

Report of the Board of Directors on the activities of the Silvair Group for the first half of the year ended 30 June 2025

Kraków, 24 September 2025

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Operating activities of the Silvair Group

Key events and achievements in the first half of 2025

Start of integration tests with BMS systems

At the beginning of 2025, the Group began the integration test phase with professional building management systems (BMS), making the first versions of the Silvair BACnet Gateway device available to a selected group of partners. This is a significant milestone in the product plans for integration with BMS systems, which is crucial for further growth in the important Enterprise segment. As part of the tests, functional assumptions are validated and parameters are optimized before the full commercialization of the solution.

Increase in the number of shares under the Company's Stock Plan

On 25 February 2025, the Issuer informed in Current Report No. 2/2025 that due to the exhaustion of the pool of shares under the option program addressed to the Group's employees, the Board of Directors of the Company adopted a resolution to increase the number of shares under the Company's Stock Plan (2016 Stock Plan), described in the Company's prospectus approved by the Polish Financial Supervision Authority on 25 June 2018, from 2,000,000 shares to 2,500,000 shares.

Participation in the LEDucation 2025 fair

On 18-19 March 2025, the Group participated in the LEDucation 2025 trade fair in New York, one of the most important industry events in the United States dedicated to innovation in the field of lighting. This year's edition gathered over 400 exhibitors presenting the latest products and technologies. Participation in the event allowed the Group to establish new business contacts and was an opportunity to exchange experiences and strengthen relations with American partners, many of whom presented their solutions based on Silvair technology at the fair.

Signing of agreements with Shenzhen Merrytek Technology Co. Ltd.

On 21 March 2025, Silvair sp. z o.o. concluded an agreement with Shenzhen Merrytek Technology Co. Ltd., based in China, for the supply, licensing and provision of services, on the basis of which Silvair sp. z o.o. undertook to provide Silvair Firmware along with a complete set of tools for its implementation on the production line. The Company also concluded an agreement for the sale of Silvair Commissioning (part of the Silvair platform), which covers the provision of Bluetooth Mesh-based tools for configuration of a smart lighting network in the Lighting Control as a Service model (LCaaS).

Signing of an agreement with ShenZen Sunricher Technology Co.Ltd

On 21 March 2025, Silvair sp. z o.o. entered into agreement with ShenZen Sunricher Technology Co.Ltd, based in China, for the sale of Silvair Commissioning (part of the Silvair platform), which covers the provision of Bluetooth Mesh-based tools for configuration of a smart lighting network.

Signing of an agreement with obiWAN Conobi - Connected Intelligent Objects Lda

On 1 April 2025, Silvair sp. z o.o. concluded an agreement with obiWAN Conobi - Connected Intelligent Objects Lda, based in Portugal, for the supply, licensing and provision of services, on the basis of which Silvair sp. z o.o. undertook to provide Silvair Firmware along with a complete set of tools for its implementation on

the production line. The company also undertook to grant a license for the use of the Firmware, and to provide related services.

Signing of an agreement with Light Projects Evolve Ltd

On 16 April 2025, Silvair sp. z o.o. entered into agreement with Light Projects Evolve Ltd., based in Great Britain, for the sale of Silvair Commissioning (part of the Silvair platform), which covers the provision of Bluetooth Mesh-based tools for configuration of a smart lighting network.

Introduction of a new customs policy in the US

In April 2025, the Donald Trump administration introduced a new tariff policy, causing a stir in international trade. Significant increases in import duties, particularly on components imported from China, generated significant interest and uncertainty across the lighting industry. The initial effects of the tariffs observed in the market included an increase in component prices in certain segments, particularly among OEM suppliers.

In response to the new regulations, the Group's US partners took a number of steps to mitigate risk and adapt to the changing conditions. Some companies decided to increase inventory levels early, building up sufficient supplies to fulfill orders within a few months. Others diversified their supplier base, increasing the share of components sourced from outside China and, in the longer term, considering local production in the US.

After several weeks, the US and China agreed on a 90-day suspension of certain tariffs to ease pressure on global supply chains and create room for further negotiations. At that time, the parties declared their willingness to discuss a more permanent trade agreement, and in the following months, they discussed the possibility of extending the suspension to avoid a sudden return to high tariffs.

The new tariffs did not directly apply to Silvair products, but they may impact our partners and customers – especially American lighting system suppliers who rely on components imported from China. Increased supplier costs may impact the pace of implementation of projects involving Silvair technology.

While the situation is dynamic and it is difficult to precisely assess the final shape of the new regulations and their long-term impact, we do not observe a significant impact of the changes in recent months on the Silvair Group's current operations. At the same time, we observe considerable flexibility and proactivity from our partners in adapting to the new environment – which allows us to assess with cautious optimism the impact of these changes on the future dynamics of Silvair's operations in North America.

LightFair International 2025

On May 4-8, the Group participated in the LightFair International trade show in Las Vegas – one of the key industry events in North America. A series of discussions were held with both American partners, a large number of whom were exhibiting at the show, and potential new clients interested in collaborating with Silvair. During the conference, our representative, Szymon Słupik (CTO), led a presentation on open standards in building automation, with a particular focus on maintenance and predictive maintenance. Silvair's emergency lighting testing solution was presented as an example of a practical implementation of the predictive maintenance concept, generating significant interest from event attendees.

Bluetooth Asia 2025 conference

The Bluetooth Asia conference, a major industry event dedicated to Bluetooth-based technologies and solutions, took place in Shenzhen, China, from May 21 to May 23. During the conference, our representative, Szymon Słupik (CTO), led a presentation on the benefits of using Bluetooth NLC in commercial buildings. The presentation generated significant interest from attendees and served as a key element in the global promotion of the Bluetooth NLC standard, while strengthening the Silvair brand's recognition in the Asian market.

Guangzhou International Lighting Exhibition

On June 9-12, the Group participated in the Guangzhou International Lighting Exhibition, held in Guangzhou, China. This was one of the most important industry events of the year in the Asian market. A series of meetings were held with current partners and potential customers, and a significant portion of the discussions focused on Silvair's solution for emergency lighting testing. One of the main goals of participating in the event was to prepare the ground for the commercialization of this solution in the United States. Chinese manufacturers, who supply the American market with lighting components, play a significant role in this context.

Publication of the Bluetooth NLC specification for HVAC applications

On 30 June 2025, the Bluetooth SIG published the final version of the Bluetooth NLC specification, which expands the standard to support heating, ventilation, and air conditioning (HVAC) systems. It is the first step for Bluetooth NLC beyond lighting, significantly expanding the standard's applicability in commercial buildings. This provides building owners and managers with a tool to manage all installations more efficiently, reduce energy costs, and simplify operations by integrating lighting and HVAC systems within a single technology platform.

Patents

On 11 March 2025, the United States Patent and Trademark Office granted protection to two new solutions filed by Silvair sp. z o.o. The granting of new patents strengthens the Group's market and competitive position. As at 30 June 2025, the Silvair Group had 30 innovative solutions protected by patents from the United States Patent and Trademark Office. The Group is also taking steps to expand patent protection for its solutions in selected European countries.

Material events after the balance sheet date

Silvair delivers the first qualified solution for HVAC systems

On July 8, the Silvair Group became the first entity in the world to release a qualified Bluetooth NLC software stack compliant with the new HVAC profile, allowing component manufacturers to begin implementing lighting control system integration with heating, ventilation, and air conditioning systems. The Group has already established initial relationships with manufacturers and integrators planning to connect HVAC and lighting systems within common control scenarios. Thanks to a partnership with Network Thermostat, the first commercial thermostats based on the Bluetooth NLC standard and using Silvair technology were added to the partner product catalog in August.

Silvair BACnet Gateway passes certification tests

In July, the Silvair BACnet Gateway solution successfully passed BACnet protocol compliance testing at an accredited laboratory. These tests are required by the BACnet Testing Laboratories (BTL) as part of the official certification process. In early September, the process was completed, and our solution was added to the official list of certified devices recognized by BTL. Obtaining certification is a key step towards full commercialization of the product and confirms its compliance with the global communication standard for building automation systems.

Signing of an agreement with Shenzhen Ebelong Technology Co., Ltd.

On 12 August 2025, Silvair sp. z o.o. concluded an agreement with Shenzhen Ebelong Technology Co., Ltd., based in China, for the supply, licensing and provision of services, on the basis of which Silvair sp. z o.o. undertook to provide Silvair Firmware along with a complete set of tools for its implementation on the production line. The company also undertook to grant a license for the use of the Firmware, and to provide related services.

Description of the Silvair Group and its development directions

Silvair, Inc. ("Issuer", "Company") is a company established and operating under the laws of the State of Delaware. The Company was established as a corporation on 30 May 2014. It is entered into the register maintained by the Secretary of the State of Delaware under entry no. 5543093 (Delaware Corporate Number) and has been established for an indefinite period. The Company is the parent entity within the Company's Group, as described in the subsequent parts of this report.

Silvair, Inc. is a provider of advanced wireless technologies that support property owners and managers in digitizing their infrastructure, optimizing energy consumption, and increasing building operational efficiency. Silvair solutions are aligned with the rapidly growing Proptech market, addressing the key needs of today's commercial properties.

Our products and services are based on the Bluetooth NLC standard, which we have co-developed from the outset within the Bluetooth SIG. It is the first global and open standard for wireless lighting control, which we are currently developing for broader applications in building automation. Since the standard's publication, Silvair has consistently remained a global leader in Bluetooth NLC-based software.

Silvair develops wireless technologies for a broad range of building infrastructures – from lighting control, emergency lighting testing, HVAC system integration, through installation management and monitoring services, to data processing within the Internet of Things (IoT).

We provide a comprehensive technology ecosystem, enabling partners to quickly and cost-effectively integrate our wireless solutions with their products and systems. This includes software for electronic components, a platform for commissioning, configuring, and managing device networks, and a wide range of digital services.

We continually invest in technology development, which enables us to introduce innovative products to the market for completely new applications, including: space occupancy monitoring, predictive maintenance that identifies device failures before they occur, and radio-based asset tracking that identifies key assets in commercial spaces.

Silvair monetizes its solutions through a licensing and subscription model, ensuring stable and recurring revenue and long-term value for customers. The Group's business activities span the global market, particularly Europe, North America, and Asia.

Board of Directors

As of the date of publication of this report, the composition of the Board of Directors is as follows:

Rafal Han, Chief Executive Officer (CEO)

Co-founder and CEO of Silvair. Experienced entrepreneur who has been managing his own businesses in the area of marketing and advertising for more than a dozen years. In his companies, he was responsible for, among others, global marketing strategies and negotiations with business partners from the U.S. and Europe. He successfully co-founded multiple start-ups (including futbolowo.pl, Estimote, Duckie Deck, ciufcia.pl) in Poland and in the Silicone Valley. For nearly 6 years, he has devoted himself exclusively to Silvair.

Szymon Słupik, Chief Technology Officer (CTO)

Co-founder of Silvair, President of the Board of Directors. A technology expert with many years of experience and an engineer whose work is appreciated in the Silicon Valley. He graduated from the AGH University of Science and Technology in Kraków with a degree in Electronics. Since 2016, he has served as the Chairman of the Bluetooth Mesh task force which brings together 150 leading global technology companies. In 1992-2004, he was the founder and vicepresident of CDN S.A., a company dealing with ERP systems, where he was responsible for the strategy of technological development and the software production department. Later on, he occupied managerial positions in Wind Mobile (currently Ailleron).

Adam Gembala, Chief Financial Officer (CFO)

Co-founder of Silvair, Vice-President of the Board of Directors, Chief Financial Officer. Graduate of the Kraków University of Economics. He used to work as a broker managing equity and fixed income funds. He also discharged the functions of chief financial officer, president of the board, and member of the board at companies operating i.a. in the fuel, TMT and real estate sectors.

Paweł Szymański, Non-executive Director

He graduated from the SGH Warsaw School of Economics. A securities broker holding Polish, British and U.S. licenses. Associated with such institutions as Wood&Company, Schroder Salomon Smith Barney, Citigroup, Dom Maklerski Banku Handlowego. He served as a member of the management boards of such companies as PKN Orlen, CTL Logistics, ICENTIS, Ruch, Marvipol, Netia, ABC Data, Krosno Glass, and also as a Member of the Supervisory Board of Alior Bank.

Christopher Morawski, Non-executive Director

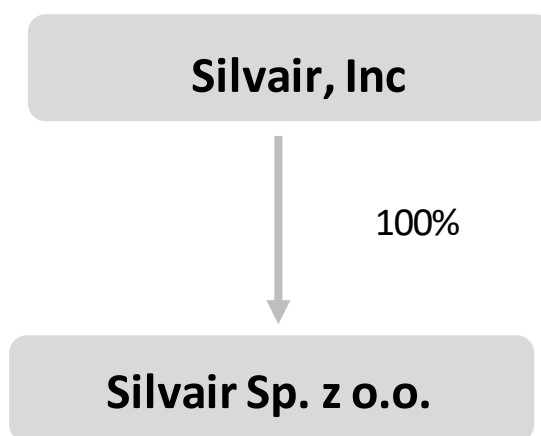
A graduate of McGill University in Montreal. An experienced manager with many years of experience in the field of international capital and financial transactions, strategic product development, market analysis and modeling of company financing. From 1984 to 2023, he was an associate and member of the board of Nitrex Metal, Inc. based in Canada, where he was responsible, among others, for developing and implementing the concept of the company's expansion on the American, Chinese and European markets. In the years 1995-2019, he was the president and independent director of Nitrex USA Holding, Inc. In the past, he dealt with technical specification and standardization of engine installations in passenger aircrafts. From 2014 to the present, he has been the owner and director of Astantis, LLC. and Trikon, LLC., based in Nevada, U.S.

Composition of the Board of Directors as at 30 June 2025

Name of the member of the Board of Directors	Function	Original date of assuming the function of the member of the Board of Directors
Rafał Han	Chief Executive Officer	30 May 2014
Szymon Słupik	Chief Technology Officer, President of the Board of Directors	30 May 2014
Adam Gembala	Chief Financial Officer, Vice-President of the Board of Directors, Secretary and Treasurer	30 May 2014
Paweł Szymański	Non-executive Director	25 May 2018
Christopher Morawski	Non-executive Director	7 February 2020

Structure of the Silvair Group

The Group's structure as at 30 June 2025.



Silvair, Inc.

Silvair, Inc. is the Group's Parent Company preparing annual consolidated financial statements. The reporting entity Silvair, Inc. is, at the same time, the ultimate parent company that prepares consolidated financial statements.

Silvair sp. z o.o.

As at 30 June 2025, consolidation encompasses Silvair, Inc. and its subsidiary Silvair Sp. z o.o. As at 30 June 2025, Silvair, Inc. held directly 100% shares in Silvair Sp. z o.o.

Operating segments

The Group focuses its activities on three main market segments:

- Lighting control (*Lighting Control*)
- Smart lighting services (*Connected Lighting*)
- Smart building management (*Building Intelligence*)

Lighting Control

The lighting control segment is the core of the Group's business. It is where the largest resources are allocated and where the largest part of income is generated. It is also the starting point for products and services offered within the other two segments, as these services are provided based on the wireless lighting control infrastructure.

The lighting control segment is characterized by a relatively complex and long supply chain. For this reason, achieving the Group's goal, which is becoming the leading provider of wireless solutions compliant with the Bluetooth Mesh standard, requires collaboration with various groups of stakeholders and providing them with dedicated products and services based on this standard. By addressing the needs of different stakeholder groups, the Group not only expands the market for its products but also contributes to the faster adoption of Bluetooth Mesh technology in the lighting industry.

The abovementioned supply chain in the lighting control segment begins with manufacturers of lighting components such as drivers, controllers, sensors, etc. These entities supply their products directly to luminaire manufacturers, although distribution channels may also include wholesale networks and energy service companies (ESCOs). Luminaire manufacturers specialize in producing structural components of luminaires in which lighting components from other suppliers are then placed and connected.

Providers of lighting control solutions and complete lighting control systems are the next link in the supply chain. They acquire components or complete luminaires directly from the above-mentioned suppliers, and then integrate individual components with each other, while also implementing lighting control logic. Ready-to-use solutions and systems are usually distributed through a network of own vendors who cooperate closely with enterprises responsible for design specification. The buyers of lighting control systems primarily include property owners and property managers. They usually do not choose specific lighting solutions for their buildings, relying in this regard on the knowledge and experience of companies specializing in providing complete lighting control solutions. It should be noted that the activities of many entities go beyond the framework defined above, which often results in a significant shortening of the above-mentioned supply chain. For example, some companies can produce both luminaires and components for these luminaires. It also happens that suppliers of complete lighting control systems independently produce components and/or luminaires used in the solutions offered by them.

In the Lighting Control segment, Silvair Group delivers two major products to the market:

Silvair Lighting Firmware is firmware based on the global Bluetooth Mesh standard. After integration with a lighting component, it enables wireless communication with other devices using the Bluetooth Mesh technology. This, in turn, opens up multiple new possibilities with regard to lighting control, monitoring of

the lighting infrastructure operation, and the use of data generated by lighting infrastructure. A component with installed firmware allows e.g. autonomous control of light intensity and color temperature, as well as the implementation of advanced scenarios for intelligent lighting control, such as automatic occupancy-based control (occupancy sensing), control based on natural light availability (daylight harvesting), or control based on precisely defined schedules. Such scenarios can be combined with each other to maximize energy efficiencies. In the case of smart lighting networks, these and other advanced lighting control strategies can be freely configured and optimized using intuitive software - e.g. an application installed on a mobile phone or tablet. The software provided by Silvair is designed in such a way that its operation does not require lighting control expertise, as is the case with traditional cable systems. Silvair Lighting Firmware is offered to lighting component manufacturers in a one-time payment model for each activated firmware license.

Silvair Commissioning - a set of digital tools for commissioning, configuration and management of smart lighting networks based on the Bluetooth Mesh standard. It includes a web application that allows designing a lighting control system and defining the desired lighting control scenarios before visiting the building where the project is to be implemented. The configuration process is finalized on-site using a mobile application. This division simplifies the work of an installer while minimizing the costs of commissioning. The tools are designed in such a way as to simplify and accelerate the commissioning process as much as possible. They also include a number of diagnostic tools that allow efficient identification of problems that may arise when implementing a wireless lighting control system (e.g. lack of communication between devices). Full automation of processes related to the establishment of a smart network and a ready-to-use library of lighting scenarios allow easy implementation of advanced, energy-efficient lighting control strategies while also enabling flexible adjustment of the system operation to users' needs. Also in this case, a one-time payment model is used - for each smart component commissioned and configured using the tools provided by Silvair.

Smart lighting services (Connected Lighting)

Connected Lighting is part of the Internet of Things. This relatively young market segment has appeared as a result of the emergence of wireless lighting control technologies and the connection of lighting infrastructure with the Internet. The providers of innovative smart lighting services are companies that offer software solutions allowing utilization of the potential of wireless control systems with regard to the use of data generated by smart components. Appropriate aggregation and analysis of this data allows the provision of services that significantly increase the reliability of lighting installations while enabling more flexible control over their operation. Customers of these companies are usually suppliers of complete control systems who increasingly often decide to provide additional services that go beyond the traditionally understood definition of lighting control. This allows them to increase the value of offered solutions and, as a consequence, improve their competitive advantage. End users are property owners and managers who can use the innovative services to e.g. optimize the costs of electricity and increase the satisfaction of building occupants. In the Connected Lighting Services segment, the Group plans to provide services related to the provision of digital tools for, among others, lighting infrastructure diagnostics, emergency lighting test automation, monitoring of electricity consumption, as well as remote control and configuration of lighting installations. These tools will be offered primarily to suppliers of complete lighting control systems and energy service companies (ESCOs) in a subscription model.

Within the Connected Lighting segment, the Group develops both ready-to-use tools that are delivered to the end customer as part of the Silvair Commissioning application interface, and API solutions (the so-called Application Programming Interface) that enable partners to build their own platforms, tools and applications that use data generated by smart lighting control systems. API solutions require a certain amount of work

and resources on the part of the Group's partner, but in return they offer full autonomy and freedom in creating a product that will be delivered to the end user. The Group expects that the use of API solutions and the creation of own portals and applications will be of interest to larger entities operating in the lighting market – the ones that have the appropriate know-how and resources in the field of research and development of digital products. Smaller entities that are not competent in the development of such tools can use ready-to-use diagnostic panels (dashboards) developed by the Group, which are available to users directly from the Silvair Commissioning application (e.g. electricity consumption monitoring panel, space occupancy monitoring panel, and a panel for remote control of the lighting system).

Smart building management (Building Intelligence)

Silvair Building Intelligence Services is a suite of intelligent building management services delivered using digital tools developed by the Group. Based on data generated by lighting networks and other installations, as well as integrated sensors, they enable monitoring of building processes and provide managers with tools to support more efficient use of space and improved occupant comfort. These services are not limited to the operation of the lighting network itself; they are part of a broader ecosystem of advanced building technologies developed by Silvair within its Proptech segment.

The range of available functionalities includes:

- Integration with heating, ventilation, and air conditioning (HVAC) systems, which, through the use of occupancy sensors, optimizes system performance and reduces energy consumption.
- Integration with the open BACnet communication standard, enabling interoperability with centralized building management systems (BMS).
- Space occupancy monitoring, enabling the analysis of building utilization and effective planning of available space.

Business development

Record results and a new stage of development

The first half of 2025 confirmed the Group's continued high growth dynamics. After six months, the number of manufactured devices with Silvair technology almost equaled the level achieved in the entire 2024, and the number of installed devices doubled the result from the first half of the previous year. The past six months also saw the Group's long-term development vision enter a new phase. From a company previously perceived as a supplier of lighting solutions, we are evolving towards a broad range of advanced building technologies forming the foundation of the growing PropTech market. This direction has been our goal from the outset, and the events of recent months have enabled us to achieve important milestones on the path to achieving this goal.

Enterprise segment as a pillar of long-term growth

The Enterprise segment remains one of the key growth drivers, also in the context of the Group's aforementioned product and image evolution towards the PropTech segment. This is where our technologies deliver the greatest value, meeting the needs of large and complex building projects. In the first half of the year, we noted significant progress in developing key functionalities for the Enterprise segment, including integration with building management systems (BMS), a solution for automated emergency lighting testing (ELT), and integration with heating, ventilation, and air conditioning (HVAC) systems.

Bluetooth NLC standard expands beyond lighting

In June, a new version of the Bluetooth NLC specification was published, addressing the integration of lighting control networks with HVAC systems. This is the standard's first step beyond lighting applications, towards broadly defined building systems. In this context, Silvair has also strengthened its leadership position in Bluetooth NLC technology by introducing the first qualified solution for such integration. At the same time, the importance of the Bluetooth NLC standard in lighting applications is steadily growing as more entities join the ecosystem of qualified solutions and components.

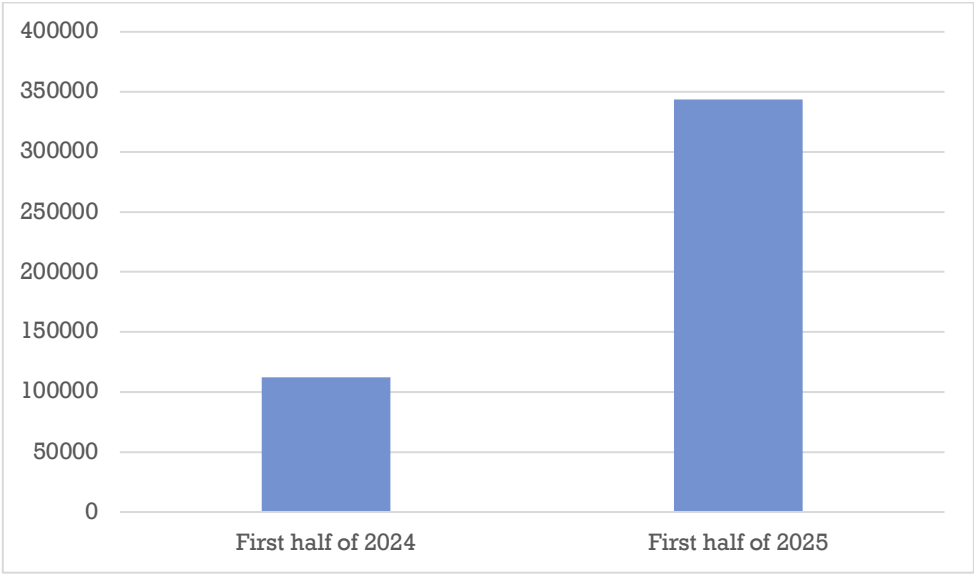
Expanding the emergency lighting market

Developing a solution for emergency lighting testing remains one of the Group's key strategic directions. In the first half of the year, we released the most advanced version of our solution to our partners, enabling full automation of the testing process. Simultaneously, we worked to adapt our technology to the requirements of the North American market and, in collaboration with component manufacturers, are currently developing new products that will soon be available for sale in the United States.

Record-breaking results and a new stage of development

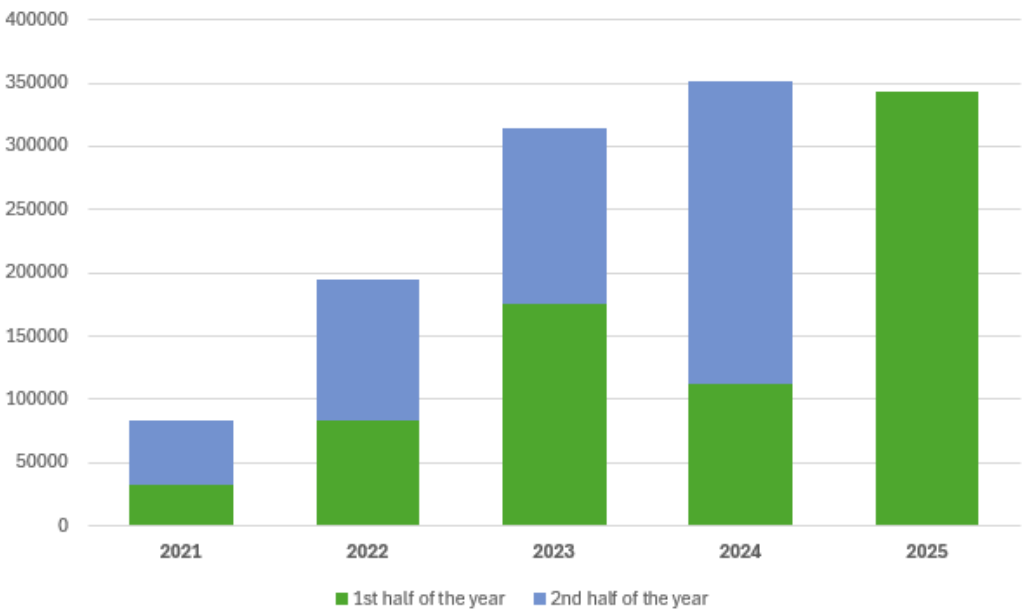
The first half of 2025 brought another significant increase in the number of manufacture devices with Silvair technology. During this period, Group partners produced over 343,000 components, compared to just under 112,000 devices produced during the same period last year, representing a threefold increase year-on-year. This result means that after just six months, we have almost reached the production level for the entire 2024. Furthermore, the number of components produced in the second quarter was significantly higher than in the first, which bodes well for the coming months.

Number of devices with Silvair technology manufactured in the first half of 2025 and 2024



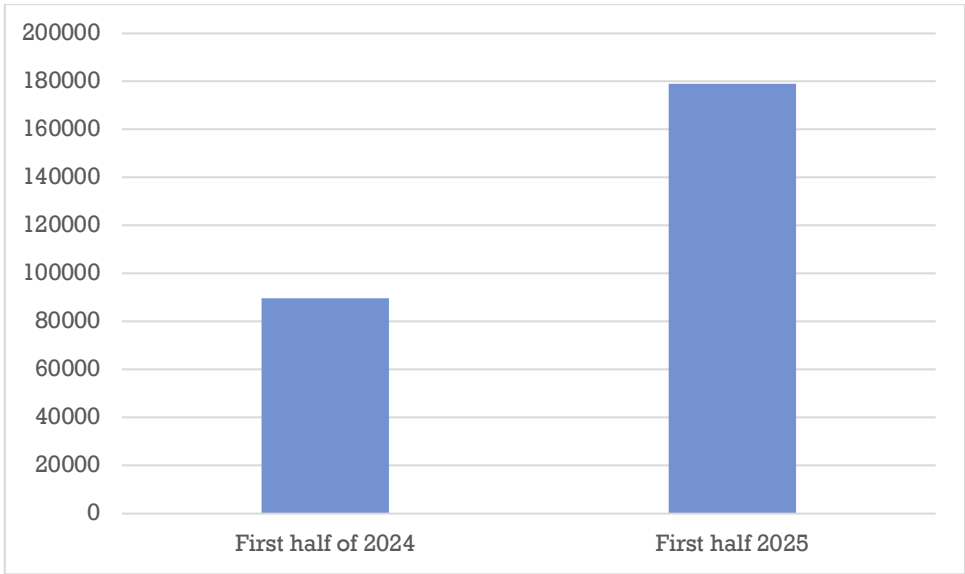
Production growth is driven by, among other factors, increased orders and a growing partner ecosystem. Emergency lighting component manufacturers are playing an increasingly important role, introducing new devices with Silvair technology and functionalities made available to partners in recent quarters. Increased production volumes also reflect the demand stemming from the growing number of projects underway.

Number of devices with Silvair technology manufactured in subsequent years,
broken down into first and second halves of years

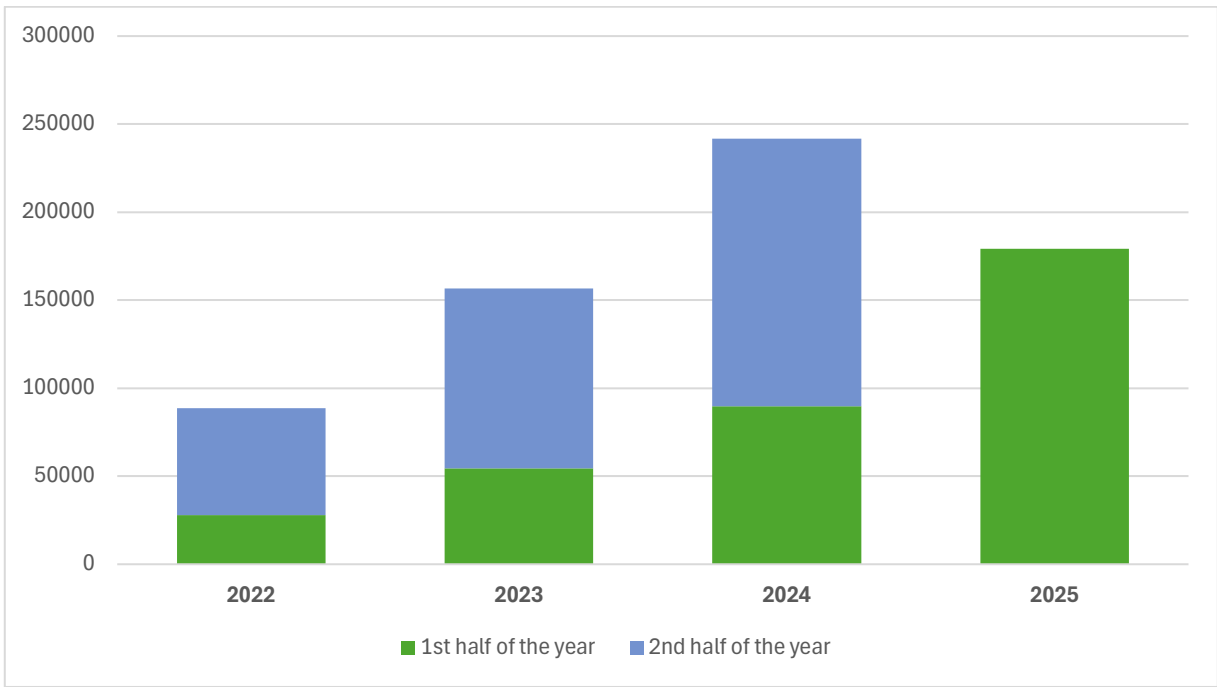


We also saw significant growth in the number of installed devices with Silvair technology. In the first six months of 2025, it reached over 179,000 units, twice as many as during the same period last year (over 89,000 units). This result confirms the systematic increase in the pace of commercialization of Silvair technology and the growing scale of implementations. The strong results in component production in the first half of the year should translate into further growth in installations. This, in turn, creates real prospects for maintaining the high pace of expansion in subsequent periods.

Number of devices with Silvair technology installed in the first half of 2025 and 2024



Number of devices with Silvair technology installed in subsequent years,
broken down into first and second halves of years



These results reflect the growing popularity of Silvair solutions and the Bluetooth NLC standard, particularly in the Enterprise segment, where the largest and most demanding projects are being implemented. New functionalities developed in recent quarters are becoming increasingly important in this context, opening up access to new markets. We are also supported by an increasingly demanding regulatory environment, which encourages building owners and managers to replace outdated, inefficient installations with modern, energy-efficient, and standards-compliant solutions. All these factors combine to create a solid foundation for further growth.

Along with the dynamic improvement in results, the first half of the year also brought significant changes to the Group's product portfolio. It was during this period that Silvair's long-term development vision entered a new phase – from a company previously perceived primarily as a supplier of lighting solutions, we are

evolving towards a broad range of advanced building technologies forming the foundation of the growing Proptech market.

From the outset, Silvair's ambition has been to provide innovative solutions for commercial properties, based on open standards. We believe that lighting is the backbone of a smart building, and that controlling it paves the way to full automation and digitization of facilities. Lighting is present in every building and in every room, creating a dense, evenly distributed infrastructure that seamlessly covers the entire space. This makes it an ideal foundation for other applications and services provided using wireless data transmission technologies.

Based on this foundation, we consistently expand our offering to include additional areas crucial for energy-efficient and operationally effective buildings. In recent months, we have made significant progress in developing the following key functionalities:

- Automated emergency lighting testing (ELT) with reporting ensures compliance with regulations and improves occupant safety with significantly less effort and resources than traditional solutions.
- Integration with heating, ventilation, and air conditioning (HVAC) systems, which, through the use of motion sensors, significantly reduces energy consumption and optimizes the operation of individual installations.
- Integration with the open BACnet communication standard enables interoperability with centralized building management systems (BMS).

Our solutions already address the key needs of commercial building owners and managers by:

- ensuring compliance with regulations, including those regarding energy efficiency and the performance of emergency lighting systems,
- reducing electricity consumption through energy-efficient lighting control strategies, the use of smart sensor networks, and the coordination of lighting networks with HVAC systems,
- simplifying operation and management, and eliminating the need for specialized knowledge in wireless technologies, IT networks, or control system programming,
- ensuring user safety and comfort through the reliability of emergency systems, the flexibility and reliability of lighting control systems, and delivery of air quality data,
- providing building owners and managers with full control and transparency through solutions that enable monitoring of energy consumption, space occupancy, and the ongoing operation of the lighting system,
- enabling integration with third-party panels and dashboards via Silvair API, which allows for centralized management of the lighting infrastructure and, in the case of multi-location facilities, for effective control of entire property portfolios from one place,
- offering a unified ecosystem based on the same wireless communication technology, which allows avoiding high integration costs between different installations and technologies.

A key element of this strategy remains our consistent focus on open standards and collaboration with a broad ecosystem of device manufacturers, system integrators, and building automation solution providers. This allows building owners to avoid the risk of being locked into a system whose long-term reliability and security depend on the business performance of a specific supplier. The entire industry benefits from a faster pace of innovation, greater price competitiveness, and the guarantee of continued, uninterrupted technological development – as has been the case with the mainstream Bluetooth standard over recent

decades. Based on open standards, Silvair solutions are resistant to the risk of technological obsolescence and guarantee the possibility of further expansion in the future.

Silvair's evolution from a company previously associated primarily with lighting technology to a provider of comprehensive Proptech solutions opens up a range of new opportunities. By expanding our offerings, we are entering new markets and collaborating with new groups of entities – from automation system manufacturers to commercial property management funds and companies. Our comprehensive product offering allows us to scale across various systems and services, and also facilitates access to capital, which is increasingly being directed towards ventures that combine technology with broadly defined property management.

Over time, we expect to see the Bluetooth NLC standard further expand its scope to include additional aspects of building infrastructure, as well as the systematic expansion of Silvair's offering with new services and solutions that support and optimize various areas of building operation. A natural consequence of this product evolution will also be an evolution in our image. We strive to position the Silvair brand in a way that fully reflects the comprehensiveness of our offering. In communications and marketing, we will be moving away from the lighting company label towards an identity as a supplier of advanced building technologies.

Enterprise segment as a pillar of long-term growth

The Enterprise segment remains one of Silvair's key growth areas and a natural link between our existing operations and the broader building technology market. This category includes building automation solutions and products designed for large enterprises, companies, and institutions. It encompasses specialized, often complex building systems that are scalable, energy-efficient, intelligent, and tailored to the specific needs of large commercial, industrial, and public projects, such as office buildings, factories, warehouses, stadiums, and shopping centers. It is in Enterprise-class projects that synergies between lighting control and other building systems become particularly evident. Here, the potential for a full range of services and solutions is greatest, and Silvair's vision as a supplier of advanced building technologies is being realized most fully.

In the first half of 2025, we noted significant progress in developing key functionalities for the Enterprise segment. We conducted intensive work, among other areas, on integration with professional building management systems. The main scope of work on the Silvair BACnet Gateway solution has already been completed. As of the publication date of this report, our product has successfully passed BACnet protocol compliance testing in an accredited laboratory and has been included on the official list of certified solutions recognized by the BACnet Testing Laboratories (BTL). The Silvair BACnet Gateway already attracts significant market interest, as evidenced by numerous orders.

Another important direction is the development of solutions for HVAC systems. The publication of the final HVAC Integration NLC Profile specification paved the way for the integration of heating, ventilation, and air conditioning systems with lighting networks under a single standard. Silvair was the first to provide a qualified software stack compliant with the new specification, allowing implementation work to begin. We have already established initial collaborations with manufacturers and integrators planning to connect such systems.

We also saw significant growth in the emergency lighting segment. In the second quarter, we released the most advanced version of our solution to our partners, enabling full automation of the testing and reporting process. We are also working to expand our operations in this area to the North American market, acquiring the first manufacturers planning to introduce products with Silvair technology in the US.

Connected Services are a significant addition to our offering for enterprise customers, as they enable commercial space managers to monitor numerous key parameters related to their spaces. They include energy consumption monitoring, space occupancy monitoring, and real-time lighting network diagnostics. These services provide data enabling more efficient management of enterprise-class buildings. We also offer these services to our partners through our API, enabling suppliers and integrators to create dedicated solutions tailored to the needs of specific customers.

Expanding the Bluetooth NLC standard beyond lighting

In June, the Bluetooth SIG published the HVAC Integration NLC Profile specification, a breakthrough in the development of open standards for building automation. For the first time, Bluetooth NLC – previously focused on lighting systems – was formally extended to another important area of building infrastructure. This paves the way for the integration of lighting, heating, ventilation, and air conditioning (HVAC) into a single, cohesive ecosystem, allowing building owners and managers to significantly reduce energy consumption and simplify daily operations.

Silvair played a pioneering role in this process, introducing the first qualified Bluetooth NLC software stack compliant with the new HVAC profile. After the reporting period, we entered into a partnership with Network Thermostat, which resulted in the first integration of commercial thermostats with lighting systems and occupancy sensors. The first thermostats have already been added to the Silvair partner product catalog, opening the door to new possibilities – from higher operational efficiency, through lower energy costs, to simpler maintenance and service thanks to the ability to manage lighting and HVAC systems from the same technology platform.

Recent months saw events that made a significant impact in the lighting industry, confirming the importance of open standards and the numerous advantages they offer over proprietary technologies developed by individual vendors. The closure of Enlighted, one of the largest and most well-known providers of lighting control solutions, highlighted the risks associated with customer dependence on a single supplier.

Our solutions provide almost all the functionality previously available in Enlighted systems, which is why Silvair is now viewed by many market participants as the best modernization path for such projects. We expect that many spaces currently equipped with Enlighted systems will eventually require replacement – both due to the lack of further technology development following the supplier's closure and the increasing problems with the availability of compatible components. We anticipate that a significant portion of these modernizations will be performed using systems and products utilizing Silvair technology, which will provide an additional growth driver. Thanks to the open Bluetooth NLC standard and a broad ecosystem of manufacturers and integrators, property managers can be assured of long-term system reliability and development – regardless of the business performance of individual suppliers.

The growing recognition of the Bluetooth NLC standard is driven by global promotional campaigns led by the Bluetooth SIG. One example was the Bluetooth Asia event in Shenzhen, China, where our representative, Szymon Słupik (CTO), led a presentation introducing Bluetooth NLC and outlining the benefits of its use in commercial buildings. Initiatives like these increase the visibility of the Silvair brand and further strengthen our position as a leader in standard-based solutions.

Expanding the emergency lighting market

In the first half of 2025, we continued developing our solution for emergency lighting testing, achieving further important milestones. First and foremost, we released the most advanced version of our system to our partners, enabling full automation of the testing and reporting process without the need for regular building visits. This made the Silvair solution even more attractive to manufacturers and managers of large commercial buildings.

The second key step was to prepare the ground for expansion into the North American market. In the second quarter, we initiated cooperation with leading manufacturers of equipment used in emergency lighting systems that plan to target the US market. This includes brands such as BillDa, Helpower Technology, Epower Tech, and Feituo. This will allow us to expand our offerings into another strategic area where regulatory compliance and efficient maintenance of emergency systems are crucial.

Our activities also focused on the global promotion of the Silvair solution. At the Guangzhou International Lighting Exhibition, one of the largest industry events in Asia, most of the discussions focused on emergency lighting systems – confirming the growing interest in this segment outside of Europe. In May, we participated in the LightFair International trade fair in Las Vegas, where our representative, Szymon Słupik (CTO), presented the benefits of using open standards in maintenance and predictive maintenance of building systems (using system data to predict and prevent failures). Our emergency lighting testing solution served as an example of a practical implementation of predictive maintenance, generating significant interest among event attendees.

In the coming months, we plan to further optimize reporting and diagnostic tools, as well as introduce improvements increasing the ease of implementation and operation. The growing maturity of the solution, supported by global promotion and activities related to entering the US market, creates real prospects for the emergency lighting segment to become one of the key growth drivers for Silvair in the coming quarters.

Characteristics of the market on which the Group operates

Smart lighting market drivers

Increase in energy prices

Since the second half of 2021, a sharp increase in the prices of energy carriers can be observed. This phenomenon is global in nature but has recently hit the European Union countries particularly hard. Eurostat data shows that on average in the EU countries, energy carriers for households in June 2022 were more expensive by as much as 41.9% than a year earlier (*Eurostat Euroindicators: Flash estimate June 2022*). The unprecedented price increases are the result of the accumulation of many different factors, but only some of them could have been predicted until recently. The gradual increase in prices was expected as a consequence of the ambitious climate policy pursued, in particular, by the European Union. But the dynamics of this growth accelerated as a result of the economic recovery after the Covid-19 pandemic and the easing of transport restrictions. The year 2022 brought even greater increases, which was largely due to Russia's military aggression against Ukraine and its economic and political consequences. The crisis was aggravated by extreme climatic conditions, including a heatwave in Europe, that have had a negative impact on the production capacity of nuclear and hydro power plants, while increasing the demand for energy used for cooling purposes. At the same time, we are also dealing with a drastic increase in gas prices on global markets and the increase in its consumption resulting from the economic recovery in Asia. This all shows that the scale of problems has become so large that we can already talk about a global energy crisis which, according to many experts, may last for many years to come. According to the predictions of the International Energy Agency (IEA), carrier prices fell at the turn of 2023 and 2024, but as the subsequent months of 2024 passed, the trend of renewed price increases began to gain momentum. It is worth noting the significant differences between individual regions of the world and the extent to which current geopolitics translate into energy carrier prices. According to analysts, current global events continue to raise concerns among both energy producers and consumers. Despite signs of stabilization observed in recent months — such as a gradual easing of sharp commodity price spikes and an easing of tensions in some regions — much depends on the further course of the energy transition, geopolitical factors, and supply-side factors.

Therefore, it can be expected that attempts will be made to mitigate the negative impact of high energy prices on the functioning of individual branches of the economy. One of potential measures could involve bolder and faster introduction of energy-saving technologies in various areas of life. This also applies to commercial spaces, where lighting is one of the main sources of energy demand and an important component of the total costs incurred. Taking into account the fact that the implementation of a wireless lighting control system is incomparably easier, cheaper and much less invasive than modernization of other elements of the key building infrastructure, it can be assumed that in the face of the expected long-term energy crisis, owners and managers of commercial spaces will be much more inclined to use wireless lighting control systems to reduce energy consumption and thus reduce the costs associated with the operation of lighting installations.

Dynamic development of the LED lighting market

Over the past decade, the LED technology has dominated the lighting market. Widely used in new construction, it is quickly replacing obsolete solutions also in existing buildings. According to the analysis of Goldman Sachs, in 2025 the share of LEDs in the global lighting market may be as high as 95%, compared to just 1% share recorded in 2010. Such a quick pace of this global technological shift results from the fact that it is undoubtedly the most effective of the currently available lighting technologies, which at the same time offers incomparably more possibilities with regard to lighting control. What guarantees a further increase in the share of the LED technology in the global market is not only its high utility value compared to other technologies (e.g. higher quality of emitted light, longer lifetime, lower electricity consumption), but also the

fact that it is favored by legislative bodies - which is a direct consequence of higher energy efficiency of LED products. LEDs emit negligible amounts of heat, while e.g. traditional incandescent lamps release up to 90% of their energy in this form. For compact fluorescent lamps, this ratio amounts to around 80%. As a result, we can observe a long-lasting trend of favoring LED technologies by governments of individual countries, as well as political and economic unions. For example, already in September 2009 the European Union introduced a ban on the sale of traditional, energy-intensive tungsten filament bulbs with a power rating of 100 W or more. Regulations from subsequent years eliminated other conventional light bulbs from the market, while tightening the energy standards for compact fluorescent lamps. In the second half of the last decade, the European Commission tightened regulations also on halogen lamps, eventually banning their production and sale in September 2018. The next stage of the lighting revolution is the ban on the production of fluorescent sources introduced in the European Union in 2023. September was the last month in which mercury-containing lamps (including linear and circular fluorescent lamps, and compact fluorescent lamps) could be introduced to the market. These types of lamps are still popular, especially in industrial applications. In the face of upcoming legal changes, the only economically rational alternative to fluorescent lamps is LED lighting.

EU regulations in this regard are among the most restrictive, but similar resolutions aimed at increasing the energy efficiency of lighting products have been adopted in recent years almost worldwide, also in countries with a lower degree of economic development. In the face of the aforementioned global energy crisis, it can be expected that the LEDification process will gain even greater pace, and that outdated and energy-intensive lighting technologies will be even more effectively replaced by LED lamps.

Bluetooth NLC technology standardization

The progressive standardization of solutions based on Bluetooth NLC (Networked Lighting Control) technology is of great importance for the development of the smart lighting market, especially in the commercial segment. Bluetooth NLC is the first fully interoperable standard for wireless lighting control systems and is supported by the Bluetooth SIG organization - a global standards body responsible for the development of Bluetooth technology.

Unlike proprietary solutions that are not compatible with each other, the Bluetooth NLC standard ensures full interoperability between devices from different manufacturers. This is crucial in the context of designing and implementing lighting systems on a large scale - it eliminates the risk of technological vendor lock-in, simplifies purchasing processes and increases the transparency of offers.

Thanks to standardization, the tender specification for lighting control systems can be based on unambiguous technical and certification requirements, which makes it easier for investors and designers to compare offers and make purchasing decisions. From the perspective of ordering parties, this means greater investment security and easier scaling of the system in the future - regardless of changes on the part of technology suppliers.

The number of certified Bluetooth NLC-based products available on the market is growing, which additionally increases design flexibility and lowers entry barriers for new market participants. The growing recognition of the standard is also visible in the decisions of industry institutions. The American organization DesignLights Consortium (DLC) has officially recognized devices certified in accordance with Bluetooth NLC specifications as compliant with the requirements of energy efficiency programs, qualifying them for participation in rebate and subsidy programs. This has a direct impact on the profitability of implementing this technology and significantly increases its competitiveness on the market.

A milestone in the standard's development was the publication of the Bluetooth NLC specification for the integration of heating, ventilation, and air conditioning (HVAC) systems in June 2025. For the first time, the standard, previously focused on lighting control, has been extended to other key areas of building infrastructure. This paves the way for the development of coherent, multi-system installations within a single open ecosystem, multiplying the market potential of Bluetooth NLC-based solutions and strengthening its role as the foundation of modern building technologies.

Progressing climate change

In the public space, there is still an ongoing discussion about the extent to which the progressing climate changes and anthropogenic warming of the Earth's climate system is a consequence of human activity, and the extent to which it is the result of the planet's natural cycles. The scientific world seems to have no doubts, however, that human activity is unequivocally related to the rapid global warming of the climate. It is also estimated that if the process continues at the current pace, then in the next dozen to several dozen years the temperature will increase to a level beyond which we will not be able to avoid the catastrophic effects of global warming. To prevent this, it is necessary to drastically reduce the emission of CO₂ and other substances emitted into the atmosphere (including methane, nitrous oxide and fluorinated greenhouse gases). This requires far-reaching economic and social changes and a profound transformation in many sectors of the economy. Today, counteracting climate change is becoming a top priority in highly developed countries, which results in numerous legal regulations and long-term transformation programs aimed at reducing the harmful impact of human activity on the Earth's climate system. It should be expected that with the passage of time and the growing need to reduce emissions, replacing obsolete and highly energy-intensive technologies with modern energy-saving solutions will become an absolute necessity in almost all areas of our lives. Considering the prevalence of lighting infrastructure, it is hard to imagine that this segment could not be subject to an equally deep transformation aimed at radically increasing energy efficiency and eliminating excessive energy consumption.

Increasing the energy efficiency of buildings

The United Nations Environment Program, which was established to carry out environmental protection activities and constantly monitor environmental condition, estimates that buildings consume around 40% of global energy production. Rapid demographic growth in developing countries, dynamic urbanization processes, and an increasing amount of time spent by humans inside buildings - these are just some of the factors contributing to the continuous expansion of built-up infrastructure around the world, and to the dynamic increase in energy consumption over recent decades. The growing energy needs of the modern world, increasingly limited resources of fossil fuels, as well as the negative environmental impact of using these fuels for energy production have become the driving force behind the global pursuit for improvement in the energy efficiency of built-up infrastructure. This was reflected in the emergence of a completely new category of services provided by energy service companies (ESCOs). In accordance with Directive 2006/32/EC of 5 April 2006 on energy end-use efficiency and energy services, these are companies providing energy services or other energy efficiency improvement measures in industrial, commercial and public spaces.

The potential for energy savings in the segment of built-up infrastructure is very large considering how much of the world's energy production is consumed by buildings. Technological progress in the area of key building infrastructure enables increasingly rational energy management, which is reflected in construction trends observed especially in highly developed countries. One example is the zero-energy building concept which

describes a facility with zero net energy consumption and zero carbon dioxide emissions per year. These trends are justified not only by environmental motives, but also purely economic ones – a more rational management of energy resources translates directly into cost reduction, although a return on modernization investments is not always possible in a short period of time. Sustainable buildings are usually also more occupant-friendly, which in turn leads to higher productivity and satisfaction. At the same time, it is worth noting that the vast majority of existing buildings use solutions that do not meet current energy efficiency standards applicable to new construction. And in the case of existing buildings, infrastructural upgrades disrupt everyday operations while requiring significant spending. Technologies that can improve energy efficiency without requiring great amounts of labor and resources are therefore particularly desirable.

The International Partnership for Energy Efficiency Cooperation (IPEEC) estimates that lighting is responsible for around 15% of global electricity consumption and around 6% of global carbon dioxide emissions - twice as much as emissions generated by global air traffic. And while the widespread adoption of the LED technology has significantly improved the energy efficiency of lighting installations, lighting still remains one of the most energy-consuming building systems. At the same time, the modernization of the lighting system is incomparably easier and less expensive than the modernization of e.g. heating, ventilation or air-conditioning systems. An analysis of the activities of ESCOs conducted in the United States in 2000 showed that as many as 87% of projects carried out by such entities focused on lighting ("Light's Labour's Lost: Policies for Energy-Efficient Lighting", p. 380, International Energy Agency).

It should also be mentioned that, according to the estimates of the European Commission, commercial buildings are on average about 40% more energy-intensive than residential buildings (on average 250 kWh/m² compared to 180 kWh/m²; *EU Buildings Factsheets: Energy use in buildings*). The share of lighting in total energy consumption is also significantly higher in the commercial segment. This means that in commercial spaces, the possibilities for improving the energy efficiency of lighting are much greater - especially through the implementation of advanced lighting control strategies whose effectiveness in reducing energy consumption is proven and indisputable.

Dynamic development of the horticulture lighting market

The horticulture lighting market is a relatively new segment, which in recent years has caught the attention of major lighting manufacturers due to its prospects for dynamic growth and high business potential. Growing in a controlled environment has a number of significant advantages over traditional cultivation. Independence of environmental conditions, such as sunlight, temperature or pest activity allows obtaining crops of the highest quality, significantly increasing the efficiency of the entire process, and eliminating the need for intensive use of pesticides.

With global food demand continuing to rise, water supplies decreasing, and climate change negatively impacting traditional farming methods, there are a growing number of legislative initiatives in the global marketplace that promote the adoption of controlled environment farming practices. Lighting plays a key role in the process of growing crops in a controlled environment. By properly adjusting light intensity and color to the needs of particular crop species throughout the production cycle, it is possible to achieve yields with the desired characteristics and quality that are extremely difficult to achieve with traditional methods. Precise lighting control technology is essential to achieve the results mentioned above. The same features of Bluetooth Mesh technology, which generate a number of measurable benefits in lighting control systems installed in commercial spaces, allow for a significant reduction in the cost of lighting installations used to grow crops in a controlled environment. No additional wiring, flexibility in terms of configuration and reconfiguration, ease of installation and operation - these are just some of the features that make Bluetooth

Mesh-based wireless lighting control technology a perfect match for the demanding requirements of crop lighting in vertical farms and greenhouses. Considering the fact that the horticulture market is a relatively young segment, where different solutions are still being tested to achieve optimal results, it can be assumed that it is very open to the use of the latest wireless lighting control technologies (as opposed to commercial spaces, where wired solutions often still win over wireless ones due to the habits of designers and installers who have been using wired systems for decades). Addressing the needs of horticulture industry stakeholders can lead to rapid adoption of wireless solutions that in a controlled environment have a number of advantages over traditional lighting control systems.

Legal regulations

The importance of problems related to the growing greenhouse gas emissions and buildings' low energy efficiency has led legislators to introduce a number of legal regulations aimed at optimizing energy consumption in this sector of the economy. On the one hand, these include already mentioned regulations regarding energy efficiency of e.g. lighting components. On the other hand, there is a growing trend of introducing regulations that oblige managers of commercial spaces to implement decisive actions towards a more rational use of available resources in built-up environment. In developed countries, they have been in place already for quite a long time. However, over recent years, increasingly stringent requirements have been introduced particularly for commercial buildings.

Energy codes are an example of this type of legislative trend. They impose specific requirements on building owners regarding the operation of key building infrastructure, including the lighting system. In the case of lighting, these requirements mainly relate to the implementation of a wide spectrum of advanced lighting control strategies to reduce lighting operation wherever lighting is not needed at a given moment. For example, energy codes may impose the obligation to implement automatic occupancy-based controls (occupancy sensing) in certain types of spaces (e.g. toilets, staircases), or the obligation to automatically control the intensity of artificial light based on natural light availability (daylight harvesting) e.g. in office rooms. In the United States, these requirements vary from state to state, although most of the applicable energy codes are based on one of two national standards for the energy efficiency of commercial buildings. These are:

- ASHRAE 90.1 - an energy standard published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) in cooperation with the Illuminating Engineering Society (IES). It includes requirements for different types of buildings, with the exception of low-rise residential architecture. It is designed as a model energy code which can be adopted by individual jurisdictions in full or only to some extent. The standard is updated every three years. In 2018, the US Department of Energy recognized ASHRAE 90.1-2016 as a national reference standard, while obliging all states to introduce energy codes not less stringent than ASHRAE 90.1-2016 by February 2020.
- IECC - International Energy Conservation Code - an energy standard published for the first time by the International Code Council in 2000. It is a model energy code for commercial and residential buildings. Similarly to ASHRAE 90.1, it is updated every three years. IECC mentions ASHRAE 90.1 as an alternative energy efficiency standard, allowing building designers to decide which of these two standards they want to adhere to.

In addition, some of the states have decided to introduce their own energy codes. One example is California which was the first state to introduce minimum energy efficiency standards as early as in 1974. This is also where America's first energy regulation commission - California Energy Commission - was established. Currently, every three years the body publishes the Title 24 standard which is one of the most demanding

energy codes as far as lighting control is concerned. It should be mentioned that as a result of these long-term efforts to improve energy efficiency, California today has one of the lowest energy consumption rates per capita.

Over the years, there has been a clear trend of tightening the requirements contained in energy codes, especially the ones relating to commercial facilities. Not only the number of requirements keeps increasing, but also the number of building categories covered by these requirements. In addition, many of the requirements which in previous years related only to new construction, now also apply to modernized buildings.

Similar trends can be observed in other regions of the world. The Energy Performance of Buildings Directive (EPBD) has been in force in the European Union member states since 2002. It contains provisions aiming to increase the energy efficiency of both new and existing buildings. Over the years, these requirements have been systematically tightened, reflecting the EU's ambitious commitments to further reduce greenhouse gas emissions by at least 40% by 2030 compared to 1990. The update of the EPBD directive from 2018 puts an emphasis on accelerating the pace of renovation of existing buildings in order to achieve complete decarbonization of the building infrastructure by 2050. Keeping up with the pace of technological progress in the construction industry, this update also introduces a number of new definitions such as "building automation and control system". In addition, it introduces new building evaluation criteria, including e.g. readiness to utilize smart networks.

Legal regulations concerning emergency lighting systems are a separate issue. In many countries, the law requires regular tests of the performance of emergency luminaires and documenting their results in a manner consistent with the adopted standards. These obligations usually rest with the owners and managers of buildings, and their implementation is associated with time-consuming and costly processes - especially in large facilities. An increasing number of countries are introducing or updating regulations in this area, increasing the frequency of required tests and the scope of information that must be archived. This trend significantly affects the demand for automated solutions supporting the implementation of regulatory obligations.

Support and grant programs

In addition to the mandatory legal requirements described above, there are multiple support, relief and grant systems around the world that aim to encourage building owners and managers to increase the energy efficiency of building installations, including lighting systems. The possibility of obtaining significant tax reliefs or direct subsidies for modernization projects strongly increases the attractiveness of such retrofits from an economic point of view, contributing to faster adoption of innovative, energy-efficient technologies in the construction sector. In the United States, such programs function on federal, state and local levels. The most attractive subsidies are available for projects implemented in accordance with the stringent requirements of certification programs such as DLC, Energy Star or LEED. They impose stringent requirements relating to the energy efficiency of building installations, while promoting the use of innovative technologies to reduce the energy consumption of buildings. Rebates for modernization projects introducing advanced and effective lighting control strategies have already become the norm on the American market. Their availability has remained at a constant, stable level for several years, and they are the most common rebates related to lighting modernization. Recently, however, we have been observing an increase in the availability of a new type of rebates - those related to the implementation of the so-called Networked Lighting Control, i.e. systems using wireless technology to dynamically control lighting based on data generated by smart luminaires and sensors. According to data from the Lighting Controls Association, in

2023 the number of available rebate programs of this type increased by 16% compared to the previous year, and the average rebate amount was approximately USD 204 per installed luminaire. This trend continued in 2024, as confirmed by data from the Lighting Controls Association regarding both the number of rebates available in the Networked Lighting Control category and the average value of the rebates available. In 2025, we see further stabilization of rebate programs - across the United States, benefits already cover approximately 77% of the retail market, and there is also a noticeable 3% increase in the value of rebates compared to the previous year, mainly in the segments of LED equipment and smart lighting control solutions (ledlightingincentives.org).

The European Union is also eager to finance solutions that promote the use of energy-efficient technologies and best practices in residential and commercial buildings. Additional support is provided through e.g. the European Investment Bank (EIB). Under special conditions, it grants favorable loans for projects that contribute to achieving the EU's energy and climate goals. In addition, the EU spends significant funds to support research and innovation in this regard. One example is the recently completed Horizon 2020 program. With a budget of EUR 80 billion, it was the largest EU-funded research and innovation project to date. The issues of energy efficiency, climate protection, and protection of natural resources were among its priorities.

According to estimates, achieving the EU's climate and energy targets requires that the current pace of existing building modernization is at least doubled. For this reason, at the beginning of 2020 the European Commission announced intention to trigger a new "wave of renovation" as part of the European Green Deal, a new strategy for economic growth and reduction of emissions. To trigger a new wave of renovation, the Commission will launch an open platform bringing together the housing and construction sectors, architects, engineers, as well as local governments in order to create innovative financing options and promote energy efficient construction investments.

Global COVID-19 pandemic as a catalyst for changes in commercial spaces

To this day, the commercial real estate sector has been struggling with the consequences of the COVID-19 pandemic. Most of these consequences should be assessed as potentially negative, but the circumstances surrounding the global pandemic required decisions and actions that may prove beneficial for the widespread adoption of smart lighting technologies. In this context, COVID-19 may become a catalyst for changes in commercial spaces, accelerating trends that previously might have lacked proper dynamics.

One example of such a trend is a radical change in the approach to remote work. This change was in the first place forced by the introduction of lockdown in many countries during the first wave of COVID-19. As the restrictions were eased over time, some employees returned to their workplaces, but many office spaces still remain empty to a large extent. As research shows, especially among large private companies, there are many that still operate in the remote or hybrid work model. The pandemic has undoubtedly made both employees and employers familiar with the remote working model. And even if – once pandemic ends – only few entities decide to remain in the full-time remote work model, the mental change regarding the approach to remote work has already taken place. This change is in line with the trend of making workplaces and working time increasingly flexible, which has been noticeable in certain industries already for some time.

Departure from the traditional model of work requires changes in the ways how commercial spaces are managed - also with regard to the operation of lighting infrastructure. Traditional centralized lighting control systems, which are still used in many office buildings today, seem particularly ineffective and archaic in this context. Lighting the entire floor of an office building is completely unnecessary if only a couple of persons

are present there at a given moment. Smart lighting control systems that enable flexible adjustment of lighting conditions to current needs seem to be a perfect answer to the challenges accompanying the trend of making workplaces and working time more flexible, and the COVID-19 pandemic may significantly contribute to their faster adoption. Taking into account the fact that owners of commercial spaces have suffered a significant decline in revenues as a result of the pandemic, it should be expected that they will now be more willing than ever to optimize costs by investing in solutions that can improve the energy efficiency of their properties.

Challenges related to the development of the smart lighting market

Market fluctuations and geopolitical factors

The global technology market – including the smart lighting sector – remains sensitive to geopolitical events and changes in the trade policies of the world's largest economies. In recent years, we have seen how such factors directly affect the stability of supply chains and the availability of key electronic components. A striking example was the Covid-19 pandemic and the subsequent crisis on the semiconductor market, which significantly affected the production capabilities of many technology industries, including the smart lighting sector.

Although the situation in the semiconductor market has stabilized, new risks related to trade policy and raw material security are emerging. In recent months, the US administration's customs policy has tightened, leading to tensions between the United States and China, as well as between the United States and Europe, and raising concerns about a new wave of global customs war. This could affect the costs of electronic components and extend import processes – especially in the case of devices and raw materials originating from the East Asian region. The geopolitical situation in the Eastern European region remains an additional factor of uncertainty. Ukraine has significant resources of rare earth elements used, among others, in the production of electronic components. This topic is increasingly appearing in the context of political discussions and raw material security in Europe, which may affect the future availability or prices of some materials used in products for the smart building market.

All of the above factors create an environment of increased uncertainty, which may translate into investment caution on the part of some market participants and challenges related to production planning and implementation of new technological solutions.

Challenges related to standardization and interoperability

For many years, one of the main factors inhibiting the development of the smart lighting market was the lack of standardization and strong technological fragmentation. Suppliers of lighting control systems mainly offered closed, proprietary solutions that did not ensure interoperability between devices from different manufacturers. As a result, both investors and manufacturers of lighting components had to bear significant risks related to dependence on individual technology suppliers.

However, this situation is clearly improving thanks to the intensification of standardization activities and the growing openness of industry environments to a unified approach to communication and lighting management. A key milestone in this process was the publication by the Bluetooth SIG of the Bluetooth NLC standard - the first fully open, interoperable and certified standard for wireless lighting control. Bluetooth NLC provides a common communication basis for all market participants, simplifying the process of designing and implementing lighting systems and reducing technological and investment risks for end users.

As Bluetooth NLC becomes more popular, we see industry organizations becoming more involved in creating and implementing uniform guidelines for lighting system functionality and data management. More and more market participants are seeing the benefits of interoperability and transparency, and initiatives such as certification of Bluetooth NLC-compliant systems or the D4i program (relating to data formats and interfaces) are becoming the foundation for future industry development. Increasing standardization not only reduces existing implementation barriers, but also enables scaling solutions and developing new business models based on digital services and data.

Financial barriers

The implementation of smart lighting technology involves the need to incur certain financial outlays. Although the initial costs may be a barrier for some entities, they are quickly offset by measurable operational savings achieved through the implementation of smart systems. Modern solutions enable precise lighting control based on the presence of users or the availability of natural light, significantly reducing energy consumption. Additionally, the automation of emergency lighting testing or integration with other building installations (e.g. HVAC) allows for the reduction of outlays related to technical maintenance of facilities and ensures compliance with strict regulations. In the long term, the benefits of implementing smart lighting systems - both financial and environmental - significantly outweigh the initial investment costs. Awareness of these dependencies is growing among market participants, which is reflected in the growing number of modernization projects implemented based on smart lighting technology.

Knowledge and trust in new technologies

Before the emergence of smart lighting technology, the industry operated according to decades-long principles. Wireless control products and services introduce a number of significant changes – both technological and business ones – which is why limited trust in new solutions is a natural reaction of many market participants. Doubts often concern the reliability of wireless communication, compatibility with existing infrastructure, and the durability and security of systems. However, growing market experience and the increasing number of implementations show that the benefits of using smart systems are significant and easy to observe – not only from the perspective of owners and managers of facilities, but also from the users of the space themselves. Better comfort, higher energy efficiency, and greater flexibility of control systems mean that direct contact with new technology often translates into increased trust and the perception of smart lighting as a natural direction of development.

The growth of trust is also supported by progressive standardization. The Bluetooth NLC standard is developed by the Bluetooth SIG organization – a global consortium responsible for the development of Bluetooth technology, the most widely used wireless technology in the world. Thanks to the support of Bluetooth SIG and the open development model, Bluetooth NLC technology is gaining recognition among manufacturers, integrators and end customers as a stable and future-proof platform for building lighting control systems.

The year 2024 clearly marked an increase in interest in solutions based on Bluetooth NLC. The number of implementations is growing, and the positive experiences of customers and market partners translate into increasing trust in wireless technologies. This process is supported by educational activities, cooperation with industry organizations and the active presence of solution providers at the most important events in the sector.

Bluetooth Mesh – adoption of the standard

The Bluetooth Mesh standard was published in July 2017. According to experts and commentators, market adoption is gaining momentum. However, it must be remembered this is a multi-stage process that requires involvement of different stakeholders representing individual links in the supply chains of the technology and lighting industries. Each of these stages takes time required for product development and commercialization, product promotion on the market, contracting and implementing projects, etc. In spite of this, a wide range of qualified Bluetooth Mesh devices is already available on the market. Multiple case study publications have also emerged, presenting commercial implementations based on this global wireless communication standard. In this context, the following facts are worth mentioning:

- Eight years after the adoption, no significant security vulnerabilities have been detected in the Bluetooth Mesh protocol. The solid architecture of the standard has been verified and confirmed by independent scientific centers.
- A significant milestone in the adoption of Bluetooth Mesh technology was achieved in 2020 with the emergence of projects of a scale that for many years remained unachievable for wireless communication standards previously used in lighting systems. Case study materials documenting the implementation of the above-mentioned projects demonstrate the outstanding performance and unprecedented scalability of Bluetooth Mesh technology in lighting control applications.
- Device manufacturers point out that the quality of the standard is very high. They are often surprised with the wide range of issues addressed by the Bluetooth Mesh technology. Such a wide scope and maturity of version 1.0 were not expected by the market which traditionally assumed that the first version of the standard would be incomplete and of low quality. As a result, manufacturers were not prepared for rapid implementation of the Bluetooth Mesh technology in their products.
- Bluetooth Mesh is a sophisticated protocol with a high degree of complexity. This results from the complex nature of the problems addressed by the standard, such as scalability or security. These problems cannot be solved by simple mechanisms. On the other hand, the high degree of complexity means that only a small group of firmware providers (including Silvair) is able to provide high-quality qualified Bluetooth Mesh firmware today. Investment in the implementation of the Bluetooth Mesh technology also exceeds the capabilities of those manufacturers who have so far implemented communication firmware on their own. Such a situation is favorable for Silvair, as it opens a wider and more durable market for firmware solutions offered by the Group. This business model has been validated by multiple license agreements concluded so far by the Group's companies.
- Competitors used to emphasize that Silvair is the only provider of firmware compliant with the Bluetooth Mesh standard. This fact was used by them to argue that Bluetooth Mesh is not an open standard, but a de facto proprietary Silvair solution. However, this situation began to change with the advent of the first Bluetooth Mesh compliant devices that are not directly based on the Silvair firmware. This is a good sign for the market, emphasizing the idea of openness and interoperability. Paradoxically, this also results in increased demand for Silvair products, as greater market diversification among firmware providers results in increased popularity and interest in the Bluetooth Mesh standard itself.
- Entities offering products based on the Bluetooth Mesh technology in a commercially usable form include:
 - Intel - the company is responsible for the BlueZ subsystem in Linux, used in most embedded gateway solutions,

- Qualcomm, Silicon Labs, Nordic Semiconductor, ON Semiconductor, STMicroelectronics, Infineon - Bluetooth chipset manufacturers,
 - Mindtree, Packetcraft - companies that license qualified Bluetooth Mesh firmware,
 - Danlers, Steinel, McWong, ERP Power, Osram, Zumtobel, Sylvania, Ledvance, Xiaomi, Hytronik, Murata, Delta Electronics, Leedarson, Fulham - manufacturers of lighting components and building automation solutions,
 - Support for Bluetooth Mesh in the Zephyr system which is developed under the Linux Foundation.
 - Support for Bluetooth Mesh in the Echo products manufactured by Amazon.
- It is very important that multiple manufacturers perceive the full cross-vendor interoperability of products based on the Bluetooth Mesh standard as a high market value. For example, Osram has repeatedly emphasized open interoperability as one of the key features determining the attractiveness of the Bluetooth Mesh ecosystem.
 - The high market utility and innovativeness of Bluetooth Mesh technology is confirmed by the fact that it has become the technological foundation of the Bluetooth NLC standard published in September 2023 by the Bluetooth SIG organization. The Bluetooth NLC standard is a response to the business and legal challenges that Bluetooth Mesh technology has faced so far in the lighting market – in particular those related to the lack of standardization, the difficulty in specifying solutions in tender documentation and the lack of transparency on the part of suppliers. Bluetooth NLC defines a set of mandatory functions and mechanisms of device operation that must be met in order for a product to receive a certificate of conformity. Thanks to this, system designers and investors can easily identify certified components and create interoperable installations composed of devices from different manufacturers. Although the Bluetooth NLC standard mainly organizes the formal and specification layer, its appearance also strengthened the technological position of Bluetooth Mesh - the basic communication layer for Bluetooth solutions in lighting systems. Bluetooth Mesh has been proving its effectiveness as a scalable, reliable and open solution for commercial networks for seven years, ensuring unrivaled stability of operation, even in the most demanding projects.

In conclusion, the market position of the Bluetooth Mesh standard is already very strong and consistently keeps strengthening over time. In the lighting and technology industries, there have been virtually no negative opinions about this technology, while the influx of positive opinions is increasing significantly. Initial friction, which results from the higher-than-expected complexity of the protocol, should be considered the main reason for the slightly slower adoption rate. Today, this effect is not that strong anymore, and the market trend indicates the possibility of significant acceleration.

The problem that the Bluetooth Mesh standard was facing for a long period of time was the ambiguous identification of qualified devices based on this technology. On the market, there are many closed proprietary solutions that use the Bluetooth radio and implement the mesh networking functionality to some extent. These solutions refer to themselves as "mesh" (it is not a reserved term), trying to take advantage of the growing popularity of the official standard – which misleads market participants and makes it difficult for certified producers to reach customers.

In response to these challenges, the Bluetooth SIG in September 2023 published the Bluetooth NLC standard which addresses a number of business and market issues related to the use of Bluetooth Mesh technology in lighting applications. Unification of requirements on the device side allows end customers to clearly distinguish products compliant with the Bluetooth NLC standard from those that are based on proprietary solutions using Bluetooth technology but are unable to ensure adequate compatibility, quality

and stability. Standardization of product requirements also makes it easier for suppliers of lighting control systems to submit their solutions to tenders and rebate programs, as compliance with the Bluetooth NLC standard confirmed by appropriate qualification guarantees compliance with all technological requirements included in the Bluetooth Mesh specifications. Additional benefits of Bluetooth NLC standard include better product recognition on the lighting control market and quality guarantees for the end user. The publication of the new standard was lively commented among the representatives of the lighting industry, and in the coming quarters the Bluetooth SIG plans to carry out a number of activities related to its promotion on the global market

The publication of the Bluetooth NLC standard was accompanied by the publication of the Bluetooth Mesh standard specifications in version 1.1, in the development of which the Silvair Group actively participated. The new version of the Bluetooth Mesh standard is much more extensive than the original specifications and contains a number of additions that are a response to the technological and market needs that emerged during the first few years of the standard's existence on the market. These include, among others: significant improvements in areas such as data security and privacy, over-the-air update of firmware already installed in smart devices, more effective management of subnets, as well as remote activation and configuration of Bluetooth Mesh networks. The publication of the Bluetooth NLC standard does not change the approach of the Bluetooth SIG organization with regard to the further work on the Bluetooth Mesh technology. Bluetooth Mesh will continue to be developed, functioning as the technological foundation for the broader Bluetooth NLC market standard. In order for a device to be qualified as Bluetooth NLC compliant, in terms of wireless Bluetooth communication it must be based on solutions compliant with the guidelines and requirements of Bluetooth Mesh specifications.

A significant development for the entire Bluetooth Mesh and NLC ecosystem was the expansion of the standard beyond traditional lighting applications. The publication of the Bluetooth NLC specification, which integrates heating, ventilation, and air conditioning (HVAC) systems, announced in June 2025, paved the way for the development of comprehensive, multi-system building solutions based on a single open standard. This makes Bluetooth NLC the foundation for the digitization of infrastructure in commercial buildings – from lighting and HVAC to further development into new building automation applications. This aligns with the development assumptions of the Proptech market, where interoperability, standardization, and energy efficiency will play a key role in the coming years.

Silvair's cooperation with standardization bodies

Bluetooth SIG

As part of the Bluetooth SIG organization, we are fully committed to maintaining and developing the Bluetooth Mesh and Bluetooth NLC standards and directing them towards professional / commercial solutions. Our work within the Bluetooth SIG is also focused on improving the quality of documentation, which reduces entry barriers for new entities. In February 2020, Szymon Słupik was appointed by the Bluetooth SIG Board of Directors as the chair of the Mesh Working Group - for the fourth consecutive term. The Mesh Working Group remains the most active among all working groups operating in the Bluetooth SIG, which has been confirmed by multiple awards granted to it within the organization. This activity directly translates to the pace of the standard development and the quality of solutions contained in it. In parallel, the Group is participating in work aimed at expanding Bluetooth NLC applications beyond lighting. We are actively participating in standardization activities related to the inclusion of functions dedicated to HVAC systems (heating, ventilation, air conditioning) in the standard. This direction paves the way for transforming Bluetooth NLC into a comprehensive, open and interoperable communication standard for key building automation systems.

DALI Alliance

DALI Alliance (previously known as Digital Illumination Interface Alliance – DiiA) is an organization supervising the DALI (and DALI-2) standard, which brings together all of the world's leading professional lighting manufacturers. DALI is a mature wired standard that is currently being developed towards integration with wireless technologies. An important milestone was the establishment of cooperation with the Bluetooth SIG and the launch - under DALI Alliance - of the Bluetooth Mesh DALI Gateway project chaired by Silvair. In 2021, DALI Alliance published the first version of the specification "Part 341 - Bluetooth Mesh to DALI Gateway" which standardizes design assumptions for a gateway enabling remote control of luminaires that are compliant with the DALI D4i certification program using wireless solutions compliant with Bluetooth Mesh. This is another important step strengthening the cooperation between the DALI Alliance and the Bluetooth Mesh ecosystem. As part of our cooperation with DALI Alliance, our main goal is to make Bluetooth Mesh a fully supported and recommended standard extending the wired DALI system with the possibility of wireless operation. The Bluetooth Mesh DALI Gateway standard is supplemented by the Book 20 standard developed under the Zhaga organization. Zhaga standardizes the physical sizes of modules and connectors used in lighting systems. The Book 20 standard specifies a standard expansion socket that can be used by lighting fixtures installed inside buildings. The socket supports the DALI protocol. In practice, this means that wireless sensors and sensor-controllers (in particular those manufactured under the Silvair license) can be easily installed by installers in any lighting fixtures, without the need for manufacturers' involvement / interference.

Considering the widespread use of the DALI standard in Europe, the Group also makes constant efforts to ensure that its solutions comply with the requirements of the individual DALI standard specifications. In June 2025, with the release of the latest Silvair Firmware, we announced full support for the Bluetooth NLC-DALI interface (DALI Part 341). This is a key step in the integration of two global lighting control standards. The new software enables seamless interoperability between Bluetooth NLC networks and DALI drivers. Developed in collaboration with Bluetooth SIG and the DALI Alliance, the interface paves the way for a unified control architecture that supports the collection of operational, diagnostic, and energy consumption data. This enables real-time monitoring, advanced asset management, and predictive maintenance, among other things, which ultimately improves operational efficiency and reduces the risk of failure.

ANSI C137

The C137 group (Lighting Systems Committee) operating as part of the ANSI organization (American National Standards Institute) brings together professional lighting manufacturers from the U.S. The group C137 has also concluded a cooperation agreement with DALI Alliance. The most important project in which Silvair is involved as a co-author is the project C137.5 - Energy Reporting Requirements for Lighting Devices. The development of the C137.5 standard was proposed by the U.S. Department of Energy in order to streamline the programs supporting the financing of projects aimed at modernizing the lighting infrastructure and increasing building energy efficiency. These programs are a very important factor stimulating lighting retrofit projects, however, according to the U.S. Department of Energy, the current system for distributing co-financing grants is not effective because it does not promote the most energy-efficient systems strongly enough. The Department of Energy believes that the C137.5 project will allow the introduction of a financing method based on the actual energy consumption of the lighting system, which requires ongoing reporting of the energy consumption level. The use of a mesh network to monitor and report energy consumption becomes an effective requirement, which significantly increases the demand for solutions offered by Silvair.

DLC

DLC (Design Lights Consortium) is an organization that brings together the programs promoting the increase of energy efficiency among energy suppliers in North America. DLC publishes the Networked Lighting Controls specification (NLC) which is the basis for including systems that meet specific energy requirements in the official Qualified Product List (QPL). The latest version of the specification – NLC5 – contains requirements for detailed energy consumption reporting by lighting installations. Systems included in the QPL list are entitled to a simplified path to obtaining a grant for their purchase and implementation. Until now, only proprietary systems from individual suppliers could be found on the QPL list. Over the last years, Silvair has been working closely with DLC to enable NLC qualification for components from different manufacturers that make up a complete system. First, we obtained DLC's approval for using the Silvair brand as a brand for a system that any component manufacturer can refer to as long as a given component is based on the Silvair firmware. This agreement meant the emergence of a fast track for obtaining DLC QPL qualification for our partners. The first applications for DLC qualification have already been processed, as a result of which Silvair's partners - mwConnect, Linmore LED and Aleo Lighting - have been included in the official QPL list.

As a consequence of the long efforts and the introduction of appropriate technological solutions, at the end of 2021 the Silvair brand obtained full DLC NLC5 certification as the first system consisting of components from many different manufacturers. This symbolic breakthrough and fulfilment of the promise of global interoperability represents a very significant achievement both for the Bluetooth Mesh standard and for the Group and partners using its technology solutions. Thanks to the DLC NLC5 certification, entities implementing lighting projects based on Silvair technology can apply for significant rebates related to improving the energy efficiency of buildings, which strongly increases the attractiveness of the components and systems offered in the market by the Group's partners. This should translate into more projects being implemented with the use of devices based on Silvair technology.

Another important event in the Group's cooperation with the Design Lights Consortium was the recognition of the newly adopted Bluetooth NLC standard as a technology that meets the stringent energy and functional requirements defined by the DLC for wireless lighting control systems. In June 2024, the Group

also obtained - as the first entity in the world - DLC NLC5 certification confirming the compliance of Silvair solutions with the new Bluetooth NLC standard. On the one hand, these events confirm the lighting industry's recognition of the Bluetooth NLC standard as an effective and reliable technological foundation for commercial lighting control systems. On the other hand, they constitute an important milestone in the development of the Group's business in the American market, entitling entities using Silvair technology in lighting modernization projects to obtain significant discounts and subsidies for the purchase and implementation of energy-saving lighting control systems. DLC certification confirming compliance with the Bluetooth NLC standard also brings a number of benefits to the Group's partners, enabling them to more easily obtain certification for solutions offered under their own brands and to participate in projects and tenders where DLC certification is often one of the basic requirements.

OneDM

OneDM (One Data Model) is an independent working group that brings together potentially competing standardization organizations, in particular Bluetooth SIG, ZigBee, Thread Group, OCF and IETF. Its goal is to develop a universal machine data description language that will be used to publish data models defined by individual standards. This will enable automatic translation of data between standards. We believe this initiative is very important from the perspective of accelerating the adoption of widely defined Internet of Things (IoT) technologies, including the development of innovative services driven by data generated by smart lighting control systems. The goal of our commitment to OneDM is to support the development of the Bluetooth Mesh standard and to monitor the activities of other, potentially competitive organizations.

Risks related to our business

The Silvair Group is exposed to a number of risks that may exert an unfavorable effect on its operations, financial and operating standing, as well as its brands and reputation. On a regular basis, the Board of Directors reviews the market environment and risk factors to which the Silvair Group is exposed. New projects and contemplated major transactions are subject to thorough scrutiny. If any regulatory amendments are enacted, the Group's companies adjust their business accordingly. The following are the primary risks that, if materialized, may exert a significant impact on the Group's business. Besides the factors mentioned in this section, the Group is also exposed to financial risks described in Note 33 to the Silvair Group's Interim Condensed Consolidated financial statements for the first half of 2025.

Military operations in Ukraine

The Russian military invasion of Ukraine, which began in February 2022, is still ongoing and remains one of the most important factors destabilizing the geopolitical and economic situation in the world. Regular warfare conducted in continental Europe has triggered a wave of global consequences that in the long term may affect many sectors, including the smart lighting control market.

It is still difficult to predict how long the conflict will last or how wide its scope will be. The events in Ukraine are affecting not only energy and food prices, but also the availability of strategic raw materials – such as rare earth metals (including lanthanides, palladium and platinum) and technical gases necessary for the production of semiconductors. In the event of a long-term conflict or its escalation, further disruptions in global supply chains are possible, which may affect, among others, the availability of electronic components. Unprecedented economic sanctions against Russia and limited production and export from Ukraine are causing an increase in the costs of raw materials and components, and thus an increase in operating costs for manufacturers of technological solutions. Additionally, during times of increased geopolitical tensions, some investors and public institutions may limit or postpone spending on innovation and sustainable development, focusing on short-term actions. This may temporarily slow down the pace of adoption of technologies such as wireless lighting control.

Risk associated with the early stage of the Company's development, absence of meaningful history of operations and of significant revenue

Currently, the Company is at the stage of commercialization of its products but has not yet been involved in significant sales operations. The pace of the Company's development depends on the success and scale of its product sales.

Risk associated with loss of key members of the management and the team, and with difficulties in attracting employees and collaborators

The quality of the products and services developed by the Company and its position in the smart lighting solutions market depends on the experience and skills of its employees and collaborators. Losing key personnel may have an adverse impact on the Company's operations.

Risk of product concentration

Absence of significantly diversified potential sources of revenues puts the Company in high risk of concentration linked to its orientation to smart lighting industry and the fact that its product and - in the long run - also other planned services are based exclusively on the Bluetooth Mesh technology.

Risk associated with the work of development teams

Unplanned discontinuation of cooperation by an entire development team, or a part thereof, may have a significant adverse effect on the development of a particular solution adopted by the Company, which may create delays or require changes to the Group's development plans.

Risk of failure to attract qualified employees

The Company's operation requires collaboration with new qualified employees, which calls for additional financial expenditure. There is also a risk that the Company will fail to attract employees with adequate experience and professional knowledge, or that newly-hired employees will not meet the Company's expectations.

Risk associated with significant increase in labor costs

The launch of the Company's product sales leads to a significant change in its employment structure. New highly qualified specialists need to join our project teams to be responsible for the development of our products across the world. These will be highly-paid individuals, which will have a very significant impact on the growth of operating costs.

Risk associated with research and development work on new products and technological solutions

Our market, based extensively on innovative solutions, demands high capital expenditure on research and development. There is a risk that those activities will not always lead to the creation of a new product, service or solution.

Risk associated with development of competition

It is hard to foresee how quickly the Company's competitors will introduce similar or alternative systems. Therefore it cannot be ruled out that the Company will not be able to use its competitive advantage fully or will not be able to use it at all.

Risk associated with intellectual property protection

It is uncertain that all the actions taken in the area of intellectual property protection will be successful. There is also a risk that competitors will launch into the market devices which use the Group's copyright or protected technical solutions.

Risk associated with disclosure of company secrets and other confidential trade information

The achievement of the Company's plans hinges to a high degree on its unique, partly still unpatented technologies. Their protection should be ensured by confidentiality agreements. However, it is uncertain that those agreements will be respected, which may lead to, without limitation, the data being taken over by competitors.

Risk associated with breakdowns or break-ins into IT systems

Breakdowns of IT systems or infrastructure may restrict or stop proper operations of the Group, or its ability to offer products and services, temporarily or permanently. IT systems may be susceptible to physical or electronic break-ins and other threats, which may result in, without limitation, the Company's loss of access to the information stored in its IT systems or access to such information having been obtained by unauthorized third persons. Such actions may also damage the Company's reputation or lead to substantial expenses.

Risk associated with absence of insurance protection

On 8 May 2025, Silvair sp. z o.o. executed a third party liability insurance contract with CFC Europe S.A. The insurance covers third party liability in respect of personal and property damage caused in connection with the possession and use of assets as well as the business run by Silvair sp. z o.o., as specified in the insurance contract, including damage caused by a product or service (including that caused by a rendered and delivered service) and presence of third parties on the premises in connection with the performance of insured professional activities, and in respect of damage resulting from shortcomings in the performance of professional activities in connection with the provision of services specified in the insurance contract. However, Silvair, Inc. does not have insurance protection that would cover any damages incurred or claims made against the company.

Risk associated with court and administrative proceedings

The Company's operation gives rise to potential disputes and claims, related to, without limitation, possible client claims regarding the products sold. On the other hand, members of the Group conclude trade agreements that may also give rise to disputes and claims. Such disputes or claims may have an adverse effect on the Company's reputation, deflect the management's and the team's attention away from its core activities, and expose the Company to significant legal costs of court proceedings.

Risk associated with absence of adequate internal control procedures and systems

In view of the development of the Company's business, and as a result of other factors, there may be a need to implement and apply proper procedures and systems of internal control, in order to meet new operational requirements. Misalignment of the internal control procedures and system with the scale of operations, at present and in the future, may lead to a disclosure of company secrets, including innovative solutions, and expose the Company to the risk of claims lodged by its business partners.

Risk related to the economic and political situation

The efficiency of the Company's business is - and will even more so be in the future - dependent on, without limitation, the rate of economic growth, consumption level, fiscal and monetary policy, inflation and many other macroeconomic parameters having an impact on the economy and an indirect impact on the commercial real estate sector, considered by the Company as key for the development of its operations in the smart lighting segment, in the countries where the Company distributes its products or provides its services.

Foreign exchange risk

Currency risk arises from the fact that the majority of the Company's ongoing operating expenses are incurred in PLN, while a major or significant part of the expected revenue is or will be denominated in foreign currencies. We expect that the foreign exchange rate fluctuations will have an impact on, without limitation, changes in the value of our revenues and receivables after conversion to PLN.

Risk of legislative changes having an impact on the Company's market

Changes in legal regulations having a direct impact on the modern technologies market may have a significant adverse effect on the Company's operations, for example to the extent they result in higher operating costs, administrative restrictions or requirements to obtain new permits. The volatility of legal system and regulatory environment increases the risk of additional and unexpected expenses, including the costs of aligning the operations with the changing legal environment.

Risk associated with patent trolls

The innovative technologies market is targeted by the so-called patent trolls, i.e. entities purchasing patents exclusively for the purpose of pursuing claims for the patents' alleged or actual violations. There is a risk of such claims being lodged against the Issuer, linked to an alleged violation of a patent by the members of the Group.

Risk associated with limited capital and future capital needs

It cannot be ruled out that in the future the Issuer will not have access to new financing in the required amount, on acceptable terms or not at all. This may be due to the Company's situation, including its ability to commercialize its products and services effectively, or its ability to compete, as well as to other factors beyond the Company's control.

Risk associated with lost liquidity

The early stage of the Company's development exposes us to a risk of not being able to pay our liabilities at maturity, in particular due to limited access to financing, failure to generate revenue or having generated revenue which is lower than planned, or higher costs due to the development of our operations or other factors. The Group undertakes a number of measures to secure financing for its current and future capital needs. If those measures prove unsuccessful, a risk of insolvency or liquidation of the Company cannot be ruled out.

Risk associated with technological change in the industry and development of new products

Success of the Issuer's business is hinged primarily on its ability to apply state-of-the-art technological solutions in its products and services. A competitive market position cannot be maintained without development work and investment in new products. To achieve a permanently strong market position, the Company will need to be highly active and observe new business and technological trends continuously.

Risk associated with difficult enforcement of liability towards the Company, Directors and Officers

Enforcement of US court judgments based on US third party liability laws, including the federal securities law, from the Company's assets may prove impossible, given that, without limitation, almost all operating assets of the Issuer are located in Poland.

Financial standing of the Silvair Group and Silvair, Inc.

Policies applicable to the preparation of the consolidated financial statements of the Silvair Group

The interim condensed consolidated financial statements of the Silvair Group cover the period of 6 months ended on 30 June 2025 and have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial assets measured at fair value through financial result or other comprehensive income, financial assets measured at amortized cost, financial liabilities measured at fair value, and financial assets measured at amortized cost.

The interim condensed consolidated financial statements do not contain all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. Therefore, they should be read together with the Group's consolidated financial statements for 2024 which were made public on 14 April 2025.

The interim condensed consolidated financial statements have been drawn up based on the going concern assumption for the foreseeable future.

The first half of 2025 confirmed the sustainability of the Silvair Group's dynamic growth in recent periods. Both the scale of production and the number of installations of devices using Silvair technology reached record levels. In the first six months, the Group's partners produced over 343 thousand components, compared to 112 thousand in the same period of the previous year, representing a threefold increase year-on-year and almost equaling the result for the entire 2024. The number of devices installed in projects exceeded 179 thousand, twice as many as in the first half of 2024. These data clearly confirm the growing scale of implementations and the systematic commercialization of Silvair solutions.

The Group is consistently developing strategic product areas that form the foundation for long-term growth. In the Enterprise segment, major work has been completed on the Silvair BACnet Gateway solution, which enables interoperability with centralized building management systems (BMS). The solution successfully passed compliance testing at an accredited laboratory as part of the BTL certification process. Simultaneously, the Group completed key work on a solution for automated emergency lighting testing (ELT). We have delivered a fully automated system that not only enables regulatory-compliant testing but also generates detailed reports accessible remotely from our platform. This significantly reduces operating costs, eliminates the risk of manual errors, and provides users with complete process transparency. The solution has generated significant interest in the European market, and we are also in talks with manufacturers who are already preparing their devices for introduction to the US market.

The publication of the Bluetooth NLC specification for heating, ventilation and air conditioning (HVAC) systems by the Bluetooth SIG was a significant event in the first half of the year, paving the way for full integration of lighting with other building installations and significantly expanding the market potential of Bluetooth NLC technology.

The achievements in the first half of 2025 in the areas of HVAC, BMS, and ELT mark the next stage of the Group's transformation, gradually expanding beyond the lighting segment and establishing a position as a supplier of comprehensive building technologies. This direction multiplies the potential of our solutions – both in terms of commercialization of existing products and the development of additional services that meet the needs of the PropTech market. Expanding our scope of operations also opens the prospect of better

access to capital, thanks to growing investor interest in technologies that support the digitization of infrastructure and improve the energy efficiency of buildings.

Achievement of a profit during the reporting period, sustained sales growth, and clearly defined product and market development directions form the basis for the Group's going concern assumption. The Group possesses the technology, competencies, and development plan that address current industry needs and opens access to the most promising market areas.

Presentation of the basic economic and financial figures of the Silvair Group

Consolidated statement of profit or loss of the Group

Interim consolidated profit and loss account (amounts in USD thousand)	01 January 2025 – 30 June 2025	01 January 2024 – 30 June 2024
Revenue	2 374	832
Cost of sales	979	838
Gross sales result	1 395	-6
Selling and distribution expenses	260	243
General and administrative expenses	481	550
Other operating income	65	52
Other operating expenses	13	13
Losses due to expected credit losses	5	11
Operating result	701	-771
Financial income	-	-
Financial costs	167	143
Result before tax	534	-914
Income tax	35	-43
Net profit/(loss) for the period	499	-871
Profit/(loss) attributable to:		
shareholders of the parent company	499	-871
non-controlling interest	-	-

Similarly to 2024, in the first half of 2025, the Group worked intensively on developing new products, promoting them, creating sales markets, and acquiring customers. These activities translated into dynamic revenue growth – almost threefold – from USD 832,000 in 2024 to USD 2,374,000 in the first half of 2025. Cost of sales in the first half of 2025 increased by USD 141,000 compared to 2024, from USD 838,000 to USD 979,000.

In the first half of 2025, the Company incurred general and administrative expenses of USD 481,000 and selling expenses of USD 260,000. Selling expenses increased by USD 17 thousand, while general and administrative expenses decreased by USD 69 thousand compared to the first half of 2024. The total value of selling expenses and general and administrative expenses in the first half of 2025 was USD 52 thousand lower compared to the same period of the previous year.

Other operating income in the balance sheet year amounted to USD 65 thousand and was USD 13 thousand higher than in the previous year. Other operating expenses for the first six months of 2025 remained at the 2024 level.

In the first half of 2025 and the first half of 2024, the Silvair Group did not generate any financial income. The company incurred financial expenses of USD 167,000, which increased by USD 24,000 compared to the same period in 2024. This increase is primarily due to higher interest on issued bonds and negative exchange rate differences.

The significant increase in operating income, combined with a decrease in costs, enabled the company to generate a profit of USD 499,000 in the first half of 2025.

Financial results by the Group's operating segments

Segment type (amounts in USD thousand)	1 January 2025 – 30 June 2025		
	Lighting control	Items not allocated to segments	Total
Revenues and expenses			
Sales to external customers	2 374	-	2 374
Inter-segment sales	-	-	-
Cost of sales	979	-	979
Income and expenses (operating and other operating)	50	-744	-694
EBIT	1 445	-744	701
Net financial income (costs)	-	-167	-167
Share in profits of associates	-	-	-
Gross profit	1 445	-911	534
Income tax (current and deferred)	-	35	35
Net profit for the reporting period	1 445	-946	499
Assets			
Costs of development work (carrying amount of the assets)	13 399	-	13 399
Trade receivables	1 167	-	1 167
Unallocated assets	-	1 248	1 248
Total assets			15 814
Liabilities			
Financial liabilities	-	4 303	4 303
Liabilities from contracts with customers	714	-	714
Unallocated liabilities	-	1 204	1 204
Total liabilities			6 221
Other information			
Depreciation and amortization	979	97	1 076

Segment type (amounts in USD thousand)	1 January 2024 - 30 June 2024		
	Lighting control	Items not allocated to segments	Total
Revenues and expenses			
Sales to external customers	832	-	832
Inter-segment sales	-	-	-
Cost of sales	838	-	838
Income and expenses (operating and other operating)	84	-849	-765
EBIT	78	-849	-771
Net financial income (costs)	-	-143	-143
Share in profits of associates	-	-	-
Gross profit	78	-992	-914
Income tax (current and deferred)	-	-43	-43
Net profit for the reporting period	78	-949	-871
Assets			
Costs of development work (carrying amount of the assets)	11 601	-	11 601
Trade receivables	313	-	313
Unallocated assets	-	1 412	1 412
Total assets			13 326
Liabilities			
Financial liabilities	-	3 819	3 819
Liabilities from contracts with customers	502	-	502
Unallocated liabilities	-	1 274	1 274
Total liabilities			5 595
Other information			
Depreciation and amortization	838	72	910

Interim consolidated statement of financial position of the Group

(amounts in USD thousand)	Note no.	30 June 2025	31 December 2024	30 June 2024
Non-current assets		14 335	12 372	12 435
Capitalized expenditures on development work	1	13 399	11 682	11 601
Computer software	2	34	37	41
Property, plant and equipment	3	8	11	15
Right-of-use assets	3.7	298	10	62
Financial assets	4	-	-	7
Deferred tax assets	5	596	632	709
Current assets		1 479	1 011	891
Inventory	6	4	2	3
Trade receivables and other receivables	7÷10	1 311	732	457
Cash and cash equivalents	11	164	277	431
Total assets		15 814	13 383	13 326

(amounts in USD thousand)	Note no.	30 June 2025	31 December 2024	30 June 2024
Equity		9 593	7 583	7 731
Equity attributable to the shareholders of the parent company		9 593	7 583	7 731
Share capital	12	1 754	1 748	1 746
Capital from revaluation of options	13	191	187	179
Share premium account	14.2	30 903	30 885	30 857
Other capital	14.3	1 845	362	631
Retained earnings	15	-25 100	-25 599	-25 682
Equity attributable to non-controlling entities		-	-	-
Non-current liabilities		2 198	1 337	1 954
Deferred tax liabilities	17	3	4	6
Lease liabilities	18.1	232	-	2
Liabilities under bonds convertible to shares	20.1.1	1 572	941	1 500
Prepayments and accruals on account of grants	21	391	392	446
Current liabilities		4 023	4 463	3 641
Trade liabilities and other current liabilities	19	555	720	534
Liabilities from contracts with customers	20.4	714	553	502
Lease liabilities	18.1	72	9	57
Liabilities on bonds convertible to shares	20.1.1	2 427	2 969	2 319
Other short-term provisions	20.3	149	118	134
Prepayments and accruals on account of grants	21	106	94	95
Equity and liabilities		15 814	13 383	13 326

During the reporting period, the Group continued to invest in development works with a net value of USD 13,399,000 in H1 2025. Development expenditures were financed from internal funds. As of 30 June 2025, the Group's assets totaled USD 15,814,000. The increase in asset value compared to 30 June 2024, by USD 2,488,000, was primarily due to increased development expenditures, increased trade receivables, and an

increase in the value of right-of-use assets. The Company's assets were financed primarily by obtaining additional financing sources in the form of convertible bonds.

In H1 2025, profitability indicators indicate a significant improvement in the Group's financial situation. The return on equity (ROE) reached 5% compared to -11% in the comparative period. The return on assets (ROA) reached 3%, compared to -7% in the comparative period. Return on sales improved from -1.05 to 0.21.

The current liquidity ratio – calculated as the ratio of total current assets to total short-term liabilities – amounted to 0.37 in the period under review, increasing its value from 0.25 shown in the comparative period. The quick liquidity ratio (current assets adjusted for inventories and accruals) was 0.36, compared to 0.24 in the previous period.

Consolidated cash flows of the Group

The Group recorded a decrease in cash by USD 113 thousand compared to the beginning of the reporting period. As part of its financing activities, in the first half of 2025, the Company received proceeds from the issuance of shares in the amount of USD 1 thousand, but no proceeds from the issuance of bonds were recorded. Unfortunately, positive cash flows from operating activities of USD 1,094 thousand were not sufficient to cover negative cash flows from investing activities (primarily development expenditures) of USD 1,198 thousand and from financing activities (primarily repayment of lease liabilities) of USD 10 thousand.

(amounts in USD thousand)	01 January 2025 – 30 June 2025	01 January 2024 – 30 June 2024
Profit (loss) before tax	534	-914
Depreciation and amortization	1 076	910
Foreign exchange gains (losses)	-20	8
Interest and profit sharing (dividends)	89	87
Profit (loss) from investing activities	-7	-
Movement in provisions	31	10
Movement in inventory	-2	-
Movement in receivables	-582	-78
Movement in current liabilities, except for loans and borrowings	-67	262
Tax paid	-	-
Movement in prepayments and accruals	15	-59
Other adjustments resulting from operating activity	27	48

Net cash from operating activities	1 094	274
Disposal of intangible assets and property, plant and equipment	7	-
Purchase of property, plant and equipment	7	7
Expenditures incurred for development work and purchase of intangible assets	1 198	1 115
Net cash from investing activities	-1 198	-1 122
Net proceeds from issuing shares and additional capital contributions	1	-
Loans and borrowings drawn, new lease agreements	-	-
Proceeds from the issue of debt securities	-	900
Repayment of loans and borrowings	-	-
Repayment of lease liabilities	10	25
Interest	-	2
Net cash from financing activities	-9	873
Net cash flows	-113	25
Movement in cash	-113	25
Movement in cash on account of foreign exchange differences	-	-
Cash at the beginning of the period	277	406
Cash at the end of the period	164	431

For the first half of 2025, as well as for the comparative period, the Group reported positive cash flows from operating activities. Net cash from operating activities increased by USD 820,000 compared to the same period of the previous year. The increase in cash flows from operating activities contributed to an improvement in the monetary sales performance indicator, which reached 0.46 compared to 0.33 in the first half of 2024. This means that the Group is collecting an increasing portion of its sales revenue in cash.

Forecasts of the Silvair Group's results

The Silvair Group did not publish any forecasts of its results for 2025.

Management of financial resources

In the reporting period and in the previous periods, the Silvair Group did not use any external debt instruments with a floating interest rate (loans and bonds).

On 9 June 2022, the Board of Directors adopted a resolution approving incurring liabilities up to a total par value of USD 3.0 million in the form of an issue of debt securities with a fixed interest rate convertible to ordinary shares of the new issue of the Company (Convertible Promissory Notes; "Convertible Securities"). As part of this issue, the Company has issued Convertible Securities with a total value of USD 1.25 million.

On 7 February 2024, the Board of Directors adopted a resolution approving the incurring of liabilities up to the total nominal value of USD 5.0 million in the form of a new issue of Convertible Securities. Adoption of a new issue of Convertible Securities results with the completion of the previous issue, despite the incomplete use of the previously adopted limit.

As part of the above mentioned issues of Convertible Securities, until the date of publication of this report, the Company has issued Convertible Securities for the total amount of USD 3.7 million.

State aid

In the reporting period, the Group did not use any state aid.

Transactions between entities with capital ties

Information on transactions between entities with capital ties is presented in Note 38 to the interim condensed consolidated financial statements of the Silvair Group.

Description of the structure of assets and liabilities, including from the perspective of the Issuer's Group's liquidity

Structure of the Group's assets	30 June 2025	31 December 2024	30 June 2024
Non-current assets	90,64%	92,45%	93,32%
Capitalized expenditures on development work	84,73%	87,29%	87,06%
Computer software	0,21%	0,28%	0,31%
Property, plant and equipment	0,05%	0,08%	0,11%
Right-of-use assets	1,88%	0,08%	0,47%
Financial assets	0,00%	0,00%	0,05%
Deferred tax assets	3,77%	4,72%	5,32%
Current assets	9,36%	7,55%	6,68%
Inventory	0,03%	0,01%	0,02%
Trade receivables and other receivables	8,29%	5,47%	3,43%
Cash and cash equivalents	1,04%	2,07%	3,23%
Total assets	100,00%	100,00%	100,00%

Structure of the Group's liabilities	30 June 2025	31 December 2024	30 June 2024
Equity	60,66%	56,66%	58,00%
Equity attributable to the shareholders of the parent company	60,66%	56,66%	58,00%
Minority interest	-	-	-
Non-current liabilities	13,90%	9,99%	14,68%
Current liabilities	25,44%	33,35%	27,32%
Equity and liabilities	100,00%	100,00%	100,00%

As at 30 June 2025, the value of the Group's assets comprised mainly capitalized expenditures on development work. In the current reporting period, there was an increase in the share of short-term receivables and a decrease in the share of cash in the value of assets, compared to 30 June 2024. As at the balance sheet date, the share of short-term liabilities in the balance sheet total has decreased compared to 30 June 2024.

Shares and shareholding structure

Shareholding structure of Silvair, Inc.

Silvair, Inc. is listed on the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*)

Share capital as at 30 June 2025

The capital of Silvair, Inc. is divided into 17,541,390 shares. The par value of one share is USD 0.1. The number of shares is expressed in units.

Type	Number of shares	Par value (USD '000s)	Share subscription price (USD '000s)	Share premium account (USD '000s)
Common Stock	16 581 390	1 658	30 759	29 101
Preferred Stock	960 000	96	125	29
Total	17 541 390	1 754	30 884	29 130

As at the date of preparation of this Report, to the best knowledge of the Silvair, Inc. Board of Directors, the following shareholders hold significant stakes, representing at least 5% of votes, in the Company:

- Szymon Słupik
- Rafał Han
- Adam Gembala
- Christopher Morawski
- Krzysztof Januszkiewicz

Share capital ownership structure	Number of shares	% of shares	Number of votes ⁽¹⁾	% of votes
Rafał Han	2 031 965	11,58	3 663 965	16,40
Szymon Słupik	1 912 359	10,90	3 557 519	15,92
Krzysztof Januszkiewicz	2 692 059	15,35	2 692 059	12,05
Christopher Morawski	2 622 730	14,95	2 622 730	11,74
Adam Gembala	1 018 760	5,81	2 145 520	9,60
Other shareholders holding less than 5% of shares	7 263 517	41,41	7 659 597	34,29
Total	17 541 390	100,00	22 341 390	100,00

¹⁾ Pursuant to the Certificate of Incorporation: (i) a holder of one Common Share holds one vote at the Shareholder Meeting; (ii) a holder of one Preferred Founder Share holds as many votes at the Shareholder Meeting as corresponds to the six-fold of the number of Common Shares that a share of the Founders Preferred Stock may be converted into pursuant to the Certificate of Incorporation. The Company's shareholders do not hold any other voting rights than the rights specified above

Updated information on the issue of convertible securities of Silvair, Inc.

On 9 June 2022, the Board of Directors adopted a resolution approving incurring liabilities up to a total nominal amount of USD 3.0 million in the form of an issue of debt securities with fixed interest convertible into common shares of the Company's new issue (Convertible Promissory Notes; "Convertible Securities"). As part of this issue, the Company issued Convertible Securities in the total amount of USD 1.25 million. On 7 February 2024, the Board of Directors adopted a resolution approving the incurring of liabilities up to the total nominal value of USD 5.0 million in the form of a new issue of Convertible Securities. Adoption of a new issue of Convertible Securities results with the completion of the previous issue, despite the incomplete use of the previously adopted limit. As part of the new issue of Convertible Securities, until the date of publication of this report, the Company has issued Convertible Securities for the total amount of USD 2.45 million.

As part of the above mentioned issues of Convertible Securities, until the date of publication of this report, the Company has issued Convertible Securities in the total amount of USD 3.7 million.

Information on transactions concerning shares in Silvair, Inc. made by members of management

On 10 March 2025, Silvair, Inc. received – from Szymon Słupik, President of the Board of Directors – a notification on transactions relating to shares which are referred to in Article 19 Section 1 of the MAR Regulation. The content of the notification was made public by the Company in Current Report no. 3/2025.

Silvair, Inc. on the Warsaw Stock Exchange

The IPO of Silvair, Inc. was held on the Warsaw Stock Exchange on 26 July 2018. The Company's shares are listed on the parallel market in the continuous trading system under the abbreviated name "SILVAIR-REGS" and the ticker "SVRS". The Company keeps an investor relations website in both Polish and English at: <https://silvair.com/pl/relacje-inwestorskie/o-firmie/>

Basic information about the stock as at the date of preparation of this report:

Name	Silvair, Inc.
Short name	SILVAIR-REGS
Ticker	SVRS
ISIN	USU827061099
First listing	26.07.2018
Number of shares	17 541 390
Segment	Small company (capitalization in the range of EUR 5-50 million)
Sector groups	Information technology
Indices	InvestorMS, WIG-INFORMATYKA, WIG

Other information on the shares and shareholders

Shares of the Issuer or rights thereto held by members of management or supervisory bodies of the Issuer.

First and last name	Number of shares as at 30 June 2025	% of shares	Number of votes	% of votes
Rafał Han	2 031 965	11,58	3 663 965	16,40
Szymon Stupik	1 912 359	10,90	3 557 519	15,92
Christopher Morawski	2 622 730	14,95	2 622 730	11,74
Adam Gembala	1 018 760	5,81	2 145 520	9,60

First and last name	Number of shares as at 24 September 2025	% of shares	Number of votes	% of votes
Rafał Han	2 031 965	11,58	3 663 965	16,40
Szymon Stupik	1 912 359	10,90	3 557 519	15,92
Christopher Morawski	2 622 730	14,95	2 622 730	11,74
Adam Gembala	1 018 760	5,81	2 145 520	9,60

First and last name	Number of shares as at 30 June 2025	Change	Number of shares as at 24 September 2025
Rafał Han	2 031 965	-	2 031 965
Szymon Stupik	1 912 359	-	1 912 359
Christopher Morawski	2 622 730	-	2 622 730
Adam Gembala	1 018 760	-	1 018 760

Dividend policy

Due to the significant capital needs related mainly to the intended development and the related need to engage new funds, the Group plans mainly to reinvest a significant part of the profits expected to be generated in the future. Accordingly, in the coming years, it does not expect to pay any dividends to its shareholders. According to the laws of the State of Delaware under which the Issuer operates, the Board of Directors makes decisions on the payment and amounts of dividends at its discretion.

Corporate governance

Corporate governance principles applicable to Silvair, Inc.

As at the day of publication of this report, Silvair, Inc. was subject to the corporate governance rules described in the “Best Practice for WSE Listed Companies 2021”. Information resulting from the corporate governance principles adopted by the Company are published on the following website: <https://silvair.com/pl/relacje-inwestorskie/lad-korporacyjny/>.

Corporate governance principles that were not applied by the Issuer in the first half of 2025

In the first half of 2025, Silvair, Inc. chose not to apply 18 rules contained in the “Best Practice for WSE Listed Companies 2021”, namely: 1.3., 1.3.1, 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.11.6., 3.6., 4.5., 4.8., 4.9.1., 4.12., 5.6., 5.7., 6.3., 6.4., 6.5.

Described below are the reasons for the departure from the said recommendations and detailed principles:

- **Disclosure policy and investor communications**

1.3. Companies integrate ESG factors in their business strategy, including in particular:

This principle is not applied.

Company's explanation: Due to the nature and scale of the Company's operations, its business strategy is limited to issues of key importance for the operation and development of the Company.

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development.

This principle is not applied.

Company's explanation: Due to the subject of the Company's activities, the potential impact of the Company's operation on environmental issues is positive, as the use of technological solutions provided by the Company enables, among others, reduction of electricity consumption and space maintenance costs. However, these effects are difficult to measure, and therefore their evaluation would be excessively costly for the Company due to its scale of operations.

1.3.2. social and employee factors, including among other actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

This principle is not applied.

Company's explanation: The Company, however, complies with all generally applicable provisions of law, in particular the provisions of labor law and other provisions prohibiting any discrimination, regardless of its cause.

1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

This principle is not applied.

Company's explanation: The principle is not fully applied. In order to properly communicate with stakeholders, the company publishes on its website information on the assumptions of its strategy, including in particular long-term goals and planned activities. The progress in implementing the Company's strategy, including those determined by financial measures, is presented in the Company's current and periodic reports. The company does not include the ESG area in its business strategy for the reasons specified in the explanation to rule 1.3.

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

This principle is not applied.

Company's explanation: The Company does not comply with this rule for reasons specified in the explanation to rules 1.3 and 1.4.

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

This principle is not applied.

Company's explanation: The Company does not comply with this rule for reasons specified in the explanation to rules 1.3 and 1.4.

- **Management board and supervisory board**

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

This principle is not applied.

Company's explanation: The company has not developed a diversity policy. See the comment to rule 2.3.

2.11.6 information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

This principle is not applied.

Company's explanation: See explanation to rule 2.1.

- **Internal systems and functions**

3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

This principle is not applied.

Company's explanation: The rule is not implemented as the Company has not appointed an internal auditor for the reasons specified in the explanation to rule 3.2. See explanation to rule 2.3.

- **General meeting and shareholder relations**

4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2-4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. However, the Company complies with the relevant laws of the State of Delaware pertaining to the subject matter.

4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

This principle is not applied.

Company's explanation: See explanation to rules 4.1 and 4.5.

4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office.

4.9.1 candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware and is not governed by the Commercial Companies Code. Nevertheless, the Company will make efforts to ensure that the shareholders of the Company have the opportunity to get acquainted with the

candidates as far in advance as possible in relation to the general meeting, subject to applicable law. See explanation to rules 2.3 and 4.1.

4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a time frame necessary for investors to make decisions.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. Under the laws of the State of Delaware, existing shareholders do not have a statutory pre-emptive right to new issue shares.

- **Conflict of interest and related party transactions**

5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. The Company's Articles of Association also do not require any corporate approvals for any transaction. See explanation to rules 2.3 and 4.1.

5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

This principle is not applied.

Company's explanation: The Company has been established and operates under the laws of the State of Delaware, hence the provisions of the Commercial Companies Code are not applicable to it. The Company's Articles of Association also do not require any corporate approvals for any transaction. See explanation to rules 2.3 and 4.1.

- **Remuneration**

6.3. If companies' incentive schemes include a stock option program for managers, the implementation of the stock option program should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such program was approved.

This principle is not applied.

Company's explanation: Options granted under the Company's stock plan (2016 Stock Plan) provide for the possibility of their partial exercise before the expiry of 2 years from the date of granting the options, i.e. within 2 years from granting the options as a result of partial exercise of options, a maximum of 50% of the Company's shares granted on the basis of options may be acquired. Despite the possibility of partial exercise of options before the expiry of 2 years from their granting, the Company generally applies a 4-year option exercise period.

6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

This principle is not applied.

Company's explanation: There is no supervisory board within the meaning of Polish law at the Company.

6.5. The level of remuneration of supervisory board members should not depend on the company's short-term results.

This principle is not applied.

Company's explanation: See explanation to rule 6.4.

Description of the primary attributes of the internal control and risk management systems used in Silvair, Inc. in respect of the process of preparing standalone and consolidated financial statements

Risk management in the process of preparation of standalone and consolidated financial statements of the Silvair Group is effected at the initial stage by identification and assessment of risks and then by taking appropriate actions to eliminate or at least reduce the extent of such identified risks. The interim consolidated financial statements of the Silvair Group have been prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of the standalone financial statements of the parent company Silvair, Inc. and consolidation packages from its subsidiaries.

Subsidiaries of Silvair, Inc. keep their accounting ledgers and prepare their financial statements in compliance with the Accounting Act. Silvair, Inc. keeps its accounting records in compliance with local accounting standards, while reporting packages forming the basis for the preparation of the Silvair Group's consolidated financial statements are adjusted to ensure their compliance with IFRS applied by the Silvair Group. However, it should be noted that, in principle, U.S. regulations do not require Silvair, Inc. to prepare financial statements within the meaning of the Polish Accounting Act.

The Company has introduced a financial statements approval process. Standalone financial statements of Silvair, Inc. and consolidated financial statements of the Silvair Group covering quarterly, semi-annual and annual periods are approved prior to publication by the management boards of the respective companies and by the Silvair, Inc. Board of Directors.

Furthermore, the risk control and management process is effected by subjecting financial statements to verification by an independent statutory auditor. Annual financial statements of Silvair, Inc. and annual consolidated financial statements of the Silvair Group are verified by the same audit firm that issues audit

reports. In turn, semi-annual consolidated financial statements are subjected to reviews on the basis of which review reports are issued. Information on the audit firm selected to audit and review financial statements prepared by the Group and its members is presented in the section "Entity authorized to audit financial statements" of this Report of the Board of Directors on the activities of the Silvair Group and Silvair, Inc.

Silvair, Inc. shareholders holding significant stakes

To the Company's best knowledge, as at the date of publication of this report, shareholders holding significant stakes (at least 5%) are: Szymon Słupik, Rafał Han, Adam Gembala, Christopher Morawski and Krzysztof Januszkiewicz.

Holders of securities with special control rights in the Company

The Company's founders (Rafał Han, Adam Gembala, Szymon Słupik, Maciej Witaliński) are holders of the Founders Preferred Stock giving them preferred voting rights. The holder of one share of the Founders Preferred Stock holds as many votes at the Shareholder Meeting as corresponds to the six-fold of the number of Common Stock that a Preferred Founder Share may be converted into pursuant to the Certificate of Incorporation.

Indication of any limitations in exercising the right of vote, such as restrictions on exercising the right of vote by owners or a specific percentage or number of votes, time limits for exercising a right or vote or provisions according to which equity rights vested in securities are separate from the ownership of those securities

In connection with the admission to trade and floating of the Company's stock on the parallel market of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) ("WSE") (such stock hereinafter: "Admitted Stock"), the Admitted Stock was turned into book-entry form by Cede & Co., an authorized representative of the Depository Trust Company based in New York ("DTC"), forming the primary deposit of the Company's stock. In turn, the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) is the secondary deposit of the Company's stock. The exercise of voting rights attaching to the Admitted Stock is governed by the internal regulations and practices applicable to participants of the DTC system.

All restrictions on the transfer of ownership title to the issuer's securities

The Admitted Stock is ticked as "REGS" and "S" and its quotations are marked with the ordinal number "18" ("trading in the issuer's stock is subject to restrictions resulting from the provisions of U.S. securities law"). The Admitted Stock is subject to certain trade restrictions arising from the applicable provisions of U.S. law.

General information on the type and extent of restrictions on trading in the Admitted Stock arising from the provisions of US securities law is available from the WSE website at: <https://www.gpw.pl/regulacja-s>.

Moreover, in connection with its IPO, the Company entered into agreements providing for the contractual restrictions on the marketability of its stock. The period of such contractual restrictions on the marketability of the Company's stock was 365 or 180 calendar days from the date of the first listing of the Issuer's stock on the WSE.

Description of the rules for appointing and dismissing managers and their powers, in particular the right to make decisions on issuing or redeeming shares

In contrast to joint-stock companies established in Poland, in which separate management and supervisory bodies exist, namely the management board and the supervisory board, only the Board of Directors operates at the Company. The Board of Directors operates on the basis of DGCL, the Certificate of Incorporation and the Articles of Association. As at the Prospectus Date, certain members of the Board of Directors also acted as members of Management.

Board of Directors

As at the date of this Report, the Board of Directors was composed of 5 persons appointed by the Shareholder Meeting for a term of office running until the date of the next Ordinary Shareholder Meeting.

In accordance with the provisions of the Articles of Association, as a rule, Directors are appointed by the Ordinary Shareholder Meeting for a term of office running until the date of the next Ordinary Shareholder Meeting, with each Director being required to discharge his/her function until the selection and appointment of his/her successor or until his/her earlier resignation or dismissal, which means that in the absence of the Ordinary Shareholder Meeting, the Directors continue to discharge their functions. The Company's Directors are appointed by the Ordinary Shareholder Meeting, although vacancies in the Board of Directors, including vacancies resulting from an increase in the number of its members, are filled by a majority of votes cast by acting Directors.

The number of Directors constituting the Board of Directors may be changed by way of a resolution of the Board of Directors or shareholders, subject to the provisions of the Certificate of Incorporation and the Articles of Association. A decrease in the number of Directors resulting from an adopted resolution may not result in the removal of a Director before the expiration of his/her term of office. There is no obligation to elect Directors by way of a written ballot.

In accordance with the Articles of Association, the Company may also, at the discretion of the Board of Directors, elect the President of the Board of Directors who will not be considered a member of the Company's management.

In accordance with the provisions of the Articles of Association, subject to the provisions of DGCL and all limitations arising from the provisions of the Certificate of Incorporation or the Articles of Association pertaining to actions that must be approved by shareholders or votes attaching to the Company's outstanding stock, the Board of Directors manages the business and dealings of the Company.

The Board of Directors, unless the Certificate of Incorporation or the Articles of Association provide otherwise, may authorize a member of Management or an agent to execute a contract or sign a document for and on behalf of the Company and such authorization may be of a general or specific nature. Unless an authorization is issued or the action in question is ratified by the Board of Directors or lies within the power of attorney granted to a member of Management, no member of Management, agent or employee is authorized to accept obligations on behalf of the Company under contract or agreement or make any other commitments for any purpose or amount.

Scheduled meetings of the Board of Directors may be held without the need to receive a notice of the date and place set by the Board of Directors.

An extraordinary meeting of the Board of Directors may be convened for any purpose and at any time by the President of the Board of Directors, the Chief Executive Officer, the Chairperson, the Secretary or two Directors. Unless the Certificate of Incorporation or the Articles of Association contain restrictions in this respect, any action that is required or may be taken at a meeting of the Board of Directors or by any committee of the Board of Directors may be taken without a meeting if all members of the Board of Directors or of the committee, as the case may be, have expressed their consent to such action. At all meetings of the Board of Directors, the majority of the total number of Directors forms the quorum required for making valid decisions. The Company's Board of Directors may convene meetings, both ordinary and extraordinary, in the territory of the State of Delaware or elsewhere. Each Director has the right to inspect the Company's share register, the list of shareholders and other records and documents for purposes reasonably related to the function discharged by such Director. The exclusive power to decide whether a Director is entitled to effect an inspection is vested with the Chancellor's Court. The Court may, by way of an expedited procedure, order the Company to permit the Director to inspect all records and registers, the share register and the list of shareholders as well as to make copies of or extracts from such documents. The Court may, at its discretion, impose restrictions or conditions on such inspection or grant other or further remedies that it may consider fair and appropriate.

In accordance with the Articles of Association, unless other restrictions follow from the Certificate of Incorporation, the Company may extend loans or grant guarantees for liabilities or support members of Management or other employees of the Company or its subsidiaries, including a member of Management or an employee who is a Director of the Company or its subsidiary, whenever in the opinion of the Directors extending such loan, guarantee or support such action may be reasonably beneficial for the Company.

A loan, guarantee or other type of support may be provided with or without interest and may be unsecured or secured in a manner approved by the Board of Directors, in particular by a pledge on the Company's stock. This provision may not be construed as challenging or restricting the effectiveness of a guarantee or surety provided by the Company under common law or statute.

The Board of Directors may establish one or more committees by appointing one or more Directors to serve in each committee. The Board of Directors may select one or more Directors as substitute members of a committee. Such substitute members will be authorized to replace any Director absent or denied the Director's rights at a meeting of the committee. As at the date of this Report, the Company has established the Audit Committee.

Members of Management

Members of Management are the President and the Secretary. The Company may also, at the discretion of the Board of Directors, have a Chief Executive Officer, a Chief Financial Officer, a Treasurer, one or more Vice-Presidents, one or more Deputy Secretaries and one or more Deputy Treasurers. One person may discharge any number of functions in Management.

Members of Management are appointed by the Board of Directors (with the exceptions described below), subject to the powers (if any) of the relevant member of Management arising from his/her employment contract. The Board of Directors may appoint or authorize the Chief Executive Officer or the President to appoint other members of Management and attorneys-in-fact that may be required by the Company's business. The term of office and the rights and obligations of each such person are provided for in the Articles of Association or determined by the Board of Directors. A vacancy in Management is filled by the Board of Directors.

Subject to the powers (if any) of a member of Management following from his/her employment contract, any member of Management may be dismissed, with or without cause, by a majority of votes of members of the Board of Directors cast at an ordinary or extraordinary meeting of the Board of Directors or, except when a member of Management elected by the Board of Directors is concerned, by any member of Management who has been duly authorized by the Board of Directors to dismiss the said member of Management. A member of Management may resign from his/her function at any time by submitting a written notice of termination to the Company. Such resignation becomes effective as of the date of receipt of the notice of termination or as of a later date specified therein. Unless a notice of termination provides otherwise, the effectiveness of such resignation is not contingent on its acceptance. No resignation affects the Company's powers (if any) vested in it under the contract executed between it and the relevant member of Management.

As at 30 June 2025, the following persons served as members of Management:

- **Rafał Han** – Chief Executive Officer
- **Szymon Słupik** – Chief Technology Officer, President of the Board of Directors
- **Adam Gembala** – Chief Financial Officer, Vice-President of the Board of Directors, Treasurer, Secretary

In the presented period, no changes were made to the composition or functions entrusted to members of Management.

Description of how the members of the Management operate:

Chief Executive Officer (CEO)

Subject to the (possible) supervisory rights the Board of Directors may confer on its President (if appointed), the Chief Executive Officer (if appointed), while being subject to the control of the Board of Directors, exercises overall supervision, management and control of the business of the Company and the members of Management, and holds the overall rights and duties for management that customarily accompany serving in the capacity of Chief Executive Officer, as well as the other rights and duties that may be assigned to him or her by the Board of Directors or the Articles of Association. The person serving in the capacity of Chief Executive Officer acts as the President of the Board of Directors if no other person serves in that capacity.

President of the Board of Directors

Subject to the (possible) supervisory rights the Board of Directors may confer on its President (if appointed) or the Chief Executive Officer, the President exercises overall supervision, management and control of the business of the Company and the other members of Management. The President also holds the overall rights and duties for management that customarily accompany serving in this capacity, as well as other rights and duties that may be assigned to him or her by the Board of Directors or the Articles of Association. The person serving in the capacity of President acts as the Chief Executive Officer, Secretary or Treasurer of the Company if no other person serves in that capacity.

Vice-President of the Board of Directors

In the event of absence or indisposition of the Chief Executive Officer and the President, the Vice- Presidents (if appointed) shall discharge all duties according to the hierarchy prescribed by the Board of Directors, while if the Board of Directors fails to prescribe their hierarchy, the Vice-President designated by the Board of Directors shall do so. While acting in this capacity, the Vice-Presidents hold all the rights vested in the

President and are subject to all the limitations imposed on the President. The Vice-Presidents also hold other rights and perform other duties which may be assigned to them by the Board of Directors, the Articles of Association, or the President of the Board of Directors.

Secretary

The Secretary keeps, or orders the keeping of, the books of minutes of all meetings and shareholder meetings and activities undertaken by the Directors, committees of the Directors and shareholders in the main seat of the Management or in some other venue designated by the Board of Directors. The minutes state the time and place of holding every meeting, the names of the participants in meetings of the Board of Directors or in meetings of committees, the number of shares in attendance or represented at shareholder meetings, and the course of proceedings thereof. The Secretary keeps, or orders the keeping of, the share book or a duplicate copy of the share book containing the information prescribed by the Articles of Association in the main seat of the Management or in the office of the Company's transfer agent or the entity keeping its register in accordance with the provisions of the resolution adopted by the Board of Directors. The Secretary conveys, or orders the conveyance of, notices of all Shareholder Meetings and meetings of the Board of Directors, as required by law or the provisions of the Articles of Association. He or she also holds the other rights and performs other duties which may be assigned to him or her by the Board of Directors or the Articles of Association.

Chief Financial Officer

The Chief Financial Officer keeps, or orders the keeping of, the pertinent and accurate accounting ledgers and bookkeeping records of the Company's assets and business transactions, including accounts of assets, liabilities, proceeds, expenses, profits, losses, equity, retained earnings and shares. The accounting ledgers are available to the members of the Board of Directors to review at all reasonable times. At the request of the Chief Executive Officer, President or the Board of Directors, the Chief Financial Officer presents to them a report on all the transactions he or she executes in the capacity of Chief Financial Officer, and on the Company's financial position.

The Chief Financial Officer holds the overall rights and duties that customarily accompany serving in the capacity of the Chief Financial Officer, as well as other rights and duties which may be assigned to him or her by the Board of Directors or the Articles of Association. The person serving in the capacity of Chief Financial Officer acts as the Treasurer if no other person serves in that capacity. Subject to the (possible) supervisory rights the Board of Directors may confer on some other member of Management, the Chief Financial Officer supervises and assigns duties to the Treasurer provided that some other person besides him or her is discharging the duties of Treasurer.

Treasurer

The Treasurer keeps, or orders the keeping of, the pertinent ledgers and records of all the Company's bank accounts, deposit accounts, cash accounts or other investment accounts. The accounting ledgers are available to the members of the Board of Directors to review at all reasonable times. The Treasurer makes deposits with the custodians designated by the Board of Directors.

At the instructions of the Board of Directors, the Treasurer orders the depositing of all cash and other valuables on behalf and for the account of the Company and disburses the Company's funds. Moreover, the Treasurer conveys a report of all the transactions he or she executes as the Treasurer to the Chief Financial Officer, Chief Executive Officer and President of the Board of Directors at their request. The Treasurer holds the overall rights and duties that customarily accompany serving in the capacity of the company's Treasurer,

as well as other rights and duties which may be assigned to him or her by the Board of Directors or the Articles of Association. The person serving in the capacity of Treasurer acts as the Chief Financial Officer if no other person serves in that capacity.

Exercising rights attached to shares in other companies

The President of the Board of Directors, each Vice-President, Chief Executive Officer, Chief Financial Officer, Secretary, deputy Secretary or other person authorized by the Board of Directors or Chief Executive Officer, President or Vice-President is authorized to vote and exercise on behalf of the Company any and all rights attached to shares in another company held by the Company. The authorization granted pursuant to the Articles of Association may be used directly by the aforementioned person or other person authorized by the proxy or pursuant to a power-of-attorney granted by a person authorized to do so.

Rights and duties of members of Management

In addition to the rights and duties described above, all members of Management have the rights and perform duties with regard to managing the Company's operations assigned to them by the Board of Directors or shareholders.

Pursuant to § 141(h) DGCL, the Board of Directors is authorized to set the remuneration for members of the Board of Directors, subject to the fiduciary duties with regard to the Company, comprising the duty of care and the duty of loyalty. The Board of Directors is obligated to set the Directors' remuneration in accordance with the Company's interests.

The provisions of the Articles of Association confirm the above provisions of DGCL. The remuneration received for discharging the function of Director does not prevent the Director from discharging other functions in the Company and receiving remuneration for it.

As at the date of preparation of the Report, in addition to the rules for setting the remuneration of members of the Board of Directors described above or following from the provisions of applicable laws, in the Company there are no other principles in place in accordance with which the remuneration for members of the Board of Directors is set. The Company will consider implementing a policy for setting the remuneration for members of the Board of Directors in the future, as the scale of the Company's business increases, taking into account market standards and respecting the interests of the Company's stakeholders.

Description of rules of changing the issuer's bylaws or company deed

The Company's Certificate of Incorporation may be amended in a manner permitted by relevant provisions of law. Pursuant to the Delaware General Corporate Law, amendment or repealing of the Certificate of Incorporation requires a majority of votes attached to Common Shares and Founders Preferred Stock.

Operating principles of the shareholder meeting and its key powers, and a description of shareholders' rights and how they are exercised, in particular the rules arising from the shareholder meeting bylaws, if any, unless information in this regard ensues directly from the provisions of law.

At the Ordinary Shareholder Meeting shareholders elect members of the Board of Directors and review all other matters duly included in the Shareholder Meeting agenda. An Extraordinary Shareholder Meeting may be convened for any purpose. An Extraordinary Shareholder Meeting may review only matters specified in the notice convening it.

The shareholders' consent is required, with certain exceptions, for a number of key matters, including but not limited to: (i) election of Directors (however in certain circumstances the Board of Directors may appoint a Director, filling a vacancy in the Board of Directors); (ii) amendment of the Certificate of Incorporation; (iii) merger with another company; (iv) sale of all or substantially all assets of the Company; (v) introduction or material amendment of certain employee stock or stock option plans or other plans for rewarding employees in the form of participation in the share capital; (vi) issue or potential issue of stock resulting in change of control over the Company. DGCL requires approval of amendments of the Certificate of Incorporation by the Board of Directors and a vote in favor of the proposed amendment by shareholders representing a majority of outstanding voting shares.

Pursuant to § 228 DGCL, unless the Certificate of Incorporation stipulates otherwise, any and all acts whose performance requires an ordinary or extraordinary shareholder meeting of the Company or any and all acts which may be performed at an ordinary or extraordinary shareholder meeting may be performed without convening the meeting, without prior notice and without the necessity to vote if the consent granted in writing and specifying the acts that are expected to be performed in such manner is (a) signed by the holders of the Company's outstanding shares holding at least the minimum number of votes which would be required to approve or perform such act at the meeting at which the holders of all voting shares would be present and would vote, and (b) delivered to the Company in accordance with the provisions of § 228(a) DGCL.

DGCL requires that the notice of an ordinary or extraordinary shareholder meeting be given at least 10 days (or at least 20 days in the case of meetings pertaining to certain matters, such as voting on the merger or sale of all or substantially all assets of the Company) and no more than 60 days before the date of the shareholder meeting. It is mandatory to notify all shareholders holding voting rights on the record date, unless DGCL stipulates otherwise. In accordance with DGCL, if within 30 days of the date set for the ordinary shareholder meeting, the Ordinary Shareholder Meeting is not held and relevant acts are not performed with the written consent of the shareholders entitled to elect the Company's directors, or if the date of the ordinary shareholder meeting is not set within 13 months of the date of the previous Ordinary Shareholder Meeting or performance of relevant acts without convening it with the written consent of the shareholders entitled to elect directors, each Company shareholder entitled to vote at the Ordinary Shareholder Meeting has the right to file a motion to a Delaware court (Chancery Court) for a court order to immediately convene the Ordinary Shareholder Meeting.

An Extraordinary Shareholder Meeting may be convened at any time by the Board of Directors, President of the Board of Directors, Chief Executive Officer, Chairman or one or more shareholders holding shares entitling them in total to exercise no less than 10% votes at such meeting. If the Extraordinary General Meeting is convened by a person or persons other than the Board of Directors, President of the Board of Directors, Chief Executive Officer or Chairman, the motion for convening the meeting must be in writing, define the date of such Extraordinary Shareholder Meeting, and generally present the issues to be included in its agenda.

The exercise of voting rights attaching to the Admitted Stock is governed by the internal regulations and practices applicable to participants of the DTC system.

Shareholder Meetings may be held at any place, in or out of the state of Delaware, which may be defined in the certificate of incorporation or articles of association, and if it is not defined, they are held in a place specified by the Board of Directors. Unless the Board of Directors specifies a different place, the Shareholder Meeting is held in the Company's registered office.

To determine the group of shareholders entitled to receive a notice of the Shareholder Meeting or its deferral, or to give written consent to the Company to take actions without convening the Shareholder Meeting, the Board of Directors may set the record date falling no earlier than the date of adoption by the Board of Directors of a resolution setting such date and, unless the provisions of law stipulate otherwise, no earlier than 60 days and no later than 10 days before the date of such Shareholder Meeting. Unless the Board of Directors sets, at the time of setting the record date, a later date of determining the group of shareholders entitled to exercise voting rights at the given Shareholder Meeting, falling no later than on the Shareholder Meeting date, the date of determining the group of shareholders entitled to receive the notice of the Shareholder Meeting will be at the same time the date of determining the group of shareholders entitled to exercise voting rights at the given Shareholder Meeting. If the record date is not set, the record date will be the end of business on the business day directly preceding the date of delivery of the notice, and in the case the notice is waived, the end of business on the business day directly preceding the date of holding the meeting.

In accordance with the Articles of Association, the quorum at the Shareholder Meeting means the holders of one third of outstanding shares with voting rights, present in person or represented by proxy.

Subject to contrary provisions of law, each common share in the Company entitles its holder to cast one vote in each matter correctly submitted for resolution by the Company's shareholders by ballot; however, subject to contrary provisions of law, the holders of common shares are not entitled to vote in the matter of amendment of the Certificate of Incorporation pertaining only to the conditions applicable to one or more series of preferred shares, if the holders of the shares of the given series are entitled, separately or jointly as a class with the holders of one or more series, to vote with such shares pursuant to the Certificate of Incorporation.

The holders of common shares and the holders of Founders Preferred Stock vote jointly in the same class on all matters. Each holder of a Common Share is entitled to 1 vote and each holder of Founders Preferred Stock is entitled to the number of votes equal to six times the number of Common Shares (i.e., as at the date of the report, 6 votes) to which the relevant Founders Preferred Stock may be converted.

Description of the dealings of management, supervising or administration bodies of the issuer and their committees, with indication of the composition of such bodies and any changes thereto during the last financial year

Description of the dealings of management and supervisory bodies, i.e. the Board of Directors and the Management, is presented in section "Description of how the members of the Management operate" of this Report.

In 2018, the Audit Committee was established within the Company. Currently, the Audit Committee consists of the following persons:

- Adam Gembala,
- Paweł Szymański,
- Christopher Morawski

The purpose behind the establishment of the Audit Committee of the Board of Directors is to supervise the Company's accounting and financial reporting processes as well as oversee audits of the Company's financial statements. However, the Committee is not responsible for planning or conducting audits or for determining

whether the Company's financial statements are complete and accurate or whether they have been prepared in accordance with generally accepted accounting principles.

The Committee is composed of at least two members of the Board of Directors. The Committee does not hold regular meetings and adopts its resolutions by a majority of votes. Meetings of the Committee are held as often as it is necessary to perform its tasks in an effective manner. In the first half of 2025, the Audit Committee carried out its duties during working consultations held on an ongoing basis. The Audit Committee also cooperated with the statutory auditor during the audit of individual financial statements. The following members of the Audit Committee satisfy the requirement of independence from the Company: Christopher Morawski and Paweł Szymański.

The Audit Committee may, in particular:

- monitor the financial reporting process, the effective operation of internal control systems, risk management systems and internal audit, among others with regard to financial reporting,
- oversee the work of an independent auditor (e.g. by resolving any disputes that may arise between management and the independent auditor regarding financial reporting), evaluate the independent auditor's performance and, if so determined by the Committee, replace the independent auditor,
- review the plan and scope of audits and related services,
- receive, evaluate and discuss financial statements with the auditor, oversee and evaluate the auditor's independence and, in respect of such financial statements, take appropriate action to resolve any issues brought up during such evaluation or recommend such actions to the Board of Directors,
- prior to the issue of an audit report by the independent auditor, provide the independent auditor with information on the course of the audit and provide information relevant to the audit,
- discuss with the independent auditor issues related to the Company's risk assessment, guidelines, policies and processes in the area of risk management,
- prepare a policy for the selection of an audit firm to perform an audit.

Transactions with related entities executed on terms other than an arm's length basis

The description of transactions executed between related entities is provided in Note 38 to the Interim Condensed Consolidated Financial Statements of the Silvair Group for the first half of 2025. All transactions with related entities were executed on an arm's length basis.

Additional information

Employees

As at 30 June 2025, the Silvair Group (the parent company Silvair, Inc. and subsidiaries consolidated using the full method) employed a total of 42 persons. At the end of the comparable period of 2024, the Group's headcount was 45 persons.

The following table presents the Silvair Group's headcount figures (without members of the Board of Directors) as at the indicated date, specifying the types of contracts applied:

	30.06.2025	30.06.2024
Employment contract	23	24
Mandate contract	1	3
B2B*	17	17
Appointment	1	1
Total	42	45

*B2B – contract for the provision of services with a separate business entity. Persons providing services under B2B contracts to both Silvair sp. z o.o. and Sway sp. z o.o. have been counted only once.

Silvair operates on the basis of the following values: Teamwork, Development, Responsibility for entrusted tasks and broadly construed Curiosity, both in the context of the product and modern technologies. Employees are provided with opportunities to improve their language and workplace competences, and most of them take advantage of such opportunities, for instance by participating in international conferences, on-line training courses and language courses. Also promoted is the exchange of knowledge between employees through organizing internal Tech-Talks or Creative Days.

The values of compensation received by key personnel are presented in Note 37 to the Interim Condensed Consolidated Financial Statements.

Information on the employee share program control system

In order to attract and retain the most qualified staff within the Group, and to provide additional incentive and motivation for employees, consultants and investors, in 2016 the Issuer adopted a set of rules in the form of a share program called "2016 Stock Plan".

On 14 October 2016, the Issuer signed a KPI Agreement, amended by an annex of 18 December 2017, specifying the conditions for granting share options to the beneficiaries indicated in the agreement (i.e. members of the management, key employees and associates of the Entity) under two option pools. Under the "Option Pool", a total of 971,000 shares were to be awarded, and under the "Additional Option Pool" - a total of 482,000 shares were to be awarded.

On 31 March 2020, the Board of Directors of Silvair, Inc. adopted a resolution on increasing the number of shares under the Option Plan from 1,453,000 shares to 2,000,000 shares, covering all of the employees with the new program.

On 25 February 2025, the Board of Directors of Silvair, Inc. adopted a resolution to increase the number of shares under the Option Plan from 2,000,000 shares to 2,500,000 shares.

Share-based payment contracts are described in Note 30 to the Interim Condensed Consolidated Financial Statements.

Entity authorized to audit financial statements

On 24 July 2024, the Company's Board of Directors adopted a resolution to extend cooperation with Grant Thornton Polska Prosta spółka akcyjna, with its registered office in Poznań (postal code: 61-131) at ul. abpa Antoniego Baraniaka 88 E, entered in the Register of Commercial Undertakings kept by the District Court for Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, under file number KRS 0001002477, taxpayer identification no. NIP 782-25-45-999, audit firm no. 4055 ("Grant Thornton"), as the audit firm that will audit the Company's financial statements. Previously, Grant Thornton performed audits of the Company's annual statements (standalone and consolidated) for years 2018, 2019, 2020, 2021, 2022, 2023 and 2024, and reviews of the Company's consolidated financial statements for the first half of 2019, 2020, 2021, 2022, 2023 and 2024.

The selection of Grant Thornton was preceded by an evaluation of the independence of this entity, and was based on the guidelines laid down in the Auditor Selection Policy, under which, without limitation:

- an audit firm is selected by the Company's Board of Directors in the form of a resolution. An audit firm is selected after becoming familiar with the Audit Committee's recommendation for the Board of Directors,
- the decision on selecting an audit firm is made in compliance with the principles of the audit firm's impartiality and independence and having analyzed the potential work to be performed by that company in the SILVAIR Group going beyond the scope of audit of the financial statements, in order to avoid a conflict of interest,
- an audit firm should be selected by the Board of Directors by the end of the third quarter of the financial year, for which the financial statements will be audited,
- the Board of Directors follows the principle of rotation of audit firms and key auditors,
- the first agreement for auditing financial statements is concluded with an audit firm for a period of no less than two years, with an option of extension for further periods of at least two years,
- no contractual clauses may be introduced that would require the Board of Directors to select an entity authorized to conduct an audit from among a specified category or list of entities authorized to conduct an audit. Such clauses are invalid by law,
- after selecting the audit firm, the Company makes a public announcement of the selection of the audit firm by the Board of Directors.

The Board of Directors adopted the above resolution on the selection of Grant Thornton based on the recommendation provided by the Audit Committee regarding the selection of an audit firm to perform the audit. The Audit Committee, at the stage of preparation of recommendations, and the Board of Directors,

during the final selection of the audit firm, are guided in particular by the following guidelines for selecting an entity authorized to conduct the audit:

- the quality of audit work performed, the level of resources that may be allocated for the performance of the agreement, efficiency of the work performed,
- impartiality and independence of the audit firm, compliance with the applicable laws, professional standards and professional ethics principles,
- experience of the audit firm,
- the fee charged for the services,
- assurance that the audit will be conducted in accordance with the International Financial Reporting Standards,
- professional background and experience of the persons directly involved in the audit,
- reputation of the audit firm on financial markets.

The recommendation provided by the Audit Committee on the selection of an audit firm satisfied the applicable conditions and was prepared in accordance with the selection procedure adopted by the Company that satisfied the applicable criteria.

Table: Auditor's fee

Scope of services	Reporting standards	Net fee (in PLN) for 2025	Net fee (in PLN) for 2024
Audit of the standalone annual financial statements	IFRS	31 400	31 400
Audit of the consolidated annual financial statements	IFRS	63 500	63 500
Review of the consolidated interim financial statements	IFRS	44 000	44 000
Total		138 900	138 900

Disputes

From 1 January to 30 June 2025, no proceedings relating to any liabilities or receivables of Silvair, Inc. or any of its subsidiaries were pending before any court, arbitration body or public administration authority, the value of which would be equivalent to at least 5% of the Company's equity.

Representation of the Board of Directors

The Board of Directors of the Parent Company represents that, according to its best knowledge, these interim condensed consolidated financial statements and the comparative data were prepared in line with the accounting principles in effect at Silvair, Inc., and are a true, accurate and clear reflection of the Group’s financial position and its financial result. The report of the Board of Directors on the activities of the Silvair Group for the period from 1 January to 30 June 2025 contains a true presentation of developments, achievements and situation of the Group, including a description of key risks and threats.

Rafał Han	Szymon Słupik	Adam Gembala
Chief Executive Officer	Chief Technology Officer, President of the Board of Directors	Chief Financial Officer, Vice-President of the Board of Directors, Secretary and Treasurer
Paweł Szymański	Christopher Morawski	
Director	Director	