdd joins from the global utility National Grid, where he was on the electricity transmission executive team in the UK and most recently Director of Regulation.

On 11th May, Smart Wires announced the appointment of Jeremy Knepper as Senior Vice President, Quality and Sundar Baladhandapani as Senior Director, Controls & Communication. Jeremy brings over 20 years of experience in quality within multiple industries, including aerospace, military and defense, renewable energy, and agriculture. Jeremy joins from Collins Aerospace where he held various positions of increasing scope and was responsible for integrating teams, establishing a customer satisfaction program, and elevating overall quality performance. Sundar spent more than 25 years in the embedded and IoT systems areas of various manufacturing companies, most recently as an engineering director at Aprilaire.

On 26th May, Smart Wires received an order for a second large-scale project with ISA Transelca in Colombia. The order will have net revenue of approximately $18 million to $20 million through 2023. This grid expansion project will consist of SmartValve installations on five 220 kV circuits, and will enable an additional 300 MW of renewables to reliably connect to the grid. This is the second large-scale project with ISA Transelca, following a first purchase order with net revenue of $20 million to $23.3 million received in September 2021.

On 23rd June, Smart Wires celebrated the opening of its new global headquarters in North Carolina. Durham County Board of Commissioners Chair Brenda Howerton and other members of the Board toured the facility with Smart Wires CEO Peter Wells to mark the grand opening. The new site contains a state-of-the-art research and development facility, testing and validation laboratories and general office space. The relocation to North Carolina's Research Triangle Park follows significant company and market growth and strengthens Smart Wires' U.S. presence.

After Q2 2022

On 12th July, Smart Wires announced the official incorporation of its new Colombian subsidiary. The new subsidiary and corporate office serves as Smart Wires' operational hub for the Latin America region, further enabling the company to help accelerate the region's energy transition. Nearly two dozen Smart Wires employees based in Medellin held a ribbon-cutting ceremony to mark the opening of the office. Medellin was chosen as the ideal location for Smart Wires to establish its Latin America base as it is a source of exceptional talent in the electricity and technology sectors, and the company has seen strong commercial momentum across the region.

On 10th August, Smart Wires announced reseller partnership with software provider Operato. The SUMO software dynamic rating system compliments and strengthens Smart Wires' existing commercial offering. SUMO is a software offering with an optional hardware component that provides system-wide visibility of lines, transformers and other network equipment in real-time and for future forecasts. The total available market for dynamic rating systems and the additional power flow control technology required to fully leverage the newly-identified circuit capacity is estimated at $10B per annum. Operato is a subsidiary of ELES Group which is controlled by the Slovenian transmission system owner and operator ELES d.o.o.

On 11th August, Smart Wires announced new appointments to the executive leadership team. Jessica Joyce was appointed to the role of Chief Sales Officer, and will lead a team covering business development, key account management, technical sales and commercial operations. Michael Walsh, previously Chief Commercial Officer was appointed to the Chief Development Officer role and will be responsible for strategy, marketing, government affairs and corporate development. Jeremy Knepper was appointed to the role of Chief Operating Officer and will lead the safety, quality, sourcing, production and services teams. These changes will enable the business to establish a laser focus on positioning for growth and driving pipeline conversion to orders and backlog. In addition, the Chief Operating Officer role provides for a clear operational focus that is aligned and connected through our business.

Smart Wires Technology Ltd. Consolidated Financial Statements June 30, 2022

Consolidated Statements of Operations (Unaudited)

In thousands, except per share amounts

	Q2 2022	Q2 2021	2022 Jan- Jun	2021 Jan- Jun
Revenues				
Product revenue	$ 8,204	$ 10,242	$ 10,904	$ 20,268
Construction revenue	-	0	-	2,186
Total Revenues	8,204	10,242	10,904	22,454
Cost of Revenues	12,322	10,712	19,473	22,504
Gross Margin	(4,118)	(470)	(8,569)	(50)
Operating Expenses				
Research and development	5,117	7,854	11,226	13,347
Selling, general and administrative	8,166	7,356	18,198	15,217
Other operating expenses	-	–	53	-
Total operating expenses	13,283	15,210	29,476	28,564
Loss before other Income (Expenses)	(17,401)	(15,680)	(38,045)	(28,615)
Preferred stock warrant liability revaluation gain (loss)	-	(6,528)	-	(6,528)
Financial expenses, net	(634)	(2,138)	(1,183)	(5,383)
Net Loss	$ (18,035)	$ (24,346)	$ (39,228)	$ (40,525)
Less:				
Net loss attributable to Non-redeemable Non-controlling interests	(388)	(193)	(843)	(193)
Net Loss attributable to Smart Wires Technology Ltd	$(17,648)	$(24,153)	$ (38,385)	$ (40,332)
(Loss) per share attributable to Smart Wires Technology Ltd Common Stockholders				
Basic	$ (0.18)	$ (0.35)	$ (0.38)	$ (1.10)
Weighted-average common shares outstanding:				
Basic	99,980,595	68,822,447	99,979,623	36,735,225
Reconciliation of Loss before Other Income (Expenses) to EBITDA				
Loss Before Other Income (Expenses)	(17,401)	(15,680)	(38,045)	(28,615)
Add: Depreciation and amortization	510	425	944	900
Add: Stock Based Compesation	825	275	1,931	300
Deduct: Bank Fees	-	(7)	(40)	(12)
EBITDA	**(16,067)**	**(14,986)**	**(35,170)**	**(27,414)**

Due to rounding the number presented may not add to the totals provided.

Note: Prior year quarterly numbers were adjusted to reflect the expense related to the revaluation of preferred stock warrants and issuance of common stock warrants that were recorder in Q4 of 2021 as an out-period adjustment. Other immaterial reclassifications to align with the 2021 audited financial statements are also included and therefore totals presented may not agree to prior year's Interim reports.

Smart Wires Technology Ltd. Consolidated Financial Statements June 30, 2022

Consolidated Balance Sheets (Unaudited)

In thousands, except par value amounts

	June 30, 2022	June 30, 2021	December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents	$ 30,175	$ 104,456	$ 90,729
Restricted cash	10,028	4,750	10,020
Accounts receivable	1,593	1,604	1,277
Inventory	30,219	20,639	18,750
Prepaid expenses and other current assets	8,928	1,135	6,359
Unbilled receivables	10,000	11,257	10,319
Total current assets	**90,943**	**143,841**	**137,454**
Property and equipment, net	16,385	3,408	9,087
Right-of-use asset	5,074	-	-
Deposits and other assets	5,063	255	2,282
Deferred financing costs	464	–	464
Intangible assets, net	91	225	91
Total assets	**$ 118,020**	**$ 147,729**	**$ 149,377**
LIABILITIES			
Current Liabilities			
Accounts payable	$ 7,609	$ 8,404	$ 5,030
Accrued expenses and other current liabilities	8,373	6,927	12,650
Deferred revenue and customer deposits	8,345	15,929	12,158
Lease Liability-Current	254	-	
Derivative liability	540	-	736
Total current liabilities	**25,121**	**31,261**	**30,574**
Long-Term debt, net of debt issuance costs and discounts	28,871	-	28,585
Lease liabilitiy	10,667	-	-
Other long-term liabilities	38	38	38
Total liabilities	**$ 64,697**	**$ 31,299**	**$ 59,197**
STOCKHOLDERS' EQUITY (DEFICIT)			
Series I convertible preferred stock	-	-	-
Stockholders' Equity (deficit)			
Common stock, $0.01 par value	995	994	994
Additional paid-in capital	461,903	459,423	459,969
Retained Earnings	(372,600)	(306,205)	(306,205)
Net Loss	(38,385)	(40,332)	(66,396)
Acumulated deficit	(410,985)	(346,536)	(372,600)
Acumulated Other Comprehensive Income	436	-	-
Total Smart Wires Technology Ltd stockholders' equity (deficit)	**52,349**	**113,880**	**88,363**
Non-redeemable Non-controlling interests	974	2,550	1,817
Total liabilities and stockholders' equity (deficit)	**$ 118,020**	**$ 147,729**	**$ 149,377**

Due to rounding the number presented may not add to the totals provided.

Smart Wires Technology Ltd. Consolidated Financial Statements June 30, 2022

Consolidated Statements of Cash Flows (Unaudited)

In thousands

	Three-Month ended June 30,		Six-Month ended June 30,	
	2022	2021	2022	2021
Cash flows from Operating Activities				
Net loss	$ (18,035)	$ (24,346)	$ (39,228)	$ (40,525)
Adjustments for non-cash items	736	8,334	2,987	10,854
Changes in operating assets and liabilities:				
Accounts receivable	(1,294)	1,087	(316)	844
Inventory	(6,277)	1,709	(11,469)	1,436
Prepaid expenses and other current assets	6,708	(10,772)	3,763	(11,096)
Operating liabilities	(3,446)	14,549	(4,292)	7,701
Net cash used in operating activities	**$ (21,609)**	**$ (9,438)**	**$ (48,555)**	**$ (30,785)**
Cash flows from Investing Activities				
Purchase of property and equipment	(4,729)	(130)	(8,973)	(114)
Other	–	0	–	0
Net cash used in investing activities	**$ (4,729)**	**$ (130)**	**$ (8,973)**	**$ (113)**
Cash flows from Financing Activities				
Net proceeds from borrowings	(0)	(52)	(0)	23,909
Repayment and borrowings	-	(49,063)	-	(49,375)
Net proceeds from issuance of common stock	4	143,696	4	143,477
Proceeds from the issuance of convertible notes payable	-	-	-	4,626
Proceeds from the issuance of convertible preferred stock, net	-	-	-	7,838
Repurchase of early exercised options to purchase common stock	-	-	-	(12)
Net cash provided by financing activities	**$ 4**	**$ 94,581**	**$ 4**	**$ 130,463**
Net Increase (Decrease) in Cash, cash equivalents and restricted cash	$ (26,333)	$ 85,013	$ (57,524)	$ 99,565
Cash, cash equivalents and restricted cash, beginning of period	70,347	24,192	101,538	9,641
Cash, cash equivalents and restricted cash, end of period	**$ 44,014**	**$ 109,206**	**$ 44,014**	**$ 109,206**
Reconciliation Statement of Cash Flows to Consolidated Balance Sheet				
Cash and Cash equivalents as shown on consolidated balance sheet	$ 30,175	$ 104,456	$ 30,175	$ 104,456
Restricted Cash as shown on consolidated balance sheet	10,028	4,750	10,028	4,750
Restricted Cash included in deposits on consolidated balance sheet	3,811	-	3,811	-
Total Cash, cash equivalents and restricted cash as shown in the statement of cashflows	**$ 44,014**	**$ 109,206**	**$ 44,014**	**$ 109,206**

Due to rounding the number presented may not add to the totals provided.

Amount included in restricted cash and restricted cash included in deposits represent amounts restricted by contractual agreement with certain customers during the term of the customer contract. The restriction will be released by the customer at the end of the contract period.

Smart Wires Technology Ltd. Consolidated Financial Statements June 30, 2022

Consolidated Statements of Convertible and Redeemable Preferred Stock and Stockholders' Equity (Deficit) (Unaudited)

In thousands, share and per share amounts

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Acumulated Other Comprehensive Income	Total Smart Wires Technology Ltd Stockholders' Equity (Deficit)	Non-controlling Interests	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balances at January 1, 2021	546,400	$282,179	3,523	$ 0	$ 7,502	$ (305,486)	$ -	$ (297,984)	–	$(297,984)
Issuance of Series I-1 and Series I-2 convertible preferred stock at $.6165 per share in exchange for convertible notes payable	44,637	13,759	–	–	–	–	–	–	–	–
Issuance of Series I-1 and Series I-2 convertible preferred stock at $0.6165 per share in exchange for cash, net of issuance costs	25,675	7,838	–	–	–	–	–	–	–	–
Issuance of convertible preferred stock in connection with conversion of restricted stock units	82	55	–	–	–	–	–	–	–	–
Issuance of Series I-1 and Series I-2 convertible preferred stock as adjusted for anti-dilution	31,124	–	–	–	–	–	–	–	–	–
Issuance of Series I-1 convertible preferred stock in exchange for accumulated dividends	51,368	–	–	–	–	–	–	–	–	–
Accretion of convertible preferred stock cumulative dividends	–	8,990	–	–	–	(8,990)	–	(8,990)	–	(8,990)
Conversion of Series I-1 and Series I-2 preferred stock warrants at $0.6165 per share	–	–	–	–	6,528	–	–	6,528	–	6,528
Issuance common stock warrants	–	–	–	–	764	–	–	764	–	764
Issuance of common stock upon exercise of stock options	–	–	112	0	130	–	–	130	–	130
Repurchase of early exercised stock options	–	–	(117)	0	(12)	–	–	(12)	–	(12)
Cancellation and conversion of Series I-1 and Series I-2 convertible preferred stock into common stock	(699,287)	(312,821)	66,204	7	312,814	–	–	312,821	–	312,821
Issuance of common stock in connection with a warrant exercise	–	–	1,466	–	–	–	–	–	–	–
Cancellation of common stock in connection with merger and stock split	–	–	(71,188)	(7)	(312,814)	–	–	(312,821)	–	(312,821)
Non-Controlling interests of common shareholders	–	–	–	–	–	–	–	–	2,749	2,749
Adjustment for NCI net asset	–	–	–	–	(11,021)	8,272	–	(2,749)		(2,749)
Issuance of Parent ordinary shares in connection with merger and stock split	–	–	68,943	689	312,132	–	–	312,821		312,821
Issuance of Parent ordinary shares in exchange for SDRs, net of costs	–	–	30,400	304	143,044	–	–	143,348		143,348
Conversion of NCI into parent company ordinary stock	–	–	60	1	5	–	–	6	(6)	–
Stock-based compensation and other	–	–	–	–	350	–	–	350	–	350
Net loss	–	–	–	–	–	(40,332)	–	(40,332)	(193)	(40,525)
Balances at June 30, 2021	**–**	**$ -**	**99,403**	**$ 994**	**$ 459,423**	**$ (346,536)**	**$ -**	**$ 113,880**	**$ 2,550**	**$116,430**

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Acumulated Other Comprehensive Income	Total Smart Wires Technology Ltd Stockholders' Equity (Deficit)	Non-controlling Interests	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balances at January 1, 2022	**–**	**–**	**99,434**	**$ 994**	**$ 459,969**	**$ (372,600)**	**–**	**$ 88,363**	**$ 1,817**	**$ 90,180**
Stock-based compensation and other	–	–	6	0–	1,934	–	–	1,935	–	1,935
Change in AOCI	–		–	–	–	–	436	436	–	436
Net loss	–	–	–	–	–	(38,385)	–	(38,385)	(843)	(39,228)
Balances at June 30, 2022	**–**	**$ -**	**99,440**	**$ 995**	**$ 461,903**	**$ (410,985)**	**$ 436**	**$ 52,349**	**$ 974**	**$ 53,323**

__Note:__ the above Parent ordinary shares excludes outstanding options and warrants. On a fully diluted basis, total ordinary shares equivalent is 118,545,038 shares as of June 30, 2022.

Unaudited financial statements presented herein are prepared in accordance with U.S. Generally Accepted Accounting Principles.

Due to rounding the number presented may not add to the totals provided.

Information and Contacts

EARNINGS CALL INFORMATION

Smart Wires Technology LTD,

Audiocast with teleconference, Q2, 2022

Time: Thursday August 11

15:00 Stockholm (CEST) / 09:00 EST.

https://financialhearings.com/event/44070

Language: English

Speakers: Peter Wells, CEO and Julie Andrews, CFO

Webcast:

https://tv.streamfabriken.com/smart-wires-q2-2022

Teleconference:

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NEXT EARNINGS CALL:
November 10, 2022 for Q3-22

This information is information that Smart Wires Technology Ltd is obliged to make public pursuant to the EU Market Abuse Regulation. The information in this press release has been made public through the agency of the responsible person set out above for publication at the time stated via the Company's news distributor Cision at the publication of this press release.

ABOUT SMART WIRES TECHNOLOGY LTD.
Smart Wires conducts grid technology business that helps utilize, modernize, optimize and monetize grid capacity to meet the demands and opportunities of the energy transition. The Company operates in the global transmission grid technology market and is a leader in modular power flow control technology. Power flow control technology controls and directs power flow on high voltage electric transmission systems. Smart Wires serves transmission owners, primarily electric utilities. Transmission owners use power flow controllers to eliminate line overloads by redirecting power to other lines, to reduce transmission congestion, and to enable renewable energy connection and dispatch. Currently, Smart Wires' main projects are located in Europe, the United States and Australia with upcoming projects in South America and Canada. The Company has a large customer base comprised of utilities globally. For more information, please visit www.smartwires.com.

Important notice about forward-looking information
This interim report contains certain forward-looking information and statements that reflect the Company's current views on future events as well as financial and operational developments. Words such as "refer", "assess", "expect", "can", "plan", "estimate", "calculate", "could" and other expressions that indicate indications or assessments regarding future developments or trends, and which does not relate to historical facts, constitutes forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances. Forward-looking information does not constitute a guarantee regarding future results or development and the actual outcome may differ materially from what is stated in forward-looking information. Neither the Company nor anyone else make any representations about publishing updates or revisions of forward-looking information as a result of new information, future events or similar circumstances other than as provided by applicable mandatory rules and regulations.