IMPACT OF ARMED CONFLICTS ON THE GROUP'S OPERATIONS AND FINANCIAL STATEMENTS

IMPACT OF THE ARMED CONFLICT IN UKRAINE

The armed conflict in Ukraine continues to affect the Group's operating environment, particularly in procurement, logistics, and energy commodity prices, maintaining a heightened level of geopolitical uncertainty in the region.

The Group conducts export operations to the Ukrainian market. Sales to the Ukrainian market consist mainly of spot transactions conducted based on current market conditions, including periodic disruptions in supplies to Ukraine from other sources. Consequently, sales volumes are characterised by heightened volatility and are neither fixed nor contract-based.

Transactions are conducted on a prepayment basis, which significantly limits the Group's exposure to credit risk associated with this market.

Geopolitical factors are of great importance for sales to Ukraine, including risks related to the availability of logistics infrastructure, transport security and regulatory changes. At the same time, due to the opportunistic nature of sales and the possibility of flexibly allocating volumes to other markets, the Management Board does not identify a risk of a permanent concentration of revenue in this market.

As at the date of this report, in the Management Board's assessment, the conflict in Ukraine had no direct impact on the recognition, measurement and presentation of items in the Group's consolidated financial statements, nor on the going concern assumption.

IMPACT OF THE CONFLICT IN THE MIDDLE EAST ON THE OPERATIONS OF THE UNIMOT GROUP

General information

In the opinion of the UNIMOT's Management Board, the ongoing conflict in the Middle East, including the escalation of risks surrounding the Strait of Hormuz, constitutes a significant source of market and operational uncertainty. This situation affects both the prices of fuels and petroleum products in Europe and the costs of logistics, insurance, and working capital financing. A potential consequence of the ongoing geopolitical instability could be a weakening of global fuel demand and increased inflationary pressure.

The UNIMOT Group currently operates in conditions of heightened market volatility; however, thanks to its well-developed competitive advantages, it remains able to mitigate the negative effects of the market environment. Of particular importance are the Group's well-developed logistics and trading capabilities, which support diversification of supply sources, a stable and flexible operating model, the effective utilisation of an extensive warehousing infrastructure, and the ability to offer customers long-term commercial contracts and price hedging mechanisms.

At the same time, the Group identifies a number of risk factors in the current market situation, including an increase in working capital financing costs resulting from higher fuel product prices, rising logistics costs, sea freight and insurance, persistently high volatility in crude oil and petroleum product prices, as well as the risk of weakening demand resulting from high retail and wholesale prices. In addition, the Group highlights the lengthening of delivery times, increased operational risk in international supply chains, rising capital requirements, and pressure on counterparties' financial liquidity.

UNIMOT monitors the geopolitical situation on an ongoing basis and adjusts its purchasing, sales and hedging policies accordingly.

As of the date of this report, the UNIMOT Group has not recorded any significant disruptions to its operational processes or any significant restrictions on the availability of fuels and raw materials necessary for deliveries.

Terminals and fuel depots are operating continuously, and deliveries to wholesale customers and the AVIA chain of petrol stations are ongoing.

The Company maintains an adequate level of operational and mandatory stocks and has secured alternative supply routes, including land and sea deliveries from diversified suppliers. In the Management Board’s assessment, the Group maintains a stable financial position, a secure level of debt, and access to sufficient financing.

Should the conflict drag on and further disruptions to the Middle East’s energy infrastructure persist, there is a risk that elevated energy prices will remain, inflationary pressures will mount, and economic growth will slow.

The CPN Package

The introduction of the so-called CPN package was part of the protective measures aimed at limiting fuel price increases and stabilising the Polish fuel market. It has been in force since 31 March 2026, when the first maximum retail prices for fuels were announced, and, according to statements from the Ministry of Energy, is temporary in nature, remaining in place for as long as market conditions and the situation on the energy and fuel markets require. The CPN programme operates in parallel with fiscal measures, including, among other things, a reduction in the VAT rate on fuels and a reduction in excise duty to the minimum levels permitted by EU regulations.

In UNIMOT’s view, the CPN programme had a positive impact on the Group’s operations, contributing to the stabilisation of market conditions and limiting excessive volatility in fuel prices. The mechanism for setting maximum prices enhanced the predictability of trading conditions, facilitating the planning of operational activities and the management of working capital. In addition, the scheme helped maintain a stable level of fuel demand by limiting the scale of retail price increases, thereby supporting sales volumes and customer relations.

Liquid Fuels and LPG segments

In the Liquid Fuels segment, the geopolitical situation resulting from the conflict in the Middle East caused above-average market volatility. During this period, market factors such as higher land premiums and fuel deliveries from German refineries, with which the UNIMOT Group had concluded contracts for 2026, also had a significant impact on the Group’s operations. The execution of these contracts increases the UNIMOT Group’s resilience to market fluctuations and shocks (including the backwardation trend). In the LPG sector, the observed increase in margins was temporary and persisted until the implementation of regulations related to the CPN package.

Since the beginning of March, there has been limited availability of products in the seaborne import channel, accompanied by a rise in the purchase costs of petroleum products and an increase in freight costs, which has hampered sales planning and accurate demand forecasting. The sharp rise in fuel product prices has also resulted in increased demand for working capital financing.

In the coming periods, UNIMOT expects market volatility to remain elevated and the geopolitical situation to continue to affect the costs of purchasing and transporting fuels. The key risks identified by UNIMOT include, in particular, a further increase in freight costs and the cost of financing operations, a reduction in the supply of products from Germany, as well as the risk of a decline in the profitability of operations and a deterioration in the financial liquidity of counterparties and UNIMOT itself.

To mitigate the identified risks, UNIMOT continues to take measures to diversify its supply sources, optimise logistics processes, and adapt its sales policy and hedging mechanisms.

In addition, UNIMOT’s operations were affected by the introduction of regulations setting maximum retail prices for fuels (CPN), which did not cover LPG. This resulted in a deterioration in the price ratio between petrol and LPG, which led to a decline in the cost-effectiveness of refuelling with LPG for some users and a reduction in demand for this product.

Bitumen Segment

In the Bitumen segment, the conflict in the Middle East primarily led to increased volatility in the prices of crude oil and petroleum products, which resulted in higher prices for asphalt products. Geopolitical tensions and disruptions in the global commodities market led to a temporary reduction in the availability of certain products and increased uncertainty regarding the continuity of supplies.

The first quarter remained a period of relatively limited demand, primarily due to a slowdown in activity in the road construction sector, delays in investment schedules, and contractors' cautious approach to undertaking new projects.

Despite the challenging market environment, the UNIMOT Group's operations in the bitumen segment continued without operational disruptions. Thanks to its well-developed logistics capabilities, diversification of supply sources and active market risk management, the Group maintained stable supplies and the profitability of its transactions. Operational flexibility, enabling the rapid adaptation of purchasing and commercial policies to changing market conditions, also remained a key factor supporting the business.

In the coming periods, the UNIMOT Group expects continued heightened volatility in energy raw material prices and further geopolitical uncertainty, which may affect market conditions for bitumen. The Group identifies the most significant risks as, in particular, an increase in operating and financial costs, a deterioration in the financial liquidity of entities operating in the road construction sector, potential disruptions in international supply chains, and the risk of reduced investment activity in the infrastructure sector.

To mitigate the impact of these risks, the Group continues to take measures to diversify its supply sources, utilise instruments to hedge against price and currency risks, monitor market conditions on an ongoing basis, and maintain a strict credit risk management policy for customers.

Infrastructure and Logistics Segment

With regard to the impact of the conflict in the Middle East on the operational activities of UNIMOT Terminale, the Group currently assesses its impact as neutral or limited. In the initial phase of the conflict's escalation, temporary tensions related to fuel availability on the market were observed; however, these primarily affected market participants and customers using the terminal infrastructure, rather than the Group's own terminal operations directly.

During the period under review, the Group did not experience any disruptions to the functioning of its terminal infrastructure, operational continuity or the provision of fuel storage, production and transhipment services. Operational activities were conducted without disruption, maintaining the required infrastructure availability and service continuity.

At the same time, a decline was observed in the volume of intra-Community fuel supplies carried out via UNIMOT Terminale's tax warehouses. This phenomenon was mainly linked to heightened market uncertainty, increased fuel price volatility and a more cautious approach by some market participants to entering into new commercial transactions.

As part of its ongoing risk management, the Group primarily monitors the possibility of further disruptions in global fuel supply chains, a potential increase in logistics, insurance and financing costs, the continuing high volatility of energy commodity prices, and the risk of reduced commercial activity among some market participants.

In the rail transport segment, the conflict in the Middle East primarily affected operations indirectly, contributing to the ongoing volatility of the economic environment and disruptions to global supply chains. Consequently, demand for rail transport on European routes stabilised. However, there was a noticeable increase in demand for spot and ad hoc transport, mainly on the Germany–Poland transit routes.

During the period under review, the UNIMOT Group maintained its position in the long-distance transport segment, with no significant changes in the customer structure, and operations focused primarily on continuing cooperation with existing industrial customers.

The UNIMOT Group's rail transport operations remained under pressure from rising operating costs, particularly traction power, fuel, and financing costs.

In addition, increased volatility in orders was observed, driven by disruptions in customers' supply chains and logistical challenges, such as delays and irregular deliveries.
In UNIMOT's assessment, the current market situation may, in the coming period, favour a further increase in the importance of rail transport within European supply chains, particularly in cross-border transport.

At the same time, the UNIMOT Group identifies several risks associated with the ongoing instability of the geopolitical and economic situation. The most significant of these include the risk of further increases in energy prices and operating costs, the possibility of reduced activity among industrial customers, resulting in a decline in transport volumes, and the deepening of supply chain disruptions.

To mitigate these risks, measures are being implemented to ensure ongoing cost control, flexible transport planning, customer base diversification, and increased operational efficiency. These measures aim to maintain operational stability and limit the impact of volatile market conditions on financial results and business liquidity.

Petrol Stations Segment

In the retail fuel sales segment, the conflict in the Middle East affected the Group's operations primarily through increased volatility in fuel prices and heightened market uncertainty.

During periods of sharp fuel price increases, the Group recorded a temporary improvement in margins on fuel stocks purchased earlier at lower wholesale prices.

At the same time, retail customers showed increased activity, driven by fears of further fuel price rises, which translated into more frequent refuelling and higher traffic at petrol stations. The increased customer traffic also had a positive impact on non-fuel sales, particularly in the catering, convenience and retail sectors.

The introduction of the maximum price mechanism (CPN) reduced market price elasticity and narrowed price differentials between operators.

The Group's operations remain exposed to the risk of rising costs for energy, maintenance services, materials, and petrol station lease costs, resulting from persistent inflationary pressures.

The key risks identified by the Group include, in particular, rising inflation and operating costs, a deterioration in the financial situation of transport companies affecting fleet sales, and pressure on the profitability of retail operations.

To mitigate these risks, the Group is undertaking measures to further automate its petrol station network, optimise operating costs, develop self-service formats, and implement solutions that enhance operational efficiency and the flexibility of the sales model.

Natural Gas Segment

In the Natural Gas segment, high market volatility driven by the conflict in the Middle East has led to widening spreads and the emergence of arbitrage opportunities. However, this situation has caused customers from the SME sector to avoid long-term fixed-price contracts, opting instead for short-term or indexed contracts while awaiting stabilisation. In contrast, large entities continue to seek multi-year deals with hedging components.

The outbreak of war in the Middle East has not caused any physical disruptions to gas supplies or significant changes in market share. Sales margins remain stable thanks to full hedging of positions.

The greatest risk is sudden margin calls during sharp price movements, which forces an increase in working capital requirements. In the long term, high prices may lead to a structural shift away from natural gas (electrification, renewables) among entities that use it for heating, intensifying competition for remaining customers.

To mitigate these risks, the company is implementing and planning the following: increasing liquidity buffers and negotiating higher credit limits, conducting regular stress tests on the portfolio, maintaining a rigorous hedging policy, and closely monitoring credit exposure.

Other segments

In the UNIMOT Group's assessment, the conflict in the Middle East had no significant direct impact on operations in the Solid Fuels, Renewable Energy Sources (RES) and Electricity segments. During the period under review, no significant operational disruptions, restrictions on the availability of raw materials or energy, or significant changes in commercial conditions directly affecting the operating and financial results of these segments were recorded.

As at the date of this report, the Group does not anticipate that the conflict in the Middle East will have a material direct impact on the operations, financial position or development prospects of the Solid Fuels, RES and Electricity segments in subsequent periods. At the same time, the Group is continuously monitoring the market environment and potential indirect risks, in particular those related to volatility in energy prices, financing costs and the economic situation in Europe.

Risk of regulatory and tax changes related to the conflict in the Middle East

The Group operates in an environment subject to numerous legal, tax and administrative regulations, both at the national and international levels, with geopolitical factors, in particular the situation in the Middle East, also having a significant impact on the direction and pace of regulatory changes. Ongoing tensions and armed conflicts in this region affect the stability of global commodity markets, including the crude oil and petroleum products market, which may lead to disruptions in global supply chains, increased volatility in fuel prices, and interventionist measures by states and international institutions.

Experience in recent years shows that specialised entities with a flexible management model, diversified supply sources, well-developed operational capabilities and the ability to respond quickly to changing market conditions have been able to effectively ensure the security and continuity of fuel supplies despite market disruptions and geopolitical tensions. This situation has affected the level of financial results achieved and the profitability of operations, particularly amid heightened volatility in the prices of raw materials and fuel products.

The introduction of new taxes, statutory charges, or changes to existing fiscal burdens may affect the Group's operating costs, financial liquidity, profitability, and its ability to implement its development strategy. Potential legislative changes may also affect the attractiveness of individual business segments and the Group's competitiveness in the market.

In the public domain and within the framework of legislative work underway in Poland, there is discussion of introducing a so-called windfall tax on entities operating in the fuel market. According to the available proposals, the new levy could apply to businesses engaged in the production, import or trade of liquid fuels, and the tax base could be the excess of margins or revenues above a specified reference level.

The potential introduction of such regulations could affect the financial situation of entities operating in the fuel sector by increasing the tax burden, reducing operational profitability, and impacting cash flows. It cannot be ruled out that future regulations will include temporary, interventionist or retrospective measures, which may further increase the level of regulatory uncertainty.

As at the date of this report, the Group does not have detailed information regarding the scope, timetable or final form of any potential new regulations or tax changes that could apply to its operations. Consequently, it is not possible to make a reliable estimate of the potential impact of such changes on the Group's financial position, operating results, cash flows, or development prospects. However, it cannot be ruled out that future changes in the legal and regulatory environment will affect the Group's operations and financial results.