

Reconstruction Capital II Limited (the “Company”)  
Interim Unaudited Financial Statements  
for the six months ended 30 June 2021

Reconstruction Capital II Limited (“RC2”, the “Company” or the “Group”), a closed-end investment company incorporated in the Cayman Islands admitted to trading on the AIM market of the London Stock Exchange, today announces its results for the six months ended 30 June 2021.

Copies of the company’s interim financial statements will today be posted to shareholders. The interim report is also available on the Company’s website <http://www.reconstructioncapital2.com/>.

### Financial highlights

On 30 June 2021, Reconstruction Capital II Limited (“RC2”) had a total unaudited net asset value (“NAV”) of €21.2m or €0.1562 per share, which represents a 1.53% fall since the beginning of the year.

As at 30 June 2021, RC2 and its subsidiary, RC2 (Cyprus) Ltd had cash and cash equivalents of approximately €0.37m. Additionally, RC2 (Cyprus) Ltd had loan receivables from Telecredit and Mamaia Resort Hotels of € 0.45m. As at 30 June 2021, RC2 had sundry liabilities of €0.07m.

### Operational highlights

Both the Romanian and Bulgarian economies have proven to be relatively resilient to the ongoing Covid-19 pandemic, with their first quarter GDPs growing by 2.8% and 2.5%, respectively, over the quarter, compared to an average EU of 0.1%.

The pandemic itself seems to have subsided in Romania and Bulgaria, with the number of daily new cases falling from 1,400 and 600, respectively, at the beginning of May, to 150 and 100, at the end of July. Due to the fall in cases, most Covid-19 related restrictions were lifted in both countries. However, the number of daily new cases has started to creep up again, reaching 240 and 400 in Romania and Bulgaria, respectively, at the beginning of August. Romania and Bulgaria are particularly vulnerable to a resurgence of the pandemic, due to them having the lowest vaccination rates in the EU, with only 31.5% and 19.2% of their eligible populations, respectively, having received at least one dose, compared to an EU average of 71%.

The Policolor Group had a good performance in the first 6 months of 2021 with sales at € 41.2m, mainly helped by better-than-expected sales results from the resins and chemicals divisions, whose combined sales were 63.8% above the budget. On the other hand, the coatings division posted first half year sales 6.7% below budget, mainly due to weaker demand as consumers re-oriented their spending away from home improvement due to the easing of covid related restrictions. Helped by higher resins and chemicals sales and improved cost controls, the Group posted recurring EBITDA of € 2.6m, higher than the budgeted € 2.1m.

Mamaia Resort Hotels achieved first semester revenues of € 1m, or 14% above budget, which resulted in a six-month 2021 EBITDA loss of € -0.1m, compared to a budgeted loss of € -0.2m. The over-performance was mainly due to a contract signed with an international organization covering the low season first four months of the year. The bulk of the Hotel’s revenues and profits are typically generated during the high season months of July and August.

Telecredit deployed € 6.5m in financing products to small and medium sized enterprises over the first semester, which was 4% below budget. However, the company turned profitable at operating level in the second quarter, having generated an Operating Profit before Depreciation of € 143,000 over the period, compared to a first quarter loss of € 8,000.

For further information, please contact:

Reconstruction Capital II Limited  
Cornelia Oancea / Anca Moraru  
Tel: +40 21 316 76 80

Grant Thornton UK LLP  
(Nominated Adviser)  
Philip Secrett  
Tel: +44 (0) 20 7383 5100

finnCap Limited  
(Broker)  
William Marle / Giles Rolls  
Tel: +44 20 7220 0500

**ADVISER'S REPORT**  
**For the six months ended 30 June 2021**

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At the end of June, RC2 and RC2 (Cyprus) Ltd had cash and cash equivalents of € 0.37m, loan receivables from Telecredit and Mamaia Resort Hotels of € 0.45m, and short-term liabilities of € 0.07m. Telecredit reimbursed a net amount of € 1.05m to RC2 during the first semester, leaving an outstanding balance of € 0.15m. The shareholder loan to RC2 from Portadrix Investments Limited was fully repaid in the second quarter, resulting in RC2 being debt-free at the end of June.

## STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<b>30 June 2021 EUR Unaudited</b>	<b>30 June 2020 EUR Unaudited</b>	<b>31 December 2020 EUR Audited</b>
<b>Investment Income</b>			
Fair value loss on financial assets at fair value through profit or loss	(2,100,354)	(2,113,199)	(1,752,486)
Interest income	2,112,394	2,131,097	4,280,442
<b>Net investment income</b>	<b>12,040</b>	<b>17,898</b>	<b>2,527,956</b>
<b>Expenses</b>			
Operating expenses	(341,741)	(315,688)	(660,299)
Net financial income/(expense)	3	-	(16,286)
<b>Total expenses</b>	<b>(341,738)</b>	<b>(315,688)</b>	<b>(676,585)</b>
<b>(Loss)/profit for the period/year</b>	<b>(329,698)</b>	<b>(297,790)</b>	<b>1,851,371</b>
Other comprehensive income	-	-	-
<b>Total comprehensive (loss)/profit for the period/year attributable to owners</b>	<b>(329,698)</b>	<b>(297,790)</b>	<b>1,851,371</b>
<b>Earnings Per Share attributable to the owners of the Company</b>			
Basic and diluted earnings per share	(0.0024)	(0.0022)	0.0136

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<b>30 June 2021 EUR Unaudited</b>	<b>30 June 2020 EUR Unaudited</b>	<b>31 December 2020 EUR Audited</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	21,231,506	19,509,494	21,999,552
<b>Total non-current assets</b>	<b>21,231,506</b>	<b>19,509,494</b>	<b>21,999,552</b>
<b>Current assets</b>			
Trade and other receivables	17,123	13,585	13,600
Cash and cash equivalents	37,502	10,200	33,073
<b>Total current assets</b>	<b>54,625</b>	<b>23,785</b>	<b>46,673</b>
<b>TOTAL ASSETS</b>	<b>21,286,131</b>	<b>19,533,279</b>	<b>22,046,225</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	67,664	134,275	91,782
Borrowings	-	-	406,278
<b>TOTAL LIABILITIES</b>	<b>67,664</b>	<b>134,275</b>	<b>498,060</b>
<b>NET ASSETS</b>	<b>21,218,467</b>	<b>19,399,004</b>	<b>21,548,165</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS</b>			
Share capital	1,358,569	1,358,569	1,358,569
Share premium	109,206,779	109,206,779	109,206,779
Accumulated deficit	(89,346,881)	(91,166,344)	(89,017,183)
<b>TOTAL EQUITY</b>	<b>21,218,467</b>	<b>19,399,004</b>	<b>21,548,165</b>
<b>Net Asset Value per share</b>			
Basic and diluted net asset value per share	0.1562	0.1428	0.1586

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital EUR	Share premium EUR	Retained (deficit)/ earnings EUR	Total EUR
<b>Balance at 1 January 2020</b>	1,358,569	109,206,779	(90,868,554)	19,696,794
Loss for the period	-	-	(297,790)	(297,790)
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	-	-	(297,790)	(297,790)
<b>Balance at 30 June 2020</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(91,166,344)</b>	<b>19,399,004</b>
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Profit for the period	-	-	2,149,161	2,149,161
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit for the period	-	-	2,149,161	2,149,161
<b>Balance at 31 December 2020</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(89,017,183)</b>	<b>21,548,165</b>
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Loss for the period	-	-	(329,698)	(329,698)
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	-	-	(329,698)	(329,698)
<b>Balance at 30 June 2021</b>	<b>1,358,569</b>	<b>109,206,779</b>	<b>(89,346,881)</b>	<b>21,218,467</b>
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**CASH FLOW STATEMENT**  
For the six months ended 30 June 2021

	<b>30 June 2021 EUR Unaudited</b>	<b>30 June 2020 EUR Unaudited</b>	<b>31 December 2020 EUR Audited</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation	(329,698)	(297,790)	1,851,371
<i>Adjustments for:</i>			
Fair value loss on financial assets at fair value through profit or loss	2,100,354	2,113,199	1,752,486
Interest income	(2,112,394)	(2,131,097)	(4,280,442)
Financial expenses	11,035	-	6,278
Net (gain)/loss on foreign exchange	(3)	-	8
<b>Net cash outflow before changes in working capital</b>	<b>(330,706)</b>	<b>(315,688)</b>	<b>(670,299)</b>
(Increase)/Decrease in trade and other receivables	(3,523)	3,088	3,073
(Decrease)/Increase in trade and other payables	(24,118)	96,913	54,420
Disposals and repayments of financial assets	780,085	160,000	180,000
<b>Net cash provided by/(used in) operating</b>	<b>421,738</b>	<b>(55,687)</b>	<b>(432,806)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	250,000	-	400,000
Repayment of loans from related party	(650,000)	-	-
Interest paid	(17,312)	-	-
<b>Net cash flow (used in)/provided by financing</b>	<b>(417,312)</b>	<b>-</b>	<b>400,000</b>
<b>Net increase/(decrease) in cash and cash equivalents before currency adjustment</b>	<b>4,426</b>	<b>(55,687)</b>	<b>(32,806)</b>
Effects of exchange rate differences on cash and cash equivalents	3	-	(8)
<b>Net increase/(decrease) in cash and cash equivalents after currency adjustment</b>	<b>4,429</b>	<b>(55,687)</b>	<b>(32,814)</b>
Cash and cash equivalents at the beginning of the period/year	33,073	65,887	65,887
<b>Cash and cash equivalents at the end of the period/year</b>	<b>37,502</b>	<b>10,200</b>	<b>33,073</b>