

Reconstruction Capital II Ltd

("RC2" or the "Fund")

Quarterly Report



30 September 2025



New Europe Capital SRL
Str. Thomas Masaryk nr.24, et.1
Bucuresti - Sector 2
Tel +40 21 316 7680
bucharest@neweuropecapital.com

Mamaia Resort Hotels

On 14th November, RC2 announced the completion of the disposal of its entire 63.37% shareholding in Mamaia Resort Hotels SRL for a total consideration, net of transaction costs, of approximately € 2.9m, plus the repayment of approximately € 1.2m of shareholder loans.

Policolor Group



Background

RC2 has a 40.0% shareholding in Policolor, the parent company of the Policolor Group (“Policolor” or the “Group”), which operates along the following business lines: coatings, resins and anhydrides (a specialty chemical). The Romanian company Policolor SA and its 100%-owned Bulgarian subsidiary Orgachim AD produce and sell coatings, primarily in Romania and Bulgaria. The Group also includes Orgachim Resins, a producer of resins, and Ruse Chemicals, a producer of anhydrides, both being located in Bulgaria.

Group Financial results and operations

(EUR '000)	2023*	2024*	2025B	9M 2024	9M 2025	9M 2025B
Group Consolidated Income statement						
Sales revenues	71,621	68,226	77,710	55,398	53,807	58,706
sales growth year-on-year	-16.3%	-4.7%	13.9%	-5.6%	-2.9%	9.1%
Other operating revenues	112	58	-	73	61	-
Total operating revenues	71,733	68,284	77,710	55,471	53,868	58,706
Gross margin	21,944	22,595	25,695	18,107	17,638	20,278
Gross margin %	30.6%	33.1%	33.1%	32.6%	32.7%	34.5%
Other operating expenses	(20,437)	(20,055)	(22,518)	(51,206)	(51,203)	(53,134)
Operating profit	1,507	2,540	3,177	2,219	833	3,112
Operating margin	2.1%	3.7%	4.1%	4.0%	1.5%	5.3%
Core EBITDA	4,289	5,220	6,350	4,265	2,665	5,572
EBITDA margin	6.0%	7.6%	8.2%	7.7%	4.9%	9.5%
Nonrecurring items / Extraordinary items	751	490	-	-	-	-
Net extraordinary result - land sale	-	490	-	490	-	-
Nonrecurring items	-	-	-	-	-	-
Financial Profit/(Loss)	(1,435)	(1,154)	(1,484)	(719)	(803)	(803)
Profit before tax	823	1,876	1,693	1,989	30	2,309
Income tax	(251)	(5)	-	170	5	(3)
Profit after tax	572	1,871	1,693	2,159	36	2,306
avg exchange rate (RON/EUR)	4.95	4.97	-	4.97	5.02	-

Note: * IFRS audited, ** IFRS management accounts unaudited

During the first nine months of 2025, the Policolor Group recorded sales of € 53.8m, 2.9% below the previous year and 8.3% below budget.

Due to the sales underperformance of all business segments, combined with the significant EBITDA underperformance of the chemicals business, the Group achieved EBITDA of only € 2.7m over the first nine months, compared to € 4.3m over the same period of last year, and less than half the budget target of € 5.6m, whilst the net profit was € 0.04m, compared to a net profit of € 2.2m over the same period of 2024, and a budgeted net profit of € 2.3m.

The Coatings division achieved sales of € 39m, unchanged compared to the first nine months of 2024 and 7.2% below budget. The Coatings' division 39.3% gross margin generated over the first nine months was 0.2 percentage points below budget and 0.7 percentage points below the same period of 2024. In absolute terms, the Coatings division's gross margin of € 15.3m was 1.6% below the prior year's € 15.6m, and 7.8% below the € 16.6m budget target.

Including inter-company sales, the Resins division generated sales of € 15.1m, 9.1% below the prior year and 9.4% below budget, due to weaker economic activity in Romania and across Europe, and competition from Turkish imports which benefit from cheap raw materials from Russia. The division achieved a gross margin of 20.1%, which is 1.2 percentage points higher than the same period of 2024, but below the budget target of 23%, as a result of the combined effect of higher-than-expected input costs and weak demand across Europe.

The anhydrides (PA) division has been affected by a “perfect storm” as in 2024 it lost access to an all-year-round supply of steam from a neighbouring power plant and it was forced to stock up on OX, the main raw material in PA production, over the winter months in order to concentrate production over those months. But weak demand from Turkey (the main area where the division's PA is sold) and the fact that the dollar has lost ground against the euro (sales to Turkey being priced in dollars), have meant that it has been difficult to sell the resulting stock of PA. Consequently, the division posted a negative gross margin of -16% during the first 9 months of 2025, compared to -7.7% during the same period of 2024, and 8.5% in the budget. The division's business model is not viable in the difficult market conditions in which the company has operated since the beginning of the war in Ukraine, without a constant supply of OX at sustainable prices. As there are no prospects of a change in the market conditions in the foreseeable future, the Policolor Group board has decided to shut down PA production, whilst keeping the reactor in a “cold” (inactive) state, which means that the plant could theoretically be re-started in the future if market conditions improve.

The total Group consolidated gross margin was 32.7% over the first nine months, 0.1 percentage points higher than the same period of 2024 (helped by the lower PA sales), but still below the 34.5% budget target.

Important Information

This document, and the material contained therein, is intended to be for information purposes and it is not intended as a promotional material in any respect. In particular, this document is not intended as an offer or solicitation for the purchase or sale of any financial instrument including shares in Reconstruction Capital II Limited ("RC2" or the "Fund"). Any investment in RC2 must be based solely on the Admission Document of the Fund or other offering documents issued from time to time by the Fund, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations. Potential investors are advised to independently review and obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in the Fund and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances. While every effort has been taken to ensure that the material in this document is accurate, current, complete and fit for its intended purpose no warranty is given as to its completeness or accuracy.

This document is only issued to and directed at persons of a kind to whom it may lawfully be communicated to.

The Fund's shares have not been and will not be registered under any securities laws of the United States of America or any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof. The offering of shares in certain jurisdictions may be restricted and accordingly persons are required by the Fund to inform themselves of and observe any such restrictions.

No warranty is given, in whole or in part, regarding the performance of the Fund. There is no guarantee that its investment objectives will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any other persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of New Europe Capital SRL.