Current Report No. 24/2026
Date prepared: 2026-08-26
ERBUD S.A.

Subject:
Decision to discontinue operations in the modular construction segment, results of impairment tests on the assets of the Company and the Issuer's Capital Group, and the anticipated breach of financial covenants under the Issuer's Capital Group financing documentation

Legal basis:
Article 17(1) of the MAR – inside information

Report content:
With reference to Current Report No. 8/2026 of 8 April 2026 concerning the announcement of the decision to commence a review of strategic options, the Management Board of ERBUD S.A. with its registered office in Warsaw (the "Company" or the "Issuer") hereby announces that, following the completion of analyses of various courses of action concerning the modular construction segment, the Issuer has decided to discontinue operations in this segment.

The modular construction segment comprises two subsidiaries in which the Issuer holds 100% of the shares, i.e. MOD21 Sp. z o.o. and MOD21 GmbH (the "Modular Construction Segment"). The decision to discontinue operations in the aforementioned segment of the Issuer's Capital Group was based, in particular, on the continuing lack of profitability of the modular construction segment and the absence of any indications that its results may improve in the foreseeable future.

In implementing this decision, the Issuer will initially seek to sell the shares in the companies comprising the Modular Construction Segment or other assets related to the Modular Construction Segment. In implementing this decision, the Management Board plans to scale down the operating activities of the Modular Construction Segment. This process will be gradual and will be carried out with due regard for the contractual obligations assumed in connection with projects contracted in this segment.

In connection with the change made by the Issuer's Management Board to the Company's accounting policy regarding the accounting treatment of shares in subsidiaries, which will be described in detail in the notes to the Issuer's separate financial statements for the first half of 2026, as well as in connection with the decision to discontinue operations in the modular construction segment, the impact of the above circumstances on the overall financial position of the Company and the Group will be presented in full in the financial statements of the Company and the Issuer's Capital Group for the first half of 2026. Below, the Issuer's Management Board presents an estimate of the anticipated impact of the above events on the Issuer's financial result and the consolidated financial result of the Company's Capital Group for the first half of 2026.

The Issuer's separate financial statements for the first quarter of 2026 reported the Company's equity at positive PLN 368 million. The estimated impact of the change in accounting policy on the Issuer's equity in its separate financial statements will amount to approximately positive PLN 280 million. However, in connection with the decision to discontinue operations in the Modular Construction Segment, the Issuer's Management Board identified indications of asset impairment and conducted analyses, including impairment tests on the assets of the Company and the Issuer's Capital Group, in accordance with the applicable accounting principles. The impact of the events associated with the discontinuation of operations will reduce the Issuer's financial result in its separate financial statements by approximately PLN 470 million.

In the consolidated financial statements of the Company's Capital Group for the first quarter of 2026, the equity of the Issuer's Capital Group amounted to positive PLN 552 million. The change in accounting policy has no impact on the amount of equity at the consolidated level of the Issuer's Capital Group. However, the estimated impact of the decision to discontinue operations in the Modular Construction Segment, including in connection with the asset impairment tests performed, will reduce the consolidated financial result by approximately PLN 231 million.

The above amounts are predominantly non-cash and non-recurring in nature and arise primarily from recognised impairment losses. The Issuer notes that the amounts presented are estimates and may be subject to change, particularly if the shares in MOD21 sp. z o.o., MOD21 GmbH or other assets related to the Modular Construction Segment are sold in 2026.

In view of the above estimated impact of the decision to discontinue operations on the items of the consolidated financial statements of the Issuer's Capital Group, the Issuer hereby announces an anticipated breach of the financial covenants concerning the ratio of the ERBUD Group's net debt to the Issuer's Capital Group's consolidated EBITDA (i.e. the net debt-to-EBITDA ratio), which will be tested on the basis of the ERBUD Group's consolidated interim financial statements for the first half of 2026. The Issuer will enter into discussions with the financing institutions with a view to obtaining a waiver from them in respect of the aforementioned covenant breach and will provide information on these activities in accordance with the applicable provisions of law.

Furthermore, the Issuer is analysing the potential risk of breaching the financial covenants stipulated in the terms and conditions of the Issuer's Series E bonds, concerning the ratio of debt incurred to the consolidated equity of the ERBUD Group. The convening of a Bondholders' Meeting in the event of a breach of the aforementioned covenant and the analysis of the risk of such a breach will be the subject of a separate current report by the Issuer.

Notwithstanding the information disclosed in this report, the strategic options review process referred to in Current Report No. 8/2026 of 8 April 2026 remains ongoing, and the Company continues to analyse various scenarios concerning the principal business areas of the Company's Capital Group other than the modular construction segment. The Company will disclose information on material stages and the results of the review in accordance with the applicable provisions of law, including the provisions of the MAR.