

30 August 2023

Reconstruction Capital II Limited (the "Company")  
Interim Unaudited Financial Statements  
for the six months ended 30 June 2023

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 2023.

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 2023, Reconstruction Capital II Limited ("RC2") had a total unaudited net asset value ("NAV") of €23.4m or €0.1729 per share, which represents a 1.59% fall since the beginning of the year.

As at 30 June 2023, RC2 and its subsidiary, RC2 (Cyprus) Ltd had cash and cash equivalents of approximately €0.017m and receivables of €0.017m. As at 30 June 2023, RC2 had short-term liabilities of €0.243m.

**Operational highlights**

During the first half of 2023, the macroeconomic challenges which started in 2022 due to the outbreak of war in neighbouring Ukraine continued to erode consumers' purchasing power, affecting all of the Fund's investee companies, although inflationary pressures which had been fuelled by the outbreak of war fell significantly in the second quarter.

The Policolor Group achieved revenues of € 37.6m during the first semester, 22.7% below budget and 15.9% lower year-on-year, as the anhydrides division struggled to source the necessary raw materials due to the less available ortho-xylene, pursuant to the EU banning imports from Russia. The coatings division's sales were slightly higher year-on-year but 9% below budget, as the cost-of-living crisis reduced consumers' discretionary spending, while the construction market weakened. Although the Group's gross margin overperformed the budget in percentage terms, the Group's six-month EBITDA of € 1.5m was € 1.3m below budget, mainly due to the reduced activity at the anhydrides division and the underperformance of the coatings division.

The Mamaia Hotel did not meet its budget over the first half of 2023, as the cost-of-living crisis and the ongoing war in Ukraine across the Black Sea significantly impacted demand for the Hotel in the second quarter, despite an unexpectedly good performance in the first quarter. In addition, unseasonal bad weather, including lots of rainfall on weekends in May and June, led to the cancellation of a number of corporate events and a significant reduction in the number of walk-in clients. As a result, the Hotel generated revenues of € 0.90m, 22% below budget. During the first half of the year, the Hotel posted an EBITDA loss of € 0.52m, € 0.14m higher than the budgeted loss of € 0.38m, mainly due to lower accommodation revenues, higher food and beverage costs, and higher salaries due to a tight labour market.

During the first half of 2023, Telecredit generated interest revenues of € 0.83m, 7.8% higher year-on-year but 10% below budget, and an operating profit before depreciation and interest expenses of € 0.25m, below both the € 0.34m budget target and last year's result of € 0.38m. The underperformance was mainly driven by lower demand in the first quarter since Telecredit outperformed its budgeted financing volumes in the second quarter. In May, Telecredit extended the maturity of its € 2.0m loan from a specialized institutional lender by a year to 2024, and increased the facility amount to € 3.0m.

At the end of June, RC2 had cash and cash equivalents of € 0.017m, receivables of € 0.017m, and short-term liabilities of € 0.243m.

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finnCap Limited

**ADVISER'S REPORT**  
**For the six months ended 30 June 2023**

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**STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 June 2023

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Investment Income</b>			
Fair value loss on financial assets at fair value through profit or loss	(261,845)	(102,597)	(2,615,823)
Interest income	255,360	257,916	518,085
<b>Net investment income</b>	<b>(6,485)</b>	<b>155,319</b>	<b>(2,097,738)</b>
<b>Expenses</b>			
Operating expenses	(363,202)	(394,892)	(844,981)

Net financial income/(expense)	(11,925)	(35)	(871)
<b>Total expenses</b>	<b>(375,127)</b>	<b>(394,927)</b>	<b>(845,852)</b>
<b>(Loss)/profit for the period/year</b>	<b>(381,612)</b>	<b>(239,608)</b>	<b>(2,943,590)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive (loss)/profit for the period/year attributable to owners</b>	<b>(381,612)</b>	<b>(239,608)</b>	<b>(2,943,590)</b>
<b>Earnings Per Share attributable to the owners of the Company</b>			
Basic and diluted earnings per share	(0.0028)	(0.0018)	(0.0217)

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	24,027,598	26,557,140	24,104,083
<b>Total non-current assets</b>	<b>24,027,598</b>	<b>26,557,140</b>	<b>24,104,083</b>
<b>Current assets</b>			
Trade and other receivables	17,126	19,172	15,492
Cash and cash equivalents	17,221	46,438	73,337
<b>Total current assets</b>	<b>34,347</b>	<b>65,610</b>	<b>88,829</b>
<b>TOTAL ASSETS</b>	<b>24,061,945</b>	<b>26,622,750</b>	<b>24,192,912</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	243,207	91,174	124,485
<b>Total current liabilities</b>	<b>243,207</b>	<b>91,174</b>	<b>124,485</b>
<b>Non-current liabilities</b>			
Borrowings	382,756	-	250,833
<b>Total non-current liabilities</b>	<b>382,756</b>	<b>-</b>	<b>250,833</b>

<b>TOTAL LIABILITIES</b>	<b>625,963</b>	<b>91,174</b>	<b>375,318</b>
<b>NET ASSETS</b>	<b>23,435,982</b>	<b>26,531,576</b>	<b>23,817,594</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS</b>			
Share capital	1,355,784	1,357,034	1,355,784
Share premium	109,187,284	109,196,034	109,187,284
Accumulated deficit	(87,107,086)	(84,021,492)	(86,725,474)
<b>TOTAL EQUITY</b>	<b>23,435,982</b>	<b>26,531,576</b>	<b>23,817,594</b>
<b>Net Asset Value per share</b>			
Basic and diluted net asset value per share	0.1729	0.1955	0.1757

### STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital premium EUR	Share EUR	Retained (deficit)/ earnings EUR	Total EUR
<b>Balance at 1 January 2022</b>	1,358,569	109,206,779	(83,781,884)	<b>26,783,464</b>
Loss for the period	-	-	(239,608)	<b>(239,608)</b>
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(239,608)	<b>(239,608)</b>
Repurchase and cancellation of own shares	(1,535)	(10,745)	-	(12,280)
Transactions with owners	(1,535)	(10,745)	-	(12,280)
<b>Balance at 30 June 2022</b>	<b>1,357,034</b>	<b>109,196,034</b>	<b>(84,021,492)</b>	<b>26,531,576</b>
Profit for the period	-	-	(2,703,982)	(2,703,982)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	(2,703,982)	(2,703,982)
Repurchase and cancellation of own shares	(1,250)	(8,750)	-	(10,000)
Transactions with owners	(1,250)	(8,750)	-	(10,000)
<b>Balance at 31 December 2022</b>	<b>1,355,784</b>	<b>109,187,284</b>	<b>(86,725,474)</b>	<b>23,817,594</b>
Loss for the period	-	-	(381,612)	(381,612)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(381,612)	(381,612)
<b>Balance at 30 June 2023</b>	<b>1,355,784</b>	<b>109,187,284</b>	<b>(87,107,086)</b>	<b>23,435,982</b>

**CASH FLOW STATEMENT**  
For the six months ended 30 June 2023

	<b>30 June 2023 EUR Unaudited</b>	<b>30 June 2022 EUR Unaudited</b>	<b>31 December 2022 EUR Audited</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation	(381,612)	(239,608)	(2,943,590)
<i>Adjustments for:</i>			
Fair value loss on financial assets at fair value through profit or loss	261,845	102,597	2,615,823
Interest income	(255,360)	(257,916)	(518,085)
Financial expenses	11,923	-	833
Net (gain)/loss on foreign exchange	2	35	6
<b>Net cash outflow before changes in working capital</b>	<b>(363,202)</b>	<b>(394,892)</b>	<b>(845,013)</b>
(Increase)/Decrease in trade and other receivables	(1,634)	(13,145)	(9,465)
(Decrease)/Increase in trade and other payables	118,722	(114,511)	(81,200)
Repayments of financial assets	70,000	570,000	770,000
<b>Net cash provided by/(used in) operating</b>	<b>(176,114)</b>	<b>47,452</b>	<b>(165,678)</b>
<b>Cash flows from financing activities</b>			
Payments to purchase own shares	-	(12,280)	(22,280)
Proceeds from borrowings	120,000	-	250,000
<b>Net cash flow (used in)/provided by financing</b>	<b>120,000</b>	<b>(12,280)</b>	<b>227,720</b>
<b>Net increase/(decrease) in cash and cash equivalents before currency adjustment</b>	<b>(56,114)</b>	<b>35,172</b>	<b>62,042</b>
Effects of exchange rate differences on cash and cash equivalents	(2)	(35)	(6)
<b>Net increase/(decrease) in cash and cash equivalents after currency adjustment</b>	<b>(56,116)</b>	<b>35,137</b>	<b>62,036</b>
Cash and cash equivalents at the beginning of the period/year	73,337	11,301	11,301
<b>Cash and cash equivalents at the end of the period/year</b>	<b>17,221</b>	<b>46,438</b>	<b>73,337</b>

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