

Metalfrío Solutions A/S
c/o Ole Moeslund Egedal 6
8800 Viborg
Central Business Registration No
28664834

Annual report 2017

The Annual General Meeting adopted the annual report on 06.06.2018

Chairman of the General Meeting

Name: Marcelo Passadore

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Entity details

Entity

Metalfrio Solutions A/S
c/o Ole Moeslund Egedal 6
8800 Viborg

Central Business Registration No: 28664834

Registered in: Viborg

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Petros Diamantides
Marcelo Faria De Lima
Fabio Eliezer Figueiredo

Executive Board

Marcelo Passadore

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Metalfrio Solutions A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Viborg, 06.06.2018

Executive Board

Marcelo Passadore

Board of Directors

Petros Diamantides

Marcelo Faria De Lima

Fabio Eliezer Figueiredo

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 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the financial statements

Without qualifying our opinion, we refer to note 5 on credit risks related to trade receivables from Ukrainian customers on long credit terms. Management expects the receivables to be paid at book value by the customer and the valuation is based on this assumption. The management has furthermore informed us that the parent company (Metalfrío Solutions S.A.) will cover any potential loss regarding the receivable (at book value). Based on our audit, we did not find any reason to take a different view of the valuation.

Furthermore, without qualifying our opinion, we refer to note 1, which states that Metalfrío Solutions S.A. has promised to support the component with the necessary cash to cover the Company's need in 2018. We consider this promise very important to support the going concern status of the Company.

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these financial statements.

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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Independent auditor's report

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Aalborg, 06.06.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

René Winther Pedersen
State Authorised Public Accountant
Identification number (MNE) mne34173

Management commentary

Primary activities

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

Development in activities and finances

Trade receivables in Ukraine account for a substantial part of the Company's trade receivables. Management expects the receivables to be paid but have made provisions to meet the financial and political risk in Ukraine.

Material assumptions and uncertainties

The Company's ultimate owner Metalfrio Solutions S.A. has issued a letter of support to Metalfrio Solutions A/S. Consequently, the annual report has been presented on a going concern basis.

Events after the balance sheet date

After the balance sheet date the Company has sold two of the group enterprises, OOO Metalfrio Solutions and OOO Estate. Besides this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Gross profit		1,238	1,199
Distribution costs		(744)	(672)
Administrative costs		<u>(424)</u>	<u>(350)</u>
Operating profit/loss		70	177
Income from investments in group enterprises		486	29,550
Other financial income	2	0	1,432
Other financial expenses	3	<u>(2,559)</u>	<u>(4,753)</u>
Profit/loss for the year		<u>(2,003)</u>	<u>26,406</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(2,003)</u>	<u>26,406</u>
		<u>(2,003)</u>	<u>26,406</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Investments in group enterprises		41,614	43,060
Fixed asset investments	4	<u>41,614</u>	<u>43,060</u>
Fixed assets		<u>41,614</u>	<u>43,060</u>
Trade receivables	5	6,690	7,588
Receivables from group enterprises		893	1,597
Other receivables		25	3
Receivables		<u>7,608</u>	<u>9,188</u>
Cash		<u>223</u>	<u>571</u>
Current assets		<u>7,831</u>	<u>9,759</u>
Assets		<u>49,445</u>	<u>52,819</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital	6	11,000	11,000
Retained earnings		<u>10,887</u>	<u>15,982</u>
Equity		<u>21,887</u>	<u>26,982</u>
Trade payables		12	0
Payables to group enterprises		27,047	25,528
Other payables		<u>499</u>	<u>309</u>
Current liabilities other than provisions		<u>27,558</u>	<u>25,837</u>
Liabilities other than provisions		<u>27,558</u>	<u>25,837</u>
Equity and liabilities		<u>49,445</u>	<u>52,819</u>
Going concern	1		
Contingent assets	7		
Group relations	8		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	11,000	15,982	26,982
Exchange rate adjustments	0	(3,092)	(3,092)
Profit/loss for the year	0	(2,003)	(2,003)
Equity end of year	11,000	10,887	21,887

Notes

1. Going concern

Metalfrío Solutions S.A. has provided a letter of support confirming that they will support Metalfrío Solutions A/S financially in 2018 if required. Therefore, the financial statements have been presented on the assumption of going concern.

	2017 DKK'000	2016 DKK'000
2. Other financial income		
Financial income arising from group enterprises	0	1,432
	0	1,432

	2017 DKK'000	2016 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	1,023	1,483
Other financial expenses	1,536	3,270
	2,559	4,753

	Investment s in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	321,502
Cost end of year	321,502
Revaluations beginning of year	(278,442)
Exchange rate adjustments	(3,092)
Share of profit/loss for the year	486
Investments with negative equity depreciated over receivables	1,160
Revaluations end of year	(279,888)
Carrying amount end of year	41,614

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:			
OOO Metalprio Solutions	Kaliningrad	OOO	100.0
OOO Estate	Kaliningrad	OOO	100.0
OOO Caravell/Derby	Kaliningrad	OOO	100.0

5. Trade receivables

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

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
6. Contributed capital			
Sharecapital	11,000,000	1	11,000
	11,000,000		11,000

7. Contingent assets

At 31 December 2017, the Company reported a deferred tax asset of DKK 13,212k, which relates to tax loss carryforwards. The tax asset has not been recognised in the balance sheet due to uncertainty of the utilisation of the deferred tax asset.

8. Group relations

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

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

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

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's 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 and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Investments in group enterprises

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, 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 incur to settle the obligation.

Accounting policies

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

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

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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