

Report of the Supervisory Board on the 2019 financial statements

The Supervisory Board and the Audit Committee performed their duties in 2019 in full accordance with their statutory obligations. Both committees held 5 meetings in 2019, the overlapping agenda items were discussed on the joint meetings of the Supervisory Board and the Audit Committee.

The Audit Committee assisted the Supervisory Board in auditing the financial reporting system, reviewing the financial statements of 2019 and supported the report of the Supervisory Board. The Audit Committee participated in the selection process of the auditor and made a proposal to the Supervisory Board for the appointment of the auditor.

The Board of Directors regularly reported to the Supervisory Board on the management, the financial situation and the business policy of the Company. Regular topics of the Supervisory Board meetings included reports of Group Internal Audit and the Audit Committee itself, and reports on the activities of Group Compliance & Ethics and Group Security. Macroeconomic and industrial developments were regularly monitored as well.

The Supervisory Board followed the macroeconomic and industrial developments as well and was involved in the review of different proposals and in the approval of the strategic priorities of the Group and its divisions. In 2019 the Supervisory Board reviewed amongst others the business development activities aiming at the reserve replacement in Upstream, which resulted in a major transaction signed in November 2019 whereby MOL will acquire a stake in Azerbaijan's supergiant offshore field, ACG. The Supervisory Board also monitored the implementation of MOL's long-term strategy, including but not limited to the progress report of the Polyol project, the preparation of the decision on the Rijeka Refinery Residue Upgrade project and other strategic projects in Downstream and in Consumer Services.

The Supervisory Board paid close attention to the sustainability-related matters in 2019, various thematic reports were discussed regarding the effect of the climate crisis on the oil and gas industry, MOL's performance in sustainability assessments and the development of sustainable investing. A discussion also began as how to incorporate climate- and broader sustainability-related targets and strategy in MOL's long-term business strategy. Furthermore, we reviewed the MOL's Diversity & Inclusion Policy, whereby the Supervisory Board endorsed MOL's 2020-22 Diversity & Inclusion Framework focusing on the three already existing pillars (Age, Gender and Wellbeing) as well as expanding it with a fourth strategic key area: Disability.

The Supervisory Board of MOL regrettably learnt about a conviction in the INA-MOL case proclaimed by the Zagreb County Court in the end of 2019 notwithstanding that an international arbitration court, as well as the Hungarian prosecution and court, independent of each other, declared that no officer of MOL Plc. committed bribe in order for MOL to gain control over INA, d.d. Our view is that such a decision has no impact on the activities that MOL Group pursued in other countries.

The Supervisory Board received continuous and satisfactory information on the decisions of the Board of Directors and issues concerning the Company.

The Company's 2019 financial statements - prepared in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS") - were audited by Ernst & Young Kft. and provide a true and fair view of its economic operations in compliance with their opinion. The accounting methods applied in developing these financial reports are supported by the report of the Audit Committee, comply with the provisions of the Accounting Act and the IFRS rules and are consistent with the accounting policies of the Company. All figures in the balance sheet are supported by analytical bookkeeping. Assessment and payment of tax obligations were executed as prescribed by law.

2019 was another year of strong financial delivery for the Group, and it was also a year of accelerating strategic transformation with major milestones achieved in each business along the 2030 strategic targets. MOL delivered Clean CCS EBITDA of HUF 709bn in 2019 (USD 2.44bn) exceeding the upgraded public guidance (USD 2.4bn). Total investments rose substantially to HUF 609bn (+71% year-on-year), due to the increasing strategic project spending, including the flagship polyol plant. Despite much higher investments, simplified free cash flow remained positive and was in line with the upgraded public guidance (USD 0.3-0.5bn). Operating cash flow increased by 18% year-on-year to HUF 704bn. Net debt increased to HUF 559bn from HUF 315bn, net debt/EBITDA rose to 0.82 from 0.41. Net gearing also increased to 19% from 12%, yet the level of indebtedness remained low and the balance sheet stayed very robust.

In line with the above the Supervisory Board proposes that the General Meeting approves the audited financial statements of MOL Plc. for 2019 with total assets of HUF 3,385,938 million and net profit of HUF 151,013 million and the audited consolidated financial statements of MOL Group for 2019 with total assets of HUF 5,132,287 million and net profit of HUF 228,381 million.

Budapest, 23 March 2020

On behalf of the Supervisory Board and the Audit Committee of MOL Plc.:

Zoltán Áldott
Chairman of the Supervisory Board

Dr. Attila Chikán
Chairman of the Audit Committee