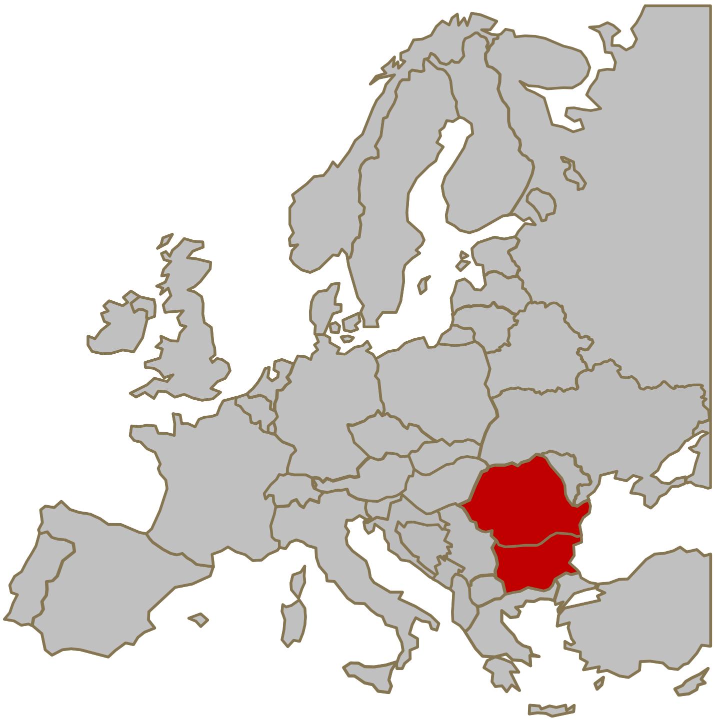
Reconstruction Capital II Ltd

("RC2" or the "Fund")

Quarterly Report



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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	6M 2024	6M 2025	6M 2025B
Group Consolidated Income statement						
Sales revenues	**70,994**	**68,252**	**74,990**	**36,655**	**33,397**	**37,641**
sales growth year-on-year	*-16.8%*	*-3.9%*	*9.9%*	*-2.4%*	*-8.9%*	*2.7%*
Other operating revenues	145	32	-	40	40	-
Total operating revenues	**71,140**	**68,284**	**74,990**	**36,695**	**33,437**	**37,641**
Gross margin	**21,944**	**22,595**	**25,371**	**11,612**	**10,722**	**12,699**
Gross margin %	*30.8%*	*33.1%*	*33.8%*	*31.6%*	*32.1%*	*33.7%*
Other operating expenses	(20,621)	(19,872)	(21,822)	(10,834)	(10,752)	(11,308)
Operating profit	**1,448**	**2,540**	**2,627**	**778**	**(30)**	**1,391**
Operating margin	*2.0%*	*3.7%*	*3.5%*	*2.1%*	*-0.1%*	*3.7%*
Core EBITDA	**4,280**	**5,219**	**5,996**	**2,154**	**1,202**	**2,961**
EBITDA margin	*6.0%*	*7.6%*	*8.0%*	*5.9%*	*3.6%*	*7.9%*
Nonrecurring items / Extraordinary Items	526	-	-	-	-	-
Net extraordinary result - land sale	-	490	-	490	-	-
Nonrecurring items	-	-	-		-	-
Financial Profit/(Loss)	(1,241)	(1,153)	(1,046)	(452)	(617)	(574)
Profit before tax	**780**	**1,877**	**1,581**	**816**	**(647)**	**818**
Income tax	(195)	(5)	(423)	171	5	(2)
Profit after tax	**585**	**1,871**	**1,158**	**987**	**(642)**	**816**
avg exchange rate (RON/EUR)	*4.95*	*4.97*	-	*4.97*	*5.00*	-

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

Following the finalization of the 2024 audit, the above table now reflects the 2024 consolidated audited accounts.

During the first half of 2025, the Policolor Group recorded sales of € 33.4m, 8.9% below the previous year and 11.3% below budget.

The Coatings division achieved sales of € 23.8m, 2.9% below the € 24.5m registered in the first half of 2024 and 10.0% below budget, affected by weak demand in the context of the unusually cold weather which had a negative impact on construction works in the first months of the year, and the challenging political and macroeconomic environment, especially in Romania. The Coatings' division 38.9% gross margin generated over the first semester was 0.2 percentage points above budget but 1.1 percentage points below the same period of 2024. In absolute terms, the Coatings gross margin of € 9.2m was 5.6% below the prior year's € 9.8m, and 9.5% below the budgeted € 10.2m.

Including inter-company sales, the Resins division generated sales of € 9.8m, 16.0% below the prior year and 11.4% below budget. The division achieved a gross margin of 15.9%, which is 2.2 percentage points lower than the same period of 2024, and significantly below the budget target of 20.7%, a combined effect of higher-than-expected input costs and weak demand across Europe.

Over the first semester, the anhydrides division generated sales of € 3.2m, 6.6% below the same period of the prior year, and 1.0% below budget. Around 38% of sales were to third parties. The division's gross margin was slightly negative at -2.2%, compared to a -8.0% gross margin in the first half of 2024, and a budget expectation of 6.2%. The plant stopped production in late March due to the unfavourable evolution of the price differential between raw material and finished product, in the context of the ongoing war in Ukraine and a weak economy in Turkey, its largest export market.

The total Group consolidated gross margin was 32.1% over the first semester, 0.5 percentage points higher than the first half of 2024, but still below the 33.7% budget target.

Due to the sales underperformance of all business segments, the Policolor Group achieved EBITDA of € 1.2m in the first semester, compared to € 2.15m over the first half of 2024, and significantly below the budget target of € 2.96m, whilst the net loss was € -0.64m, compared to a net profit of € 0.98m in the same period of 2024 and a budgeted net profit of € 0.82m.

Mamaia Resort Hotels

Background

Mamaia Resort Hotels SRL (the “Company”) is the owner of the ZENITH – Conference & Spa Hotel (the “Hotel”) in Mamaia, Romania’s premium seaside resort next to the city of Constanta. Since December 2024, the Hotel has been rented out to Paradis Vacante de Vis, a family-owned tour and hotel operator specialized in Romania’s Black Sea coast. RC2 owns 63% of the Company, with the remaining 37% being owned by a Romanian private individual.

Financial results and operations

(EUR '000)	2023A*	2024*	2025B	6M 2024	6M 2025	6M 2025B
Total Operating Revenues, of which:	**2,916**	**3,279**	**429**	**1,159**	**189**	**191**
Rental revenues	-	-	**417**	-	**189**	**191**
Accommodation revenues	1,545	1,633		482	-	-
Food & beverage revenues	1,282	1,516		643	-	-
Other operating revenues	89	130	12	34	-	-
Total Operating Expenses	(3,379)	(3,519)	(182)	(1,447)	(195)	(166)
Operating Profit	**(463)**	**(240)**	**104**	**(288)**	**(6)**	**25**
Operating margin, %	*-15.9%*	*-7.3%*	*24.4%*	*-24.8%*	*-3.4%*	*13.0%*
EBITDA	**(358)**	**(103)**	**247**	**(269)**	**62**	**94**
EBITDA margin, %	*-12.3%*	*-3.1%*	*57.7%*	*-23.2%*	*32.7%*	*49.1%*
Profit after Tax	**(678)**	**(443)**	**(171)**	**(436)**	**(174)**	**(46)**
Net margin, %	*-23.2%*	*-13.5%*	*-39.9%*	*-37.6%*	*-92.4%*	*-24.0%*
avg exchange rate (RON/EUR)	*4.97*	*4.97*	*4.98*	*4.97*	*5.00*	*4.98*

*Note: * RAS, audited; **RAS management accounts, unaudited*

Following the finalization of the 2024 audit, the above table now reflects the 2024 audited accounts.

The Company generated rental income of € 0.19m over the first semester, in line with the rental agreement. Meanwhile, total costs amounted to € 0.2m, which was slightly above budget, mainly due to some unexpected equipment repairs.

The Company’s net debt increased from € 2.6m at the end of March to € 2.79m at the end of June, due to an additional € 0.15m loan from RC2 to cover the costs of transitioning to the rental business model (mainly paying off historical liabilities to suppliers).

As of 30 June 2025, the Hotel had € 1.5m of bank debt, and owed € 1.3m, including accrued interest, to its shareholders, of which € 1.1m to RC2.

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