



Current report no 30/2023

dated 22 August 2023

SHARE OFFERING TO QUALIFIED INVESTORS – EXISTING SHAREHOLDERS OF KERNEL HOLDING S.A.

Kernel Holding S.A. (the "**Company**") announces that on 21 August 2023 the Board of Directors of the Company adopted resolutions launching the share offering (the "**Offering**") exclusively directed towards the qualified investors (within the meaning of Article 2 letter e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC) being shareholders of the Company as of 21 August 2023 end of the day, targeting to raise up to USD 60 million to satisfy the requirement of ongoing negotiations with a pool of Company creditors and address the capital need of the Company considering the termination of grain deal on 18 July 2023 and severe damage of Company grain handling and transshipment infrastructure by Russian missile attacks thereafter. The number of shares and issue price will be determined in the book-building process organized under Dutch auction rules, subject to restrictions arising from the authorized share capital of the Company. The Company intends to use the proceeds of the Offering principally to reduce the indebtedness of the Company, as required by the Company's creditors.

The Board of Directors of the Company is committed to transparency and open communication with the Company's shareholders acting in the best interests of the Company.

Please review further information detailing the offering and subscription rules in the addendum to this current report.

Legal grounds: 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 authorized to represent the Company:

Anastasiia Usachova

Viktoriiia Lukianenko

This announcement (and the information contained herein) shall not constitute or form any part of any offer or invitation to subscribe for, underwrite, or otherwise acquire, or any solicitation of any offer to purchase or subscribe for securities in any jurisdiction where such activity is unlawful.

It is not directed to, or intended for distribution to or use by, any person or entity located in any jurisdiction where such distribution, availability, or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. In particular, this announcement is not for release, directly or indirectly, in or into the United States of America, Australia, Canada, Japan, United Kingdom, Russia, or Belarus.

The offering of securities described in this announcement is addressed solely to qualified investors, within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons unless they are registered under the Securities Act or pursuant to an available exemption therefrom. This announcement (and the information contained herein) does not contain or constitute an offer of securities for sale in the United States or to US persons and no public offering of securities is being made in the United States or to US persons. This announcement may not be distributed or published, directly or indirectly, in or into the United States.

Shareholders interested in subscribing the shares referred to in the announcement should make their own detailed study of the contents of the announcement and the publicly available information concerning the Company and carefully analyze and evaluate such information, and their decision to subscribe for the shares in the Company should be based on such analysis as they themselves consider appropriate.

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Addendum 1

SUBSCRIPTION RULES
for ordinary registered shares to be issued and offered by
Kernel Holding S.A. with its registered office in Luxembourg to qualified investors –
existing shareholders of Kernel Holding S.A.

This document (the “**Subscription Rules**”) has been prepared by Kernel Holding S.A., with its registered office in 9, rue de Bitbourg L-1273 Luxembourg, entered in the Luxembourg Trade and Companies Register (Registre de commerce et des sociétés – RCS) under number B109173, tax number 2007 2226 470, VAT number LU29113516, with the fully paid up share capital of USD 2,218,928.64 (the “**Company**”), in connection with the issuing and public offering of not less than one and not more than 216,000,000 ordinary registered shares without a nominal value (the “**Offer Shares**”) without the admission to trading on the regulated market operated by the Warsaw Stock Exchange (the “**WSE**”).

These Subscription Rules are for information purposes only, and the Company only makes them available to provide the most relevant information on the terms and conditions of subscription for the Offer Shares, and actions to be taken by or on behalf of the Company in connection with the subscription for the Offer Shares. These Subscription Rules are not intended in any way, directly or indirectly, to promote subscription for the Offer Shares and they do not constitute promotional materials prepared or published by the Company to promote the Offer Shares or to encourage, directly or indirectly, their subscription or acquisition. The Company has not published and does not intend to publish after the date of these Subscription Rules, any materials intended to promote the Offer Shares or their subscription. The presentation published by the Company on the date of these Subscription Rules shall not be considered as a material intended to promote the Offer Shares or their subscription. These Subscription Rules do not constitute a prospectus, information memorandum, or other information or offering document required by law in connection with a public offering of securities. These Subscription Rules are not subject to approval by the Polish Financial Supervisory Authority or any other public administration body.

These Subscription Rules were published on 22 August 2023 and set out the subscription rules for the Offer Shares to Qualified Investors (as defined below), to be carried out by way of a public offering within the meaning of Article 2(d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”), exempted from the obligation to publish a prospectus within the meaning of the relevant regulations pursuant to Article 1(4)(a) of the Prospectus Regulation, and from the obligation to publish any other information or offering document for the purposes of such offering, or pursuant to an exemption from the obligation to complete a registration process in another jurisdiction.

There is no offer to sell or purchase securities in the United States of America, Canada, Japan, Australia, the United Kingdom, or in any other jurisdiction where it could be a violation of applicable law or require registration, filing, or authorization. The securities referred to herein have not been and will not be registered under the U.S. Securities Act. No public offering of the securities will be made in the U.S. The offering is not addressed to Russian or Belarusian nationals or natural persons residing in Russia or Belarus or to any legal entity or another organisational unit resident in Russia or Belarus or other entities subject to offering restrictions under national and EU laws.

Shareholders interested in subscribing the Offer Shares should make their own detailed study of the contents of the Subscription Rules and the publicly available information concerning the Company, and carefully analyze and evaluate such information, and their decision to subscribe

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for the Offer Shares should be based on such analysis as they themselves consider appropriate.

The Subscription Rules do not constitute a recommendation or investment advice or any other recommendation, legal or tax advice or an indication that any investment or strategy is appropriate in the individual circumstances of any person or entity that intends to subscribe for the Offer Shares. Shareholders to which the offering of the Offer Shares is addressed should take advice from their investment, legal or tax advisers on any matter relating to the offering of the Offer Shares and the Subscription Rules. Shareholders subscribing for the Offer Shares shall bear all legal, financial and tax consequences of their investment decisions.

Given the obligation to apply restrictive measures imposed by Council Regulation (EU) 2022/328 of 25 February 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine and Council Regulation (EU) 2022/398 of 9 March 2022 amending Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine, as of 13 April 2022, the Company is prohibited from offering its shares to:

- Russian nationals or natural persons residing in Russia, or legal persons, entities, or bodies established in Russia, and
- Belarusian nationals or natural persons residing in Belarus, or legal persons, entities, or bodies established in Belarus,

provided that these restrictions do not apply to nationals of a Member State or natural persons holding a temporary or permanent residence permit in a Member State.

The Company does not intend to seek the admission of the Offer Shares to trading on any stock exchange, considering that the Company is currently in the process of being delisted from the Warsaw Stock Exchange. Specifically, as a part of that process, the Company applied to the Polish Financial Supervision Authority for the approval of the withdrawal of shares from trading on the regulated market operated by the Warsaw Stock Exchange S.A. As of the date of the adoption of these resolutions, the application is still pending. The Company also announced the intention to convert all existing shares into the registered form once the delisting is completed. Given that, if the offering of the Offer Shares (the "**Offering**") is successfully completed, the Offer Shares will be issued in the registered form and the share register will be kept in the registered office of the Company in Luxembourg.

Legal basis of the issuance and the Offering

The Offering is conducted on the basis of:

- 1) *The provisions of the Luxembourg law on commercial companies dated 10 August 1915, as amended;*
- 2) *The articles of associations of the Company;*
- 3) *Resolution No. 3 of the Extraordinary General Meeting of the Company dated 23 September 2022 on granting authorization to the board of directors of the Company for a period of five (5) years as from the date of adoption of the present resolutions [i.e. 23 September 2022] to, from time to time, issue shares, to grant options to subscribe for shares and to issue any other instruments giving access to shares within the limits of the authorized capital to such persons and on such terms as they shall see fit and specifically to proceed with such issue without reserving a preferential right to subscribe to the shares issued for the existing shareholders and it being understood, that any issuance of such instruments will reduce the available authorized capital accordingly; and*
- 4) The circular resolutions of the Board of Directors of the Company (the "**Board**") #3 / FY2024 dated 21 August 2023 on the Share capital increase (items 3 and 4 referred to together as together as the "**Issue Resolutions**").

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The Issue Resolutions constitute the legal basis for the Company to conduct the Offering and subscriptions for the Offer Shares. As authorized in the Issue Resolutions, on 21 August 2023, the Board of Directors of the Company adopted these Subscription Rules.

The Offering and the Preferential Right to Subscribe

Pursuant to the Issue Resolutions, the Offer Shares will be issued with the exclusion of the preferential subscription rights of the Company's existing shareholders.

Pursuant to the Issue Resolutions, the Offering will be addressed only to Company's shareholders who are qualified investors (the "**Qualified Investors**") within the meaning of Article 2 letter e) of the Prospectus Regulation, and who:

- a) were shareholders of the Company as of the end of the day preceding the publication of the Subscription Rules i.e. 21 August 2023, 24:00 (CET) (the "**Record Date**");
- b) will prove the fact of holding on the Record Date the Company shares, during the process intended to solicit prospective subscribers for Offer Shares (including in particular during the Book Building), by submitting evidence in the form of statement or statements confirming their ownership of Company shares on the Record Date and their number, issued by the investment company maintaining the securities account for the relevant party; and
- c) will pay a Security Deposit in due time, as specified below (the "**Eligible Investors**").

Please note that other than Qualified Investors, no investors may be allotted Offer Shares in any circumstances due to the requirements for conducting the Offering without publishing a prospectus set out in Article 1 Section 4 letter a) of the Prospectus Regulations. Any subscriptions from other than Eligible Investors will not be accepted and considered null and void.

The selection of investors, including Eligible Investors, who will receive offers to subscribe for Offer Shares, will be based on Book Building organized under the Dutch auction rules as described below targeting to raise via the Offering up to USD 60 million (the "**Fundraising Target**").

Selected information on the Offer Shares

The Company will offer not less than 1 and not more than 216,000,000 Offer Shares to be subscribed for under the Offering. The goal of the Company is to raise the Fundraising Target as a part of the Company's commitment under the agreements with the creditors of the Company and the Company's subsidiaries. If the Offering results in raising less than USD 50 million (the "**Minimum Proceeds**"), the Board of Directors has the right at its sole discretion to cancel the Offering. If Board of Directors exercises its right to cancel the Offering any received Security Deposits as defined below shall be promptly repaid to relevant Eligible Investors.

The issue price per Offer Share (the "**Issue Price**") shall not be lower than the accounting par value of shares (USD 0.026406 per share), as determined from the limits specified for the authorised share capital of the Company.

The Offer Shares may be taken up only for cash contributions.

The Company will run the offer process without any intermediaries. The Issue Price and the exact number of Offer Shares will be determined based on the results of the Book Building organized under the Dutch auction rules as described below.

Offer Shares are entitled to dividends from the profits of the Company on the same terms as the existing shares of the Company (except for 6,602,000 Company shares held by the Company's

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subsidiary Etrecom Investments Limited which do not have dividend rights being treasury shares in their nature).

Each Offer Share grants the holder one vote at the general meeting of shareholders of the Company.

Requirements to participate in the Book Building

An Eligible Investor who wishes to subscribe for Offer Shares should by 6:00pm CET on 28 August 2023 (the "**Submission Deadline**") submit to the Company the following executed scanned documents (the "**Required Documents**") by sending an e-mail to bookbuilding@kernel.ua:

- 1) a document issued by the custodian that maintains the Eligible Investor's securities account (in particular, a certificate, a deposit certificate, or a document issued by the holder of an omnibus account) confirming that as of the Record Date (i.e. 21 August 2023, at 24:00 (CET)) the Eligible Investor was a Company's shareholder (the "**Confirmation Documents**"); and
- 2) a declaration or declarations to subscribe for Offer Shares (the "**Declaration and Subscription Form**"), indicating in the Declaration and Subscription Form the maximum price such investor is ready to pay per one Offer Share in USD (the "**Declared Price**"), the number of Offer Shares such investor is ready to subscribe for at the Declared Price (the "**Number of Shares**"), the total consideration calculated as Number of Shares multiplied by Declared Price (the "**Consideration**"), and bank account details for repayment of Security Deposit by the Company should Declaration and Subscription Form is not successful according to the book building results or nulled and void. Prospective investors shall provide contact details including e-mail and phone number. A template of the Declaration and Subscription Form is specified in Appendix 1 to these Subscription Rules. Each investor may submit more than one Declaration and Subscription Form. The Company shall maintain such Declaration and Subscription Forms confidential.

In case Eligible Investors have any enquiries regarding the Required Documents, they can contact the Company via email bookbuilding@kernel.ua.

The Company shall confirm to the Eligible Investor by e-mail stated in the Declaration and Subscription Form the receipt of the Required Documents and their compliance with Subscription Rules to all Eligible Investors who validly submitted such documents as determined by the Company in its discretion. Together with that, the Company will communicate the bank account details for making a Security Deposit, as defined below. Please note that Eligible Investors failing to provide the Confirmation Documents prior to Submission Deadline will not be admitted to the Book Building process.

The Eligible Investors which wish to participate in the Book Building shall credit the Company's bank account with the Consideration (the "**Security Deposit**") by 6:00 pm CET on 31 August 2023 (the "**Cut-off Date**"). The moment when the Company's account is credited with the entire amount of the Consideration will be deemed as the moment of payment. Payments of the Security Deposit should be made in a manner acceptable to the Company. Please note that the payment will be duly made if paid in full and credited to the Company's account by the Cut-off Date in full without any deductions. This means that an investor (especially if the payment is made by money order or wire transfer, or using bank loans) must make the payment well in advance, taking into account the time for making the transfer, processing the loan, and performing other similar operations. It is recommended that the investor inquire about the duration of certain activities at the financial institution they use and take the appropriate actions, taking into account the timing of their completion. An investor paying funds to the Company's account as a Security Deposit through a bank should take into account the possibility that the bank may charge a commission on cash payments or transfers. Please note that Eligible

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Investors making an incomplete payment of the Security Deposit or full payment of the Security Deposit after the Cut-off Date will not be admitted to the Book Building process and any cash credited to the Company bank account would be paid back to such investors (less any banking fees and charges).

Only those Eligible Investors who submitted Required Documents prior Submission Deadline and made Security Deposits in the amount equal to the amount of Consideration and prior Cut-off Date (the “Bidders”) will be allowed to participate in the Book Building.

Book Building

The Offering will be based on the results of the Book Building. The Book Building for the Offer Shares will be carried out on 01 September 2023 according to the Dutch auction rules described below.

Based on the Declaration and Subscription Forms submitted by Bidders, on 01 September 2023, the Company will determine the Issue Price and the total number of Offer Shares to be subscribed by Bidders, together with the list of Bidders (the “**Allocation List**”) to which Offer Shares will be allotted (the “**New Shareholders**”). Such process will consist of the following steps:

1. **Price Determination:** the Company, as the auctioneer, compiles all the Declaration and Subscription Forms to determine the highest price Bidders are willing to pay. This highest price sets the starting point for the price determination process.
2. **Price Decrement:** As the auctioneer, the Company starts with the highest price declared by Bidders and decreases the price incrementally over time until it reaches a point where the total value of declared interest matches the Company's Fundraising Target (USD 60 million). If the total value of declared interest is less than the Fundraising Target but higher or equal to the Minimum Proceeds, the Company uses such value for the price decrement mechanism described above. If the total value of declared interest is less than the Minimum Proceeds, the Board of Directors of the Company might decide to cancel the Offering in its sole discretion with Security Deposits returned to the relevant Bidders.
3. **Issue Price:** The final price within the decrementing range at which the total value of declared interest matches the Company's Fundraising Target is the Issue Price. All successful Bidders (those with Declared Price being higher or equal to the Issue Price) will purchase the shares at this Issue Price, regardless of the Declared Price.
4. **Proportional Allocation for Bidders having Declared Price higher than the Issue Price:** Once the Issue Price is determined, the Company calculates the number of shares each successful Bidder will receive based on their Consideration. The number of shares allocated for each such Bidder will be calculated as the Consideration divided over the Issue price and rounded down to the nearest whole number. Such Bidders eventually might receive more shares than the Number of Shares indicated in the Declaration and Subscription Forms but under no circumstances for the amount exceeding Consideration.
5. **Pro-Rata Allocation for Bidders having Declared Price equal to the Issue Price:** The Company will first allocate shares to all Bidders based on the proportional allocation from step 4. After that, any remaining shares (considering the restriction to the total number of shares to be issued) will be allocated among those Bidders who indicated the Declared Price equal to the Issue Price, distributing the shares pro-rata based on their original declared interest. Any fractional shares resulting from the pro-rata allocation will be rounded down to the nearest whole number.
6. The maximum total proceeds to be raised by the Company during the Offering shall not exceed the Fundraising Target. The Board of Directors has the right to cancel the offering at its sole discretion if a threshold of USD 50 million of funds raised is not reached.

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The New Shareholders will be selected for the purposes of the Allocation List from among the Bidders in accordance with the rules described above.

The Company will allocate the Offer Shares to the New Shareholders on or about 04 September 2023. There will be no allocation of Offer Shares to those Bidders whose Declared Price is lower than the Issue Price and Security Deposits will be repaid to such unsuccessful Bidders thereafter.

On or about 06 September 2023, each New Shareholder will receive a certificate of inscription confirming the number of shares issued to such New Shareholder registered in the share register of the Company.

Indicative Timeline of the Offering

21 August 2023	Record Date
By 6:00 pm CET on 28 August 2023	The Company accepts the Required Documents
By 29 August 2023	The Company informs Eligible Investors who submitted Required Documents about the details of the Company account to be credited with the Security Deposit.
By 6:00 pm CET 31 August 2023	The Company shall receive to its bank account Security Deposit from Eligible Investors who wish to participate in the Book Building process.
01 September 2023	Subscription Closing Date. The Company conducts the Book Building process and determines the Issue Price and the Allocation List. The Board of Directors adopts a resolution on the Issue Price and determines the list of investors with whom offers to acquire the Offer Shares will be placed. In the event of a failure to increase the Company's share capital through the issuance of the Offer Shares, the Board of Directors publishes the respective current report to the market.
04 September 2023	The Offering is closed and the Board of Directors adopts a resolution on determining the final list of the New Shareholders and the issuance of the Offer Shares.
05 – 18 September 2023	Security Deposits are returned to those Bidders who are not allocated with Offer Shares.

To the extent permitted by the applicable laws and the Issue Resolutions, the Company reserves the right to change any of the dates relating to the Offering.

Payment for the Offer Shares

The Consideration for the Offer Shares will be paid by retaining of relevant Security Deposits.

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Those Bidders which were not allocated with the Offer Shares will be reimbursed for the Security Deposits without any interest or compensation, no later than 10 business days from the Subscription Closing Date.

Consequences of the failure to increase the Company's share capital through the issuance of the Offer Shares

In the event the Board of Directors decides to cancel the offer in its sole discretion, the Company shall reimburse each Bidder the Security Deposits without any interest or compensation, no later than 10 business days after the Subscription Closing Date.

The Company will publish the information on the cancellation to issue the Offer Shares in the form of a current report.

Disclaimer

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These Subscription Rules do not constitute: (i) an offering within the meaning of Article 66 of the Polish Civil Code; (ii) an investment recommendation within the meaning 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; (iii) investment advice, (iv) legal or tax advice, (v) an indication that any investment or strategy is suitable and appropriate to the Investor's level of knowledge of investing in financial instruments and Investor's investment experience, (vi) investment advice services within the meaning of the Act on Trading in Financial Instruments.

Investing in financial instruments is fraught with risk. Any investment decision involves assessing risk in the context of the expected and actual outcome of the investment in securities. Investing in shares involves the risk of losing all or part of the invested funds, or even having to pay additional costs.

Responsibility for decisions made on the basis of the Subscription Rules rests solely with the persons or entities relying on these Rules.

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Appendix 1. Template of the Declaration and Subscription Form.

Subscription Declaration for Offer Shares (Qualified Investors Only)

We, [Investor's Legal Entity details], hereby declare my status as a qualified investor within the meaning of Article 2 letter e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC and my intention to subscribe for Offer Shares as part of the Kernel Holding S.A. share offering (the "Offering"), as announced in the current report of Kernel Holding S.A. #30 dated 22 August 2023. I understand and acknowledge that this Declaration and Subscription Form is subject to the terms and conditions outlined in the current report of Kernel Holding S.A. #30 dated 22 August 2023.

Details of an offer to subscribe:

1. Declared Price per Offer Share (in USD): [Insert Declared Price]
2. Number of Offer Shares: [Insert Number of Shares]
3. Total Consideration (Number of Shares x Declared Price): [Insert Consideration]

Contact Details:

- Email Address: [Insert Email Address]
- Phone Number: [Insert Phone Number]

Banking Details for the partial or full refund of the Security Deposit:

- **Bank Name:** [Insert Bank Name]
- **Account Holder Name:** [Insert Account Holder Name]
- **Account Number:** [Insert Account Number]
- **Routing/IBAN Number:** [Insert Routing/IBAN Number]
- **SWIFT/BIC Code:** [Insert SWIFT/BIC Code]

We confirm that [Investor's Legal Entity details] have carefully reviewed the Offering materials. We understand the terms and conditions of the Offering and have determined the maximum price We are willing to pay per Offer Share.

By submitting this Declaration and Subscription Form, I express my intent to participate in the Offering, authorize the Company to contact me regarding the details of my subscription, and provide the necessary security deposit as specified above.

Subscription Undertaking:

We hereby undertake to subscribe to an amount of shares to be determined pursuant to Book Building rules 4 and 5 defined in the Subscription Rules for an aggregate subscription price not exceeding the Consideration.

Authorized Signatory:

[Signature]
[Printed Name]
[Title]
[Date]

Company Seal (if applicable):
[Company Seal Image]