

SILVAIR, INC.
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Silvail, Inc., a Delaware corporation (the “Company”), will be held on December 14, 2020 at 6 p.m., C.E.T. / 9 a.m., P.S.T., via remote communication facilitated by Broadridge Financial Solutions for the purpose of considering and acting upon the following proposals:

1. To amend the Company’s Amended and Restated Certificate of Incorporation (the “Charter”) in order to increase the authorized number of shares of Common Stock.
2. To approve an increase in the number of shares of Common Stock reserved for issuance under the Company’s 2016 Stock Plan.
3. To transact such other business as may properly come before the meeting, or any postponement or adjournment of the meeting.

The record date for this Special Meeting is November 13, 2020 and persons who are stockholders according to the records of the Company at the close of business on said date may participate in and vote at the meeting or authorize another person to do so by proxy.

A complete alphabetical list of stockholders entitled to vote at this Special Meeting (including addresses and number of shares registered in the name of each such stockholder) will be kept on file at the Company's principal place of business at the address specified above and will be available for examination by the Company's stockholders during ordinary business hours commencing ten (10) days prior to this Special Meeting. This stockholder list will also be available at the Special Meeting and may be inspected at all times during such meeting by any stockholders of the Company present at such meeting.

All stockholders are cordially invited to attend the meeting “in person” virtually. Instructions to access the virtual meeting may be found on Exhibit A to this Notice. If you are unable to attend, to ensure the representation of your interests at the meeting, you are urged to sign and return the enclosed Proxy as promptly as possible in the postage prepaid envelope enclosed for that purpose. If you should attend the meeting, you may vote “in person” even though you returned a Proxy.

SILVAIR, INC.



Rafal Han, Chief Executive Officer

Date: November 13, 2020

SILVAIR, INC.

**SPECIAL MEETING OF STOCKHOLDERS
PROXY STATEMENT
DATED AS OF NOVEMBER 13, 2020**

INFORMATION CONCERNING SOLICITATION AND VOTING

General.

The enclosed Proxy is solicited on behalf of the Board of Directors (the “Board”) of Silvail, Inc. (the “Company”), for use at a Special Meeting of Stockholders to be held on December 14, 2020 at 6 p.m., C.E.T. / 9 a.m., P.S.T., or at any postponement or adjournment thereof, for the purposes set forth herein and in an accompanying Notice of Special Meeting of Stockholders. The Special Meeting will be held via remote communication facilitated by Broadridge Financial Solutions. Instructions to access the virtual session of the Special Meeting are given on Exhibit A hereto.

Record Date and Share Ownership.

Only stockholders of record at the close of business on November 13, 2020 are entitled to notice of and to vote at the meeting. As of the record date, 10,577,170 shares of Common Stock and 960,000 shares of Founders Preferred Stock were issued and outstanding.

Revocability of Proxies.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use either (i) by delivering to the Company (Attn: President) a written notice of revocation or a duly executed proxy bearing a later date, or (ii) by attending the Special Meeting of Stockholders and voting “in person.”

Voting and Solicitation.

Each share of Common Stock entitles its holder to one vote and each share of Founders Preferred Stock entitles its holder to six votes for each share of Common Stock into which such share of Founders Preferred Stock could be converted.

Votes cast by proxy or “in person” at the Special Meeting will be tabulated by the Inspector of Elections. Only stockholders of record are entitled to vote “in person,” and beneficial owners may not directly cast votes. The Inspector of Elections will also determine whether or not a quorum is present. The affirmative vote of a majority of shares present “in person” or represented by proxy at a duly held meeting at which a quorum is present is required under Delaware law for approval of proposals presented to stockholders. In general, Delaware law also provides that a quorum consists of a majority of the shares entitled to vote, represented either “in person” or by proxy. The Inspector of Elections will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as not voting for purposes of determining the approval of any matter submitted to the stockholders for a vote.

The shares represented by the proxies received, properly marked, dated, signed and not revoked will be voted at the Special Meeting. Where such proxies specify a choice with respect to any matter to be acted on, the shares will be voted in accordance with the specifications made. Any proxy in the enclosed form which is returned but is not marked will be voted **IN FAVOR** of both Proposals, and as the proxy holder(s) deem(s) advisable on other matters that may come before the meeting, as the case may be with respect to the item not marked.

Depository matters.

Depository Trust Company, New York (“DTC”) acts as the depository for the Common Stock which are registered in the Polish National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.* (“KDPW”). Common Stock deposited with DTC are entered into the transfer agent’s and the registry entity’s records in the name of DTC’s nominee, Cede & Co. The Company’s register of stocks includes only the registered holders of Common Stocks, such as Cede & Co, holders of the Founders Preferred Stock and holders of the Common Stock which are not deposited with DTC. Consequently, the Company’s register of stocks does not include beneficial owners holding Common Stock through DTC or its direct or indirect participants. The Company treats Cede & Co as the owner of the Company’s Common Stock deposited with DTC, and only Cede & Co is entitled to rights arising from holding such stocks.

The Company has been advised that beneficial owners are able to exercise rights arising from the ownership of Common Stocks only based on applicable procedures and agreements binding between DTC and its direct and indirect participants, including KDPW, subject to all legal requirements binding at the particular time. Neither DTC nor the DTC nominee is authorized to consent or vote with respect to the stocks, unless it is authorized thereto by a direct participant in accordance with the procedure applicable at DTC. In accordance with the existing practice of DTC, a direct participant is involved in the process of granting consent or voting by DTC granting it an omnibus proxy. Direct and indirect participants will, on their side, request instructions from beneficial owners, in accordance with accepted practice, binding at the particular time. In accordance with the voting procedure and based on voting instruction received from each of beneficial owners, votes of each beneficial owner are cast with respect to any matter submitted to voting by stockholders.

The Company has been notified that voting procedure will be made through KDPW, in accordance with relevant regulations of DTC and participants of the DTC system providing the connection between KDPW and DTC. All services for the benefit of beneficial owners of Common Stock registered with KDPW in connection with voting will be made through KDPW, in accordance with relevant regulations and based on detailed information from the entity providing the connection between KDPW and DTC.

Actions of stockholders made in writing.

Notwithstanding the above, please note that under Section 228 of the Delaware General Corporate Law (the “DGCL”), unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the Company or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be: (a) signed by the holders of outstanding stock of the Company having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereat were present and voted and (b) delivered to the Company pursuant to the provisions of Section 228(a) of DGCL.

This is the first time the Company has used a virtual format for a shareholder meeting and has partnered with the facilitator of the meeting to implement procedures for virtual polling. The Company does not have any experience with the reliability of the procedures we have put into place, nor with the infrastructure of the facilitator.

PROPOSAL NO. 1
APPROVE AMENDMENT OF THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE AUTHORIZED NUMBER OF SHARES OF COMMON STOCK

The Board of Directors of the Company recommends a vote **FOR** the approval amendment of the Charter to increase the authorized number of shares of Common Stock from 13,369,110 to 18,477,283. Unless otherwise instructed, the proxy holder(s) will vote the proxies received by them in favor of Proposal No. 1.

The Charter current authorizes the issuance of up to 13,369,110 shares of Common Stock. The Board has unanimously approved, and recommends that stockholders approve, an amendment to the Charter to increase the number of shares of Common Stock the Company is authorized to issue from 13,369,110 to 18,477,283 (the “Charter Amendment”).

Rationale for the Charter Amendment and Factors to Consider

Between August 2019 and August 2020, the Company opportunistically accessed the convertible debt market, issuing \$5,512,000 aggregate principal amount of 5% Convertible Promissory Notes due anytime following the one-year anniversary of issuance (the “Convertible Notes”). On August 10, 2020, the Board approved the amendment and restatement of certain of the Convertible Notes with aggregate principal amount of \$3,712,000 to, among other things, alter the maturity date of such notes such that they be variously due on December 31, 2020, December 31, 2021, and December 31, 2022 (such notes, as amended, the “Amended Notes”).

The Company anticipates that the Convertible Notes will become convertible into a total of 3,665,863 shares of Common Stock, pursuant to their terms (such shares, the “Conversion Shares”). The Company seeks to reserve a number of shares of Common Stock sufficient to cover the Conversion Shares. As of November 13, 2020, 11,536,420 shares of Common Stock are issued and outstanding or reserved for issuance under the Company’s 2016 Stock Plan, with 872,690 shares of the total 13,369,110 shares authorized under the Charter remaining available for issuance.

As of November 13, 2020, the Company is in the process of effecting a private placement of 815,000 shares of Common Stock (the “Private Placement Shares”), in order to raise additional capital to fund the Company’s ongoing operations.

The Charter Amendment will enable the Company to reserve for issuance a number of shares of Common Stock sufficient to cover the Conversion Shares and Private Placement Shares and maintain a buffer amount of 1,500,000 shares of Common Stock authorized and available for reservation or issuance (the “Buffer Amount”).

The Board believes that the Buffer Amount will provide the Company with the necessary flexibility to utilize shares for various corporate purposes that may be identified in the future. These corporate purposes may include, but are not limited to, potential strategic transactions (such as mergers, acquisitions and other business combinations), stock dividends, equity or equity-linked offerings and other capital-raising or financing transactions, grants and awards under equity compensation plans, and other types of general corporate purpose transactions.

At this time the Company has no specific plans, arrangements or understandings to issue any of the shares of Common Stock that would be authorized by the Charter Amendment, other than the reservation and eventual issuance of the Conversion Shares. We believe that it is critical to have the flexibility to issue shares of Common Stock beyond the limited amount remaining, and we believe the failure to approve the proposed Charter Amendment would likely hinder our ability to pursue shareholder value-enhancing transactions.

The Board has not proposed the increase in the number of authorized shares with the intention of discouraging tender offers or takeover attempts of the Company. Rather, the proposed Charter Amendment has been prompted by business and financial considerations, as set out above, and it is the intended purpose of the Charter Amendment to provide greater flexibility to the Board in considering and planning for our potential future corporate needs. The availability of additional authorized shares for issuance may, however, have anti-takeover effects in that it may discourage a merger, tender offer, proxy contest or other attempt to obtain control of the Company. In this regard, if the Company was to become concerned that it may be a potential target of an unsolicited acquisition attempt, it could try to impede the acquisition by issuing additional shares of common stock or rights or other equity interests related thereto, thereby diluting the voting power of the other outstanding shares and increasing the potential cost to the bidder of the acquisition. We do not currently have a shareholder rights plan (commonly referred to as a “poison pill”) in place, nor does the Board currently have any plans to adopt any such plan or similar anti-takeover measures. The Board is not currently aware of any attempt or plan to acquire control of the Company.

The additional shares of Common Stock to be authorized by adoption of the Charter Amendment would have rights identical to our currently outstanding shares of Common Stock. Adoption of the proposed Charter Amendment would not affect the rights of the holders of currently outstanding shares of the Company’s Common Stock, except for effects incidental to increasing the number of shares of Common Stock outstanding, such as dilution of the earnings per share and voting rights of current holders of Common Stock, if and to the extent additional shares of Common Stock are ultimately issued. The proposed Charter Amendment will not affect the number of shares of preferred stock authorized.

Complete Text of Proposed Amendment

The general description of the proposed Charter Amendment is qualified in its entirety by reference to the text of the proposed Charter Amendment, which is provided as Appendix A to this proxy statement.

Approval of Proposal No. 1

The affirmative vote of the holders of a majority of the outstanding securities of the Company entitled to vote will be required to approve the Charter Amendment. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

If the Amendment is approved, it will become effective upon its filing with the Secretary of State of the state of Delaware, which will occur as soon as practicable after the approval.

PROPOSAL NO. 2
APPROVAL OF THE INCREASE IN THE NUMBER OF SHARES RESERVED UNDER THE
2016 STOCK PLAN

The Board of Directors of the Company recommends a vote **FOR** the approval of the increase in the number of shares reserved under the Company's 2016 Stock Plan. Unless otherwise instructed, the proxy holder(s) will vote the proxies received by them in favor of Proposal No. 2.

We are requesting that the stockholders approve an increase in the number of shares of Common Stock reserved for issuance under the Silvail, Inc. 2016 Stock Plan (the "Stock Plan") and such increase to the Stock Plan, the "Plan Increase"), by 547,000 shares, from 1,453,000 to 2,000,000. The Board adopted the Stock Plan on October 7, 2016, subject to stockholder approval, which was obtained on the same date. The Board adopted the Plan Increase on March 31, 2020, subject to stockholder approval.

The Board adopted the Stock Plan to provide a means to offer a competitive equity compensation program to secure and retain the services of high-caliber employees, directors, and consultants of the Company, to provide a means by which these eligible individuals may be given an opportunity to benefit from increases in the value of the Common Stock through the grant of stock awards, and to thereby align the long-term compensation and interests of those individuals with our stockholders.

Approval of the Plan Increase will allow us to continue to grant equity-based awards at levels determined appropriate by the Board. The Plan Increase will allow us to provide long term incentives that align the interests of the Company's employees, consultants and directors with the interests of our stockholders.

Information Regarding Past Grants

As of November 13, 2020, 124,438 shares of Common Stock (out of the 1,453,000 shares currently reserved under the Stock Plan), constituting approximately 1% of the Company on a fully diluted basis, remained available for grant under the Stock Plan. If our stockholders do not approve the Plan Increase, our ability to use equity-based compensation to attract, retain and motivate our employees, directors and consultants in what is an extremely competitive hiring environment would be constrained.

As of November 13, 2020, stock options to purchase approximately 834,812 shares were outstanding and awards other than stock options covering aggregate of 0 shares were outstanding. The weighted-average exercise price of all stock options outstanding as of November 13, 2020 was approximately \$0.22. A total of 10,577,170 shares of Common Stock were issued and outstanding as of November 13, 2020. As of November 12, 2020, the closing price of the Company's Common Stock as reported on the Warsaw Stock Exchange was PLN 7.52 per share.

Approval of Proposal No. 2

The affirmative vote of the holders of a majority of the outstanding securities of the Company entitled to vote will be required to approve the Plan Increase. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative

votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

If this Proposal No. 2 is approved by our stockholders, the Plan Increase will become effective as of the date of the Special Meeting. In the event that our stockholders do not approve this Proposal No. 2, the Plan Increase, as amended, will not become effective and the number of shares of Common Stock reserved for issuance under the Stock Plan will remain at 1,453,000 shares.

OTHER MATTERS

The Board knows of no other matters to be submitted to the meeting. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy will vote the shares they represent in such manner as the Board may recommend.

The Board of Directors
of Silvair, Inc.

SILVAIR, INC.
PROXY FOR SPECIAL MEETING OF STOCKHOLDERS

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS:

The undersigned hereby appoints [_____] or [_____] as the proxy of the undersigned (i) to attend the Special Meeting of Stockholders of Silvair, Inc. (the “Company”), to be held on December 14, 2020 at 6 p.m., C.E.T. / 9 a.m., P.S.T., via remote communication, and any postponement or adjournment thereof, and (ii) to vote on all matters set forth in the Notice and the Proxy Statement as follows:

1. The amendment of the Company’s Amended and Restated Certificate of Incorporation in order to increase in the number of shares of Common Stock authorized for issuance thereunder from 13,369,110 shares to 18,477,283 shares.

Proposal 1: APPROVED () DISAPPROVED ()

2. The increase in the number of shares of Common Stock reserved for issuance under the Silvair, Inc. 2016 Stock Plan by 547,000 shares, from 1,453,000 shares to 2,000,000 shares.

Proposal 2: APPROVED () DISAPPROVED ()

3. In their discretion on any other matter or matters that may properly come before said meeting or any postponement or adjournment thereof.

Authority to Vote APPROVED () DISAPPROVED ()

The Board of Directors of the Company recommends a vote **FOR** each of foregoing proposals.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFIC INDICATION ABOVE. IN THE ABSENCE OF SUCH INDICATION, THIS PROXY WILL BE VOTED **FOR** EACH OF THE PROPOSALS, AND ON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY POSTPONEMENT OR ADJOURNMENT OF THE MEETING.

The undersigned acknowledges receipt of a Notice and Proxy Statement regarding the foregoing matters.

Dated: _____

Signature of Stockholder

PLEASE PRINT NAME

Dated: _____

Signature of Stockholder

PLEASE PRINT NAME

I plan to attend the Special Meeting: Yes _____ No _____

Sign exactly as your name(s) appears on the stock certificate(s). A corporation is requested to sign its name by its President or other authorized officer, with the office held designated. Executors, administrators, trustees, etc., are requested to so indicate when signing. If a stock certificate is registered in two names or held as joint tenants or as community property, both interested persons should sign.

STOCKHOLDERS SHOULD SIGN THIS PROXY PROMPTLY AND RETURN IT IN THE ENCLOSED ENVELOPE.

PLEASE RETURN ALL PAGES OF THIS PROXY.

EXHIBIT A

Instructions to Access the Virtual Session of the Special Meeting of the Stockholders

Can I attend the Special Meeting?

We will be hosting the Special Meeting live via the Internet. **You will not be able to attend the Special Meeting in person.** Stockholders can listen to or participate in the Special Meeting live via the Internet at www.virtualshareholdermeeting.com/silvair2020

Our virtual Special Meeting allows stockholders to submit questions and comments 15 minutes before and during the meeting. After the meeting, we will spend up to 15 minutes answering stockholder questions that comply with the meeting rules of conduct; the rules of conduct will be posted on the virtual meeting web portal. To the extent time doesn't allow us to answer all of the appropriately submitted questions, we will answer them in writing on our investor relations website, at <https://silvair.com/investor-relations/about-company/>, soon after the meeting. If we receive substantially similar questions, we will group such questions together and provide a single response to avoid repetition.

The Special Meeting webcast will begin promptly at 6:00 p.m., Central European Time / 9:00 a.m., Pacific Time. We encourage you to access the Meeting webcast prior to the start time. Online check-in will begin, and stockholders may begin submitting written questions, at 5:45 p.m., Central European Time / 8:45 a.m., Pacific Time, and you should allow ample time for the check-in procedures.

What do I need in order to be able to participate in the Special Meeting?

Shareholders of record:

You will need the 16-digit control number included on your proxy card (if you received a printed copy of the proxy materials) or included in the email to you if you received the proxy materials by email, in order to be able to vote your shares or submit questions during the Special Meeting.

Beneficial Owners:

You will need to indicate your intent to attend the virtual meeting to your broker. They will supply a 16-digit control number that will allow entry to the virtual meeting platform and ability to submit questions to management. Beneficial owners will not be able to vote your shares during the Special Meeting.

Instructions on how to connect to the Special Meeting and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at www.virtualshareholdermeeting.com/silvair2020 **If you do not have your 16-digit control number, you will be able to access and listen to the Special Meeting but you will not be able to vote your shares or submit questions during the Special Meeting.**

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting or submitting questions. If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted on the Virtual Shareholder Meeting log in page.

APPENDIX A
Charter Amendment