



Current report no 13/2023

dated 13 April 2023

**THE BOARD'S DECISION ON THE WITHDRAWAL OF THE SHARES OF KERNEL HOLDING S.A.
FROM TRADING ON THE REGULATED MARKET OPERATED BY THE WARSAW STOCK
EXCHANGE**

Kernel Holding S.A., a company with registered office in Luxembourg (the “**Company**”) hereby announces that on 13 April 2023 the Board of Directors decided to withdraw the Company’s shares from trading on the regulated market operated by the Warsaw Stock Exchange. The decision was adopted by seven out of eight Directors. The chairman of the Board of Directors abstained from voting due to conflict of interest.

Additionally, the Board of Directors decided to prepare its opinion on the delisting tender offer launched by Namsen Limited. The content of the opinion is attached in Annex 1 to this report. The Board of Directors has also engaged Baker Tilly TPA, an independent advisor licensed to operate in Poland, to issue an independent fairness opinion with regards to the delisting tender offer share price. The content of the fairness opinion is attached in Annex 2 to this report.

The Board of Directors also informs that after the withdrawal from trading on the Warsaw Stock Exchange, the shares of the Company shall be converted into registered form. The process of conversion could be summarized as follows:

- 1) after the delisting becomes effective, the Board of Directors will take the following decisions: (i) to convert the dematerialized shares into documentary registered shares, (ii) to request all current depositories to send all the existing global bearer certificates in their possession to the Company for cancellation and destruction, (iii) to create a register of registered shares to be kept at the register office of the Company and fill in this register with information received from the depositories regarding the shareholding of the Company after the tender offer is settled;
- 2) a copy of their respective page of the share register might be sent to all the shareholders upon their request as proof of ownership of the shares of Kernel Holding SA.

Legal grounds: Article 80 of the Act on Public Offering and Art. 17 of REGULATION (EU) No 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Signatures of individuals authorised to represent the Company:

Anastasiia Usachova

Viktoriiia Lukianenko

STATEMENT OF THE BOARD OF DIRECTORS OF KERNEL HOLDING S. A. WITH ITS REGISTERED SEAT IN LUXEMBOURG OF 13 APRIL 2023 REGARDING THE PUBLIC TENDER OFFER FOR THE ACQUISITION OF ALL SHARES IN KERNEL HOLDING S.A. ANNOUNCED ON 30 MARCH 2023 BY NAMSEN LIMITED, WITH ITS REGISTERED SEAT IN NICOSIA, CYPRUS

The Board of Directors of Kernel Holding S.A., with its registered seat in Luxembourg (the "**Board of Directors**") (the "**Company**", "**Kernel**"), acting pursuant to Article 10(b) of the Luxembourg Law of 19 May 2006 on takeover bids and pursuant to Article 80 of the Polish Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies (the "**Public Offering Act**"), hereby presents its position regarding the public tender offer (the "**Delisting Tender Offer**") announced by Namsen Limited, with its registered seat in Nicosia, Cyprus (the "**Bidder**"), on 30 March 2023, for the acquisition of all shares in the Company in connection with the Bidder's intention to withdraw the Company from trading on the regulated market of the Warsaw Stock Exchange.

I. Brief summary of the Delisting Tender Offer

According to the Delisting Tender Offer:

- the Delisting Tender Offer is announced pursuant to Article 91 section 5 of the Public Offering Act and pursuant to the Regulation of the Minister of Finance dated 23 May 2022 on forms of tender offers for the sale or exchange of shares in a public company, the manner and procedure for submitting and accepting subscriptions in a tender offer and acceptable types of securities;
- the Bidder intends to acquire all ordinary bearer shares in the Company's share capital, dematerialized, admitted and introduced to trading on the main market of the Warsaw Stock Exchange S.A., registered with the Polish National Depository for Securities under the ISIN code LU0327357389 (the "**Shares**");
- as at the date of the announcement of the Delisting Tender Offer, the Bidder holds in total 31,974,011 Shares representing 38.05% of the total share capital issued and granting the rights to 41.29% of votes at the general meeting of shareholders. The Bidder's parent entities and subsidiaries do not hold any Shares in the Company;
- as a result of the Delisting Tender Offer, the Bidder, directly or indirectly, intends to hold all of the Company's Shares, i.e. up to 84,031,230 (say: eighty-four million thirty-one thousand two hundred and thirty) Shares consisting of 77,429,230 Shares with voting rights attached, entitling it to 77,429,230 (say: seventy-seven million four hundred and twenty-nine thousand two hundred and thirty) votes at the General Meeting and 6,602,000 treasury Shares currently having no voting rights, representing 100% of the total number of votes at the General Meeting and 100% of the Company's share capital. All Shares tendered in the Delisting Tender Offer would be acquired by the Bidder;
- the price per each Share is equal to PLN 18.50 (eighteen Polish Zloty and 50 grosz);
- the subscription period shall last between 31 March 2023 and 4 May 2023.

II. Position of the Company's Board of Directors on the Delisting Tender Offer.

The Company's Board of Directors, in accordance with the information presented below, expresses its positive opinion towards the Delisting Tender Offer to subscribe for the sale of the Company's Shares.

1. Reservations

For the purposes of drafting this statement, the Board of Directors analysed the following external sources of information and data available thereto:

- a. the Delisting Tender Offer document;
- b. the market prices of the shares in the Company in the six months preceding the announcement of the Delisting Tender Offer;
- c. the letter of the Bidder addressed to the Board of Directors of the Company disclosed in the Company's current report no 08/2023 dated 06 March 2023 (the "**Namsen Letter**");
- d. communication received from other shareholders; and
- e. the opinion of an independent advisor on the fairness of the price of the shares in the Delisting Tender Offer (the "**Fairness Opinion**").

For the purposes of preparing this position, subject to a review of the external sources of information and data as referred to above, the Board of Directors has not taken any actions to obtain, collect or analyse any data that does not originate from the Company. The Board of Directors did not mandate any additional third-party reviews or analyses in connection with the Delisting Tender Offer or the content thereof other than the Fairness Opinion.

Subject to the information supplied by the Company regarding its business, including those subjected to a third-party audit, the Board of Directors accepts no liability for the accuracy, reliability, completeness or adequacy of the information serving as the basis of this position.

The position of the Board of Directors presented in this document does not constitute a recommendation to buy or sell the shares in the Company or any other financial instruments as referred to in *Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC or in Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.*

Each investor that makes an investment decision regarding the Shares in connection with this position of the Board of Directors regarding the Delisting Tender Offer needs to, based on all of the relevant information, including the information supplied by the Bidder and the Company, specifically in connection with compliance with the relevant information requirements, make its own assessment of the investment risk involved in the holding, continued holding or acquisition of financial instruments, inclusive of seeking individual advice or recommendations from licensed advisors to the extent necessary to make the right decision. The decision concerning the sale of the Shares in response to the Delisting Tender Offer must be an independent decision of each shareholder of the Company. In particular, each shareholder of the Company, for the purposes of analysing the ways in which it may respond to the Delisting Tender Offer, should assess the investment risk related thereto and all of the legal and/or tax implications in respect thereof.

2. The impact of the Delisting Tender Offer on the Company's interests, the Bidder's strategic plans regarding the Company and their probable impact on the employment at the Company and the opinion of the Board of Directors on the strategic plans of the Bidder

The Bidder is a Cyprus based limited liability company ultimately controlled by Mr. Andrii Verevskiy, the Chairman of the Board of Directors and founder of Kernel. The Board of Directors notes that the Bidder is the largest shareholder of the Company. In the view of the Board of Directors, the Bidder has adequate qualifications, knowledge and experience, which may be beneficial for the Company. The Board of Directors recognizes the leadership skills and entrepreneurial spirit of Mr. Andrii Verevskiy, who remains heavily involved in steering the Kernel Holding group of companies (hereinafter the “**Group**”). The increase of the Bidder’s stake in the Company implies even more focus and dedication of the largest shareholder. In the current circumstances, when due to the war in Ukraine the solvency of the Company and the Group depends on the commitment of its debtholders, such step sends a strong positive signal to the Group’s creditors, serving the best interest of the Company. A key shareholder has expressed its commitment to support Company’s capital and financial structure several times since launch of full-scale military invasion of Ukraine by Russia. The higher participation of the Bidder in the share capital of the Company the higher the Board of Directors’ confidence in its ability to navigate the Company during these unprecedented times by having a dedicated shareholder base, flat decision-making process with focus on long-term goals. Thus, the Board of Directors believes that the Delisting Tender Offer is in the interest of the Company.

In accordance with the Delisting Tender Offer document and Namsen Letter, the Bidder initiated the process of delisting the Company, in compliance with all applicable regulations, and invited the Board of Directors to consider the delisting of the Company from the Warsaw Stock Exchange and take the respective decisions within the limits of the Board of Directors’ powers and responsibilities.

According to the Delisting Tender Offer document, depending on the results of the Delisting Tender Offer, the Bidder will consider conducting a squeeze-out of the Company’s Shares held by other shareholders, in accordance with applicable Luxembourg law.

In accordance with the Delisting Tender Offer document and Namsen Letter, the strategic plans of the Bidder for Kernel primarily include the stabilization and maintaining of the Group’s operations during the war in Ukraine, and the development and increase of the scale of the Group’s operations post-war, as envisaged in the Group’s Strategy 2026 specified in the Group’s annual reports. The Board of Directors is of the opinion that such Bidder’s plans coincide with the Board of Directors’ internal view on the strategy of the Group. In the opinion of the Board of Directors, the strategic plans of the Bidder for the Company in connection with the Delisting Tender Offer do not give grounds to claim that they will have a negative impact on employment at the Company.

3. Position of the Board of Directors concerning the impact that the Delisting Tender Offer could have on the location of the Company’s business in the future

The Board of Directors shares and confirms the opinion presented in the Delisting Tender Offer document and the Namsen Letter that the Delisting Tender Offer and withdrawal of the Company’s Shares from trading on the regulated market operated by the Warsaw Stock Exchange will not have any impact on the location of the Company’s business in the future.

4. Position of the Board of Directors concerning the impact that the Delisting Tender Offer could have on employment in the Company

The Board of Directors shares and confirms the opinion presented in the Delisting Tender Offer document and the Namsen Letter, that the Delisting Tender Offer and withdrawal of the

Company's Shares from trading on the regulated market operated by the Warsaw Stock Exchange will not have an adverse impact on employment in the Company.

5. Position of the Board of Directors concerning the price for the Shares offered in the Delisting Tender Offer

With respect to the price offered in the Delisting Tender Offer, the Board of Directors notes that, pursuant to Article 79 of the Public Offering Act, the price for the Shares in the Company offered in the Delisting Tender Offer cannot be lower than:

- the average market price in the six-month period preceding the announcement of the Delisting Tender Offer during which the shares were traded on the main market of the WSE;
- the average market price in the three-month period preceding the announcement of the Delisting Tender Offer during which the shares were traded on the main market of the WSE;
- the highest price paid for the shares that are the subject of the Delisting Tender Offer by the entity required to announce such tender offer, any subsidiaries or parent entities thereof, or by entities who are parties to the agreement concluded therewith as referred to in Article 87, section 1(5) of the Public Offering Act, in the 12 months prior to the announcement of the Delisting Tender Offer; or
- the highest value of the things or rights that were provided by the entity required to announce such tender offer, any subsidiaries or parent entities thereof, or by entities who are parties to the agreement concluded therewith as referred to in Article 87, section 1(5) of the Public Offering Act, in exchange for the shares subject to the public tender offer in the 12 months prior to the announcement of the Delisting Tender Offer.

The average market price is the arithmetic mean of the average daily prices of the shares in the Company weighted by trading volume on the WSE during the relevant period.

Based on the wording of the Delisting Tender Offer:

- a) The market price determined as the arithmetic mean of the average daily prices of the Shares weighted by volume in the period of the 6 (six) months preceding the announcement of the Delisting Tender Offer during which the Shares were traded on the main market of the WSE is PLN 18.4376 (eighteen Polish zloty and forty-three point seventy-six grosz) per Share;
- b) The market price determined as the arithmetic mean of the average daily prices of the Shares weighted by volume in the period of the 3 (three) months preceding the announcement of the Delisting Tender Offer during which the Shares were traded on the main market of the WSE is PLN 18.4909 (eighteen Polish zloty and forty-nine point zero nine grosz) per Share;
- c) Neither the Bidder nor its dominant entities, dependent entities or parties acting in concert pursuant to Article 87 section 1(5) of the Public Offering Act acquired any Shares during the last 12 months prior to the launch of the Delisting Tender Offer for a cash or non-cash consideration;
- d) The Bidder is not, nor was it in the 12-month period prior to the announcement of the Delisting Tender Offer, a party to any agreement referred to in Article 87 section 1(5) of the Public Offering Act.

The price offered in the Tender Offer is PLN 18.50 (eighteen Polish zloty and fifty grosz) per Share, and thus is not lower than the price specified in points a) through c) above. In accordance with the above, the Board of Directors declares that the price offered in the Delisting Tender Offer complies with the minimum price requirements as presented in Article 79 of the Public Offering Act.

In order to verify whether the price presented in the Delisting Tender Offer corresponds to the fair value of the shares in the Company, the Board of Directors, acting pursuant to Article 10(b) of the Luxembourg Law of 19 May 2006 on takeover bids and Article 80 section 3 of the Public Offering Act, mandated a third party, i.e. Baker Tilly TPA ("**Baker Tilly**") with its registered office in Warsaw, to prepare the Fairness Opinion, i.e. an opinion on the fairness of the price offered for the Shares in the Delisting Tender Offer, subject to the restrictions and qualifications stipulated in such opinion.

On 13 April 2023, Baker Tilly presented the Board of Directors with the Fairness Opinion. Baker Tilly stated in the Fairness Opinion that the share price proposed in the Tender Offer in the amount of PLN 18.50 is in the lower bound of the estimated range of fair value of the Company's equity per share.

Baker Tilly is the financial advisor to the Company and does not represent any other entity in connection with the Delisting Tender Offer and is not responsible for providing the protection offered to its clients with respect to advisory services rendered in connection with the Delisting Tender Offer or the content of this document or any other matter to any entity other than the Company. The Fairness Opinion is attached to this document.

Pursuant to the requirements of Article 80 section 2 of the Public Offering Act and Article 10(b) of the Luxembourg Law of 19 May 2006 on takeover bids, the Board of Directors, declares that, based on the Fairness Opinion, the price offered in the Tender Offer reflects the fair value of the Company.

- Analysis of the current reports of Kernel Holding S.A. in the period between the last financial statements and the date of the Tender Offer;
- Identification and determination of the value of non-operating assets and identification of liabilities equivalent to debt of Kernel Holding S.A.;
- Analysis of the business environment of Kernel Holding S.A. and identification of development prospects;
- Other analyses of market information and data deemed appropriate for the purposes of this Opinion;
- Analysis of the other tender offers on the WSE and the premiums offered;
- Analysis of public comparable companies;
- Analysis of comparable merger and acquisition transactions;
- Valuation of Kernel Holding S.A. based on discounted cash flow method, guideline public company method and guideline company transactions method;
- Determination of the range of fair value of the Company's shares and comparison of the price offered in the Tender Offer with our estimated range of fair value of the Company's shares.

In addition, the analyses conducted took into account:

- Possession of actual control by the Acquirer. As of the date of the Tender Offer, the Acquirer holds a total of 31,974,011 shares in the Company, directly or indirectly, representing approximately 38.05% of the total number of shares in the Company, representing 31,974,011 votes at the General Meeting of the Company, representing approximately 41.29% of the total number of votes at the General Meeting of the Company, with the Company, in accordance with the applicable laws, not exercising voting rights on its own shares in the Company. The Acquirer exercises actual control over the Company through the possession of an absolute majority of votes at general meetings of shareholders.
- Liquidity of the Company's shares. In the 12 months preceding the date of the Tender Offer, the total session trading volume of the Company's shares on the WSE amounted to approximately 28.6 million shares (representing 34.0% of all issued shares of the Company), with an average daily volume of approximately 113,384 units. Assuming the above volumes are maintained in the future, the sale of all the shares subject to the Tender Offer could take approximately 459 trading days, and the above does not take into account the possible impact of such transactions on the decrease of the Company's share price.
- The Company's dividend policy assumed a flat dividend of USD 0.25 per share since the 2014 financial year. The dividend was increased to USD 0.42 per share for the 2020 financial year and USD 0.44 per share for the 2021 financial year. After the outbreak of the war in Ukraine, considering the financial results achieved, uncertainties around the outcome of the war in Ukraine, strained liquidity position, ongoing negotiations with Kernel's creditors on the postponement of the debt principal repayment, and the presence of restrictive covenants in the additional agreements already signed with the lenders, which prohibit dividends or share buybacks, the Company stopped paying-out dividends.

Disclaimers and limitations

The purpose of the Opinion is to determine whether the price proposed in the Tender Offer is fair from a financial point of view on the basis of the information indicated above and does not address the reasonableness of the Tender Offer or the non-financial terms of the Tender Offer. This Opinion is an expert assessment and not a statement of fact and does not constitute a formal valuation report on the Company's shares, investment advice or, in particular, a recommendation to participate in the Tender Offer. Baker Tilly TPA does not express an opinion on the possible price of the Company's shares if the Tender Offer is successful or unsuccessful, nor does it accept any responsibility for any change in the Company's share price as a result of the publication of the Opinion.

The Opinion is addressed to the Board of Directors of the Company. Baker Tilly TPA does not assume any obligations and does not accept any liability to third parties.

The Company's Board of Directors is allowed to release the Opinion to the public.

Baker Tilly TPA has prepared this Opinion on behalf of Kernel and will receive a fixed fee from the Company. The remuneration for the preparation of this Opinion and the underlying analyses is not dependent on the content of the Opinion or the success of the Tender Offer.

Baker Tilly TPA assumes that all information received from the Company and publicly available financial and current reports published by the Company represent the facts and prospects of Kernel Holding S.A. Accordingly, Baker Tilly TPA has not independently verified, audited, or confirmed the information received. The Opinion has been prepared according to the state of knowledge made available by the Company at the date of the Opinion. Baker Tilly TPA accepts no responsibility if any information provided by the Company or available in the Company's published materials is factually incorrect.

Baker Tilly TPA assumes that there are no ongoing judicial, administrative and/or tax proceedings other than those publicly disclosed relating to Kernel Holding S.A. or its assets, and that the expected outcome of such proceedings is properly reflected in the financial statements of Kernel Holding S.A. Baker Tilly TPA does not analyse pending proceedings, in particular tax proceedings, and does not make predictions about their likely outcome.

Baker Tilly TPA declares that the work related to the issuance of the Opinion did not include an analysis of the financial or legal and tax status of Kernel Holding S.A. (due diligence), possible financial, accounting and tax implications or legal issues that may be relevant to the implementation of the Tender Offer. Baker Tilly TPA expresses no opinion as to the legal or tax consequences of conducting the transaction in response to the Tender Offer and is not responsible for such consequences.

Baker Tilly TPA declares that it has not audited or examined the financial statements of Kernel Holding S.A. and has only relied on the auditor's opinion provided with the most recent annual financial statements preceding the date of the Tender Offer.

Baker Tilly TPA has not reviewed the terms and conditions of the Tender Offer from a legal perspective and is not responsible for them or for any actions of the parties involved in the Tender Offer.

This Opinion is based on information that was known to Baker Tilly TPA or available as at the date of this Opinion. Any change in the Company's future financial condition, market conditions and regulatory environment or the disclosure of new information could affect the conclusions presented in this Opinion. Baker Tilly TPA is under no obligation to update the Opinion.

Opinion

Taking into consideration the circumstances indicated in this Opinion, the results of the analyses conducted by Baker Tilly TPA, and the disclaimers and limitations presented, we have determined the range of fair value of the Company's shares. **Baker Tilly TPA states that the share price proposed in the Tender Offer in the amount of PLN 18.50 is in the lower bound of the estimated range of fair value of the Company's equity per share.**

Yours faithfully,

DocuSigned by:

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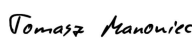
Krzysztof Horodko

Managing Partner

*Proxy**

* Proxy available at:

<http://www.tpa-group.pl/pelnomocnictwo>

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Tomasz Manowiec, CFA, FCCA

Director Corporate Finance