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Independent Auditor's Report on Financial Statements

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For the Shareholders of Silvair, Inc.

Opinion

We have audited the financial statements of Silvair, Inc. (the Company) with its registered office in USA, San Francisco, 717 Market Street, Suite 100 prepared for the fulfillment of the obligations of the issuer of securities listed on the Warsaw Stock Exchange. The financial statements comprise the statement of financial position as of December 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year from January 1, 2018 to December 31, 2018, and notes, comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2018 and of its financial performance and of its cash flows for the financial year from January 1, 2018 to December 31, 2018 in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing (NSA) consistent with International Standards on Auditing adopted by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC Code) adopted by the National Council of Statutory Auditors' resolution No. 2042/38/2018 of March 13, 2018 together with the ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

The Board of Directors in the note to the financial statements *Basis of Going Concern* informed about preparing the financial statements on a going concern basis and presented activities taken to provide the Company with financing its operations in the foreseeable future, including plans to raise capital by issuing new shares or debt instruments. The condition described indicates the existence of significant uncertainty, which may raise significant doubts as to the Company's ability to continue as a going concern. In the aforementioned note, the Board of Directors also informed about signing the first contracts with clients that will generate revenues and cash. In the opinion of the Board of Directors of the Company, these activities will be successful, however, there is no such certainty. Our opinion is not modified in respect of this matter.

Key Audit Matters

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have not determined the key audit matters to be communicated in our report.

Corresponding Figures

As the financial statements of the Company for the year ended December 31, 2017 (preceding financial year) were not audited, the corresponding figures included in the accompanying financial statements are unaudited. Our opinion is not modified in respect of this matter.

Responsibilities of Board of Directors and Audit Committee for the Financial Statements

The Board of Directors of the Company is responsible for the preparation, of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations. The Board of Directors of the Company is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease the operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The other information comprises the Statement of Board of Directors on the Company's operations for the financial year ended December 31, 2018, the Corporate Governance which is a separate part of the Statement of Board of Directors on the Company's operations and the Annual Report for the year ended December 31, 2018 (but does not include the financial statements and our auditor's report thereon).



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Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for the preparation of the other information.

Responsibilities of the Auditor

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Additionally, according to the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent of the information required by law of a non-member state (Journal of Laws of 2018, item 757) (the Regulation on current and periodic information), we are obliged to express an opinion on whether the Company included the required information in the Corporate Governance Statement. We obtained the Statement of Board of Directors on the Company's operations prior to the date of this auditor's report, while the remaining parts of the Annual Report will be delivered later. If we conclude that there is a material misstatement in the Annual Report, we are required to communicate the matter to the Audit Committee.

Opinion on the Corporate Governance Statement

In our opinion, the Corporate Governance Statement includes the information required by Paragraph 70 clause 6 point 5 of the Regulation on current and periodic information. The information specified in Paragraph 70 clause 6 point 5 letters c-f, h and of the Regulation on current and periodic information included in the Corporate Governance Statement complies with applicable regulations and is consistent with the information included in the financial statements.

Basis for Audit

The accompanying financial statements is not annual financial statements within the meaning of regulations obtained in Poland. Our audit on the accompanying financial statements is not audit within the meaning of regulations on the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (Journal of Laws of 2017, item 1089 as amended).

Jan Letkiewicz

Statutory Auditor No. 9530

Key Audit Partner

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Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, April 30, 2019.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.