

KERNEL HOLDING S.A.

SOCIÉTÉ ANONYME

(THE "COMPANY")

REGISTERED OFFICE: 19, rue de Bitbourg, L-1273 Luxembourg

R.C.S. Luxembourg B 109 173

REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY TO THE GENERAL MEETING OF SHAREHOLDERS WITH RESPECT TO THE CREATION OF AN AUTHORISED CAPITAL

The board of directors contemplates to propose to the extraordinary general meeting of shareholders convened for 10 December 2015 at 4 p.m. (i) creating an authorised capital of at one hundred ninety five thousand six hundred ten US Dollars and eighty nine cents (USD 195,610.89) (excluding the current issued share capital) and (ii) authorising the board of directors to waive the pre-emptive subscription right of existing shareholders in relation to the issue of shares of the Company within the limits of the authorised capital.

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1. The Company's issued share capital currently amounts to two million one hundred four thousand one hundred twenty US Dollars and eleven cents (USD 2,104,120.11) divided into seventy nine million six hundred eighty three thousand four hundred and ten (79,683,410) shares without indication of a nominal value.
2. The board of directors deems it advisable and in the best corporate interest of the Company to propose to the extraordinary general meeting of shareholders to authorise the board of directors to waive the pre-emptive subscription rights of existing shareholders for the issuance of shares within the limits of an authorised capital of one hundred ninety five thousand six hundred ten US Dollars and eighty nine cents (USD 195,610.89) (excluding the issued share capital of two million one hundred four thousand one hundred twenty US Dollars and eleven cents (USD 2,104,120.11), consisting of seventy nine million six hundred eighty three thousand four hundred and ten (79,683,410) shares without indication of a nominal value) in accordance with article 32-3 (5) of the law of 10 August 1915 on commercial companies, as amended.
3. It is intended that the share capital may be increased by the board of directors for the purpose of issuing new shares for such issue price as may be contemplated under the articles of association of the Company.

4. The board of directors is of the opinion that the existence of a preferential subscription right for the benefit of the existing shareholders will seriously reduce the flexibility of the Company to carry out the above capital increase(s) in the Company and, in addition, would risk delaying any increases of share capital and issues of new shares at a moment or during a transaction where timing may be of essence. Thus, it would be beneficial for the Company to be able to issue new shares without reserving a preferential subscription right.

5. In view of the foregoing, the board of directors proposes to the general meeting of shareholders to create an authorised capital of one hundred ninety five thousand six hundred ten US Dollars and eighty nine cents (USD 195,610.89) (excluding the issued share capital), consisting of seven million four hundred seven thousand eight hundred twenty (7,407,820) shares without nominal value, i.e. to grant the authorisation to the board of directors to issue shares of the Company, to grant options to subscribe for shares and to issue any other instruments convertible into shares to persons and on such terms as it shall see fit, and specifically to proceed to such issue with or without reserving a pre-emptive subscription right for existing shareholders, i.e. to allow the issuance up to the above-referred maximum number of shares by the board of directors of the Company for a term of five (5) years as from the publication of the resolutions of the relevant general meeting of shareholders in the *Mémorial C, Recueil des Sociétés et Associations*.

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05/11/2015

The Board of Directors

Andriy VEREVSKYY
Chairman of the Board

Ton SCHURINK
Non-executive Director

Andrzej DANILCZUK
Non-executive Director

Sergei SHIBAEV
Non-executive Director

Anastasiia USACHOVA
Director

Kostiantyn LYTVYNSKYI
Director

Viktoriiia LUKIANENKO
Director

Yuriy KOVALCHUK
Director