

Annual consolidated financial statements of the Silvair, Inc. Group

Kraków, 14 April 2026

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General Information

Parent Company

Name:	Silvair, Inc.
Changes to identification data that occurred after the end of the previous reporting period:	None
Headquarters:	San Francisco, USA
Registered office:	717 Market Street, Suite 100, San Francisco, CA 94103, USA
Primary place of business:	United States of America
Core business:	IT business
Legal form:	American law company (Inc.)
Country of registration:	USA
Registration authority:	Secretary of State, Delaware Department of State, Delaware Corporate Number 5543093
EIN: (Employer Identification Number)	43-2119611
Company's duration:	Unlimited
Name of the group's parent company:	Silvair, Inc.
Name of the group's ultimate parent company:	Silvair, Inc.
End date of the reporting period:	2025-12-31
Period covered by the financial statements:	From 1 January 2025 to 31 December 2025
Presentation currency:	US Dollar (USD)
Level of rounding used in financial statements:	All amounts, unless indicated otherwise, are expressed in thousands of USD ("USD '000s")
LEI code	549300Q23N6B0012P505
Explanation of changes in the reporting entity's name or other identifying information since the end of the previous reporting period	Changes did not occur

Group's business

Silvair, Inc. ("Issuer," "Company") is a corporation organized and existing under the laws of the State of Delaware. The Company was incorporated on 30 May 2014 as a corporation. The Company is registered with the Delaware Secretary of State under Delaware Corporate Number 5543093 and was incorporated for an indefinite term. The Company is the parent company of the Company's Group described later in 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 modern commercial properties.

Our products and services are based on the Bluetooth NLC standard, which we have co-created from the outset within the Bluetooth SIG organization. It is the first global and open standard for wireless lighting control, and we are currently developing it for broader applications in building automation. Since the standard's publication, Silvair has consistently been 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, and HVAC system integration, through installation management and monitoring services, to data processing within the Internet of Things (IoT).

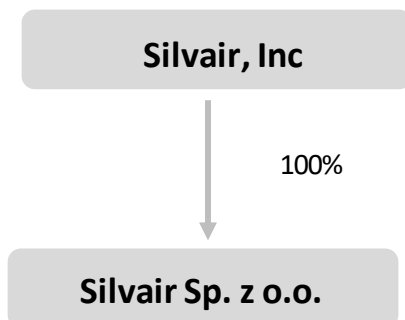
We provide a comprehensive technology ecosystem, enabling partners to quickly and cost-effectively integrate our wireless solutions with their products and systems. This includes software for electronic components, a platform for commissioning, configuring, and managing device networks, and a wide range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

We continually invest in technological development, which enables us to introduce innovative products for new applications, including: space occupancy monitoring, predictive maintenance that enables identification of equipment failures before they occur, and radio-based asset tracking that enables identification of 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 in Europe, North America, and Asia.

The Group

The Group's structure as at 31 December 2025.



Functional and presentation currency

The annual consolidated financial statements are presented in the US dollar (USD), which is the Parent Company's functional currency and the Group's presentation currency; unless otherwise stated, all amounts are expressed in thousands of American dollars ("USD '000s").

For each subsidiary, functional currency is determined and the assets and liabilities of the subsidiary are measured in that functional currency. The Group uses the direct consolidation method which entails translation of the financial statements of its subsidiaries directly into the functional currency of the ultimate parent company and has chosen a method of accounting for gains or losses from translation that is consistent with this method.

The Group uses the average USD/PLN exchange rate of the National Bank of Poland as the immediate exchange rate. The results and the financial position of all the Group entities, whose functional currencies differ from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities in each statement of financial position are translated at the closing exchange rate in effect on that balance sheet date;
- income and expenses in each statement of comprehensive income are translated at average exchange rates (unless the average exchange rate is not a satisfactory approximation of the cumulative effect of exchange rates on the transaction dates – in such a case, income and expenses are translated at the exchange rates in effect on the relevant transaction dates);
- equity of subsidiaries and interests in subsidiaries are excluded for consolidation purposes at the historical exchange rate as at the date of taking up the shares; and
- any resulting foreign exchange differences are cumulatively recognized in other comprehensive income as a separate component of equity.

Presentation periods

The annual consolidated financial statements have been prepared as at 31 December 2025 and cover the period of 12 months, i.e. from 1 January 2025 to 31 December 2025.

For the data presented in the annual consolidated statement of financial position and off-balance sheet items, comparative financial data were presented as at 31 December 2024.

For the data presented in the annual consolidated profit and loss account, annual consolidated statement of comprehensive income, annual consolidated statement of changes in equity and annual consolidated cash flow statement, comparative financial data were presented for the period from 1 January 2024 to 31 December 2024.

Going concern assumption

The statements have been drawn up based on the going concern assumption for the foreseeable future. As at the date these financial statements were authorized for issue, there are no material uncertainties relating to events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern.

The year 2025 was a period of continued dynamic growth and a significant operational breakthrough for the Silvair Group. The number of devices with Silvair technology installed in projects exceeded 413 thousand, compared to just under 242 thousand in the previous year, representing a significant increase in the scale of implementations year-on-year. Simultaneously, the Group's partners manufactured nearly 625 thousand devices, compared to over 351 thousand in 2024. The growth in both these areas confirms the continued high demand for Silvair solutions in the markets of North America, Europe, and Asia.

The most important event from the perspective of the Group's financial situation was achieving profitability in 2025. For the first time in its history, the Group achieved a positive annual financial result. This is a significant milestone in its development, confirming the scalability of its business model and the organization's growing operational maturity.

The year 2025 was also a period of consistent strategic transformation for the Group. In the first half of the year, we began the process of repositioning ourselves from a supplier of lighting control solutions to a provider of a broad portfolio of building technologies based on wireless communication. This direction was systematically implemented in subsequent quarters through the development of new product areas and the expansion of the range of applications for Silvair technology.

In particular, the Group developed solutions for automated emergency lighting testing (ELT), integrating lighting with heating, ventilation, and air conditioning (HVAC) systems, and interoperability with professional building management systems (BMS). In 2025, additional key ELT functionalities were launched, and work on the Silvair BACnet Gateway solution was completed, for which the necessary certifications were obtained, and commercial implementation began. Simultaneously, Silvair was the first company in the world to release a qualified Bluetooth NLC software stack for HVAC applications, paving the way for the integration of lighting with further building systems based on an open standard.

The development of these areas is reflected in growing partner interest and the increasing number of implementations. With the growing adoption of the Bluetooth NLC standard and the growing interest in Silvair technology, a global technology ecosystem is developing, encompassing component manufacturers, control system suppliers, and integrators operating in North America, Europe, and Asia. Silvair serves as a key technology partner, being the leading supplier of wireless solutions based on the Bluetooth NLC standard.

Direct market signals are also an important element in assessing the Group's prospects. In the second half of the year, particularly during key industry events such as the Hong Kong International Lighting Fair or NYControlled in New York, we observed a significant increase in interest in Silvair solutions and intensification of discussions regarding new implementations. These events provided an important platform for direct contact with partners, manufacturers, and integrators, confirming the growing scale of projects and the market's readiness to implement solutions based on the Bluetooth NLC standard, both in the modernization of existing installations and in new investments.

The growing scale of operations, achieving profitability, dynamic development of key product areas, and positive market signals provide a solid foundation for the Group's continued operations in the foreseeable future. At the same time, the Group continues to monitor external factors, including changes in the regulatory environment and the situation in global supply chains, adapting its operations to current market conditions. At the same time, it still has the option of using external financing in the form of issuing debt securities convertible into common shares of Silvair, Inc.

Composition of the corporate bodies of the Parent Company as at 31 December 2025

Board of Directors:

Szymon Słupik – President

Adam Gembala – Vice-President,
Secretary and Treasurer

Rafał Han – Director

Paweł Szymański – Director

Christopher Morawski – Director

Officers:

Rafał Han – Chief Executive Officer (CEO)

Szymon Słupik – Chief Technology Officer (CTO)

Adam Gembala – Chief Financial Officer (CFO)

On 13 February 2026, Mr. Paweł Szymański resigned from his position as Director. Therefore, as at the date of publication, the Board of Directors representing the Company consists of four members.

Consolidation

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.

As at 31 December 2025, consolidation encompasses Silvair, Inc. and the subsidiary Silvair Sp. z o.o. As at 31 December 2025, Silvair, Inc. held directly 100% shares in Silvair Sp. z o.o.

The financial data of the subsidiary, after taking into consideration adjustments introduced to make them compliant with IFRS, is prepared for the same reporting period as the statements of the Parent Company, applying consistent accounting principles, based on uniform accounting principles applied to transactions and similar economic events. IFRS conversion adjustments are made in order to eliminate any discrepancies in the application of accounting policies.

Silvair, Inc. reviews whether or not it has control over other entities if an event occurs that indicates a change of one or more of the conditions of control. Any significant balances and transactions between the Group's companies, including unrealized profit from intra-Group transactions, have been fully eliminated.

Selected financial data

Average USD to EUR exchange rates in the periods covered by the annual consolidated financial statements are calculated as a quotient of the EUR/PLN and USD/PLN exchange rates published by the National Bank of Poland.

Average USD/EUR exchange rates in the periods covered by the annual consolidated financial statements:

Reporting period	Average exchange rate in the period	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as at the last day of the period
01.01.2025 - 31.12.2025	1,1298	1,0194	1,1849	1,1736
01.01.2024 - 31.12.2024	1,0800	1,0383	1,1204	1,0419

Average USD/PLN exchange rates in the periods covered by the annual consolidated financial statements:

Reporting period	Average exchange rate in the period	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as at the last day of the period
01.01.2025 - 31.12.2025	0,2666	0,2386	0,2790	0,2777
01.01.2024 - 31.12.2024	0,2509	0,2395	0,2624	0,2438

The individual items of assets and liabilities and equity in the annual consolidated statement of financial position have been translated using an exchange rate calculated as a quotient of the EUR/PLN and USD/PLN exchange rates published by the National Bank of Poland in effect on the last day of the period.

The individual items of the annual consolidated profit and loss account and the consolidated cash flow statement have been translated using an exchange rate calculated as a quotient of the exchange rates constituting an arithmetical mean of the average EUR/PLN and USD/PLN exchange rates published by the National Bank of Poland in effect on the last day of each month in the reporting period.

Selected financial data translated as at the balance sheet date:

For line items of the profit and loss account and the cash flow statement

Item (amounts in thousands)	USD		EUR		PLN	
	01.01.2025 -31.12.2025	01.01.2024 -31.12.2024	01.01.2025 -31.12.2025	01.01.2024 -31.12.2024	01.01.2025 -31.12.2025	01.01.2024 -31.12.2024
Net revenue on the sale of products, goods and materials	4 427	2 529	3 918	2 342	16 605	10 080
Profit/(loss) from operating activities	1 020	-617	903	-571	3 826	-2 459
Profit (loss) before tax	656	-753	581	-697	2 461	-3 001
Profit (loss) of the period	515	-788	456	-730	1 932	-3 141
Net cash flows from operating activities	2 820	1 213	2 496	1 123	10 578	4 835
Net cash flows from investing activities	-2 436	-2 202	-2 156	-2 039	-9 139	-8 776
Net cash flows from financing activities	68	860	61	796	257	3 428
Total net cash flows	452	-129	401	-120	1 695	-513

For line items of the statement of financial position

Item (amounts in thousands)	USD		EUR		PLN	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total assets	16 017	13 383	13 648	12 845	57 677	54 893
Liabilities and provisions for liabilities	6 327	5 800	5 391	5 567	22 784	23 790
Non-current liabilities	1 622	1 337	1 382	1 283	5 841	5 484
Current liabilities	4 705	4 463	4 009	4 284	16 943	18 306
Equity attributable to shareholders of the parent company	9 690	7 583	8 257	7 278	34 894	31 103
Share capital	1 755	1 748	1 495	1 678	6 320	7 170
Number of shares	17 547 405	17 478 690	17 547 405	17 478 690	17 547 405	17 478 690
Weighted average number of shares	17 527 575	17 466 313	17 527 575	17 466 313	17 527 575	17 466 313
Earnings/(loss) per share (in USD, EUR and PLN)	0,03	-0,05	0,03	-0,04	0,11	-0,18
Book value per share (in USD, EUR and PLN)	0,55	0,43	0,47	0,42	1,99	1,78

Representation by the Board of Directors

These annual consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the European Union, which have been published and have come into effect as at 1 January 2025.

Silvair, Inc. Group informs that the representations by the Board of Directors on the preparation and publication of these financial statements for the period from 1 January to 31 December 2025 are presented in the Report of the Board of Directors of Silvair, Inc. on the activity of the Silvair, Inc. Group for 2025.

**Annual consolidated
financial statements
of the Silvair, Inc.
Group**

Annual consolidated statement of financial position

(Amounts in USD thousand)	Note no.	31 December 2025	31 December 2024
Non-current assets		14 414	12 372
Capitalized expenditures on development work	1.1	13 624	11 682
Computer software	2.1	30	37
Property, plant and equipment	3.1	5	11
Right-of-use assets	3.7	268	10
Financial assets	4	-	-
Deferred tax assets	5	487	632
Current assets		1 603	1 011
Inventory	6	14	2
Trade receivables and other receivables	7+10	860	732
Cash and cash equivalents	11	729	277
Total assets		16 017	13 383

(Amounts in USD thousand)	Note no.	31 December 2025	31 December 2024
Equity		9 690	7 583
Equity attributable to the shareholders of the parent company		9 690	7 583
Share capital	12	1 755	1 748
Capital from revaluation of options	13	183	187
Share premium account	14.1	30 925	30 885
Other capital	14.3	1 911	362
Retained earnings	15	-25 084	-25 599
Equity attributable to non-controlling entities		-	-
Non-current liabilities		1 622	1 337
Deferred tax liabilities	17	-	4
Lease liabilities	18.1	194	-
Liabilities on bonds convertible to shares	20.1.1	1 088	941
Prepayments and accruals related to grants	21	340	392
Current liabilities		4 705	4 463
Trade liabilities and other current liabilities	19.1	547	720
Liabilities from contracts with customers	20.4	690	553
Lease liabilities	18.1	74	9
Liabilities on bonds convertible to shares	20.1.1	3 104	2 969
Other short-term provisions	20.3	183	118
Prepayments and accruals related to grants	21	107	94
Equity and liabilities		16 017	13 383

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Annual consolidated profit and loss account

Annual consolidated profit and loss account (amounts in USD thousand)	Note no.	01.01.2025 -31.12.2025	01.01.2024 -31.12.2024
Revenue	22	4 427	2 529
Cost of sales	26	2 011	1 680
Gross sales result		2 416	849
Selling and distribution expenses	26	601	503
General and administrative expenses	26	900	1 019
Other operating income	24	129	103
Other operating expenses	25	24	39
Losses on account of expected credit losses	25	-	8
Operating result		1 020	-617
Financial income	27	-	188
Financial costs	28	364	324
Result before tax		656	-753
Income tax	29	141	35
Net profit/(loss) for the period		515	-788
Profit/(loss) attributable to:			
shareholders of the parent company		515	-788
non-controlling interest		-	-
		01.01.2025 -31.12.2025	01.01.2024 -31.12.2024
Net earnings/(loss) per share (in USD)		0,03	-0,05
Diluted earnings/(loss) per share (in USD)	16	0,02	-0,04

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Annual consolidated statement of comprehensive income

Annual consolidated statement of other comprehensive income (amounts in USD thousand)	01.01.2025 -31.12.2025	01.01.2024 -31.12.2024
Net profit/(loss) for the period	515	-788
Other comprehensive income	1 549	-509
Other comprehensive income to be reclassified to result in the future	1 549	-509
Foreign exchange differences from translation of foreign operations	1 549	-509
Other comprehensive income not to be reclassified to result in the future	-	-
Total comprehensive income	2 064	-1 297
Total comprehensive income attributable to:		
Shareholders of the parent company	2 064	-1 297
Non-controlling interest	-	-

Annual consolidated statement of changes in equity

Annual consolidated statement of changes in equity (amounts in USD thousand)	Share capital	Capital from revaluation of options	Share premium account	Other capital	Retained earnings	Equity attributable to shareholders of the parent company	Non- controlling interest	Total equity
At the beginning of the period 01.01.2025	1 748	187	30 885	362	-25 599	7 583	-	7 583
Exercise of stock options for Company shares	7	-44	40	-	-	3	-	3
Issue of new shares as part of the stock plan	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Valuation of stock options under IFRS 2	-	40	-	-	-	40	-	40
Issue and conversion of bonds convertible to shares	-	-	-	-	-	-	-	-
Result of the period	-	-	-	-	515	515	-	515
Other comprehensive income for the period	-	-	-	1 549	-	1 549	-	1 549
At the end of the period 31.12.2025	1 755	183	30 925	1 911	-25 084	9 690	-	9 690

Annual consolidated statement of changes in equity (amounts in USD thousand)	Share capital	Capital from revaluation of options	Share premium account	Other capital	Retained earnings	Equity attributable to shareholders of the parent company	Non- controlling interest	Total equity
At the beginning of the period 01.01.2024	1 746	145	30 843	871	-24 811	8 794	-	8 794
Exercise of stock options for Company shares	2	-42	42	-	-	2	-	2
Issue of new shares as part of the stock plan	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Valuation of stock options under IFRS 2	-	84	-	-	-	84	-	84
Issue and conversion of bonds convertible to shares	-	-	-	-	-	-	-	-
Result of the period	-	-	-	-	-788	-788	-	-788
Other comprehensive income for the period	-	-	-	-509	-	-509	-	-509
At the end of the period 31.12.2024	1 748	187	30 885	362	-25 599	7 583	-	7 583

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Annual consolidated cash flow statement

(Amounts in USD thousand)	Note no.	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Profit (loss) before tax		656	-753
Adjustments for:			
Depreciation and amortization	26	2 212	1 821
Foreign exchange gains (losses)		-1	-59
Interest		185	177
Profit (loss) from investing activities		-7	-
Movement in provisions		65	-6
Movement in inventory		-12	1
Movement in receivables		-114	-362
Movement in current liabilities, except for loans and borrowings		-158	416
Tax paid		-	-4
Movement in prepayments and accruals		-49	-102
Other adjustments resulting from operating activity	11.1	43	84
Net cash from operating activities		2 820	1 213
Disposal of property, plant and equipment		7	-
Disposal of financial assets (in other entities)	4	-	6
Purchase of property, plant and equipment	2.2	18	13
Expenditures for development work and acquisition of intangible assets	1.2	2 425	2 195
Net cash from investing activities		-2 436	-2 202
Net proceeds from issuing shares		-	2
Loans and borrowings drawn		-	-
Proceeds from the issue of debt securities	20.1.1	102	900
Repayment of loans and borrowings		-	-
Repayment of lease liabilities		31	41

Interest		3	1
Net cash from financing activities		68	860
Net cash flows		452	-129
Movement in cash		452	-129
Movement in cash on account of foreign exchange differences		-	-
Cash at the beginning of the period	11	277	406
Cash at the end of the period	11	729	277

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Explanatory notes to the annual consolidated financial statements

Basis for preparation and accounting policies

Basis for preparation of the consolidated financial statements

These annual consolidated financial statements of the Group cover the period of 12 months ended on 31 December 2025 and have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") and interpretations issued by the International Accounting Standards Board and approved by the European Union, effective for annual periods beginning on 1 January 2025.

The EU IFRS include the standards and interpretations accepted and published by the International Accounting Standards Board (IASB).

Amendments to standards or interpretations

Published Standards and Interpretations that have been issued and are effective for annual periods beginning on 1 January 2025:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates": The amendment clarifies how an entity should assess whether a currency is convertible and how it should determine the exchange rate in the event of non-convertibility, and requires disclosures that enable users of financial statements to understand the impact of non-convertibility.

The Group considers that the application of the above-mentioned amendments to standards did not have a material impact on the consolidated financial statements in the period of their initial application, and resulted only in changes to the applied accounting principles or, possibly, extension of the scope of necessary disclosures.

New standards and interpretations that have been published but are not yet effective:

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC), but have not entered into force yet:

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" regarding the classification and measurement of financial instruments - Amendments to IFRS 9 introduce a choice of accounting principle regarding the moment of extinguishment of the obligation in the case when payment is made via an electronic payment system (if certain conditions are met).

Amendments to IFRS 9 regarding the SPPI test provide guidance to help assess whether cash flows resulting from a contract are consistent with a basic lending arrangement. In addition, the amendments introduce a clearer definition of the non-recourse feature.

The amendments to IFRS 9 also provide additional guidance on the characteristics of contractually linked instruments.

- The amendments to IFRS 7 add new disclosure requirements:
 - for investments in equity instruments designated as measured at fair value through other comprehensive income,
 - for each class of financial assets measured at amortized cost or at fair value through other comprehensive income, and for financial liabilities measured at amortized cost.

Effective date – annual period beginning on or after 1 January 2026.

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" regarding PPAs (Contracts Referencing Nature-dependent Electricity) - Amendments to IFRS 9 include information on which PPA contracts can be used for hedge accounting and what specific terms are permitted in such hedging relationships.

The amendments to IFRS 7 introduce new disclosure requirements for PPAs as defined in the amendments to IFRS 9.

Effective date – annual period beginning on or after 1 January 2026.

- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7 - Annual Improvements – housekeeping changes only. Effective date – annual period beginning on or after 1 January 2026.
- New IFRS 18 "Presentation and Disclosures in Financial Statements". The new standard will replace IAS 1 "Presentation of Financial Statements". IFRS 18 introduces, among others: a new structure of the profit and loss statement, increased requirements for aggregation and disaggregation of data, requirements for disclosure of management-defined performance measures.

The standard is effective for annual periods beginning on or after 1 January 2027. The Group continues to estimate the impact of the new standard on its financial statements.

- New IFRS 19 "Subsidiaries without public accountability: Disclosures". The standard applies to subsidiaries without public accountability for which their parent prepares consolidated financial statements in accordance with IFRS. New IFRS 19 exempts from disclosures required by other standards, and instead introduces a new list.

The standard is effective for annual periods beginning on or after 1 January 2027. New IFRS 19 will not affect the Group's financial statements because it is not applicable to public entities.

- Amendments to IFRS 19 "Subsidiaries without public accountability: Disclosures." IFRS 19 enables subsidiaries without public accountability to apply IFRS with reduced disclosure requirements. It reduces disclosure requirements for other standards and amendments to standards issued until February 2021. The newly issued amendments to IFRS 19 enable subsidiaries to reduce disclosure requirements for standards and amendments issued between February 2021 and May 2024, in particular: IFRS 18, amendments to IAS 7 and IFRS 7, amendments to IAS 12, amendments to IAS 21, amendments to IFRS 9 and IFRS 7. As a result of these amendments, IFRS 19 reflects the amendments to IFRS standards effective until 1 January 2027, which is the date from which IFRS 19 will be applicable.

The amendments are effective for annual periods beginning on or after 1 January 2027. The amendments to IFRS 19 will not impact the Group's financial statements because IFRS 19 does not apply to public entities.

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates." The amendments to IAS 21 clarify the rules for currency translation in certain situations. When an entity translates data from the functional currency of a non-hyperinflationary economy to the presentation currency of a hyperinflationary economy, it uses the closing rate from the date of the most recent statement of financial position, including comparative data. However, if the presentation currency ceases to be the currency of a hyperinflationary economy, and the functional currency remains the currency of a non-hyperinflationary economy, the entity applies the current requirements of IAS 21 prospectively, without restating the comparative data. Additionally, it is specified that an entity whose functional and

presentation currencies are in a hyperinflationary economy should use a general price index in accordance with IAS 29 when restating the comparative data of a foreign entity operating in a non-hyperinflationary economy. The amendments also introduce additional disclosure requirements related to these amendments. The amendments are effective for annual periods beginning on or after 1 January 2027. The Group continues to assess the impact of the amendments on its financial statements.

Application of a standard or interpretation before its effective date.

The Group decided not to use the option of earlier application of the above standards, amendments to standards, and interpretations. The Group will apply the amended standards to the extent of the introduced changes from 1 January 2026, unless a different effective date is provided. The application of the amended standards will not have a material impact on the Group's consolidated financial statements during the period of their initial application.

Description of adopted accounting policies

These annual consolidated financial statements have been prepared on the historical cost basis, except for equity instruments to be measured at fair value through other comprehensive income, which are carried at fair value.

Translation of items in foreign currencies

Transactions captured in the ledgers of the Parent Company Silvair, Inc. denominated in currencies other than USD are translated into US dollars at the rate effective on the transaction date.

As at the balance sheet date, monetary assets and liabilities expressed in currencies other than USD are translated into US dollars using the average exchange rate for such a currency in effect at the end of the reporting period.

The functional currency of both subsidiaries is PLN. As at the balance sheet date, assets and liabilities of these foreign subsidiaries are translated into the Group's presentation currency using the exchange rate in effect on the balance sheet date, and their profit and loss accounts and statements of comprehensive income are translated at the average exchange rate for the financial period. The translation method is described in the section "Functional and presentation currency".

The Group has adopted the following PLN/USD exchange rates for the purposes of balance sheet measurement:

	31 December 2025	31 December 2024
PLN/USD	0,2777	0,2438

Average PLN/USD exchange rates for individual financial periods were as follows:

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
PLN/USD	0,2666	0,2509

Segments

The Group focuses its activities on the following three market segments:

Lighting Control

In the lighting control segment, the supply chain 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 or 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 essentially two 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 smart lighting control, such as:
 - Automatic occupancy-based control (*Occupancy Sensing*) – it is a scenario that uses data from a network of motion sensors to automatically adjust the operation of luminaires to the presence of people in a given space. In practice, this means automatic switching off / dimming of the light when motion sensors do not detect occupancy in a given room. LBNL estimates that this scenario generates average energy savings of 24%.
 - Automatic control based on natural light availability (*Daylight Harvesting*) – it is a scenario that uses data from a network of light sensors to automatically adjust the light intensity depending on the availability of natural light in a given space. In practice, this means automatic switching off / dimming of the light when the natural light coming in through the windows fully or partially covers the lighting needs in a given room. LBNL estimates that this scenario generates average energy savings of 28%.
 - Automatic control based on a defined schedule – it is a scenario that involves defining a time schedule for the operation of a lighting installation. Such a schedule can be defined based on a 24-

hour clock (e.g. turning the lights on at 7 a.m. and turning them off at 6 p.m. on every weekday) or based on the astronomical clock (e.g. turning the lights on at sunset and turning them off at sunrise). LBNL estimates that this scenario generates average energy savings of 24%.

The above 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 (one activated license means one smart component sold by the Company's partner).

- **A set of digital tools (Silvair Commissioning)** 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 as much as possible, since thus far it has been considered an arduous and expensive process that can be carried out only by a highly qualified specialist. 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)

This relatively young market segment has appeared as a result of the emergence of wireless lighting control technologies. 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. The 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** segment, the Group plans to provide services related to the provision of digital tools for, among others, the following applications:

- **Lighting infrastructure diagnostics** - unlike traditional lighting products, smart luminaires enable bidirectional exchange of information. This means they not only receive instructions sent by switches, dimmers or occupancy sensors, but are also able to transmit a wide range of data regarding the operation of the installation. This information can be transmitted in real time, providing a very precise insight into the current state of the entire lighting infrastructure. When the appropriate software is used, this data allows - for example - generation of automatic alerts in the event of any irregularities. This in turn allows

immediate reaction, e.g. replacement of a faulty luminaire. The functionality eliminates the need for carrying out a visual inspection of the system in order to identify defective luminaires. In the case of extensive lighting networks installed e.g. in hotels, this increases the reliability of the installation, significantly improves the effectiveness of maintenance works, substantially reduces costs, and increases customer satisfaction. It is also possible to develop more advanced software that analyzes data packets on an ongoing basis to identify even minor anomalies, e.g. fluctuations in device operating temperature or fluctuations in the level of generated light. This provides the foundation for implementing the so-called predictive maintenance practices which allow predicting failures of lighting components in advance. This, in turn, further increases the reliability of the entire installation, while eliminating the undesirable consequences of device failures. In addition, data generated by smart luminaires can be used by customers to exercise their warranty rights. Having precise information on the total lifetime operating hours of the device, the customer can easily verify the manufacturer's warranty regarding its lifetime, and exercise the customer's rights in the event of a warranty breach. On the other hand, a device manufacturer can obtain a wide range of data regarding the ways its component is used by the customers in order to be able to design solutions that better meet the needs of consumers.

- **Emergency lighting system test automation.** Emergency lighting systems are not used on a daily basis, but it is necessary to ensure their reliability in emergency situations, including situations that threaten human life, e.g. in the event of a fire. For this reason, fire regulations oblige property managers to regularly inspect such installations. These inspections must be carried out by specialists with appropriate qualifications who verify the reliability of the installation on-site. Unlike traditional cable installations, a smart lighting system can autonomously verify the operation of individual system components, and automatically diagnose potential problems. It is possible to generate periodic reports that include all data required by fire regulations, which significantly reduces the expenses associated with carrying out mandatory periodic maintenance inspections.
- **Energy consumption monitoring.** Using appropriate software, a building administrator can keep track of the amount of electricity consumed by the lighting installation - from individual luminaires, through individual rooms and floors, to the entire building. This allows optimizing the lighting system operation and implementing other advanced lighting control scenarios. Energy monitoring is also important from the point of view of entities applying for energy rebates, as it allows easy documentation of e.g. the fact that a system meets specific energy efficiency requirements, or that specific energy savings have been achieved through a lighting control system modernization.
- **Remote control and configuration of the lighting installation.** Smart lighting systems provide the ability to remotely control the operation of a lighting installation in real time, and to remotely configure lighting settings (e.g. relating to the implemented advanced control scenarios). As a result, it is possible to adjust the system operation to current needs and circumstances without the need for physical presence of the system administrator in the building. This functionality enables more flexible management of the lighting infrastructure while reducing the costs associated with a specialist visit.

Silvair Connected Lighting solutions will be offered primarily to the suppliers of complete lighting control systems, as well as to energy service companies (ESCOs). By improving the efficiency and reliability of lighting installations, these services constitute an attractive addition to the offer of such entities, increasing their competitiveness and creating new revenue opportunities. The Group plans to offer the abovementioned services in a subscription model.

Smart building management (Building Intelligence)

The smart building management segment includes entities providing infrastructure and / or software solutions that allow property owners and managers to make more efficient use of commercial spaces, and to streamline processes occurring inside and outside buildings. For a long time, the provision of such services required implementing a dedicated infrastructure, e.g. a network of cameras or monitoring sensors. However, the technological progress that has taken place over recent years in the area of wireless communication enables many of these services to be provided today via smart lighting network infrastructure.

Silvair Building Intelligence is a set of smart building management services that can be provided using digital tools developed by the Company. Based on the analysis of data generated by occupancy sensors, which are an integral part of responsive and energy-efficient lighting control systems, these tools allow obtaining detailed information on processes occurring within the building. The provided services are not directly related to the functioning of the lighting network, however, they allow owners and managers of commercial buildings to use space more efficiently while increasing the productivity of their occupants. The Group plans to develop a wide range of tools enabling the provision of innovative services such as:

- **Occupancy Monitoring.** Motion and occupancy sensors not only help increase the comfort of people in a given space by adjusting lighting, air conditioning and heating to their needs at a given moment, which actively supports energy saving efforts, but are also able to collect and transfer space occupancy data which can later be used for:
 - Optimizing space utilization and optimizing space maintenance costs, as well as increasing employee productivity e.g. through more efficient organization of the office space, increase in the efficiency of cleaning services (deploying them only in the spaces that have been used), and increase in the efficiency of building processes such as heating or air conditioning.
 - Improving sales by recognizing and understanding customers' shopping habits and improving the efficiency of the sales space.
 - Increasing the safety of the building as well as people and assets inside the building by improving the operation of alarm / security systems or providing integration with such systems.
- **Indoor navigation.** GPS navigation works great outdoors, but performs poorly indoors due to interference and significant weakening of the radio signal. Implementing the Bluetooth Mesh technology in the lighting infrastructure enables sending radio signals to mobile devices which – after the mapping process is carried out – allow determining the location inside a building. Due to the fact that the locating process is based on information received by a mobile phone, this functionality can be used without users losing their privacy, which is the case with video recording.
- **Asset tracking.** Employees are often involved in the search for equipment, which generates significant time and financial losses in some organizations. Asset tracking eliminates the need for employees to find items manually. It also provides accurate insight into how efficiently spaces are used in a given organization, office or warehouse, while enabling identification of relationships with regard to how resources are used. This in turn allows streamlining of business operations. Collecting data on where the equipment is and how it is used allows understanding what actions should be taken to keep the equipment in operation for as long as possible, e.g. by anticipating necessary repairs before they become urgent.

- **Monitoring of environmental conditions.** Once the lighting infrastructure is equipped with appropriate sensor technology, it is possible to collect and analyze data relating to environmental quality assessment. Monitoring of relevant indicators contributes to the safety of processes, resources and humans. Examples include:
 - Protecting inventory and maintaining specific conditions for products stored in warehouses or used in production processes.
 - Preventing equipment failures and downtimes.
 - Increasing productivity by maintaining comfortable and safe environmental conditions for building occupants.

Optimal environmental conditions can be ensured by remote monitoring of, among others, ambient temperature, humidity, lighting, pollution, air pressure, or sound volume.

Silvair Building Intelligence solutions will be offered primarily to the owners and managers of commercial buildings. The software developed by the Company will enable monitoring and optimization of processes taking place inside buildings in order to increase employee productivity and improve the efficiency of available resources utilization. The Group plans to offer the above-mentioned services in a subscription model.

Property, plant and equipment

The Group recognizes the following as fixed assets: individual items fit for use that meet the criteria defined for fixed assets in IAS 16, if the purchase price (production cost) is at least USD 3,500. Fixed assets worth less than USD 3,500 are depreciated or written off in full in the month of their purchase, unless, due to the specific nature of the Group's operations, they constitute in aggregate a significant asset.

Property, plant and equipment is initially recognized at cost (purchase price or production cost) less depreciation charges and impairment losses in subsequent periods. Costs of external financing related directly to the acquisition or production of assets that require a longer period of time to become fit for use or resale are added to the production cost of such fixed assets only if non-recognition of such costs would materially affect the reliability and clarity of the presentation of financial situation. Such costs are added from the moment when the fixed assets are starting to be adjusted until the moment fixed assets are put into use. Modernization costs are included in the carrying amount of fixed assets when it is probable that the Group would accrue economic benefits on this account and the costs incurred for modernization can be measured reliably. All other expenses incurred on repair and maintenance of fixed assets are charged to the profit and loss account in the reporting periods in which they were incurred. The Group also classifies the following as fixed assets: fixed assets under construction and investments in third party fixed assets.

Depreciation is calculated for all fixed assets, except for land and fixed assets under construction, for the estimated period of useful life of those assets, using the straight line method, starting in the month following the month in which the asset is accepted for use. The Group verifies periodically, no later than at the end of the financial year, the assumed useful lives of fixed assets, residual value and depreciation methods, while the effects of changes in these estimates are taken into account in the subsequent and following financial years (prospectively).

The estimated useful lives for each group of fixed assets are as follows:

Buildings and structures:	10 years
Plant and machinery:	2-10 years
Other fixed assets:	2 years

As at the balance sheet date, the Group also reviews property, plant and equipment for impairment indications and assesses the need to recognize impairment losses on this account. The need to recognize impairment losses occurs when the Group – based on the conducted impairment loss test – estimates that an asset will not bring the expected economic benefits or will bring significantly lower benefits in the future. Impairment loss is recognized at the surplus of the asset's carrying amount over its recoverable amount. Recoverable amount is the higher of the following two amounts: fair value less the cost necessary to be incurred in connection with its sale, or value in use.

Impairment is charged to other expenses corresponding to the function of the property, plant and equipment in the period when the impairment was found, no later than as at the end of the financial year. If, as a result of the presumptions and a resulting re-test, the Group is sufficiently certain that the reason for the impairment loss recognized on an asset ceases to exist, it reverses the previously recognized impairment loss in whole or in part by crediting other operating income.

An item of property, plant and equipment may be derecognized if disposed of or if the Group does not expect to realize any future economic benefits from its further use. Any gains or losses resulting from the sale, liquidation or cessation of use of fixed assets are defined as the difference between the sales revenues and the net value of these fixed assets. These gains and losses are recognized in the result as other operating income or costs at the moment when the buyer obtains control of the property, plant and equipment component to be disposed of in accordance with the requirements of IFRS 15. The amount of consideration for the disposal of an item of property, plant and equipment is determined in accordance with the requirements of IFRS 15 on determining the transaction price.

Fixed assets under construction relate to fixed assets in the course of construction or assembly and are recognized at purchase price or manufacturing cost, less impairment losses, if any. Fixed assets under construction are not depreciated until the construction is completed and the asset is commissioned.

Costs of development work

Expenditures for development are measured at production cost less depreciation charges and impairment losses.

The estimated useful lives for the costs of development work is no more than 10 years.

An intangible asset arising from development work is recognized if, and only if, the Group can demonstrate all the issues specified in IAS 38 necessary to qualify development work as an asset, and is able to demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset;
- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure incurred during development which may be assigned to the intangible asset.

Production cost of intangible assets that have the nature of development work includes direct costs comprised of costs of materials, work of the Group's employees, and services directly related to the performed development work as well as a justified portion of indirect (departmental) costs.

The moment of starting the capitalization of costs is determined on the basis of the management's professional judgment regarding the (technological and economic) possibility of completing the project. This moment is triggered by reaching a project stage (milestone) after which there is justified certainty that the entity is able to complete the intangible asset to make it fit for use or sale, and that future economic benefits obtained as a result of the use or sale will exceed the production cost of the given intangible asset.

Development work not yet completed is recognized in the intangible assets line item and are not amortized until their completion. For completed development work, the Group applies the purchase price and production cost model under IAS 38 and recognizes them at production cost less total depreciation charges calculated based on their useful life and impairment losses. The Group verifies periodically, no later than at the end of the financial year, the assumed useful lives of intangible assets and amortization methods, while the effects of changes in these estimates are taken into account in the subsequent and following financial years (prospectively). Amortization is calculated using the straight-line method over the anticipated period of earning revenues from the sale of the project, until full amortization of the intangible assets. In exceptional circumstances, the Group may calculate amortization taking the residual value into account. Expenditures for development work, which ended with a negative effect or which was discontinued, is classified as costs of the period on a one-off basis.

The cost of research work is recognized in profit or loss at the moment it is incurred.

As at the balance sheet date, the Group reviews the progress status of each project and verifies intangible assets for indications of impairment. If it is identified that any events or circumstances may point to difficulties with recovery of the carrying amount of the given asset, an impairment test is carried out. An annual impairment test is carried out also for costs of development works which have not yet been accepted for use.

Due to the unique nature of the conducted activities, comprising comprehensive development and implementation of an innovative technology, the impairment tests for intangible assets are carried out for the set of assets which jointly generate cash flows, independently of other assets or asset groups (referred to as cash generating units). Assets that generate cash flows independently are tested separately.

If the carrying amount exceeds the estimated recoverable amount of the assets or the cash generating units to which the assets belong, then the carrying amount is reduced to the level of the recoverable amount. The recoverable amount corresponds to the higher of: fair value minus selling and distribution expenses, or value in use. In determining the value in use, the estimated future cash flows are discounted to the present value, using a discount rate reflecting up-to-date market assessments of time value of money and the risk associated with the given asset.

Impairment is charged to other expenses corresponding to the function of the intangible assets in the period when the impairment was found, no later than as at the end of the financial year. If, for an asset subject to a write-down, there is a change in the estimated values used to determine the recoverable amount of the asset and the re-test based on them shows an increase in the recoverable amount of the write-down component, the asset's carrying amount is increased by reversing the previously made impairment loss in part or in full. The reversal of the impairment loss is recognized as income.

Other intangible assets

Intangible assets are measured at the historical cost of acquisition or production less depreciation and impairment losses. Depreciation is calculated using the straight-line method.

The estimated period of depreciation of other intangible assets is from 2 to 10 years.

Intangible assets may include intangible assets with an indefinite useful life and goodwill. Goodwill and intangible assets with an indefinite useful life are not amortized. They are subject to annual impairment loss tests.

Not later than at the end of the financial year, the Group performs periodic verification of the assumed economic useful lives of intangible assets, the residual value and the depreciation method, and the consequences of changes in these estimates are taken into account in the next and subsequent financial years (prospectively). As at the balance sheet date, the Group also verifies intangible assets in terms of the existence of premises for impairment and the need to recognize impairment losses on this account. The need to recognize impairment losses occurs when the Group, on the basis of the conducted impairment test, assesses that a given asset will not bring the expected economic benefits in the future or will bring significantly lower benefits. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the following two amounts: fair value less the costs to be incurred in connection with its sale, or value in use.

Financial assets

Upon initial recognition, the Group classifies each financial asset under IFRS 9 as:

- Financial assets measured at fair value through profit or loss.
- Financial assets measured at fair value through other comprehensive income.
- Financial assets measured at amortized cost.

Assets are captured in the Group's balance sheet when they become a party to a binding agreement. When an asset is recognized initially, it should be measured at its fair value – except for receivables recognized in accordance with IFRS 15 – plus, in the case of a financial asset or financial liability not classified as measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the asset or financial liability.

The Group applies simplified methods for measuring receivables carried at amortized cost, if this does not cause a deformation of the information contained in the statement of financial position, in particular if the period until repayment of the receivable is not long.

Impairment losses on other financial assets are included in financing activities.

If the reason for which the impairment loss was recognized ceases to exist, the whole or the relevant part of the previously recognized impairment loss increases the value of the given asset.

Leases and right-of-use assets

For each concluded contract, the Group decides whether the contract is or includes a lease. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset (the underlying asset) for a period of time in return for consideration. To this end, three main aspects are analyzed:

- whether the contract relates to an identified asset that is either expressly stated in the contract or implicitly when the asset is made available to the Group,
- whether the Group has the right to obtain substantially all of the economic benefits from using the asset throughout its useful life to the extent specified in the contract,
- whether the Group has the right to direct the use of the identified asset throughout its useful life.

On the commencement date, the Group recognizes the right-of-use asset and the lease liability. The right-of-use is initially measured at the purchase price consisting of the initial value of the lease liability, the initial direct costs, the estimate of the expected costs of dismantling the underlying asset and the lease payments paid on or before the commencement date, less any lease incentives.

The Group amortizes the right of use using the straight-line method from the commencement date to the end of the useful life of the right of use or to the end of the lease term, whichever is earlier. If there are indications for this, the rights of use are tested for impairment in accordance with IAS 36.

As at the commencement date, the Group measures the lease liability at the present value of the outstanding lease payments using the lease interest rate if it can be easily determined. Otherwise, the lessee's marginal interest rate is used.

The lease payments included in the lease liability consist of fixed lease payments, variable lease payments dependent on index or rate, amounts expected to be paid as a guaranteed residual value, and exercise purchase option payments if they are reasonably certain to be exercised.

In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The valuation of the lease liability is updated to reflect contract changes and to reassess the lease term, exercise of call option, guaranteed residual value or lease payments based on an index or rate. As a rule, the revaluation of the liability is recognized as an adjustment to the right-of-use asset.

The Group applies the practical solutions permitted by the standard regarding short-term leases and leases in which the underlying asset is of low value. For such contracts, instead of recognizing right-of-use assets and lease liabilities, lease payments are recognized in profit or loss on a straight-line basis over the lease term.

Inventory

Inventory is measured at the lower of the following: purchase price/production cost and realizable net selling price.

The costs incurred in bringing each component of inventory to its present location and condition – both in respect of the current year and the previous year – are recognized as follows:

- Materials – at purchase price using the “first in, first out” method.
- Finished products and work in progress – the cost of direct materials and labor and an appropriate overhead of indirect manufacturing costs determined under the assumption of normal production capacity utilization, excluding external financing costs.
- Goods – at purchase price using the “first in, first out” method.

Net realizable selling price is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables and other receivables

Trade receivables are measured at the transaction price, within the meaning of IFRS 15, at initial recognition, and at amortized cost as at the balance sheet date, using the effective interest rate minus impairment losses. Other receivables are measured at the amount required to be paid. If trade receivables contain a material financing component, the value of receivables is determined by discounting forecast future cash flows to the present value, using a discount rate reflecting up-to-date market assessments of time value of money. If the discount method is applied, an increase in receivables as a result of lapse of time is recognized as financial income.

In the case of trade receivables, the Group applies a simplified approach assuming calculation of write-offs for expected credit losses for the entire lifetime of the instrument. Write-offs are estimated on a collective basis and receivables are grouped according to their past due period. The write-off estimate is based on the historical past due dates and the connection of the arrears with the actual repayment rate from the last 2 years, taking into account the available information regarding the future. As the Group's sales revenues with significant values appeared in 2019, the method adopted to estimate the write-downs is reviewed by the Group based on data available in subsequent years.

The Company uses a simplified model defined in IFRS 9 to estimate the allowance for expected credit losses on trade receivables, recognizing losses over the life of the receivable. Allowances are determined using an allowance matrix based on historical default data for the past three years, taking into account grouping of receivables by delinquency period and, where necessary, other common credit risk characteristics. Historical loss rates are adjusted for current and projected macroeconomic conditions.

Aging	ECL Index (%)
Not overdue	1,96%
Overdue 1-90 days	0%
Overdue 90-180 days	0%
Overdue 180-360 days	18,77%
Overdue more than 360 days	59,89%
Overdue 1-90 days	81,67%

Expected credit losses on trade receivables are determined as the product of:

- the carrying amount of receivables in a given segment, and
- the appropriate loss ratio resulting from the allowance matrix.

Impairment allowances are recognized in profit or loss, and receivables are presented in net values, i.e. after deducting the allowance for expected credit losses.

Other receivables include in particular advances provided on account of future purchases of property, plant and equipment, intangible assets and inventory. Advances are presented in line with the type of assets to which they refer – as non-current or current assets respectively. As non-pecuniary assets, advances are not discounted.

Receivables from the state budget are presented in other receivables, except for corporate income tax receivables which are a separate balance sheet line item.

Assets from contracts with customers

The Group recognizes, in contract assets, the rights to remuneration in return for goods or services that the Group has provided to the customer if this right is dependent on a condition other than the passage of time. The Group assesses whether a contract asset is impaired on the same principles as in the case of financial assets under IFRS 9.

If the Group incurred additional costs associated with efforts aimed at executing the contract with the customer which the Group expects to recover, they are recognized as an asset. The additional costs associated with efforts aimed at executing the contract are the costs incurred by the Group to execute the contract with the customer which it would not have incurred if the contract had not been concluded. The costs associated with efforts aimed at executing the contract incurred regardless of whether the contract was concluded or not are recognized as costs at the time they are incurred.

The following, in particular, are understood by the Group as the costs of performance of a contract which are recognized as an asset:

- sales commissions on extension of contracts (retention),
- costs of installations not subject to IAS 16

Capitalized costs associated with efforts aimed at executing and performing a contract are subject to amortization in the period in which the services under the contract are provided to the customer.

An analysis of the contracts from the perspective of IFRS 15 has shown that there are no assets on account of contracts with customers.

Prepayments and accruals

In prepaid expenses, the Group captures expenses that were incurred in advance while they relate in whole or in part to subsequent periods. Prepaid expenses are presented in the balance sheet under the item Trade receivables and other receivables.

The Group records prepayments and accruals on a short-term and long-term basis. Prepayments and accruals also include subsidies related to assets, which are presented in the balance sheet as Prepayments and accruals.

If there is reasonable certainty that the subsidy will be obtained and all the related terms and conditions complied with, government subsidies are recognized at their fair value.

If the subsidy relates to a particular cost item, it is recognized as revenue in proportion to the costs which the subsidy is supposed to compensate for. If the subsidy is related to an asset, its fair value is recognized on the “revenue from future periods” account and then gradually entered on the profit and loss account by means of equal annual write-offs for the estimated utilization period for the related asset. For the needs of presentation in the consolidated statement of financial position, the Group does not deduct subsidies from the carrying amount of assets but recognizes subsidies as revenue from future periods in the “Prepayments and accruals” line item.

Cash and cash equivalents

Cash includes cash on hand, cash in bank and any deposits and short-term securities with maturity of up to 3 months.

Cash is measured at amortized cost.

Non-current assets classified as held for sale

Non-current assets (non-current asset groups) are classified by the Group as held for sale if their carrying amount is recovered primarily as a result of sales transactions rather than through further use. This condition is deemed satisfied only when the asset (asset group) is available in its current condition for immediate sale, in keeping with normal and customary sales terms, and the conclusion of a sales transaction is highly probable during one year from the change of the classification.

Non-current assets classified as held for sale are carried at the lower of: carrying amount or fair value minus cost of sale. Some non-current assets classified as held for sale, such as financial assets and deferred tax assets, are measured according to the same accounting principles as were applied by the Group before their classification as non-current assets held for sale. Non-current assets classified as held for sale are not subject to depreciation.

Equity

The Group’s equity is comprised of:

- Share capital
- Capital from revaluation of options
- Share premium account
- Other capital
- Retained earnings

Share capital is recognized at its par value, in the amount stated in the Parent Company’s articles of association.

Capital from revaluation of options (share-based payment):

The cost of share-based payment transactions is measured by reference to the fair value of instruments at the date the rights are granted. Fair value is recognized in expenses in the profit and loss account and in equity (capital from revaluation of options) over the vesting period.

Fair value of awarded options (bonds) for the purchase of the Parent Company's shares is estimated by an independent expert using modern financial engineering methods and numerical methods. The measurement includes: input price for the model, strike price of the instrument, expected volatility of the instrument, risk-free interest rate and expected dividend.

After exercise of options convertible into shares, the capital amount from revaluation of granted options is moved to the share premium account, less cost of the issue.

Share premium account

This capital is created from the share premium less the costs of the issue.

Other capital

The other capital item is comprised of:

- revaluation of assets value,
- write-offs from profit from subsequent financial years,
- minority interest transactions,
- foreign exchange differences from translation of foreign operations.

The minority interest transactions line item presents transactions with non-controlling entities which do not result in loss of control by the Parent Company:

- purchase of interests from non-controlling entities – the difference between the purchase price and the net carrying amount of assets acquired from non-controlling entities,
- partial sale of interests to non-controlling entities – the difference between the sale price and the net carrying amount of assets of the subsidiary attributable to the interests sold to non-controlling entities.

Capital from foreign exchange differences from translation of foreign operations is created in the process of translating figures into the Group's presentation currency in the manner described in the "Functional and presentation currency" section.

Retained earnings

The item Retained earnings includes retained earnings from previous years and the result for the current year. Undistributed result from previous years constitutes profits and losses generated in previous financial years, not transferred by the resolution of the approving body to another item of equity or to dividend payment.

Provisions for liabilities

Provisions for liabilities are recognized if the Group has an existing obligation (legal or customary) resulting from past events, and the fulfillment of the obligation will likely reduce the resources embodying the Group's economic benefits, and the amount of the liability can be reliably estimated.

The Group creates a provision for the costs of accumulated payable absences which it will have to disburse to cover the unexercised right of employees in the amount accrued as at the balance sheet date. The provision for unused vacation time is a short-term provision and is not subject to discounting.

The amount of provisions recognized and the justification for recognizing new provisions is reviewed and updated at the end of the reporting period, in order to adjust the estimates to the Group's knowledge as at that date.

In the financial statements, provisions are presented as long-term and short-term, respectively.

Trade liabilities and other non-financial liabilities

Liabilities are the Group's present liabilities resulting from past events, the fulfillment of which will reduce assets generating economic benefits for the Group.

Current trade liabilities are recognized in the amount payable due to insignificant discount effects. Interest, if any, is recognized when the suppliers' notes are received. Non-current liabilities are the liabilities whose maturity, counting from the end of the reporting period, is longer than 12 months. Current liabilities are the liabilities whose maturity, counting from the end of the reporting period, is shorter than 12 months. Other non-financial liabilities include in particular liabilities to the tax office on account of value added tax and other public institutional debt, liabilities on account of received advance payments to be settled by deliveries of goods, services or non-current assets. Other non-financial liabilities are recognized at the amount of the required payment.

Liabilities from contracts with customers

Liabilities from contracts with customers constitute the entity's obligation to transfer goods or services to the customer in return for which the Group has obtained remuneration (or the amount of remuneration is due) from the customer. Liabilities from contracts with customers include future revenues on account of such services as IT maintenance, which are spread over time. Each time the Group makes a professional judgment and estimate of the advancement of performance of the contracts in relation to the issued invoices and allocation of the transaction price. The Group records prepayments and accruals on a short-term and long-term basis.

Financial liabilities

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavorable conditions,
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative instrument for which the group is or may be obliged to issue a variable number of its own equity instruments, or a derivative that will or may be settled other than by exchange of a fixed amount of cash

or another financial asset for a fixed number of the group's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the group's own equity instruments in exchange for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of the entity's own non-derivative equity instruments.

Upon initial recognition, the Group classifies each financial liability as:

- financial liabilities measured at amortized cost,
- financial liabilities measured at fair value through profit or loss – designated as measured in this manner at or after the initial recognition,
- financial liabilities measured at fair value through profit or loss – financial liabilities held for trading in accordance with IFRS 9,
- financial guarantee contracts,
- financial instruments designated as hedging instruments,
- liabilities outside the scope of IFRS 9 (Ex-IFRS 9).

Upon initial recognition, financial liabilities are measured at fair value through profit or loss, taking into consideration their market value as at the balance sheet date without taking into account the costs of sale transactions that may be directly attributed to the financial liability. Changes in the fair value of these instruments are recognized in profit or loss as financial costs or income. Other financial liabilities other than financial instruments measured at fair value through profit or loss are measured at amortized cost using the effective interest rate method or, if measurement at amortized cost would materially affect the accuracy and clarity of presentation of the liability – at par value.

The Group excludes a financial liability from its balance sheet if the liability has expired, i.e. when the obligation specified in an agreement has been satisfied, waived or expired. Replacement of a current debt instrument with another one with substantially different terms, performed between the same parties, is recognized by the Group as expiry of the original financial liability and recognition of a new financial liability. Similarly, material amendments of terms and conditions of agreements relating to an existing financial liability is recognized by the Group as expiry of the initial and recognition of a new financial liability. The difference in the relevant carrying amounts arising out of the replacement is recognized in profit or loss.

Income tax

Income tax includes: current tax to be paid and deferred tax.

Current tax

The current tax burden is determined on the basis of the tax result (tax base) for a given financial year.

Tax profit (loss) differs from accounting profit (loss) due to the exclusion of taxable revenues and tax-deductible expenses in future years as well as cost and revenue items that will never be taxable. Current tax liability is calculated on the basis of the tax rates applicable in the given financial year.

Deferred tax

Deferred tax provisions are the tax to be paid in the future, recognized in the full amount using the balance sheet method, on account of temporary differences between the tax value of assets and liabilities and their carrying amount.

Deferred tax asset is tax to be refunded in the future, calculated using the balance sheet method, on account of temporary differences between the tax value of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets are recognized also with regard to unsettled tax losses on subsidiary activities. Deferred tax assets are recognized if it is probable that taxable income will be generated in the future that will enable the use of the temporary differences.

The main temporary differences result from the different valuation of assets and liabilities settled over time for tax and accounting purposes.

Deferred income tax is determined using tax rates enacted or substantially enacted as at the balance sheet date, which will prevail at the time they are realized. Deferred tax is recognized in the profit and loss account. Where it refers to transactions settled with equity, it is posted to equity, and where it refers to transactions posted in other comprehensive income, it is charged to other comprehensive income.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realization of this deferred tax asset would be generated. A deferred tax asset not recognized are reassessed at each balance sheet date and recognized to the amount that reflects the probability of achieving taxable income in the future, which will enable the recovery of this asset. A deferred tax provision or asset are recognized in the balance sheet as long-term provisions or assets, respectively.

The Group sets off deferred income tax assets and deferred income tax provisions if and only if an enforceable legal right exists to set off receivables against current income tax liabilities and the deferred income tax relates to the same taxpayer and the same fiscal authority.

Operating revenues and expenses

Revenue is the inflow of economic benefits during the period arising in the course of the ordinary activities of the Group when those inflows result in increases in equity, other than increases relating to contributions from shareholders.

Sales revenues are made up only of revenues from contracts with customers falling within the scope of IFRS 15. The manner of recognition of sales revenues in the consolidated financial statements, including both the value and the timing of revenue recognition, is determined by a five-stage model consisting of the following steps:

- identification of the contract with the customer,
- identification of the performance obligations,
- determination of the transaction price,
- allocation of the transaction price to performance obligations,
- recognition of revenue when or after a performance obligation is satisfied.

Identification of the contract with the customer

The Group recognizes a contract with the customer only if all of the following criteria are satisfied:

- the contracting parties have entered into a contract (in writing, orally, or in line with other usual commercial practices) and are required to perform their obligations,
- the Group is able to identify the rights of each party pertaining to the goods or services to be delivered,
- the Group is able to identify the payment terms for the goods or services to be delivered,
- the contract has economic content (meaning that it may be expected that the contract will result in changing the risk, timing or amount of future cash flows),
- it is likely that the Group will receive consideration which it will be entitled to in exchange for the goods or services to be delivered to the customer.

When assessing whether the receipt of the consideration is likely, the Group takes into account only the ability and intention to pay the consideration amount by the customer on the required date. The consideration amount to which the Group will be entitled may be lower than the price defined in the contract if the consideration is variable, because the Group may offer a price discount to the customer.

Identification of the performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either: a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The good or service is distinct if both of the following conditions are satisfied:

- the customer may benefit from the good or service either directly or through links to other resources that are readily available to the customer, and
- the obligation to deliver the good or service to the customer may be distinguished from the other obligations specified in the contract.

Determination of the transaction price

The Group will consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Allocation of the transaction price to performance obligations

The Group allocates transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Recognition of revenue when or after the group satisfies a performance obligation

The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer.

Significant financing component

If the contract includes a significant financing element, when determining the transaction price, the Group adjusts the promised amount of consideration by the change of the time value of money. A significant financing element appears in the contract if the distribution of the payments over time agreed by the parties (express or implied) gives the customer or the Group significant benefits on account of financing the transfer of the goods or services to the customer.

To determine the transaction price, the Group adjusts the promised amount of consideration by the significant financing component, using the discount rate which would be applied in the case of conclusion of a separate financing transaction between the Group and its customer at contract inception.

However, the Group applies the practical expedient specified in paragraph 63 of IFRS 15, making it possible to assume that the amount of consideration does not comprise a significant financing component because in the Group's business practice the expected period (in accordance with the contracts with customers) from the delivery of the goods or performance of services by the Group to the receipt of the payment from the customer does not exceed one year. Therefore, for short-term prepayments the Group did not single out any significant financing element.

Capitalized costs associated with efforts aimed at executing the contract and performing the contract

The Group capitalizes additional costs associated with efforts aimed at executing the contract provided if it expects to recover such costs within a timeframe not longer than one year from the date of incurring the costs. Any costs which the Group expects never to be recovered and any costs that are expected to be recovered within one year from incurring them are recognized as costs of the period in which they were incurred. Capitalized costs are presented in prepayments and accruals and are depreciated using the straight-line method over the anticipated term of the contract.

The cost commensurate with the revenues from the sale of rights to use a software license for a definite period of time is the amortization cost of completed development works.

The Group conducts sales on the basis of 2 types of contracts defining the scope of delivered services, materials and licenses.

The contracts have a written form and include:

- Commissioning Service Agreement (CSA), consisting in delivery of a web application and a mobile application for activation and control of lighting management software.
- Supply, License and Service Agreement (SLS), where, on the basis of a license agreement, the Group delivers firmware for wireless lighting control, hardware for downloading the firmware, and software maintenance service.

Under **Commissioning Service Agreements (CSA)**, the Group delivers, maintains and operates applications for control of the lighting management software for and on behalf of the Partner. Under these agreements it is also possible to provide the Silvair platform for lighting without the firmware developed by Silvair.

The revenue from the sale of the products and services provided under CSA agreements (except for service and maintenance services) is recognized at the time of performance of the obligation to provide the service and hand-over of control and benefits to the customer. Performance under these agreements occurs when the customer configures the lighting network components. At that time, a charge is made for each device that is configured through this process.

Under CSA agreements, guaranteed software service and maintenance constitute a separate liability item. The revenue from service and maintenance is recognized over time because the customer uses the provided service as it is provided by the supplier. The Group settles service and maintenance revenue on a straight-line basis, evenly over time.

Revenues under CSA agreements are included in the **Lighting Control** segment.

Under **Supply, License and Service Agreements (SLS)**:

- a product in the form of firmware for wireless lighting control is delivered. The firmware is downloaded from the cloud via the Internet and is installed on components manufactured by the Partner. The firmware is delivered on the basis of a license.
- in addition, Silvair MaTE hardware is delivered that enables the installation of the firmware; it is connected on the production line to the Partner's computer (making it possible to download firmware activation keys and install the firmware from the cloud in the Partner's components).
- software service and maintenance is guaranteed.

Revenues under SLS contracts are included in the **Lighting Control** segment.

Under the agreements, the licenses sold by the Group constitute a separate obligation to deliver a performance and have the nature of a license with the right to use intellectual property, which means that the revenue from the sale of such licenses is recognized once, at the time of hand-over of control over the license to the customer. This is equivalent to an assertion that in the case of own licenses sold without significant accompanying services, regardless of the term for which the license is sold, the revenue is recognized at the time of hand-over of control, which leads to one-off recognition of the revenue at such time. In the case of sale of licenses which grant the right to access intellectual property, such licenses are sold, as a rule, for a definite term. CSA and SLS agreements present also revenues from own maintenance services, and the revenue is recognized over time because the customer uses the provided service as it is provided by the supplier. CSA and SLS agreements define the consideration for each contractual obligation. The transaction price is allocated to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer. The Group has analyzed whether it performed its entire obligation and estimated which services should be settled over time and which should be included in the revenues for the period. The Group does not appear in agreements in the capacity of an agent, intermediary or principal. With regard to its customers, the Group applies payment terms in the range 14-60 days and classifies them as current receivables.

Financial activity revenues and expenses

Financial income recognized in the profit and loss account includes mainly positive foreign exchange differences and interest on investing available funds on bank accounts. Other elements that may comprise financial income are commissions and interest on loans granted, late interest on receivables, amounts of

forgiven loans and borrowings and the amounts of reversed provisions related to the financing activity. Financial costs include mainly negative foreign exchange differences, interests on bonds and loans, commissions and handling fees and other bank fees. Other elements that may comprise financial costs include: provisions recognized for certain or probable losses from financial operations, value at purchase price of interests, shares, securities sold, losses on the settlement of derivatives.

Uncertainty of estimates

In preparation of the consolidated financial statements, the Parent Company's Board uses its judgment in making numerous estimates and assumptions that affect the adopted accounting policies and the presented values of assets, liabilities, revenues and costs. Although the adopted assumptions and estimates rely on the best knowledge of the Parent Company's management on current actions and events, the actual results may differ from the expectations.

As regards the development works conducted by the Silvair Inc., Group, two key assumptions have been identified for which there is a significant risk of material adjustments of the carrying amounts of the Group's assets:

- Commercial success of the products and services depends on the pace and scale of dissemination and commercial implementation of the Bluetooth Mesh standard.
- The pursuit of the Group's strategy depends on the success of its research work and effective commercialization of the developed products.

Since the above assumptions pertain to a longer time horizon, in the Issuer's assessment, they do not have any significant impact on the risk of major adjustments of the carrying amount of the Group's assets during the next financial year. The uncertainty of estimates is also burdened with the risk of unknown consequences of the development of the geopolitical and macroeconomic situation in the world.

Subjective assessments and judgments

Relevant notes present the main areas in which, in the process of application of accounting principles (policy), in addition to accounting estimates, an important role was played also by the management's professional judgment, and for which a change of the estimates may have significant impact on the Group's financial data presented in such notes in the future. This judgment relates to:

- impairment of expenditures for development work (see Note 1.1 and 1.3)
- impairment of other intangible assets (see Note 2.1)
- impairment of property, plant and equipment (see Note 3.1)
- impairment losses (see Note 1.2, 1.3, 5, 6 and 7)
- revenues from contracts with customers (see Note 22.1)
- provisions (see Note 20.3)
- term of lease contracts (see Note 18.1)
- share-based payment agreements (see Note 30)

In the reporting period, no changes were made in the methods used to make estimations, compared to 2024.

Seasonality of business

The Group's business is not seasonal.

Business combinations and loss of control

In 2025, there were no business combinations or loss of control in the Group.

**Additional notes
and explanations
to the annual
consolidated financial
statements**

Note 1.1 Capitalized expenditures on development work

Capitalized expenditures on development work (amounts in USD thousand)	31.12.2025	31.12.2024
Completed development work	13 624	11 515
Development work not yet completed	-	167
Total	13 624	11 682

In the period from 1 January to 31 December 2025, the Group's capitalized costs of development work amounted to USD 2.4 million, of which: USD 1,717 thousand – Silvair Platform, USD 520 thousand - Silvair Mesh Stack, USD 188 thousand - Bluetooth Mesh Protocol.

Due to the specific nature of its business, the Issuer has singled out and currently executes 3 interrelated development projects whose total value is a major part of the development work assets:

Bluetooth Mesh protocol:

The aim of the project is to prepare and develop a wireless communication protocol in the mesh topology based on the Bluetooth technology. The project is executed in cooperation with other partners in the task force appointed by the Bluetooth Special Interest Group, aiming to prepare the specification and develop the Bluetooth Mesh standard. The project has been being developed since 2014 and is of open nature, i.e. individual protocol development work stages are closed (i.e. accepted for use) together with publication of subsequent versions of the Bluetooth Mesh standard. The first stage of the development work under the project was closed in 2017 with the publication of the new standard. Further stages of work are completed with the publication of subsequent versions of the Bluetooth Mesh protocol specification. In the reporting period, the expenditures incurred for development of another stage of the project increased the value of completed development work.

Silvair Mesh Stack:

The aim of the project is to develop a firmware stack for electronic devices (in particular for electronic lighting components) on the basis of a standardized communication protocol Bluetooth Mesh. The project has been being developed since 2015, in parallel with the work on the Bluetooth Mesh protocol, and is of open nature, i.e. individual development work stages are closed (i.e. accepted for use) together with publication of subsequent commercial versions of the software. The first stage of development work was completed in 2017, one day after the publication of the standard, together with the qualification, by the Bluetooth SIG, of implementation of the software released by the Issuer, i.e. the software stack (the so-called Mesh Core) and the application layer (the so-called Model Mesh Core). Further stages of work are completed with the Issuer's release of further commercial versions of the software (Silvair Firmware). During the reporting period, the expenditure incurred on the development of the next stage of the project increased the value of completed development works.

Silvair Platform:

The aim of the project is to develop a technology and service platform, comprising digital tools for launch, configuration and management of smart lighting networks, and an infrastructure that allows the Company to provide innovative services. The project has been being developed since 2015, in parallel with the work on the Bluetooth Mesh protocol and the Silvair Mesh Stack, and is of open nature, i.e. individual development work stages are closed (i.e. accepted for use) together with delivery of subsequent commercial versions of the tools and expansion of the scope of services provided by the Issuer. The first stage of development work was completed at the end of 2018 with the Issuer's release of the commercial version of the tools (the so-called Commissioning Tool). Subsequent stages of work are completed when the Issuer releases subsequent commercial versions of the software (Silvair Platform). In the reporting period, the expenditure incurred on the development of the next stage of the project increased the value of completed development work.

In the reporting period, the Issuer did not incur any research expenditure.

Amortization of capitalized expenditures on development work (amounts in USD thousand)	31.12.2025	31.12.2024
Completed development work	2 129	1 795
Development work not yet completed	-	-
Total	2 129	1 795

Amortization of completed development works is charged to the cost of sales.

Estimates:

As at each balance sheet date, the Group analyzes whether or not objective grounds exist that might imply an impairment of expenditures on development work.

Due to the unique nature of the activities, comprising comprehensive development and implementation of an innovative technology, the Issuer carries out impairment tests for the set of assets which are jointly referred to as cash generating units.

In carrying out impairment tests for completed and not yet completed development works, the Issuer follows two key factors:

- The pace of adoption and scale of dissemination and commercial implementation of the Bluetooth Mesh standard. The Issuer conducts, among others, observations and assesses the current behavior of market participants, analyzes market trends, participates in industry events and keeps track of market activity regarding implementations of the technology based on the Bluetooth Mesh standard, keeps track of the involvement of new entities in the work of the Bluetooth SIG working group and observes the behavior of the competitors.
- The scale of market interest in the products and services offered by the Group. In this regard the Issuer assesses the dynamics of the process of acquisition and contracting of partners and customers, and the dynamics and scale of the sale of the Group's products subject to such contracts.

The Issuer has also assessed the following:

- the technical feasibility of completion of the intangible asset,
- the intention to complete, use or sell the asset,
- the ability to use or sell the asset;
- how the given asset will generate future economic benefits,
- availability of sufficient resources to complete the development work or sell the asset,
- the ability to reliably measure the expenditures incurred on the asset during its development.

Amortization is recognized, as a rule, using the straight-line method for the estimated useful life of the given asset.

The adopted 10-year amortization period is justified by the innovative nature of the developed technology and its market potential, backed up by the global Bluetooth Mesh standard. The amortization period has been estimated taking into account the useful life of the technology and the possibility of deriving benefits from individual development works. Information on the performed tests and their results are included in Note 1.3 - Results of impairment tests for the costs of development work.

At least once a year, the Group revises the assumed periods of useful life, based on its current estimates. The verification did not reveal the necessity to change the adopted periods.

Note 1.2 Movement in capitalized expenditures on development work

Capitalized expenditures on development work * (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Gross value at the beginning of the period	19 949	18 176
Additions, including:	3 962	2 195
Expenditures incurred	2 425	2 195
Foreign exchange differences from measurement in presentation currency	1 537	-
Reductions, including:	-	422
Liquidation and sale	-	-
Foreign exchange differences from measurement in presentation currency	-	422
Gross value at the end of the period	23 911	19 949
Accumulated depreciation at the beginning of the period	8 117	6 322
Additions	2 129	1 795
Reductions	-	-
Accumulated depreciation at the end of the period	10 246	8 117
Impairment losses at the beginning of the period	150	253
Additions	-	-
Foreign exchange differences from measurement in presentation currency	-	-
Reductions	109	103
Impairment losses at the end of the period	41	150
Net value at the beginning of the period	11 682	11 601
Net value at the end of the period	13 624	11 682

(*) Balance sheet measurement of the costs of development work, calculated by translating the carrying amount to the presentation currency, i.e. the functional currency of the Parent Company, is presented in the table above in additions or reductions of the gross value.

In 2025 and 2024, no sales of capitalized development expenditure were made.

Note 1.3 Results of impairment tests for the costs of development work

The Group has reviewed the development work from the perspective of the possibility of generating expected economic benefits in the future. In 2019, as a result of the review, the Group identified intangible assets worth USD 693 thousand, which lost their value as a result of the market's lack of interest in the products that had been developed based on these assets, and discontinuation of the development of the technology implemented in them. These assets have been covered by an impairment loss in the full amount. As at 31 December 2025, as a result of the review, no new items of this group of assets were identified that would require additional impairment losses.

For the remaining development works with significant value, both under way and completed, impairment tests have been carried out. In order to assess the recoverable amount, individual development works have been grouped into cash generating units.

The impairment tests have been carried out for the following cash generating units:

- Bluetooth Mesh Protocol and Silvair Mesh Stack
- Silvair Platform and Multi ALS

The recoverable amount has been determined on the basis of the value in use of the assets, understood as the present estimated value of future cash flows which are expected to be achieved due to further use of the cash generating unit.

Assumptions adopted for the needs of impairment tests:

- The test is prepared on the basis of an internal financial forecast of the Silvair Group for 2026-2035 (Forecast) based on the discounted cash flow method.
- Due to the innovative nature of the commercialized technology, a 10-year projection period was adopted.
- The execution of development work has multiple stages, i.e. individual development work stages are closed upon release of the next software versions and/or launch of the next service or package of digital services.
- The development work volume in individual projection years comprises: initial carrying amount, direct expenditures (personnel and non-personnel) on continuation of individual work stages, indirect expenditures and other expenditures of the Group which are aimed to contribute to earning revenues from the tested assets.
- The initial carrying amount comprises all expenditures incurred both for development works completed and not yet completed included in the cash generating unit.
- To determine the discount rate, the weighted average cost of capital was used. The WACC value calculated for the needs of the Test was 16.36%.

The financial forecast has been prepared on the basis of the following assumptions:

- The market size and potential have been estimated on the basis of market reports, including, among others: "Intelligent Lighting Controls" prepared by Navigant Research and "Smart Lighting Market" prepared by Markets&Markets.
- The business model has been verified with the partners and confirmed by already concluded contracts.

- It has been assumed that the in the projection period the Group will reach the stage of business maturity.
- The pace and scale of acquisition of new customers have been based on historical data on the contracted clients and the scaling of the sales team, taking into account an appropriate cost relation.

Cash generating unit (amounts in USD thousand)	Value of development work as at 31.12.2025	Recoverable amount
Bluetooth Mesh Protocol and Silvair Mesh Stack	5 584	27 281
Silvair Platform and Multi ALS	8 040	66 293
Total	13 624	93 574

As a result of the tests performed, a need to recognize additional impairment losses on costs of development work, as compared to the state as at 31 December 2024, was not identified.

Note 2.1 Other intangible assets (computer software)

Other intangible assets (amounts in USD thousand)	31.12.2025	31.12.2024
Other intangible assets (computer software)	30	37
Total	30	37

Estimates:

As at each balance sheet date, the Group analyzes whether or not objective grounds exist that might imply an impairment of computer software value.

Amortization is recognized, in principle, using the straight-line method for the estimated useful life of the given asset. The amortization rates are determined on the basis of the anticipated useful life of computer software.

At least once a year, the Group revises the assumed periods of useful life, based on its current estimates.

Note 2.2 Movement in other intangible assets – computer software

Other intangible assets (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Gross value at the beginning of the period	645	647
Additions	11*	-
Reductions	-	2*
Gross value at the end of the period	656	645
Accumulated depreciation at the beginning of the period	608	602
Additions	18	6
Reductions	-	-
Accumulated depreciation at the end of the period	626	608
Net value at the beginning of the period	37	45
Net value at the end of the period	30	37

* Change resulting from the translation of the carrying amount into the presentation currency

The Group has no computer software used under lease agreements.

The Group has no computer software with restricted use rights.

The Group has no bank loans that would be secured with intangible assets such as computer software.

As at 31 December 2025 and 31 December 2024, there were no contractual obligations related to the purchase of computer software.

Note 2.3 Ownership structure of intangible assets

Intangible assets (amounts in USD thousand)	31.12.2025	31.12.2024
Owned	30	37
Third party	-	-
Total	30	37

Note 3.1 Property, plant and equipment

Property, plant and equipment (amounts in USD thousand)	31.12.2025	31.12.2024
Fixed assets, including:	5	11
Land	-	-
Buildings and structures	-	-
Plant and machinery	5	11
Means of transport	-	-
Other fixed assets	-	-
Fixed assets under construction	-	-
Total	5	11

Information about fixed assets used on the basis of lease agreements is presented in Note 3.7.

The Group has no land in perpetual usufruct.

The Group has no property, plant and equipment with restricted property and use rights.

The depreciation expenses for non-current assets are charged to general and administrative expenses.

As at 31 December 2025 and 31 December 2024, there were no contractual obligations related to the purchase of property, plant and equipment.

As at 31 December 2025 and 31 December 2024, there were no liabilities to the state budget or local government units related to the acquisition of ownership titles to buildings and structures.

Estimates:

As at each balance sheet date, the Group analyzes whether or not objective grounds exist that might imply an impairment of the given property, plant and equipment component.

Amortization is recognized, in principle, using the straight-line method for the estimate useful life of the given asset.

The amortization rates are determined on the basis of the anticipated useful life of property, plant and equipment components.

At least once a year, the Group revises the assumed periods of useful life, based on its current estimates.

Note 3.2 Movement in property, plant and equipment, by type

Item (amounts in USD thousand)	Own land	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross value as at 01.01.2025	-	22	263	-	33	-	318
Additions, including:	-	-	18	-	-	-	18
Acquisition	-	-	17	-	-	-	17
Foreign exchange differences from measurement in presentation currency	-	-	1	-	-	-	1
Reductions, including:	-	9	117	-	-	-	126
Liquidation and sale	-	9	117	-	-	-	126
Foreign exchange differences from measurement in presentation currency	-	-	-	-	-	-	-
Gross value as at 31.12.2025	-	13	164	-	33	-	210
Accumulated depreciation as at 01.01.2025	-	22	252	-	33	-	307
Additions	-	-	24	-	-	-	24
Reductions	-	9	117	-	-	-	126
Accumulated depreciation as at 31.12.2025	-	13	159	-	33	-	205
Net value as at 01.01.2025	-	-	11	-	-	-	11
Net value as at 31.12.2025	-	-	5	-	-	-	5

Item (amounts in USD thousand)	Own land	Buildings and structures	Plant and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross value as at 01.01.2024	-	23	249	-	33	-	305
Additions, including:	-	-	14	-	-	-	14
Acquisition	-	-	13	-	-	-	13
Foreign exchange differences from measurement in presentation currency	-	-	1	-	-	-	1
Reductions, including:	-	1	-	-	-	-	-
Liquidation and sale	-	-	-	-	-	-	-
foreign exchange differences from measurement in presentation currency	-	1	-	-	-	-	1
Gross value as at 31.12.2024	-	22	263	-	33	-	318
Accumulated depreciation as at 01.01.2024	-	21	230	-	33	-	284
Additions	-	1	22	-	-	-	23
Reductions	-	-	-	-	-	-	-
Accumulated depreciation as at 31.12.2024	-	22	252	-	33	-	307
Net value as at 01.01.2024	-	2	19	-	-	-	21
Net value as at 31.12.2024	-	-	11	-	-	-	11

Note 3.3 Ownership structure of property, plant and equipment

Property, plant and equipment (amounts in USD thousand)	31.12.2025	31.12.2024
Owned	5	11
Third party	-	-
Total	5	11

Note 3.4 Value of fixed assets not depreciated by the Group, used under operating lease, rental and other similar agreements, and value of land in perpetual usufruct

There are no fixed assets in the Group used under lease, rental and other similar agreements that would not be depreciated or redeemed. The Group does not have perpetual usufruct of land.

Note 3.5 Production costs of fixed assets under construction and fixed assets for own use

In the period from 1 January to 31 December 2025 and in the comparable period of 2024, the Group did not incur costs for the production of fixed assets for its own use.

Note 3.6 Expenditures on non-financial non-current assets and on environmental protection, incurred last year and planned for the next year

Item (amounts in USD thousand)	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Expenditures incurred on property, plant and equipment	18	13
Expenditures incurred on intangible assets	2 425	2 195
Total	2 443	2 208

The Group expects that in 2026 the expenditures on intangible assets will be maintained at the level of expenditures incurred in 2025. Within the scope of the adopted strategy, the Group's activities are focused on providing pro-environmental solutions, mainly in the field of reducing energy consumption. Outside the product area, in the period from 1 January to 31 December 2025 and in the comparable period of 2024, the Group did not incur expenditures for environmental protection. Outside the product area, the Group does not intend to make environmental protection expenditures in 2026.

Note 3.7 Right-of-use assets

Right-of-use assets (amounts in USD thousand)	31.12.2025	31.12.2024
Real estate right-of-use assets	268	10
Other assets	-	-
Total	268	10

As at 31 December 2025, the subsidiary Silvair Sp. z o.o. was a party to a lease agreement for a property in Kraków at ul. Opolska. As at 31 December 2025, the Agreement was signed until 31 March 2030. In 2025, the Company changed its place of business, which involved a new agreement with an entity outside the Group.

As at 31 December 2024, the subsidiary Silvair Sp. z o.o. was a party to a lease agreement for a property in Kraków at ul. Jasnogórska. The Agreement was signed until 31 March 2025.

As at 31 December 2024, Silvair Inc. was a party to a lease agreement for office space in Torrance, California, USA. The agreement was concluded for the period of 1 year from 1 August 2023, with an option to automatically extend its term if it is not terminated. As at the date of conclusion of the contract, the Board of Silvair Inc. decided that it intends to use the premises for at least 2 years, so the agreement was deemed to meet the criteria for recognizing the right-of-use assets. As at 31 December 2025, the Company does not use the premises and does not incur any expenses in this respect.

Movement in right-of-use assets (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Gross value at the beginning of the period	33	544
Additions, including:	313	26
Acquisition	313	-
Internal relocation	-	-
Foreign exchange differences from measurement in presentation currency	-	26
Reductions, including:	33	537
Liquidation and sale	33	537
Value update (change of contract terms)	-	-
Foreign exchange differences from measurement in presentation currency	-	-
Gross value at the end of the period	313	33
Accumulated depreciation at the beginning of the period	23	458
Additions	55	102
Reductions	33	537
Liquidation and sale	33	537
Foreign exchange differences from measurement in presentation currency	-	-
Accumulated depreciation at the end of the period	45	23
Net value at the beginning of the period	10	86
Net value at the end of the period	268	10

Note 4 Financial assets (long-term)

On 12 December 2024, an agreement was signed for the sale of shares in S-Labs Sp. z o.o. for PLN 425,000. As a result of this event, as at 31 December 2024 and 31 December 2025, the Group had no long-term financial assets.

Note 5 Deferred tax assets

Deferred tax assets (amounts in USD thousand)	31.12.2025	31.12.2024
Deferred tax assets at the beginning of the period, including:	632	668
through profit or loss	632	668
through equity	-	-
Additions	-	279
through profit or loss	-	279
through equity	-	-
Reductions	145	315
through profit or loss	145	315
through equity	-	-
Deferred tax assets at the end of the period, including:	487	632
through profit or loss	487	632
through equity	-	-

Deferred tax assets arising from temporary differences resulting from: (amounts in USD thousand)	31.12.2025	31.12.2024
Accumulated tax losses to be used	2 562	3 821
Amount of tax losses in respect of which deferred tax assets have not been recognized (calculation based on the financial budget)	-	-494
Total	2 562	3 327
Deferred tax assets (19%)	487	632

Deferred tax assets are treated in entirety as non-current assets and are not subject to discounting. Deferred tax assets are calculated using tax rates that are expected to be effective in the period when particular asset is realized or the provision is released, based on tax rates (and tax legislation) enacted or substantively enacted as at the balance sheet date.

Estimates:

The Group evaluates as at each balance sheet date the possibility of realization of the deferred tax asset. This assessment requires a professional judgment and estimates regarding, among others, future tax results. The analysis of expected tax revenues showed a decrease in the tax asset due to the use of the loss from 2020 and partially the losses from 2021 and 2022 in the current tax settlement.

The recognized deferred tax assets cover losses from 2021-2023. The adopted assumptions regarding the likelihood of the Group's realization of revenues in the following years justify maintaining the asset at the presented level.

Regulations regarding corporate income tax are subject to frequent changes, as a result of which there is often no reference to well-established line of rulings. Applicable regulations are not always unambiguous, which additionally leads to differences in their interpretation. Tax settlements are subject to audits by tax authorities. If irregularities are identified in the tax settlements, the taxpayer is obligated to pay the overdue amount together with the statutory interest due. Payment of overdue liabilities does not always release the taxpayer from criminal tax liability.

As a result of the aforementioned phenomena, tax settlements are burdened with risk. Tax settlements may be subject to audit within a period of five years from the end of the year in which the tax returns were submitted. As a result, the amounts reported in the financial statements, and thus the basis for calculation of the asset on tax losses and the asset itself may change at a later date after their final determination by the tax authorities.

Note 6 Inventory

Inventory (amounts in USD thousand)	31.12.2025	31.12.2024
Goods for resale	26	16
Impairment loss on goods	-12	-14
Total	14	2

Inventory releases are recognized using the detailed identification method. As at each balance sheet date the Company analyzes whether the carrying amount of inventory is higher than or equal to the realizable sales price.

Impairment losses on the inventory are recognized in operating expenses. As at 31 December 2025, the level of the impairment loss remained similar to the level from 31 December 2024, adjusted for the value of goods covered by the write-off that were sold and used internally, as well as for differences in the USD/PLN exchange rate.

Note 7 Trade receivables and other receivables

Trade receivables and other receivables (amounts in USD thousand)	31.12.2025	31.12.2024
From related entities	-	-
From other entities	867	747
Impairment losses	-7	-15
Total	860	732

Note 7.1 Trade receivables

Trade receivables (amounts in USD thousand)	31.12.2025	31.12.2024
From related entities	-	-
From other entities	685	664
Impairment losses	-7	-15
Total	678	649

Note 7.2 Impairment losses on trade receivables

As at 31 December 2025, impairment losses on trade receivables amounted to USD 7 thousand.

As at 31 December 2024, impairment losses on trade receivables amounted to USD 15 thousand. The change in the impairment loss value results from the valuation of receivables covered by an impairment write-down and an allowance for expected losses.

Estimates:

Determining the level of allowances for expected credit losses requires significant estimates and judgments, particularly regarding the selection of the historical data period, determining the loss rates for individual receivables groups, and assessing the impact of current and projected macroeconomic conditions on credit risk. The estimate of expected credit losses is based on historical data from a period of 3 years, adjusted for information on current and projected economic conditions. Changes to the adopted assumptions may affect the level of allowances recognized. The model used is presented in the section "Description of adopted accounting policies".

Note 8 Aging of trade receivables

Trade receivables (amounts in USD thousand)	31.12.2025	31.12.2024
Not overdue	565	519
Overdue, including:	113	130
up to one month	84	96
over 1 month to 3 months	12	11
over 3 months to 6 months	21	18
over 6 months to 1 year	3	17
over 1 year	-	3
Impairment losses on receivables	-7	-15
Trade receivables, including:	678	649
Overdue receivables (gross)	120	145

Note 9 Other receivables

Other receivables (amounts in USD thousand)	31.12.2025	31.12.2024
On taxes and other public benefits	104	59
Other receivables	44	3
Prepayments and accruals	34	21
Impairment losses	-	-
Total	182	83

In accruals, the Group presents expenditures which pertain to future periods incurred before the balance sheet date. Prepayments and accrued income as at 31 December 2025 and as at the end of the comparable period comprised mainly the costs of prepaid participation in fairs and conferences associated with presentation of the Group's activity, and license fees to be incurred in the profit and loss account successively in future periods.

Note 10 Impairment losses on other receivables

As at 31 December 2025 and 31 December 2024, the Group did not recognize any impairment losses on other short-term receivables.

Note 11 Cash and cash equivalents

Cash and cash equivalents (amounts in USD thousand)	31.12.2025	31.12.2024
Cash on hand	1	1
Cash in bank	728	276
Total	729	277

Note 11.1 Explanation to selected items of the cash flow statement

The line item "Other adjustments resulting from operating activity" shows the value charged to the general and administrative expenses corresponding to the value of accrued option capital, taking into account the executed portion in the amount of USD 43 thousand. The difference between the item "Net proceeds from the issue of shares and capital contributions" and the Statement of Changes in Equity relates to the accrued non-cash value of the option capital.

Note 12 Share capital

Share capital of the Parent Company as at 31.12.2025

Type	Number of shares	Par value (USD '000s)	Share subscription price (USD '000s)	Share premium account (USD '000s)
Common Stock	16 587 405	1 659	30 782	29 123
Preferred Stock	960 000	96	125	29
Total	17 547 405	1 755	30 907	29 152

The par value of one share is USD 0.1. The number of shares expressed in single units.

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	15,34	2 692 059	12,05
Chris 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	7 269 532	41,42	7 665 612	34,29
Total	17 547 405	100,00	22 347 405	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 Group's shareholders do not hold any other voting rights than the rights specified above.

In 2025 and in 2024, no redemption or repayment of non-equity and equity securities took place. As at 31 December 2025, out of 17,547,405 issued shares, 17,519,805 shares have been paid in full.

Share capital of the Parent Company as at 31.12.2024

Type	Number of shares	Par value (USD '000s)	Share subscription price (USD '000s)	Share premium account (USD '000s)
Common Stock	16 518 690	1 652	30 735	29 083
Preferred Stock	960 000	96	125	29
Total	17 478 690	1 748	30 860	29 112

The par value of one share is USD 0.1. The number of shares expressed in single units.

Share capital ownership structure	Number of shares	% of shares	Number of votes ⁽¹⁾	% of votes
Rafal Han	2 031 965	11,63	3 663 965	16,45
Szymon Słupik	1 902 340	10,88	3 547 500	15,92
Krzysztof Januszkiewicz	2 692 059	15,40	2 692 059	12,08
Chris Morawski	2 622 730	15,01	2 622 730	11,77
Adam Gembala	1 018 760	5,83	2 145 520	9,63
Other shareholders holding less than 5% of shares	7 210 836	41,25	7 606 916	34,15
Total	17 478 690	100,00	22 278 690	100,00

As at 31 December 2024, all out of 17,478,690 issued shares have been paid in full.

Note 13 Capital from revaluation of options

Capital from revaluation of options (amounts in USD thousand)	31.12.2025	31.12.2024
Valuation of stock options under IFRS 2	183	187
Total	183	187

See Note 30 for additional information on valuation of options.

Note 14.1 Share premium account

Other capital (amounts in USD thousand)	31.12.2025	31.12.2024
Supplementary capital	30 925	30 885
Total	30 925	30 885

Note 14.2 Movement in the item Share premium account

Movement in other capital (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
At the beginning of the period	30 885	30 843
Exercise of stock options for Company shares	40	42
Expenditures incurred in connection with the stock issue	-	-
Issue of new shares	-	-
Unpaid capital which has been called up	-	-
Issue of shares in connection with the exercise of convertible bonds	-	-
At the end of the period	30 925	30 885

Note 14.3 Other capital

Other capital consists of two items reported separately in prior periods as:

- Minority interest transactions,
- Capital from foreign exchange differences on translation of foreign entities

The appearance of the balance sheet item Minority interest transactions is a consequence of transactions occurring in 2018 and related to the issuance of bonds and conversion into shares of the Parent Company in exchange for the right to shares in the subsidiary Sway. The event is described in detail in the annual consolidated statements for 2019.

As at 31 December 2025 and as at 31 December 2024, there was no Equity attributable to Non-Controlling Interest.

As at 31 December 2025 and as at 31 December 2024, the value of the item Minority interest transactions amounted to USD -365 thousand.

Other capital (amounts in USD thousand)	31.12.2025	31.12.2024
Minority interest transactions	-365	-365
Capital from foreign exchange differences on translation of foreign entities	2 276	727
Total	1 911	362

Note 15 Retained earnings

The balance sheet item Retained earnings is the sum of two items reported separately in prior years as:

- retained earnings,
- financial result of the current period

Retained earnings (amounts in USD thousand)	31.12.2025	31.12.2024
Accumulated losses from previous years	-25 599	-24 811
Financial result of the current period	515	-788
Total	-25 084	-25 599

Note 16 Earnings (loss) per share

Earnings/(loss) per share are calculated by dividing the net profit/(loss) for the reporting period attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year.

Diluted earnings/(loss) per share are calculated by dividing the net profit/(loss), adjusted for the impact of interest on potential common shares, for the reporting period, attributable to the shareholders of the parent company, by the weighted average number of common shares outstanding during the reporting period, adjusted by the effect of diluting options.

Diluting options also include the allocation of Parent Company shares in the period from 1 January 2025 to the publication date.

Earnings/(loss) per share in the period covered by the financial statements:	31.12.2025	31.12.2024
Weighted average number of parent company's shares in the period*	17 527 575	17 466 313
Diluting options, including:	4 936 386	4 479 556
on account of the option plan	561 726	199 700
on accounts of bonds	4 374 660	4 279 856
Weighted average number of parent company's shares in the period after diluting options	22 463 961	21 945 869
Continued operations		
Earnings/(loss) per share (USD) - weighted average number of shares	0,03	-0,05
Diluted earnings/(loss) per share (USD)	0,02	-0,04
Discontinued operations		
Earnings/(loss) per share (USD) - weighted average number of shares	-	-
Diluted earnings/(loss) per share (USD)	-	-
Continued and discontinued operations		
Earnings/(loss) per share (USD) - weighted average number of shares	0,03	-0,05
Diluted earnings/(loss) per share (USD)	0,02	-0,04

Note 17 Deferred tax liabilities

Deferred tax liabilities (amounts in USD thousand)	31.12.2025	31.12.2024
Deferred tax liabilities at the beginning of the period, including:	4	8
through profit or loss	4	8
through equity	-	-
Additions, including:	-	-
through profit or loss	-	-
through equity	-	-
Reductions, including:	4	4
through profit or loss	4	4
through equity	-	-
Deferred tax liabilities at the end of the period, including:	-	4
through profit or loss	-	4
through equity	-	-

Deferred tax liabilities arising from temporary differences resulting from: (amounts in USD thousand)	31.12.2025	31.12.2024
Difference between the tax value and carrying amount of completed development work	-	21
Total	-	21
Deferred tax liabilities (19%)	-	4

Note 18.1 Lease liabilities

Lease liabilities (amounts in USD thousand)	31.12.2025	31.12.2024
Long-term	194	-
Short-term	74	9
Total	268	9

The lease liability pertains to real property lease agreements which, pursuant to IFRS 16, have been classified to lease liabilities. Information related to the agreements included in this item is presented in Note 3.7 Right-of-use assets. Valuation of liabilities does not comprise variable fees for consumption of utilities associated with the use of the real properties. Repayment of the interest part in the reporting period amounted to USD 3 thousand.

In the Issuer's opinion, as at the publication date, in the future there will be no cash outflows to which the lessee would be exposed and which are not included in the valuation of lease liabilities. The agreements do not contain limitations or covenants imposed by the lessor.

Note 19.1 Trade liabilities

Trade liabilities (amounts in USD thousand)	31.12.2025	31.12.2024
To related entities	-	-
To other entities	265	263
Total	265	263

Note 19.2 Aging of trade liabilities

Trade liabilities (amounts in USD thousand)	31.12.2025	31.12.2024
up to one month	263	261
over 1 month to 3 months	-	-
over 3 months to 6 months	-	-
over 6 months to 1 year	-	-
over 1 year	-	-
Overdue, including:	2	2
up to one month	1	-
over 1 month to 3 months	-	2
over 3 months to 6 months	-	-
over 6 months to 1 year	1	-
over 1 year	-	-
Total	265	263

Note 20.1 Other liabilities (current)

Other current liabilities (amounts in USD thousand)	31.12.2025	31.12.2024
To related entities	-	-
To other entities, including:	282	457
on loans	-	-
on taxes and other public benefits	67	77
on payroll	62	55
advances on deliveries	135	322
other	18	3
Total	282	457

Note 20.1.1 Liabilities on bonds convertible to shares

Other liabilities (non-current) (amounts in USD thousand)	31.12.2025	31.12.2024
Bonds convertible to shares	1 000	900
Interest on bonds convertible to shares	88	41
Total	1 088	941

Other liabilities (current) (amounts in USD thousand)	31.12.2025	31.12.2024
Bonds convertible to shares	2 700	2 700
Interest on bonds convertible to shares	404	269
Total	3 104	2 969

Liabilities on bonds convertible to shares (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
At the beginning of the period	3 910	2 834
Additions	282	1 076
Reductions	-	-
Total	4 192	3 910

Bonds convertible to shares (amounts in USD thousand)	31.12.2025	31.12.2024
Par value of issued bonds	3 700	3 600
Interest costs	492	310
Interest paid	-	-
Bond liability	4 192	3 910

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, until the date of publication of this report, the Company has issued Convertible Securities with a total value of USD 1.25 million.

On 7 February 2023, 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. Under this issue, until the date of publication of this report, the Company has issued Convertible Securities with a total amount of USD 3.02 million.

As a result of the assessment it has been concluded that the bonds do not contain an equity element and have not been classified as compound financial instruments in accordance with IAS 32. Therefore they were fully recognized as liabilities measured at amortized cost. On 26 February 2025, the Company signed annexes to the purchase agreements with bondholders extending the maximum conversion period by one year compared to the original term.

Note 20.2 Contingent liabilities, including guarantees and sureties extended by the Group, including promissory notes

As at 31 December 2025 and 31 December 2024, the Group had no other contingent liabilities. As at 31 December 2025 and 31 December 2024, the Group's companies were not acting as guarantors or sureties and also had not drawn their own or received third party promissory notes as collateral or payment for a transaction.

Note 20.3 Other short-term provisions

Other short-term provisions (amounts in USD thousand)	31.12.2025	31.12.2024
Provision for unused vacation time	52	45
Provisions for bonuses	41	-
Provisions for disputes	90	73
Total	183	118

The Group recognizes a “provision” for unused vacation time, which pertains to periods preceding the balance sheet date and will be used in the future for all Company employees, because in the Polish system unused vacation time constitutes cumulative paid absences (the entitlement to such absences passes on to future periods and can be used if it has not been used in the current period). The amount of the provision depends on the average monthly salary and the number of unused days of vacation time to which the employee is entitled as at the balance sheet date. The Company recognizes the costs of unused vacation time on the accrual basis, based on the estimate values, and presents them in the profit and loss account in the payroll line item (in accordance with the place where they occur). The provision for unused vacation time is a short-term provision and is not subject to discounting.

Provisions for unused vacation time (amounts in USD thousand)	31.12.2025	31.12.2024
At the beginning of the period	45	53
Additions	16	15
Reductions	9	23
At the end of the period	52	45

Estimates:

The Group estimates the amount of the provisions on the basis of adopted assumptions and methodology, assessing the probability of spending the funds comprising economic benefits, and classifies amounts with a high probability of spending, as at the balance sheet, as liabilities. The estimates pertaining to the value of provisions for unused vacation time were based on the data on the number of vacation time days unused by employees, the value of the average compensation individually for each employee divided by the average number of business days per month (22 days), and the charges on compensations charged to the employer. The percentage rate of social security charged to the employer was adopted at the level of 20.98% for the year 2025 and 2024 (taking into account contributions to PPK - Employee Capital Plan).

In 2023, the Group created a provision in connection with the results of the NCBiR (National Centre for Research and Development) inspection regarding co-financing of the project POIR.01.03.01-00-0067/17 implemented by Sway Sp. z o. o. as part of ASI Bridge Alfa Bitspiration Booster Sp. z o. o. S.K.A. According to the auditors, part of the project expenses were incurred by Sway contrary to the provisions of the Support

Agreement (NCBiR letter of 8 August 2023). The value of the recognized provision amounts to PLN 310,823.89 (USD 86 thousand). The change in the amount of the provision results from the increase in possible interest payable due to the passage of time from the date of receipt of the subsidy to the balance sheet date.

The Company does not agree with the position of NCBiR and therefore appealed against the decision to return the funds. As at the date of publication, no new information has been received on this matter.

As at 31 December 2025, the Group had created a provision for performance bonuses for the Sales and Product department for exceeding the established revenue threshold specified in the Silvair Group Forecast for 2025. The provision amount was estimated at USD 41 thousand. The bonus was paid in early April 2026.

Note 20.4 Liabilities from contracts with customers

Liabilities from contracts with customers (amounts in USD thousand)	01.01.2025	Additions	Reductions	31.12.2025
Maintenance services for Silvair Platform	546	605	468	683
Maintenance services for Silvair Mesh Stack	7	13	13	7
Total	553	618	481	690

Liabilities from contracts with customers (amounts in USD thousand)	01.01.2024	Additions	Reductions	31.12.2024
Maintenance services for Silvair Platform	389	501	344	546
Maintenance services for Silvair Mesh Stack	6	12	11	7
Total	395	513	355	553

As at 31 December 2025 and as at 31 December 2024, the Group identified liabilities associated with maintenance agreements according to the description in section Operating revenues in the Explanatory note to the financial statements and Note 23.

The payment terms specified in the agreements do not exceed 60 days.

Elements such as obligations to accept returns or to refund the fees and other similar obligations, as well as warranties and related obligations, do not apply to liabilities from contracts with customers.

The Group settles the identified performance obligations using the straight-line method, spread evenly over time, as the activities are performed evenly throughout the entire period of performance.

Liabilities from contracts with customers by maturity:

Maturity periods (amounts in USD thousand)	31.12.2025	31.12.2024
Up to one month	33	25
Over 1 month to 3 months	94	71
Over 3 months to 6 months	76	55
Over 6 months to 1 year	104	71
Over 1 year to 3 years	316	235
Over 3 to 5 years	67	96
Total	690	553

Note 21 Prepayments and accruals

Prepayments and accruals (amounts in USD thousand)	01.01.2025	Additions*	Reductions	31.12.2025
Financing under the Smart Growth Operational Program	308	40	37	311
NCBiR subsidy for fixed assets	178	23	65	136
Total	486	63	102	447

* The change results from the exchange rate translation

Prepayments and accruals (amounts in USD thousand)	01.01.2024	Additions	Reductions	31.12.2024
Financing under the Smart Growth Operational Program	356	-	48	308
NCBiR subsidy for fixed assets	248	-	70	178
Total	604	-	118	486

Prepayments and accruals (amounts in USD thousand)	31.12.2025	31.12.2024
Non-current part	340	392
Current part	107	94
Total	447	486

Note 22.1 Sales revenues

Sales revenues (amounts in USD thousand)	31.12.2025	31.12.2024
Revenues from sales of products	3 853	2 160
Revenues from sales of goods and services	574	369
Total	4 427	2 529

In 2019, the Group for the first time recorded revenues from sales of products and services which are to become the main source of revenues. These are revenues from contracts with customers:

- Commissioning Service Agreement (CSA), consisting in delivery of a web application and a mobile application for activation and control of lighting management software.
- Supply, License and Service Agreement (SLS), where, on the basis of a license agreement, the Group delivers firmware for wireless lighting control, hardware for firmware implementation, and software service and maintenance.

Under **Commissioning Service Agreements (CSA)**, the Group delivers, maintains and operates applications for activation and control of the lighting management software for and on behalf of the Partner. Under these services it is also possible to provide the Silvair platform for lighting installations that are not based on the firmware developed by Silvair.

Revenues under CSA agreements are included in the Lighting Control segment

Under **Supply, License and Service Agreement (SLS)**:

- A product in the form of firmware for wireless lighting control is delivered. The firmware is downloaded from the cloud via the Internet and installed on components manufactured by the Partner. The firmware is delivered on the basis of a license.
- In addition, Silvair MaTE hardware is delivered that enables installation of the firmware. The hardware is connected on the production line to the Partner's computer (making it possible to download firmware activation keys and install the firmware from the cloud in the Partner's components).
- Software service and maintenance is guaranteed.

Revenues under SLS contracts are included in the Lighting Control segment.

Breakdown of revenues from contracts with customers:

(Amounts in USD thousand)				01.01.2025 - 31.12.2025	
Product/service type	CSA agreements	SLS agreements	Other revenues from contracts	Total	
Firmware license	-	1 390	-	1 390	
Activation	2 462	-	-	2 462	
Development	-	-	-	-	
Maintenance	243	-	-	243	
Other	239	65	28	332	
Total	2 944	1 455	28	4 427	
Delivery date					
At the time	2 550	1 394	-	3 944	
Over time	394	61	28	483	
Total	2 944	1 455	28	4 427	

(Amounts in USD thousand)				01.01.2024 - 31.12.2024
Product/service type	CSA agreements	SLS agreements	Other revenues from contracts	Total
Firmware license	-	921	-	921
Activation	1 239	-	-	1 239
Development	-	-	-	-
Maintenance	189	-	-	189
Other	125	55	-	180
Total	1 553	976	-	2 529
Delivery date				
At the time	1 254	927	-	2 181
Over time	299	49	-	348
Total	1 553	976	-	2 529

Revenues broken down by segments and description of the segments are presented in Note 23.

Estimates:

In the case of obligations performed over time (service and maintenance), the Group used the straight-line method to recognize revenues, pro rata to the elapse of time. The entity's actions and expenditures are executed evenly throughout the entire period of performance.

In the case of revenues recognized at the time, the Group has made a judgment that the licenses offered under SLS agreements have the nature of licenses with the right to use intellectual property, which means that the revenue from the sale of such licenses is recognized once, at the time of hand-over of control over the license to the customer.

In the case of granting access to the Silvair Platform, the Group estimated that the benefits are transferred at the time of activation of access to the Platform for each connected device.

Note 22.2 Sales revenues – geographic structure

Sales revenues (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Revenues from sales of products	3 853	2 160
Domestically	-	-
Within the European Union	1 421	719
In third countries	2 432	1 441
Revenues from sales of services and goods	574	369
Domestically	-	-
Within the European Union	179	92
In third countries	395	277
Total	4 427	2 529

Information on sales revenues – main buyers:

In 2025, the Group generated sales exceeding 10% of consolidated revenues in cooperation with two buyers:

- buyer A: 26.88 % of the Group's total consolidated sales revenues,
- buyer B: 18.03 % of the Group's total consolidated sales revenues.

In 2024, the Group generated sales exceeding 10% of consolidated revenues in cooperation with three buyers:

- buyer A: 21.30 % of the Group's total consolidated sales revenues,
- buyer B: 16.45 % of the Group's total consolidated sales revenues,
- buyer C: 15.60 % of the Group's total consolidated sales revenues.

The buyers listed above are not affiliates or subsidiaries of Silvair, Inc. In 2025 and in 2024, sales to 7 customers accounted for almost 77% of revenue. The Group systematically reduces its dependence on individual clients.

Information on sales revenues – geographic structure

Country	Sales to external customers	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
European Union, including Poland	USD	1 600	811
	%	36%	32%
Other countries	USD	2 827	1 718
	%	64%	68%
Total revenues	USD	4 427	2 529
	%	100%	100%

Note 23 Operating segments

Pursuant to IFRS 8, an operating segment is a component of an entity that is a profit center, that has discrete financial information available, and whose results are reviewed regularly by the entity's chief operating decision maker for purposes of performance assessment and resource allocation.

The segments have been distinguished taking into account the uniqueness of the Group's activity and its directions of development, and the possibility of generating revenues by such segments in the long run. It was taken into account whether there is a significant possibility of allocating the costs and assigning the assets to the distinguished segments.

Currently, the Group distinguishes 3 segments: Lighting Control, Smart Lighting Services, and Smart Building Management. In the reporting period, the Group earned revenues only in the Lighting Control segment. Revenues in other two segments are expected to show up in upcoming years.

General and administrative expenses, selling and distribution expenses, other operating income and costs, financing of the Group (including financial income and expenses) and income tax are not monitored on the segment level, hence these items are not allocated to segments. The Board does not analyze cash flows by segment either. These items are presented as unallocated to segments.

The table below presents the key figures reviewed by the chief decision maker in the Company.

Operating segment information from 01.01.2025 to 31.12.2025

Segment type (amounts in USD thousand)	Lighting Control	Items not allocated to segments	Total
Revenues and expenses			
Sales to external customers	4 427	-	4 427
Inter-segment sales	-	-	-
Cost of sales	2 011	-	2 011
Income and expenses (operating and other operating)	102	-1 498	-1 395
EBIT	2 518	-1 498	1 020
Net financial income (costs)	-	-364	-364
Share in profits of associates	-	-	-
Gross profit	2 518	-1 862	656
Income tax (current and deferred)	-	141	141
Net profit for the reporting period	2 518	-2 003	515
Assets			
Costs of development work (carrying amount of assets)	13 624	-	13 624
Receivables	678	-	678
Unallocated assets	-	1 715	1 715
Total assets			16 017
Liabilities			
Financial liabilities	-	4 460	4 460
Liabilities from contracts with customers	690	-	690
Unallocated liabilities	-	1 177	1 177
Total liabilities			6 327
Other information	-	-	-
Depreciation and amortization	2 011	201	2 212

Operating segment information from 01.01.2024 to 31.12.2024

Segment type (amounts in USD thousand)	Lighting Control	Items not allocated to segments	Total
Revenues and expenses			
Sales to external customers	2 529	-	2 529
Inter-segment sales	-	-	-
Cost of sales	1 680	-	1 680
Income and expenses (operating and other operating)	96	-1 562	-1 466
EBIT	945	-1 562	-617
Net financial income (costs)	-	-136	-136
Share in profits of associates	-	-	-
Gross profit	945	-1 698	-753
Income tax (current and deferred)	-	35	35
Net profit for the reporting period	945	-1 733	-788
Assets			
Costs of development work (carrying amount of assets)	11 682	-	11 682
Receivables	649	-	649
Unallocated assets	-	1 052	1 052
Total assets			13 383
Liabilities			
Financial liabilities	-	3 910	3 910
Liabilities from contracts with customers	553	-	553
Unallocated liabilities	-	1 337	1 337
Total liabilities			5 800
Other information	-	-	-
Depreciation and amortization	1 680	141	1 821

Information about segments broken down by regions, product lines and recognition time

(Amounts in USD thousand)		01.01.2025 - 31.12.2025		
Segment type	Lighting Control	Items not allocated to segments	Total	
Region				
European Union	1 600	-	1 600	
Other countries	2 827	-	2 827	
Poland	-	-	-	
Total	4 427	-	4 427	
Product/service type				
Firmware license	1 390	-	1 390	
Activation	2 462	-	2 462	
Maintenance	243	-	243	
Components	304	-	304	
Other	28	-	28	
Total	4 427	-	4 427	
Delivery date				
At the time	3 944	-	3 944	
Over time	483	-	483	
Total	4 427	-	4 427	

(Amounts in USD thousand)		01.01.2024 - 31.12.2024		
Segment type	Lighting Control	Items not allocated to segments	Total	
Region				
European Union	811	-	811	
Other countries	1 718	-	1 718	
Poland	-	-	-	
Total	2 529	-	2 529	
Product/service type				
Firmware license	921	-	921	
Activation	1 239	-	1 239	
Maintenance	189	-	189	
Components	180	-	180	
Other	-	-	-	
Total	2 529	-	2 529	
Delivery date				
At the time	2 181	-	2 181	
Over time	348	-	348	
Total	2 529	-	2 529	

Note 24 Other operating income

Other operating income (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Profit on the sale of non-financial non-current assets	7	-
Revaluation of non-financial assets	12	-
Released public and legal receivables	-	-
Other operating income	110	103
Total	129	103

In 2025, the item Other operating income consists of, among others, grants settled over time (USD 102 thousand) and income from partial payment of additional employee benefits (USD 7 thousand).

Note 25 Other operating expenses

Other operating expenses (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Loss on sale of non-financial assets	-	-
By segments:		
Lighting Control	-	-
Other	-	-
Revaluation of non-financial assets	-	8
By segments:		
Lighting Control	-	8
Other	-	-
Other operating expenses	24	39
Total	24	47

In 2025, the item Other operating expenses includes, among others, receivables written off as uncollectible in the amount of USD 3 thousand, costs of additional employee benefits in the amount of USD 7 thousand, and taxes other than income taxes in the amount of USD 14 thousand.

The costs related to the revaluation of assets are described in Notes 1.1 and 1.2, and in Notes 6 and 7.

Note 26 Breakdown of costs

Cost items (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Depreciation and amortization	2 212	1 821
Consumption of materials and energy	187	139
External services	2 024	1 916
Taxes and fees	-	-
Payroll	980	974
Social security and other benefits	209	209
Other costs by nature	157	101
Value of goods and materials sold	-	-
Total costs by type	5 769	5 160
Movement in inventory of products and production cost of products for own use (development work)	2 257	1 958
Cost of sales	2 011	1 680
Selling and distribution expenses	601	503
General and administrative expenses	900	1 019
Total costs by function	3 512	3 202

Since the Company recognizes costs using the accrual method, some of the costs recognized in the Profit and loss account are costs recognized as a result of estimations pertaining to, for example, expected costs associated with unused vacation time and bonus payments.

Note 27 Financial income

Financial income (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Interest, including:	-	-
Interest on bank deposits and accounts	-	-
Income from sale of financial assets	-	107
Reversal of write-downs on financial assets	-	81
Foreign exchange differences	-	-
Total financial income	-	188

In 2024, financial income related to the sold shares in S-Labs, which is described in Note 4 Financial assets (long-term) of the annual consolidated financial statements for 2024, and to the reversal of the impairment loss on these shares recognized in 2017.

Note 28 Financial costs

Financial costs (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Costs of financial assets sold	-	88
Interest, including:	185	177
To other entities, including:	185	177
Interest on financial liabilities	182	176
Interest on received loans	-	-
Interest on lease agreements	3	1
Foreign exchange differences	174	54
Other	5	5
Financial costs	364	324

In 2024, the costs of sold financial assets relate to the sold shares in S-Labs.

Note 29 Reconciliation of the main items differentiating the income tax basis from the pre-tax financial result

Item (amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Profit before tax	656	-753
Costs not classified as tax-deductible expenses, including:	617	410
Depreciation and amortization	226	213
PFRON disability fund tax	-	-
Recognition of provisions	33	-
Unpaid payroll and social security contributions	2	2
Foreign exchange differences in the balance sheet	130	97
Impairment losses	-	8
Other costs, including:	226	90
Valuation of stock options (Note 30)	40	84
Costs of the previous year recognized as tax-deductible expenses in the current year	1	2
Social security contributions (ZUS) from November-December of the previous year, paid in January of the next year	1	2
Other	-	-
Revenues that are not tax revenues	216	249
Unpaid interest	-	-
Reversal of impairment losses	101	95
Grant	102	96
Other	13	58
Previous year revenues subject to taxation in the current year	57	179
Interest paid	-	-
Increase in revenues (balance sheet revenues settled over time)	57	179
Income / loss	1 113	-415

Deductions from income	-	-
Taxation base	1 113	-415
Tax – Parent Company	-	-
Impact of movement in asset on deferred tax	-145	-35
Impact of movement in liability on deferred tax	-4	-4
Total charges to profit before tax	-141	-35

The tax rate applicable to the parent company is 27.98% and includes federal tax and state tax.

Reconciliation of the income tax calculated using the tax rate applied by the Parent Company on the result before taxation with the income tax shown in the consolidated statement is as follows:

(Amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Pre-tax result	656	-753
Tax rate applied by the Company after adjusting for federal benefits - including federal tax and state tax	27,98%	27,98%
Tax rate applied by subsidiaries	19%	19%
Income tax according to the domestic rate of the Parent Company	-	-
Income tax reconciliation on account of:		
Change in deferred tax liability on account of the difference between the tax value and the carrying amount of completed development works	-4	-4
Change in the deferred tax asset on account of development tax losses	145	35
Tax paid in Poland	-	4
Tax paid in the United States	-	-
Income tax	141	35

Note 30 Share-based payment agreements

Description of the agreements:

On 7 October 2016, the Board of Directors adopted a resolution on the introduction of the "2016 Stock Plan" specifying the rules for granting and exercising rights to acquire shares by employees and associates of the Company (Option Plan).

On 14 October 2016, the Parent company signed a KPI Agreement, as amended by annex of 18 December 2017, setting forth the terms and conditions for granting stock options to the beneficiaries named in the agreement (i.e. members of the management board, key employees and associates of the Entity) under two option pools. As part of the "Option Pool" a total of 971,000 shares were to be awarded, and as part of the "Additional Option Pool" - a total of 482,000 shares were to be awarded.

The Group considers the date of signing the KPI Agreement as the option granting date within the meaning of IFRS 2.

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 Company's 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.

Summary of information on share-based payment programs launched at the Group as at 31 December 2025 is presented in the table below:

Option Plan	Program I	Program II	Program III	Program IV
Formal basis	KPI Agreement „Option Pool”	KPI Agreement „Additional Option Pool”	Resolution of the Board of Directors „Option Pool 2020”	Resolution of the Board of Directors „Option Pool 2025”
Program launch date	14.10.2016	14.10.2016	31.03.2020	25.02.2025
Number of shares in the pool	971 000	482 000	547 000	500 000
Option exercise price (USD)	0,10	0,10	0,10	0,10
Price of shares listed on the WSE as at the program launch date (USD)	n/a	n/a	0,61	0,66
Number of shares granted under the concluded option contracts	971 000	478 241	544 061	55 200
Number of shares acquired in the exercise of options	956 000	377 608	517 825	27 600

Option exercise structure in the period	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Pool of shares under the Option Plan	2 500 000	2 000 000
Number of shares available under the Option Plan at the beginning of the period	6 698	4 198
Increase of the pool of shares under the Option Plan	500 000	-
Number of shares granted under concluded option agreements	55 200	-
Number of shares taken up in exercise of the options	41 115	42 600
Number of shares remaining to be taken up in subsequent periods under option agreements	169 469	155 384
Number of shares released upon expiration of options	-	2 500
Number of shares to be granted under further option agreements at the end of the period	451 498	6 698

As at the publication date, the total number of shares taken up in exercise of the options amounted to 1,888,233.

The Group has measured the fair value of services received in exchange for equity instruments indirectly, by reference to the fair value of the equity instruments granted. The fair value of options awarded under the KPI Agreement was estimated by an independent expert using modern financial engineering methods. The Hull-White model was used to measure the fair value of the options granted, with the following assumptions:

- Stock price at the beginning of the period = \$3.33.
- Strike price of the option = \$0.10.
- Risk-free interest rate = 2.455%.
- Dividend yield = 0%.
- Parameter $M = 3$.
- Parameter $e\Delta t = 0\%$.
- Stock price volatility (σ) = 46.6%.

For the options granted after the public issue of the parent company's shares, the services received in exchange for equity securities were valued using the fair value determined indirectly by reference to the stock price on the date of granting the options.

Impact of share-based payment transactions on the Group's result in the reporting period – valuation of options:

(Amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Management costs	40	84
Capital from revaluation of options	40	84

Impact of option exercise, change in the structure of the Group's consolidated equity in the reporting period:

(Amounts in USD thousand)	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Other capital	40	42
Capital from revaluation of options	-44	-42

The change in capital from revaluation of options in the period from 1 January 2025 to 31 January 2025 results from the exercise of 41,115 stock options and revaluation of the remaining options in the vesting period. The total value of shares taken up in performance of option contracts in the period from 1 January to 31 December 2025 was USD 41.1 thousand.

The change in capital from revaluation of options in 2024 results from the exercise of 42,600 stock options and revaluation of the remaining options in the vesting period. The total value of shares taken up in performance of option contracts in 2024 was USD 42 thousand.

Estimates:

The Group has measured the fair value of services received as consideration for equity instruments indirectly, by reference to the fair value of the equity instruments granted. The fair value of awarded options was estimated by an independent expert using modern financial engineering methods and the assumptions were presented in the note above. In the case of awarding further options from the available pool, the valuation will be carried out on the basis of the current stock price from the date of award. A significant increase of the stock price in the future may have significant impact on the value of the costs recognized on account of the option plan.

Note 31 Material events after the balance sheet date

Resignation of a Member of the Board of Directors from his position

On 13 February 2026, Mr. Paweł Szymański resigned from his position as a Director on the Board of Directors and as a Member of the Company's Audit Committee.

Information about the General Meeting of Shareholders

On 4 March 2026, in Current Report no. 3/2026, Silvair, Inc. announced that it would convene a General Meeting of Shareholders for 23 April 2026, at 5:00 p.m. Central European Time / 8:00 a.m. Pacific Time ("General Meeting"). The purpose of the General Meeting is to consider and adopt motions for approval of: an amendment to the Company's Articles of Association to increase the target number of Common Shares; an amendment to the Company's Articles of Association to incorporate the provisions of Delaware law relating to executive indemnity; an extension of the Company's 2016 Stock Plan; and any other matters placed on the agenda.

Participation in the Light + Building 2026 fair

After the reporting period, the Company's representatives participated in the Light + Building 2026 trade fair, which took place from March 8 to March 13 in Frankfurt am Main, the most important event for the building technology industry in Europe. The Company was present in a shared exhibition space organized by the DALI Alliance, which facilitated meetings with partners and potential clients. The fair confirmed the growing importance of open standards, particularly the Bluetooth NLC technology, which was perceived as one of the main directions of market development. At the same time, the interest in proprietary solutions is declining. The event also highlighted the increased demand for comprehensive solutions beyond lighting control, including automated testing of emergency lighting and integration with heating, ventilation, and air conditioning (HVAC) systems. At the same time, in the context of growing regulatory requirements in Europe, technological sovereignty, data security, and data storage are all becoming increasingly important, which favors solutions developed based on European standards. Participation in the fair allowed for numerous meetings with both the Company's existing partners and potential new customers, and some of the initiated discussions are already being continued in subsequent stages of cooperation.

Note 32 Information on joint ventures

There were no joint ventures in the current and previous financial year.

Note 33 Financial risk management objectives and principles

The Group's operations are exposed to the following types of financial risk:

- credit risk,
- liquidity risk,
- market risk,
- currency risk,
- interest rate risk,
- other price risk.

Credit risk is the risk that one party to a financial instrument fails to discharge its obligation to the Group causing financial loss for the Group. Credit risk arises in receivables, cash and cash equivalents, deposits, bonds purchased and security deposits paid. Impact of credit risk on the Group's main operating segments: production of software for remote communication between devices and smart lighting systems, due to its nature, is not exposed to a significant level of this type of risk. Sales in these segments are largely to a stable client base and are made on deferred payment terms. The Group's counterparties are mainly companies with an established market and financial position, which means that the exposure to individual credit risk is not high. The Group applies internal procedures and mechanisms that mitigate this risk: appropriate client selection, new clients review system and ongoing monitoring of amounts receivable. The Group consistently pursues the recovery of overdue receivables. The Group's credit risk is verified with the use of the model of % share of unpaid receivables in specific time intervals (the model description is included in the section "Description of adopted accounting policies"). The Group invests its cash in reliable financial institutions (selected on the basis of ratings). The Group is exposed to immaterial levels of credit risk.

Liquidity risk is the risk that arises when the Group meets difficulties in fulfilling its obligations related to financial liabilities.

Considering the stage of the Group's development, the pace of adoption of the developed technology and the innovative nature of the products based on this technology, we are exposed to a risk that we will not be able to fulfil our obligations when due, in particular due to limited access to funding, failure to earn revenues, delay in earning revenues or earning lower future revenues than assumed, or increased costs resulting from the development of our activity, or other factors. In addition, we are exposed to the risk of key clients failing to meet their contractual obligations towards the Group's companies. The Group takes a number of actions aimed at securing the funding for its current and future capital requirements, primarily through concentrating efforts on commercialization of its products, in parallel with efforts aimed at achieving the breakeven point as soon as practicable, and raising funding in the transition period from: issue of convertible notes, stock issue addressed to existing shareholders and a group of new investors, and research and development support programs (subsidies).

In 2025, the Group raised funds from the issue of bonds and shares. The Company monitors the risk of shortage of funds through periodic liquidity planning, taking into account the payment due/maturity of assets and liabilities, and projected cash flows from operating activity.

Financial liabilities by maturity date as at 31.12.2025

(Amounts in USD thousand)	On demand	Under 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years
Bank loans and borrowings	-	-	-	-	-
Bond liabilities*	-	285	2 819	1 088	-
Trade liabilities	2	263	-	-	-
Lease liabilities	-	15	59	194	-
Total	2	563	2 878	1 282	-

The measurement at amortized cost does not differ materially from the carrying amounts. The difference between the value of the amount due and the value according to the measurement at amortized cost for the bond liabilities amounts to USD 7 thousand.

Financial liabilities by maturity date as at 31.12.2024

(Amounts in USD thousand)	On demand	Under 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years
Bank loans and borrowings	-	-	-	-	-
Bond liabilities	-	273	2 696	941	-
Trade liabilities	2	261	-	-	-
Lease liabilities	-	4	5	-	-
Total	2	538	2 701	941	-

As at the date of publication of the financial statements, in connection with signed annexes to the bond purchase agreements, the maturity date for all bonds was extended and falls within a period of one to five years.

The measurement at amortized cost does not differ materially from the carrying amounts. The difference between the value of the amount due and the value according to the measurement at amortized cost for the bond liabilities amounts to USD 7 thousand.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Because of the global character of the business conducted by Silvair, Inc. Group, in which most of the revenues are generated in USD and EUR, while most expenses are incurred in PLN, the Group is exposed to risk related to sudden changes in exchange rates, including in particular appreciation of PLN. The Group monitors the currency rates. Once significant revenues appear and the current liquidity situation improves, the Group will take steps to use instruments hedging sudden exchange rate fluctuations. The impact of changes in exchange rates is shown in the tables in the further part of the note.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not invest any surplus funds in interest-bearing assets based on floating interest rates and accordingly it is not exposed to the risk related to changes in interest rates. The principal risk of changes in interest rates is related to debt instruments. In 2025 and 2024, the Group did not use any external debt instruments with a floating interest rate (loans and bonds), the interest rate on which would depend on changes in interest rates. Accordingly, it was not exposed to changes in cash flows resulting from changes in interest rates.

Other price risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The Group does not use financial instruments associated with price risk. The Group is not exposed to other price risk.

The Group's financial risk management is coordinated by the Parent Company in close collaboration with the Boards of its subsidiaries. In the risk management process, these are the most important goals:

- secure short- and medium-term cash flows,
- stabilize fluctuations in the Group's financial performance,
- fulfil planned financial forecasts by meeting relevant budget assumptions,
- achieve a rate of return on long-term investments and obtain optimal sources of funding for investment activities.

The Group does not execute transactions on financial markets for speculative purposes.

The main financial instruments used by the Parent Company and its subsidiary include loans, cash, short-term deposits and bonds. The Group also holds other financial instruments, such as trade receivables and payables, which arise directly from its activities. The Group does not classify any instruments categorized as loans and borrowings to financial liabilities designated for measurement at fair value through profit or loss. All loans, borrowings and other debt instruments are carried at amortized cost using the effective interest rate. The Group assesses the risk associated with concentration of business partners, foreign currencies, markets and debt instruments as low.

Classification of financial instruments according to IFRS 9

Financial assets by balance sheet item (amounts in USD thousand)	31.12.2025 fair value	31.12.2025 carrying amount	Classification of financial instruments according to IFRS 9 (carrying amount)			Other
			Measured at fair value through profit or loss	Measured at fair value with changes through other comprehensive income	Measured at amortized cost	
Financial assets						
Interest and shares	-	-	-	-	-	-
Trade receivables	678	678	-	-	678	-
Cash	729	729	-	-	729	-

Financial liabilities by balance sheet item (amounts in USD thousand)	31.12.2025 fair value	31.12.2025 carrying amount	Classification of financial instruments according to IFRS 9 (carrying amount)		
			Measured at fair value through profit or loss	Measured at amortized cost	Measured at fair value through other comprehensive income
Financial liabilities					
Financial leases	268	268	-	268	-
Debt securities	4 192	4 192	-	4 192	-
Trade liabilities	265	265	-	265	-

Financial assets by balance sheet item (amounts in USD thousand)	31.12.2024 fair value	31.12.2024 carrying amount	Classification of financial instruments according to IFRS 9 (carrying amount)			Other
			Measured at fair value through profit or loss	Measured at fair value with changes through other comprehensive income	Measured at amortized cost	
Financial assets						
Interest and shares	-	-	-	-	-	-
Trade receivables	649	649	-	-	649	-
Cash	277	277	-	-	277	-

Financial liabilities by balance sheet item (amounts in USD thousand)	31.12.2024 fair value	31.12.2024 carrying amount	Classification of financial instruments according to IFRS 9 (carrying amount)		
			Measured at fair value through profit or loss	Measured at amortized cost	Measured at fair value through other comprehensive income
Financial liabilities					
Debt securities	3 910	3 910	-	3 910	-
Trade liabilities	263	263	-	263	-

Revenue, cost, profit and loss line items recognized in the statement of comprehensive income, by financial instrument category

Year ended 31.12.2025

Financial assets (amounts in USD thousand)	Category under IFRS 9	Interest income / (expense)	Foreign exchange gains / (losses)	Reversal / (recognition) of impairment losses	Gains / (losses) on measurement	Total
Trade receivables	C	-	-34	12	-	-22
Cash and cash equivalents	C	-	-110	-	-	-110
Total		-	-144	12	-	-132
Financial liabilities						
Bank loans and borrowings	F	-	-	-	-	-
Leases	F	-3	-	-	-	-3
Bond liabilities	F	-182	-	-	-	-182
Trade liabilities	F	-	-30	-	-	-30
Total		-185	-30	-	-	-215

Abbreviations used:

A - Financial assets measured at fair value through profit or loss

B - Financial assets measured at fair value through other comprehensive income

C - Financial assets measured at amortized cost

D - Financial liabilities measured at fair value through profit or loss

E - Financial liabilities measured at fair value through other comprehensive income (hedge accounting)

F - Financial liabilities measured at amortized cost

Year ended 31.12.2024

Financial assets (amounts in USD thousand)	Category under IFRS 9	Interest income / (expense)	Foreign exchange gains / (losses)	Reversal / (recognition) of impairment losses	Gains / (losses) on measurement	Total
Trade receivables	C	-	26	-8	-	18
Cash and cash equivalents	C	-	-87	-	-	-87
Total		-	-61	-8	-	-69
Financial liabilities						
Bank loans and borrowings	F	-	-	-	-	-
Leases	F	-1	-	-	-	-1
Bond liabilities	F	-176	-	-	-	-176
Trade liabilities	F	-	7	-	-	7
Total		-177	7	-	-	-170

Abbreviations used:

A - Financial assets measured at fair value through profit or loss

B - Financial assets measured at fair value through other comprehensive income

C - Financial assets measured at amortized cost

D - Financial liabilities measured at fair value through profit or loss

E - Financial liabilities measured at fair value through other comprehensive income (hedge accounting)

F - Financial liabilities measured at amortized cost

Sensitivity analysis

As at 31 December 2025 and as at the end of 2024, the Group did not hedge its transactions denominated in foreign currencies.

The following table presents the sensitivity of the gross financial result (due to movement in the fair value of cash assets and liabilities) to reasonable fluctuations in the exchange rate of the US dollar ("USD"), assuming that other factors remain unchanged.

According to the Group's estimates, the impact of exchange rate fluctuations on the Group's equity and total comprehensive income would be similar to the impact on the gross financial result when income tax is taken into account.

Currency risk 01.01.2025 – 31.12.2025

The tables depict the effects of fluctuations in the USD/PLN exchange rate, i.e. the exchange rate between only those currencies that are relevant to the Group's companies.

Financial instruments by balance sheet items (amounts in USD thousand)	Carrying amount of financial instruments	Effect on pre-tax financial result (10% increase)	Effect on equity (10% increase)	Effect on pre-tax financial result (10% decrease)	Effect on equity (10% decrease)
Financial assets					
Interest and shares	-	-	-	-	-
Trade receivables	678	-28	-	28	-
Cash, including:	729	-30	-	30	-
Cash in bank	728	-30	-	30	-
Financial liabilities					
Financial leases	268	27	-	-27	-
Trade liabilities	265	30	-	-30	-

Currency risk 01.01.2024 – 31.12.2024

Financial instruments by balance sheet items (amounts in USD thousand)	Carrying amount of financial instruments	Effect on pre-tax financial result (10% increase)	Effect on equity (10% increase)	Effect on pre-tax financial result (10% decrease)	Effect on equity (10% decrease)
Financial assets					
Interest and shares	-	-	-	-	-
Trade receivables	649	-28	-	28	-
Cash, including:	277	-12	-	12	-
Cash in bank	276	-12	-	12	-
Financial liabilities					
Trade liabilities	263	46	-	-46	-

Financial instruments by currency

Year ended 31.12.2025

Financial assets (amounts in thousands)	USD	PLN	EUR	Total
Interest and shares	-	-	-	-
Trade receivables	397	-	281	678
Cash and cash equivalents, including:	431	22	276	729
Cash in bank	431	21	276	728
Financial liabilities (amounts in thousands)	USD	PLN	EUR	Total
Bank loans and borrowings, including:	-	-	-	-
Long-term	-	-	-	-
Short-term	-	-	-	-
Financial leases	-	268	-	268
Bond liabilities	4 192	-	-	4 192
Trade liabilities	101	164	-	265

Year ended 31.12.2024

Financial assets (amounts in thousands)	USD	PLN	EUR	Total
Interest and shares	-	-	-	-
Trade receivables	375	-	274	649
Cash and cash equivalents, including:	151	87	39	277
Cash in bank	151	86	39	276
Financial liabilities (amounts in thousands)	USD	PLN	EUR	Total
Bank loans and borrowings, including:	-	-	-	-
Long-term	-	-	-	-
Short-term	-	-	-	-
Financial leases	-	9	-	9
Bond liabilities	3 910	-	-	3 910
Trade liabilities	97	166	-	263

Note 33.2 Capital risk management

The Group manages capital to maintain capacity to continue its activity, taking into account the implementation of planned investments, so that it can generate returns for shareholders and bring benefits to other stakeholders, and also to maintain the optimum capital structure to reduce its cost. In line with the market practices, the Group is monitoring capital i.a. on the basis of the debt ratio. The debt ratio is calculated as the ratio of debt to financial capital. Debt is calculated as the sum of financial liabilities (loans, borrowings, leases), while financial capital is the sum of equity and financial liabilities. In order to maintain financial liquidity and credit capacity that would enable the Group to raise external financing at a reasonable cost, the Group assumes that its equity ratio will be maintained at no more than 50%.

Item (amounts in USD thousand)	31.12.2025	31.12.2024
Debt	268	9
Equity	9 690	7 583
Total financial capital	9 958	7 592
Debt ratio	2,69%	0,12%

Note 34 Employment in the Group

Item (in persons)	Average headcount in the period 01.01.2025 – 31.12.2025		
	Total	White-collar employees	Blue-collar employees
Silvair, Inc.	-	-	-
Silvair Sp. z o. o.	22	22	-
Total	22	22	-

Item (in persons)	Average headcount in the period 01.01.2024 – 31.12.2024		
	Total	White-collar employees	Blue-collar employees
Silvair, Inc.	-	-	-
Silvair Sp. z o. o.	23	23	-
Total	23	23	-

Note 35 Entity authorized to audit financial statements

Grant Thornton Polska Prosta Spółka Akcyjna with its registered office in Poznań, ul. Abpa Antoniego Baraniaka 88E, audited the annual standalone financial statements of Silvair, Inc. prepared as at 31.12.2025 and as at 31.12.2024, audited the annual consolidated financial statements of the Group prepared as at 31.12.2025 and as at 31.12.2024, and reviewed the interim consolidated financial statements of the Group as at 30.06.2025 and as at 30.06.2024. According to the agreement, the total remuneration due to the contractor for performing the audits and reviewing the financial statements for 2025 amounts to PLN 138,900 net. According to the agreement, the total remuneration due to the contractor for performing the audits and reviewing the financial statements for 2024 amounts to PLN 138,900 net.

Note 36 Loans granted by the Group to persons comprising management and supervisory bodies

In the financial period, the Group did not conduct transactions with Members of the Board of Directors, Officers, Management Board Members or Supervisory Board Members or their spouses, relatives by blood and by marriage, which would involve the granting of loans to the above persons.

Note 37 Compensation of key management personnel

Compensation of key management personnel on account of short-term employee benefits:

Item (amounts in USD thousand)	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Szymon Stupik	87	85
Adam Gembala	87	85
Rafał Han	87	85
Total compensation paid and due	261	255

Compensation of key management personnel under share-based payment agreements did not occur in the balance sheet year or in the preceding year.

Total compensation of key personnel

Total compensation of key management personnel (amounts in USD thousand)	01.01.2025 – 31.12.2025	01.01.2024 – 31.12.2024
Szymon Stupik	87	85
Adam Gembala	87	85
Rafał Han	87	85
Total compensation	261	255

Note 13 presents costs captured in the consolidated profit and loss account related to the valuation of options from the Additional Option Pool referred to in Note 30.

Note 38 Related party transactions

Transactions with parties related by equity with the Parent Company

Parties related by equity with the Parent Company:

- Silvair Sp. z o.o.

The Parent company holds directly 100% shares in Silvair Sp. z o. o.

The following transactions were effected in the reporting period between parties related by equity:

Loan agreement between Silvair, Inc. (lender) and Silvair Sp. z o.o (borrower).

As at 31 December 2025, Silvair Sp. z o. o. posted a liability on account of the loan from Silvair, Inc. in the amount of USD 790 thousand. As at 31 December 2024, Silvair, Inc.'s receivable under the loan granted to Silvair Sp. z o.o. amounted to USD 1.2 million.

The Group assumes that the granted loan will be settled through conversion to capital.

Loan agreement between Silvair Sp. z o.o. (lender) and Silvair, Inc. (borrower).

As at 31 December 2025 and 31 December 2024, Silvair, Inc. had accrued interest on the loan outstanding in the amount of USD 1 thousand. At this moment, Silvair, Inc. does not anticipate any circumstances in which it would take out further installments of the loan.

Trade settlements within the Group

As at 31 December 2025 and as at 31 December 2024, Silvair, Inc. and Silvair Sp. z o.o. posted no mutual trade receivables or liabilities.

In 2025 and 2024, apart from loans, there were no other transactions between the Group's companies.

If transactions or mutual liabilities and receivables occurred in the reporting period between the companies, they would be excluded from these annual consolidated statements.

Entities having personal ties with the Group's companies

Transactions between entities with personal ties:

As at 31 March 2025, the subsidiary Silvair Sp. z o.o. terminated the lease agreement for the premises at ul. Jasnogórska, leased from Centrum Jasnogórska 44 Spółka z o.o. with its registered office in Kraków, taxpayer identification no. NIP 6770050681, entered in the National Court Register under file no. 0000131205. Centrum Jasnogórska 44 is related to the issuer through the person of Mr. Szymon Słupik, who is its shareholder and vice-president of the board, while at the same time being a member of the Board of Directors (Shareholder) of the Parent Company, Silvair, Inc.

In the first quarter of 2025 and in 2024, the Group leased space from Centrum Jasnogórska 44 Spółka z o.o. where the total cost (rent and utility costs) amounted to USD 36 thousand in the period from 1 January to 31 March 2025, and USD 162 thousand in the period from 1 January to 31 December 2024.

As regards the recognition of the above lease agreement in the statement of financial position, the Group presented it as lease according to IFRS 16.

As at 31 December 2025, the Group had no liabilities under the lease agreement towards the above-mentioned Company. As at 31 December 2024, the Group had a liability under the lease agreement towards the above-mentioned Company in the amount of USD 16 thousand.

Except as described above, the Group's key management personnel and their close family members did not control, jointly control or exert significant influence on and were not members of key personnel of the entities that entered in material transactions with the Group's Companies in the reporting period.

Note 38.1 Transactions with the key management personnel and shareholders

Key management personnel:

Key management personnel is comprised of the persons who, directly or indirectly, have the right to and are responsible for planning, managing and controlling of the group's activities.

In the reporting period, the key management personnel was comprised of:

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, Secretary and Treasurer

Paweł Szymański – Non-executive Director

Christopher Morawski – Non-executive Director

Transactions between the Group's Companies and key management personnel and/or shareholders:

As at 31 December 2025, Silvair, Inc. held a liability on account of convertible bonds toward companies related personally to Christopher Morawski, who is a member of the Board of Directors of Silvair, Inc., i.e. a liability to Trikon LLC in the amount of USD 1.3 million.

As at 31 December 2025 and as at 31 December 2024, the subsidiary Silvair Sp. z o.o. posted no other liabilities toward shareholders or the Board of Directors other than current liabilities on account of compensation and business travels.

Note 39 Minority interest

There was no minority interest as at 31 December 2025 or 31 December 2024. Information on the above mentioned minority interest is provided in Note 14.3 Other capital.

Note 40 Subsidiaries with non-controlling interest

As at 31 December 2025 and as at 31 December 2024, there were no subsidiaries in the Group with non-controlling interest.

The annual consolidated financial statements for the period from 1 January to 31 December 2025 (including comparative data) were approved for publication by the Board of Directors on 14 April 2026.

Rafał Han

Chief Executive Officer

Szymon Słupik

Chief Technology Officer (CTO),
President of the Board of Directors

Adam Gembala

Chief Financial Officer,
Vice-President of the Board of Directors,
Secretary and Treasurer

Christopher Morawski

Director