

Metalfrío Solutions A/S

Nysøparken 30
9400 Nørresundby

CVR no. 28 66 48 34

Annual report 2019

The annual report was presented and approved at
the Company's annual general meeting on

31 August 2020

F.L. Møller

chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Metalfrío Solutions A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aalborg 31 August 2020
Executive Board:



Frederico da Silveira
Moraes

Board of Directors:



Petros Diamantides



Marcelo Faria De Lima



Frederico da Silveira
Moraes



Independent auditor's report

To the shareholders of Metalfrío Solutions A/S

Opinion

We have audited the financial statements of Metalfrío Solutions A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.



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Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 31 August 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to be 'Steffen S. Hansen', written over a faint, circular watermark or stamp.

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

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Management's review

Company details

Metalfrio Solutions A/S
Nysøparken 30
9400 Nørresundby

CVR no.: 28 66 48 34
Established: 7 July 2006
Financial year: 1 January – 31 December

Board of Directors

Petros Diamantides
Marcelo Faria De Lima
Frederico da Silveira Moraes

Executive Board

Frederico da Silveira Moraes

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 18
DK-9000 Aalborg

Management's review

Operating review

Principal activities

The Company's main activities comprise sale of cooling and freezing cabinets for display and storage of ice, food and beverage.

Development in activities and finances

The Company's income statement for 2019 shows a loss of DKK'000 -504 as against DKK'000 -2,437 in 2018. Equity in the Company's balance sheet at 31 December 2019 stood at DKK'000 19,090 as against DKK'000 19,594 at 31 December 2018.

Loss for investments is related to debt forgiveness agreement with subsidiary in Kalingrad. For subsidiary in Kalingrad solvent liquidation is initiated in August 2020. Carrying amount is 0 DKK as per 31 December 2019.

The Company's ultimate owner, Metalfrio Solutions S.A. has issued an updated letter of support and has also confirmed to cover any potential loss on trade receivables, mainly relating to trade receivables in Ukraine, and intercompany receivables from sister company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit/loss		-12	216
Distribution costs		-12	-244
Administrative expenses		-300	-3,717
Operating profit/loss		-324	-3,745
Income from equity investments in group entities		-1,181	846
Financial income	2	1,002	561
Financial expenses		-1	-99
Profit/loss before tax		-504	-2,437
Tax on profit/loss for the year		0	0
Profit/loss for the year		-504	-2,437
Proposed distribution of loss			
Retained earnings		-504	-2,437
		-504	-2,437

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Investments			
Investments in group entities	3	<u>0</u>	<u>0</u>
Current assets			
Receivables			
Trade receivables		2,343	3,151
Receivables from group entities		16,695	16,525
Other receivables		<u>0</u>	<u>51</u>
		<u>19,038</u>	<u>19,727</u>
Cash at bank and in hand		<u>141</u>	<u>14</u>
Total current assets		<u>19,179</u>	<u>19,741</u>
TOTAL ASSETS		<u><u>19,179</u></u>	<u><u>19,741</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>31/12 2019</u>	<u>31/12 2018</u>
EQUITY AND LIABILITIES			
Equity			
Contributed capital		11,000	11,000
Retained earnings		<u>8,090</u>	<u>8,594</u>
Total equity		<u>19,090</u>	<u>19,594</u>
Liabilities			
Current liabilities			
Trade payables		0	141
Other payables		<u>89</u>	<u>6</u>
		<u>89</u>	<u>147</u>
Total liabilities		<u>89</u>	<u>147</u>
TOTAL EQUITY AND LIABILITIES		<u><u>19,179</u></u>	<u><u>19,741</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	11,000	8,594	19,594
Profit/loss for the year	0	-504	-504
Equity at 31 December 2019	11,000	8,090	19,090

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Metalfrio Solutions A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods, comprising the sale of manufactured goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the entity.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets, property, plant and equipment used for administration of the entity.

Income from equity investments in group entities.

Income from investments in group entities comprises the pro rata share of the individual entities' profit/loss after full elimination of intra-group profits or losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Equity investments in group entities

Equity investments in group entities are recognised and measured according to the equity method. This means that investments are measured at a pro rata share of the entities' equity value plus or minus non-amortised goodwill and plus or minus unrealised intra-group profits or losses.

Group entities with negative equity value are measured at DKK 0. Any receivables from these entities are written down to net realisable value based on a specific assessment. If the Parent Company has a legal or constructive obligation to cover the liabilities of the relevant entity, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group entities is transferred to the reserve for net revaluation according to the equity method under equity.

Investments in group entities are written down to the lower of recoverable amount and carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Cash at bank and in hand

Cash at bank and in hand comprise cash in hand and bank deposits.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

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2 Financial income

DKK'000	2019	2018
Interest income from group entities	756	561
Exchange adjustments	246	0
	<u>1,002</u>	<u>561</u>

3 Investments

DKK'000	Investments in group entities
Cost at 1 January 2019	<u>7,471</u>
Cost at 31 December 2019	<u>7,471</u>
Revaluations at 1 January 2019	<u>-7,471</u>
Revaluations 31 December 2019	<u>-7,471</u>
Carrying amount at 31 December 2019	<u><u>0</u></u>

Name	Registered office	Voting rights and ownership interest
OOO Caravell/Derby	Kaliningrad	100 %

4 Trade receivables

Trade receivables from customers in the Ukraine account for a substantial part of the Company's trade receivables. Management expects receivables to be fully paid but has recognised provisions to meet the increased financial risk in the country. The Parent company will cover any potential loss regarding the receivable (at book value).

The Parent company has also confirmed to cover any loss on intercompany receivables from affiliated company.

5 Deferred tax

At 31 December 2019, the Company reported a deferred tax asset of DKK 13,785 thousand, which relates to tax loss carryforwards. The tax asset has not been recognised in the balance sheet due to uncertainty as to the utilisation thereof.

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6 Group relations

Name and registered office of the Parent Company preparing consolidated financial statements for the largest group: Metafrio Solutions S.A., Brazil.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Metafrio Solutions S.A., Brazil.

The consolidated financial statements of Metafrio Solutions S.A., are available at the Company's address or on the Company's website www.metafrio.com.br