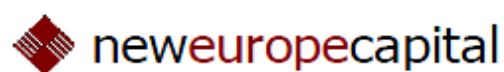


## **Reconstruction Capital II Ltd** **("RC2" or the "Fund")**

### **Quarterly Report**



**31 March 2025**



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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	3M 2024	3M 2025	3M 2025B
<b>Group Consolidated Income statement</b>						
Sales revenues	70,994	67,731	74,990	15,403	14,416	15,897
sales growth year-on-year	-16.8%	-4.6%	10.7%	-2.2%	-6.4%	3.2%
Other operating revenues	145	99	-	25	16	-
<b>Total operating revenues</b>	<b>71,140</b>	<b>67,829</b>	<b>74,990</b>	<b>15,428</b>	<b>14,433</b>	<b>15,897</b>
Gross margin	22,069	22,142	24,449	4,421	4,335	4,990
Gross margin %	31.0%	32.6%	32.6%	28.7%	30.0%	31.4%
Other operating expenses	(20,621)	(19,872)	(21,822)	(5,258)	(5,328)	(5,381)
<b>Operating profit</b>	<b>1,448</b>	<b>2,270</b>	<b>2,627</b>	<b>(837)</b>	<b>(993)</b>	<b>(390)</b>
Operating margin	2.0%	3.3%	3.5%	-5.4%	-6.9%	-2.5%
<b>EBITDA</b>	<b>4,280</b>	<b>4,818</b>	<b>5,996</b>	<b>(155)</b>	<b>(367)</b>	<b>352</b>
EBITDA margin	6.0%	7.1%	8.1%	-1.0%	-2.5%	2.2%
Nonrecurring Items / Extraordinary Items	526	395	-	-	-	-
Net extraordinary result - land sale	-	-	-	-	-	-
Nonrecurring Items	-	-	-	-	-	-
Financial Profit/(Loss)	(1,241)	(908)	(1,046)	(218)	(223)	(303)
<b>Profit before tax</b>	<b>780</b>	<b>1,757</b>	<b>1,581</b>	<b>(1,055)</b>	<b>(1,215)</b>	<b>(693)</b>
Income tax	(195)	(243)	(423)	-	5	(1)
<b>Profit after tax</b>	<b>585</b>	<b>1,514</b>	<b>1,158</b>	<b>(1,055)</b>	<b>(1,210)</b>	<b>(694)</b>
avg exchange rate (RON/EUR)	4.95	4.97	-	4.97	4.98	-

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

During the first quarter, the Policolor Group recorded sales of € 14.4m, 6.4% below the previous year and 9.3% below budget.

The Coatings division achieved sales of € 9.5m, 2.0% below the € 9.7m registered in first quarter of 2024 and 14.0% below budget. The Coatings' division 37.2% gross margin generated over the first quarter was 0.4 percentage points above budget, although 1.3 percentage points below the same quarter of 2024. In absolute terms, the Coatings gross margin of € 3.5m was 5.3% below the prior year's € 3.7m, and 13.3% below the budgeted € 4.1m.

Including inter-company sales, the Resins division generated sales of € 5.1m, 1.1% above the prior year and 8.0% above

budget. The division achieved a gross margin of 14.5%, which is 2.9 percentage points lower than the same quarter of 2024, and significantly below the budget target of 19.3%, a combined effect of higher input costs and weak demand across Europe.

Over the first quarter, the anhydrides division generated sales of € 2.5m, 32.7% higher than the same period of the prior year, and 67.9% above budget. Only 24% of sales were to third parties. The division's gross margin was slightly positive at 2.7%, compared to a -9.8% gross margin in the first quarter of 2024, and a budget expectation of 0.6%. 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 30.0% over the first quarter, 1.3 percentage points higher than the first quarter of 2024, but still below the 31.4% budget target.

Mainly due to the underperformance of the coatings sales, the Policolor Group achieved negative EBITDA of € -0.37m in the first quarter, compared to € -0.16m over the first quarter of 2024, and significantly below the budget target of € 0.35m, whilst the net loss was € -1.2m which is 14.8% higher than the prior year result, and almost twice the budget target of € -0.69m.

## 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	3M 2024	3M 2025	3M 2025B
Total Operating Revenues, of which:	2,916	3,230	429	264	48	49
Rental revenues	-	-	417	-	46	46
Accommodation revenues	1,545	1,633	-	93	-	-
Food & beverage revenues	1,282	1,516	-	158	-	-
Other operating revenues	89	81	12	13	2	3
Total Operating Expenses	(3,379)	(3,472)	(182)	(249)	(101)	(89)
Operating Profit	(463)	(242)	104	15	(52)	(40)
Operating margin, %	-15.9%	-7.5%	24.4%	5.6%	-107.9%	-80.3%
EBITDA	(358)	(105)	247	(202)	(18)	(5)
EBITDA margin, %	-12.3%	-3.3%	57.7%	-76.5%	-37.2%	-10.3%
Profit after Tax	(678)	(441)	(171)	(283)	(122)	(75)
Net margin, %	-23.2%	-13.7%	-39.9%	-107.3%	-253.1%	-151.4%
avg exchange rate (RON/EUR)	4.97	4.97	4.98			

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

The Company generated total operating rental income of only € 0.05m over the first quarter, as the rental agreement provides for

a three-month rent-free period, covering December 2024 to February 2025, inclusive. Meanwhile, total costs were slightly above budget, mainly due to higher than expected equipment repair costs. The Company’s net debt increased from € 2.1m at the end of 2024 to € 2.6m at the end of March, due to an additional € 0.4m loan from RC2 to cover the costs of transitioning to the rental business model, including making a number of improvements to the Hotel in line with the rental agreement, and paying off historical liabilities to suppliers. The Hotel now has € 1.6m of bank debt, and owes € 1.1m, including accrued interest, to its shareholders, of which € 0.9m to RC2.

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