

## Current Report No. 17/2020

**Date:** 2020-08-10

**Subject:** Update of information regarding the issue of securities by Silvair, Inc.

With reference to the current report of Silvair, Inc. (the “**Company**”) No. 15 of 8 August 2019, the Company announces that on 10 August 2020 the Company’s Board of Directors adopted resolutions regarding certain material amendments to the terms and conditions of the promissory notes convertible into the Company’s common shares that were issued in accordance with the decision of the Company’s Board of Directors of 8 August 2019 (the “**Amended Convertible Notes**”). All capitalized terms used and not otherwise defined herein have the meanings set forth in the Company’s current report No. 15 of 8 August 2019.

Pursuant to the decision of the Board of Directors, under the Amended Convertible Notes:

- (1) Total nominal value of liabilities that may be incurred by the Company under the Amended Convertible Notes shall be increased from USD 5.5 million to USD 6.0 million;
- (2) the Maturity Date of the Amended Convertible Notes shall be revised so that the holders of the Amended Convertible Notes will be allowed to request redemption of the Amended Convertible Notes and the payment of the principal amount and any accrued and unpaid interest at any time after 31 December 2020, 2021 or 2022 respectively, depending on the terms and conditions and issuance date of each of the Amended Convertible Notes;
- (3) the conversion mechanism shall be modified to the effect that under the Amended Convertible Notes, the Conversion Amount shall be converted into newly issued common shares in the Company only in case of: (i) the Change of Control, as defined in the Convertible Notes; (ii) or on 15 December 2020, 2021 or 2022 (depending on the on the terms and conditions and issuance date of a given Amended Convertible Note) provided further that the conversion shall not cause the Company to have issued in the preceding 12 months the lower of: (i) 20% of the number of shares of the Company admitted to trading on the Warsaw Stock Exchange as of the date that is 12 months prior to the conversion; or (ii) a number of shares specified in the Amended Convertible Notes i.e. 1,073,757 shares in 2020, 1,168,928 shares in 2021 and 1,423,178 shares in 2022. Moreover, in accordance with the Amended Convertible Notes, the Amended Convertible Notes shall not convert into newly issued common shares in the Company in case of any Next Equity Financing, as defined in the Convertible Notes.
- (4) it is determined, that the Amended Convertible Notes shall be converted into newly issued common shares in the Company at the fixed price amounting to USD 1.65 (the “**Conversion Price**”). In particular, as a result of the Conversion, the Company will issue to the holders of the Amended Convertible Notes a number of common shares of the Company equal to the Conversion Amount divided by the Conversion Price.

The Company believes that as a result of the conversion of the Amended Convertible Notes, Company shall issue: (i) 1,073,757 shares of common stock by the end of 2020; (ii) 1,168,928 shares of common stock; and (iii) 1,423,178 shares of common stock by the end of 2022.

The remaining terms and conditions of the Convertible Notes described in the Company’s current report No. 15 of 8 August 2019 remain unchanged. The amendments to the Amended Convertible Notes are governed by the laws of the state of California and shall become effective and binding upon the holders of Convertible Notes upon a written consent of the holders of the Amended Convertible Notes holding of at least a majority of the aggregate outstanding principal amount of the Amended Convertible Notes.

**Legal basis:** Article 17 Section 1 of the MAR - inside information.

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