

## **Common Position of the Board of Directors and the Supervisory Board of SLOVNAFT, a.s. to the Proposed Exercise of the Squeeze-out Right and the Proposed Conditions by MOL Plc. for the Remaining Free Float Shares of the Company**

**The Board of Directors and the Supervisory Board of SLOVNAFT, a.s. have in line with § 118i of the Act No. 566/2001 Coll. on Securities and Investment Services, as amended (hereinafter the “Securities Act”) discussed the proposed exercise of the squeeze out right and the proposed conditions by MOL Plc. for the remaining 1.44 % of free float shares**

Members of both, the Board of Directors and the Supervisory Board of SLOVNAFT, a.s. (the “Company”) acknowledged the content of conditions proposed by MOL Plc. in respect to the intended exercise of the squeeze out right dated 13 August 2019 (the “Conditions”) filed by MOL Hungarian Oil and Gas Public Limited Company, registered office: Október huszonharmadika utca 18, H-1117 Budapest, Hungary as the offeror (the “Applicant”) pursuant to Section 118i of the Securities Act for the acquisition of shares of the target Company as being in line with respective legislative requirements.

Members of the Board of Directors and the Supervisory Board (“Members of Boards”) have in depth discussed the possible impacts of such Conditions on the future functioning of the Company, future plans and strategy, employees, as well as possible impacts on the Company’s other shareholders and creditors. Members of Boards conclude that they view the Conditions as being in line with the overall interests of the Company, employees, shareholders or creditors.

Given so, the Members of Boards have also reviewed all supporting documents made available by the Applicant so as to verify the respective Conditions. Also, Members of Boards viewed the Conditions in respect to the feasibility of their realisation in respect to other shareholders. In doing so, Members of the Boards reviewed the Conditions in respect to their compliance with governing documents of the Company as well as applicable legal regulations.

Members of Boards view the Conditions as set in-line with the requirements of the Securities Act and containing all the necessary terms for the exercise of the squeeze out right by the Applicant. This entitles that MOL has made a voluntary bid for the remaining free float shares during the past three months, has exceeded a minimum legal threshold for invocation of the squeeze out right, and proposes conditions for realisation of the squeeze out procedure which secures that the appropriate remuneration is paid to the remaining shareholders.

Given the current shareholding ratio, where the Offeror controls 98.56% of all shares of the Company and therefore exercises controlling rights over decisions of the Company, Members of Boards do not see the potential increase in the ownership of shares by the Offeror as in conflict with strategy of the Company or to have impact on the future employment, business plans or general strategy of the Company and its creditors. This is supported by the fact that the Company had been an important part of the MOL Group for over 15 years. Here, Members of Boards came to the conclusion that such move by the Offeror might even bring about better implementation of the MOL Group’s Vision 2030 Strategy, where potentially simplified ownership structure might be seen as efficiency move and have positive impact on potential creditors and potential investors.

Members of Boards consider the implementation of the future strategy as a key opportunity to further develop the Company as an integral part of the MOL Group in light of changing external environment and the upcoming EU moves and legislative framework, which require evolution of the Company so that it can further function and deliver positive performance in the future as well, and thus secure employment and strong presence of business activities in the Slovak Republic. In light of these future aspects, Members of Boards see the importance of a unified Group as a key, with a positive future impact on the Company, its employees, potential creditors, and investors. In this respect Members of Boards see the move of streamlining the ownership structure as a way to boost decision flexibility and also to decrease the associated administrative burden. In this respect, Members of Boards see the simplification of administration and decision process as a positive measure which could help to increase competitiveness of the Company in the future.

On the other hand, Members of Boards concluded that the average trading with the remaining free float Company shares over the past years as realised on the Bratislava Stock Exchange (BSSE) has not reached the thresholds of liquidity defined under EU legislation and ESMA standards so as to consider the market liquid and therefore provide for necessary value creation, therefore the decision by the Applicant might be seen as an opportunity for minority

shareholders, most of whom have been shareholders of the Company for historical privatisation reasons to acquire fair remuneration for their shares.

Members of Boards see the price setting as proposed by the Applicant in the Conditions as respecting the legal requirements as set out under § 188i of the Securities Act, whereby the proposed remuneration of EUR 85,00 per share is higher than the price arising from the prescribed valuation methods. In view of the Members of Boards, the proposed remuneration is also proportional to the long term share value of the Company.

Also, Members of Boards view other terms of the Conditions to be set in the manner proscribed by the Act on Securities and other applicable regulations, whereby they did not find any legal or formal deficiencies in the received Conditions.

All Members of both Boards expressed that they are not in any form of a conflict of interest to deliberate and comment on the Conditions, and that they are not biased in respect to the shares of the Company, whereby no Member of the Board of Directors is a shareholder of the Company.

Approved in Bratislava, on August 16<sup>th</sup>, 2019

---