

**São Paulo, Brazil, August, 24<sup>th</sup> 2020** - Metalfrío Solutions S.A. (FRIO3) (“Metalfrío”), the world’s leading technology-based cold solutions provider to global consumer brands, announces its results for the second quarter of 2020 (“2Q20”) and first half of 2020 (“1H20”). Financial and operational information given is in accordance with international accounting standards (IFRS), in Brazilian Reais (R\$). Comparisons are with the second quarter of 2019 (“2Q19”) and first half of 2019 (“1H19”) or as indicated.

#### 2Q20 and 1H20 Highlights

- ❄ 1H20 net revenues down 9.9% to R\$717.7 million, versus prior year period; 2Q20 down 21.9% to R\$333.1 million
- ❄ 1H20 services net revenues up 35.7% to R\$126.6 million, versus prior year period; 2Q20 up 33.0% to R\$64.4 million
- ❄ Gross Profit of R\$131.9 million in 1H20, down 3.8% versus prior year, with a 120 basis points margin improvement; 2Q20 down 27.9% to R\$56.9 million
- ❄ Adjusted EBITDA of R\$81.0 million in 1H20 versus R\$83.7 million, down 3.2% versus prior year, with margin up 80 basis points; 2Q20 adjusted EBITDA of R\$36.5 million, 27.6% lower than prior year
- ❄ Net Loss of R\$120.0 million in 1H20, versus Net Profit of R\$34.0m prior year owing mostly to FX losses and mark-to-market investments with limited cash impact; 2Q20 Net Loss of R\$12.6 million, versus Net Profit of R\$16.7 million in prior year period

**Commenting on the results, President & CEO Petros Diamantides said:**

***“The adversity presented by unprecedented global conditions in the first six months served to highlight Metalfrío’s strengths - a dynamic, innovative and committed team, exceptional relationships with global and regional customers, suppliers and partners and a disruptive and unique technology-based approach to point-of-sale cold solutions for food and beverage consumer brands around the world.***

***These qualities contributed to a resilient first half financial performance, with gross profit and Adjusted EBITDA only down marginally, on a 10% decline in revenues, highlighting the effective measures we are taking in these challenging times. The reported net loss was attributable to volatile financial markets impacting financial expenses through mostly non-cash forex and mark-to-market adjustments.***

***The impact of lockdown measures across the world began at the end of the first quarter and continued through the second quarter, affecting demand patterns in immediate consumption and food service channels. By the end of the second quarter, gradual easing of lockdowns in some of our key markets led to early indications that deferred orders are expected to resume in the second half of the year. Together with continued growth in our technology-driven asset management services and ongoing focus on operational efficiency, Metalfrío is well placed to benefit from the gradual economic recovery.”***

<i>(R\$ million)</i>	<i>2Q20</i>	<i>2Q19</i>	<i>% Var</i>	<i>1H20</i>	<i>1H19</i>	<i>% Var</i>
<b>Net Revenues</b>	<b>333.1</b>	<b>426.5</b>	<b>(21.9)</b>	<b>717.7</b>	<b>796.2</b>	<b>(9.9)</b>
<b>Gross Profit</b>	<b>56.9</b>	<b>79.0</b>	<b>(27.9)</b>	<b>131.9</b>	<b>137.0</b>	<b>(3.8)</b>
<i>Gross Margin</i>	<i>17.1%</i>	<i>18.5%</i>		<i>18.4%</i>	<i>17.2%</i>	
<b>Op. Profit</b>	<b>13.7</b>	<b>39.2</b>	<b>(65.1)</b>	<b>44.6</b>	<b>59.9</b>	<b>(25.5)</b>
<b>Adj. EBITDA</b>	<b>36.5</b>	<b>50.4</b>	<b>(27.6)</b>	<b>81.0</b>	<b>83.7</b>	<b>(3.2)</b>
<i>Adj. EBITDA Margin</i>	<i>11.0%</i>	<i>11.8%</i>		<i>11.3%</i>	<i>10.5%</i>	

## COVID-19 Update & Outlook

Lockdown measures across the world from the end of the first quarter affected the ability of businesses to operate normally, as well as significantly weakening consumer demand in food services and immediate consumption channels during the second quarter, as purchasing shifted rapidly to “at home” channels.

Metalfrío’s close relationships with its customers enabled it to move early in designing and implementing an effective crisis plan, with daily processes for management and executive teams covering Health & Safety, Business Updates and Liquidity. This resulted in the ability to continue delivering a high-quality level of product and service support to customers, whilst working closely with suppliers, partners and customers to navigate, together, the temporarily highly challenging, unprecedented external conditions created by the COVID-19 pandemic.

Whilst the shape and timing of any global economic recovery remains uncertain, easing of lockdown measures in some markets towards the end of the second quarter led to early signs of the resumption of deferred orders in immediate consumption channels in some key regions for Metalfrío. This together with ongoing good conditions in future consumption channels, demonstrates the resilience of the food and beverage consumer industry, to which Metalfrío is directly correlated. Additionally, the Company’s ability to respond rapidly to the dynamic environment has reinforced the strength of its close relationships with global and regional customers, suppliers and partners, underpinned by its market-leading range of multi-channel innovative solutions.

Therefore, Metalfrío believes it will see a gradual recovery from the next quarter and anticipates a good rebound in 2021, as seen after the financial crisis of 2008-09. In addition, it expects to see continued strong growth in its Services segment, which accounted for 17.6% of Sales in 1H2020, compared to 11.7% in the same period last year, demonstrating the ongoing diversification of the Company’s earnings stream.

The COVID-19 pandemic has presented great challenges but has also served to highlight the strengths of Metalfrío’s business model. The Company has evolved to be a disruptive force in the global consumer goods business and an integral part of its key customers’ value chain, delivering unique technology-based cold solutions at point-of-sale to help drive greater returns for its customers. Anchored in tailor made cooler aesthetics with high performance credentials able to operate in different channels, retail formats and countries, Metalfrío has in addition created a powerful and unique complementary suite of products and services, with internet connectivity at the core of future growth and value creation opportunities.

As Metalfrio continues to move closer towards the end-consumer and therefore more aligned with the positive long-term growth trends of its blue-chip customers, the quality of its growing earnings stream is expected to continue increasing, driven by the following key elements:

Innovation & multi-channel approach:

Metalfrio's market leading range of innovative, branded coolers and freezers serving multi-channels and consumer categories has enabled the Company to address the rapid changes in consumer demand behaviour. As an example, Metalfrio's supermarket plug-in island models benefitted as supermarkets experienced a surge in demand during the early stages of the lockdowns, especially in EMEA. Utilising its innovative skillset, Metalfrio has, for example, developed features including automatic door opening and anti-bacterial coatings, to serve the strong and immediate need to enhance health & safety during this pandemic.

Geographic spread:

With sales to over 80 countries, Metalfrio has the broadest geographic footprint amongst its peers, enabling it to meet the requirements of its global food & beverage consumer customers. This diversity has ensured that it has been able to partly offset declines in some countries through tapping into pockets of demand in other markets.

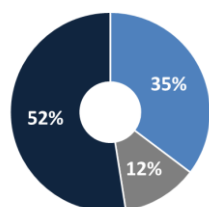
Service, Connectivity & Rental:

LifeCycle delivers an unrivalled after-sales solution, to ensure optimal asset performance, of particular importance in the current challenging times. The Rental offering is also establishing itself as a credible alternative to outright "ownership and operating" framework for an increasing number of customers. In addition to diversifying Metalfrio's earnings stream, Services ensure close and regular communication with its customers, invaluable in fostering and maintaining strong relationships.

Metalfrio's disruptive business model continues to evolve, now encompassing IoT technology (Connectivity), unique in the industry, where it is able to generate invaluable, data-driven insights in areas such as asset tracking, equipment health, environmental impact as well as consumer behavior trends uniquely integrated into its service infrastructure to deliver appropriate follow-up actions at the point-of-sale. This market leadership was further reinforced in July through the notice of its intention to acquire *assets365*, an IoT solutions provider in the UK.

Whilst Metalfrio's key accounts consist of the world's most recognizable consumer brands, it has recently built an increasing presence in the rental market, providing an attractive and flexible option for its clients, predominantly focused on small to mid-sized entities, enabling a rapid and cost effective roll-out of point-of-sale coolers.

## Net Revenue



- South America
- Central & North America
- EMEA

**Consolidated Net Revenues** declined 9.9% in the first half to R\$717.7 million. For the second quarter, revenues fell 21.9% as the government-led lockdowns around the world significantly impacted immediate consumption and on-trade channels, leading to deferrals of unit orders. Services continued to support and diversify Metalfrío's revenue base, growing 35.7% in the first half and 33.0% in the second quarter (representing 17.6% and 19.3% of consolidated revenues respectively).

(R\$ million)	1H20			1H19			Δ %		
	Products	Service	Total	Products	Service	Total	Products	Service	Total
South America	180.3	72.9	<b>253.2</b>	207.8	66.2	<b>274.0</b>	-13.2	10.1	<b>-7.6</b>
Central and North America	75.0	12.8	<b>87.8</b>	93.5	12.0	<b>105.5</b>	-19.9	7.0	<b>-16.8</b>
Europe, Middle East and Africa	335.8	40.9	<b>376.7</b>	401.5	15.2	<b>416.7</b>	-16.4	169.2	<b>-9.6</b>
<b>TOTAL</b>	<b>591.1</b>	<b>126.6</b>	<b>717.7</b>	<b>702.9</b>	<b>93.3</b>	<b>796.2</b>	<b>-15.9</b>	<b>35.7</b>	<b>-9.9</b>

### South America

Revenues for the first half declined 7.6%, although Services delivered good growth (up 10.1%) and Products posted better average realization owing to better product mix with key accounts and higher export contributions. In the second quarter, Revenues fell 34.3%, as the region began to be impacted by the effects of COVID-19, as the immediate consumption and on-trade channels contracted rapidly. Even within this environment, Services continued to grow, up 3.1% despite reduction of revenue in activity-related services, more than compensated by new and expanded scope in existing accounts as current conditions accelerate outsourcing decisions.

### Central & North America

First half revenues declined 16.8%, where despite a strong start to the year, led by domestic beer and ice-cream segments, it was followed by a second quarter that fell 68.1%, as the impact of COVID-19 began to take effect in April particularly in Mexico where all breweries were subject to a mandatory shut-down period. As a consequence, Metalfrío had to briefly suspend its own manufacturing operations. Services, whilst maintaining positive trajectory for the first half, saw a 40.5% fall in revenue in the second quarter as a result of the nationwide lockdown and the reduction of activity-related services.

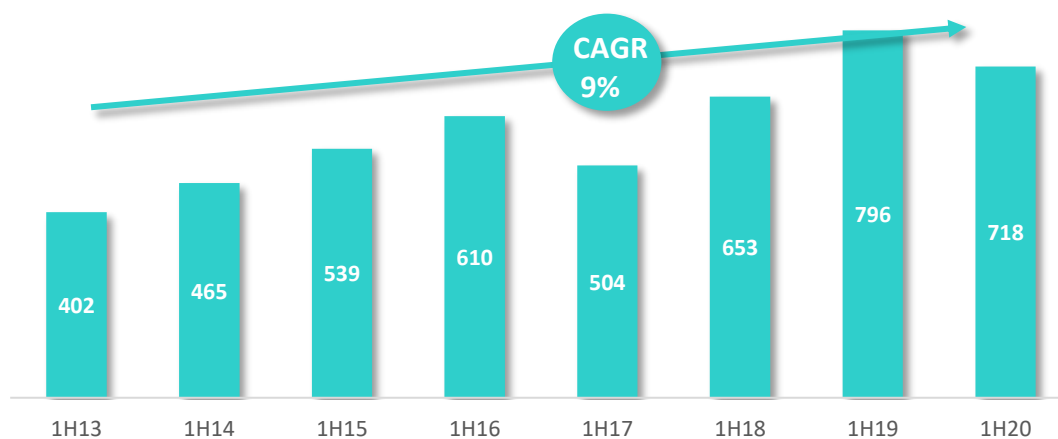
### Europe Middle East and Africa (EMEA)

Revenues in the region declined 9.6% in the first half, with an improving second quarter momentum where revenues were stable. This reflects the earlier impact of COVID-19 compared to the Americas (beginning in late Q1), together with signs of recovery (in late Q2) in this region as lockdown measures began to ease.

Average realisation per unit was down in both periods owing to higher sales of lower value added units reflecting the end-customer shift from food service to eating at home as well as the geographical shift from Europe to Middle-East and Africa.

Services performed extremely well in both periods, rising 169.2% in the first half and 194.2% in the second quarter with new activities in upgrading beer units at the newly established refurbishment centre.

Net Revenue (R\$ million)



### Gross Profit (R\$ million) & Gross Margin

**Gross Profit** declined 3.8% in the first half against a 9.9% fall in sales highlighting ongoing effective cost control and higher Services contribution, leading to a 120 basis points margin expansion. In the second quarter, as the lockdown measures took full effect, gross profit declined 27.9% due to the negative operating leverage.

By segment, Products saw a decline in gross profit of 14.9% to R\$105.2 million in the first six months, and a fall in gross profit of 37.8% to R\$44.2 million in the second quarter, with a margin expansion of 22bps to 17.8% in the first six months and decline of 233bps to 16.5% in the second quarter. Gross Profit in Services grew 98.6% in the first six months and 62.7% in the second quarter, to R\$26.7 million and R\$12.7 million versus the respective prior year periods, with a margin expansion of 6.7% and of 3.6% to 21.1% and 19.7% respectively.

### Operating Expenses (SG&A)

SG&A expenses increased 4.2% in the first half, representing a 180 basis points deterioration as a percentage of sales.

The second quarter delivered an improved performance, owing to efficiency initiatives taken to offset the weakening trading environment, with a 12.6% decrease in SG&A expenses. Nevertheless, as a percentage of sales, there was a 136 basis points deterioration as the rate of sales decline was greater.

SG&A Expenses were also negatively impacted by one-off expenses related to business adjustments with delayering lay-off expenses.

## Consolidated EBITDA & EBITDA Margin

Adjusted EBITDA declined 3.0% in the first half, compared to a 9.9% fall in sales, with an 80 basis points improvement in margin.

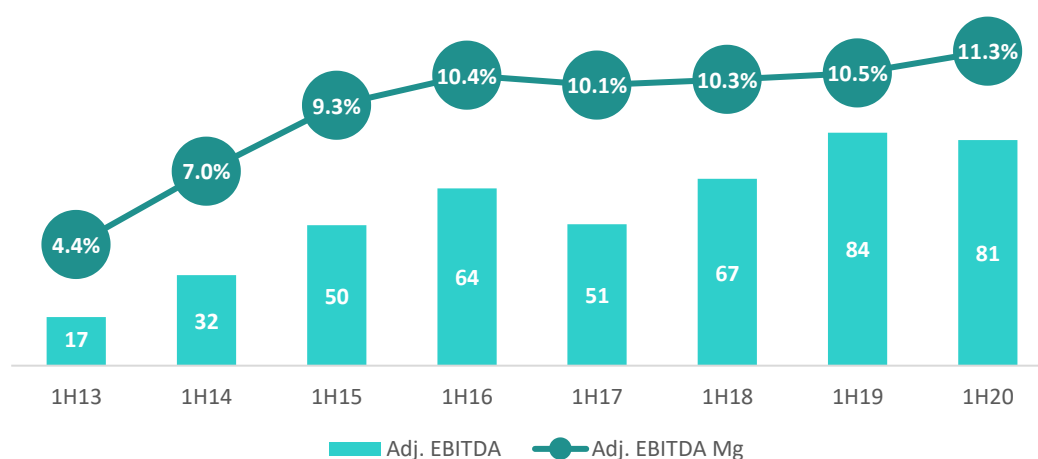
For the second quarter, Adjusted EBITDA fell 27.6%, as the effects of COVID-19 affected all regions with Net Revenue down 21.9%. Nevertheless, quick and effective actions ensured that the Adjusted EBITDA margin remained healthy at 11.0%, just 87 basis points down compared to the prior year period.

### Reconciliation of consolidated EBITDA and Adjusted EBITDA

Consolidated EBITDA (R\$ million)	2Q19	3Q19	4Q19	1Q20	2Q20	2Q20 vs 2Q19
Operating result	39.2	12.6	56.6	30.9	13.7	-65.2%
Depreciation and amortization	8.5	9.4	11.0	13.6	13.9	63.2%
<b>EBITDA</b>	<b>49.5</b>	<b>23.8</b>	<b>69.5</b>	<b>44.6</b>	<b>27.5</b>	<b>-44.4%</b>
Layoffs (i)	0.9	0.9	0.0	0.0	0.0	
Other extraordinary expenses / (income) (ii)	0.0	-2.0	-27.3	0.0	9.0	
<b>Adjusted EBITDA</b>	<b>50.4</b>	<b>22.7</b>	<b>42.1</b>	<b>44.6</b>	<b>36.5</b>	<b>-27.6%</b>

- i. Layoffs: The adjustment refers to restructuring charges related to efficiency projects, where certain positions were consolidated allowing further headcount reduction.
- ii. Extraordinary one-time income in 4Q19 is related to a legal process for tax refund credit from prior years and in 2Q20 is related to extraordinary expenses due to COVID-19.

### Adjusted EBITDA (R\$ million) / Adj EBITDA margin



## Financial Result

Net financial items were impacted by the volatility in the financials market owing to the COVID-19 pandemic. As a result of the devaluation in our operational currencies against the USD and the Euro, as well as the sharp devaluation of some financial assets, net financial items recorded a loss of R\$160.1 million for the first six months (most of these expenses being non-cash) versus a loss of R\$23.1 million in the same period last year.

In the second quarter, net financial items recorded a loss of R\$22.9 million, with an adverse foreign exchange impact, compared to a loss of R\$25.7 million for the same period last year.

FINANCIAL RESULT (R\$ million)	2Q19	2Q20	Var. 20/19	1H19	1H20	Var.20/19
Result with cash investments	2.9	1.7	-40.9%	6.3	8.5	34.3%
Securities market Value Change	0.0	14.8	nm	18.8	0.0	nm
Other financial income	0.3	0.1	-71.9%	0.3	0.1	-52.3%
<b>Interest and Other Income</b>	<b>3.1</b>	<b>16.5</b>	<b>430.8%</b>	<b>25.4</b>	<b>8.6</b>	<b>-66.1%</b>
Interest on loans and financing	-14.0	-12.4	-11.3%	-25.5	-24.6	-3.5%
Securities market Value Change	-1.4	0.0	nm	0.0	-33.1	nm
Other financial expenses	-11.3	-13.7	21.8%	-21.4	-23.6	10.4%
<b>Interest and Other Expenses</b>	<b>-26.6</b>	<b>-26.1</b>	<b>-1.8%</b>	<b>-46.9</b>	<b>-81.4</b>	<b>73.3%</b>
<b>Hedge Operations Result</b>	<b>-1.8</b>	<b>1.1</b>	<b>nm</b>	<b>-9.1</b>	<b>-0.9</b>	<b>-89.9%</b>
<b>Net FX Variation</b>	<b>-0.4</b>	<b>-14.3</b>	<b>nm</b>	<b>7.5</b>	<b>-86.4</b>	<b>nm</b>
<b>Net Financial Result</b>	<b>-25.7</b>	<b>-22.9</b>	<b>-11.2%</b>	<b>-23.1</b>	<b>-160.1</b>	<b>593.3%</b>

## Net Profit/Loss

As a result of the significant movement in Net Financial items, a net loss of R\$120.0 million was reported in the first six months, versus a Net Profit of R\$34.0 million for the same prior year period.

The second quarter recorded a Net loss of R\$12.6 million, compared to a prior year period profit of R\$16.7 million, owing to lower Revenues and a last year comparable period that included a tax gain in Turkey.

## Working Capital

In 2Q20 working capital less financial assets and liabilities reached R\$458.7 million, an increase of R\$295.8 million vs. R\$162.9 million in the prior year. The operational cash cycle at the end of 2Q20 was 94 days, 70 days higher when compared to 2Q19.

Working Capital was also impacted by Covid-19 as the lockdowns altered the usual seasonal purchasing patterns from customers and therefore also unbalanced the purchases and inventory patterns which will follow the overall business normalization evolution.

WORKING CAPITAL (R\$ million)	2Q19	3Q19	4Q19	1Q20	2Q20	Chg. 2Q20/ 2Q19	Chg. 2Q20/ 4Q19
<b><u>Current assets:</u></b>							
Cash and equivalents, bonds and securities	466.6	387.0	536.4	406.4	379.4	-87.1	-157.0
Accounts receivable	292.8	271.2	256.0	371.4	394.9	102.2	139.0
Inventory	275.8	299.3	245.3	380.7	351.1	75.4	105.9
Other	79.2	101.9	126.9	160.5	156.3	77.1	29.5
<b>A) Total</b>	<b>1114.4</b>	<b>1059.4</b>	<b>1164.5</b>	<b>1319.0</b>	<b>1,281.8</b>	167.5	117.3
<b>B) Current assets (less fin. assets)</b>	<b>647.8</b>	<b>672.5</b>	<b>628.1</b>	<b>912.6</b>	<b>902.4</b>	254.6	274.3
<b><u>Current liabilities:</u></b>							
Accounts payable	385.2	308.9	342.1	466.5	338.6	-46.6	-3.5
ST debt	529.8	594.1	653.4	746.8	840.3	310.5	186.9
Other	99.6	94.7	93.5	96.6	105.1	5.4	11.6
<b>C) Total</b>	<b>1014.6</b>	<b>997.7</b>	<b>1089.0</b>	<b>1310.0</b>	<b>1284.0</b>	269.3	195.0
<b>D) Current liabilities (less fin. liab.)</b>	<b>484.8</b>	<b>403.6</b>	<b>435.6</b>	<b>563.1</b>	<b>443.7</b>	-41.2	8.1
<b>Working capital (B-D)</b>	<b>162.9</b>	<b>268.9</b>	<b>192.5</b>	<b>349.5</b>	<b>458.7</b>	295.8	266.2
Days of receivables	53	66	52	72	90	37	38
Days of inventory	71	102	72	111	114	43	42
Days of suppliers	100	105	100	136	110	10	10
<b>Cash cycle</b>	<b>24</b>	<b>63</b>	<b>23</b>	<b>47</b>	<b>94</b>	70	71
Current liquidity (A/C)	1.1x	1.1x	1,1x	1x	1x	n/a	n/a

### Accounts Receivable

Accounts receivable from customers, at R\$394.9 million at the end of 2Q20, increased R\$102.2 million when compared to 2Q19 (R\$292.8 million) and increased R\$139.0 million when compared to 4Q19 (R\$256.0 million). Receivables in terms of days were up 37 days when compared to 2Q19, at 53 days and up 38 days when compared to 52 days in the end of 4Q19.

### Inventories

Inventories at R\$351.1 million at the end of 2Q20 were up R\$75.4 million when compared to 2Q19 (R\$275.8 million) and up R\$105.9 million when compared to 4Q19. Inventory in number of days was 114 days at the end of 2Q20, up 43 days when compared to 2Q19 (71 days) and also higher when compared to 72 days at the end of 4Q19.



### Accounts Payable

Supplier outstanding payables were down R\$46.6 million at R\$338.6 million at the end of 2Q20, vs. R\$385.2 million at the end of 2Q19 and were broadly flat when compared to 4Q18 (R\$342.1 million). Payables days at 110 were 10 days higher when compared to 100 days 2Q19 and 10 days higher when compared to 4Q19 (100 days).

## Investments

### Fixed assets

In 2Q20 net property, plant and equipment was R\$272.2 million, R\$66.7 million higher than 2Q19 (R\$205.5 million) and R\$23.6 million versus 4Q19. The increase in Net PP&E versus 2Q19 is mainly due to the timing of an extensive automation upgrade of one of our lines in Turkey and the acquisition of an adjacent land parcel for future plant expansion in Turkey.

### Intangible assets

Total intangible assets increased R\$9.4 million, reaching R\$169.1 million vs. R\$159.7 million in 2Q19 and R\$5.0 million versus 4Q19.

FIXED ASSETS (R\$ million)	2Q19	3Q19	4Q19	1Q20	2Q20	Chg. 2Q20/ 2Q19	Chg. 2Q20/ 4Q19
Net PP&E	205.5	244.4	248.6	270.0	<b>272.2</b>	+66.7	+23.6
Intangibles	159.7	164.1	164.1	168.4	<b>169.1</b>	+9.4	+5
<b>Total</b>	<b>365.2</b>	<b>408.5</b>	<b>412.7</b>	<b>438.4</b>	<b>441.3</b>	+76.1	+28.7

## Capitalization and Liquidity

In 2Q20 cash and cash equivalents (including marketable securities) were R\$379.4 million, compared to R\$466.6 million in 2Q19. Gross debt at the end of 2Q20 was R\$1,259.6 million compared with R\$922.9 million in 2Q19.

**Net debt** in 2Q20 increased to R\$880.2 million compared to R\$456.4 million in 2Q19.

LIQUIDITY INDICATORS (R\$ million)	2Q19	3Q19	4Q19	1Q20	2Q20	Chg. 2Q20/ 2Q19	Chg. 2Q20/ 4Q19
<b>Cash and equivalents, bonds and securities</b>	<b>466.6</b>	<b>387.0</b>	<b>536.4</b>	<b>406.4</b>	<b>379.4</b>	<b>-87.1</b>	<b>-157.0</b>
Short term debt (ST)	529.8	594.1	653.4	746.8	<b>840.3</b>	310.5	186.9
Long term debt (LT)	393.2	382.0	376.8	402.4	<b>419.3</b>	26.1	42.5
USD denominated debt	19.2	21.2	29.7	37.1	<b>38.4</b>	19.2	8.7
BRL denominated debt	525.6	531.9	478.5	467.4	<b>488.9</b>	-36.7	10.4
Euro denominated debt	376.6	421.3	467.7	615.7	<b>656.2</b>	279.6	188.5
TRY denominated debt	1.6	1.6	0.0	0.0	<b>55.9</b>	54.3	55.9
MXN denominated debt	0.0	0.0	54.3	29.1	<b>20.3</b>	20.3	-34.0
<b>Gross debt</b>	<b>922.9</b>	<b>976.1</b>	<b>1030.2</b>	<b>1149.3</b>	<b>1259.6</b>	<b>336.7</b>	<b>229.4</b>
<b>Net cash / (Net debt)</b>	<b>-456.4</b>	<b>-589.1</b>	<b>-493.8</b>	<b>-742.9</b>	<b>-880.2</b>	<b>-423.8</b>	<b>-386.4</b>
<b>Shareholders' equity (Equity)</b>	<b>108.2</b>	<b>122.9</b>	<b>127.3</b>	<b>57.3</b>	<b>46.5</b>	<b>-61.7</b>	<b>-80.8</b>
Cash and equiv. / ST debt	0.9x	0.7x	0,8x	0,5x	<b>0.5x</b>	n/a	n/a
ST debt / (ST + LT)	57.4%	60.9%	63.4%	65.0%	<b>66.7%</b>	n/a	n/a
Net cash (Net debt) / Equity	-4.2x	-4.8x	-3,9x	-13x	<b>-18.9x</b>	n/a	n/a
Net debt / (Net debt + Equity)	80.8%	82.7%	79.5%	92.8%	<b>95.0%</b>	n/a	n/a

In 2Q20, short term debt was R\$840.3 million, up from R\$529.8 million in the prior year, with long term debt also up when compared at the same time last year at R\$419.3 million. Short term debt as a percentage of total debt was up to 66.7%, up from 57.4% at the same period last year.

### Shareholders' equity

Shareholders' equity in 2Q20 was R\$46.5 million, which compares to R\$108.2 million at the same period last year.

**CONFERENCE CALL – 2Q20 – Metalfrio  
August 25th 2020**

**Portuguese**

10h00 (Brasilia Time)

09h00 (US- EST)

Tel.:+55 (11) 2188-0155

Code: Metalfrio

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**English**

10h00 (Brasília Time)

09h00 (US-EST)

Tel.:1 (646) 843-6054

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Replay.:+55 (11) 2188-0400

Code: Metalfrio

**Investor Relations Contacts**

Petros Diamantides (CEO)

Tel.: +55 11 **2627-9171**

Fax: +55 11 **2627-9196**

Frederico Moraes (CFO & IRO)

Tel.: +55 11 **2627-9046**

[ri@metalfrio.com.br](mailto:ri@metalfrio.com.br)

[www.metalfrio.com.br/ri](http://www.metalfrio.com.br/ri)

## Other Information

## Management Statement

In accordance with article 25 of Instruction 480/2009 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), the Company's Management states it has discussed, revised and agreed with the Independent Auditor's Opinion and with the accounting statements relative to the business by June 30<sup>th</sup>, 2020.

## Relationship with external auditors

In accordance with Instruction 381/2003 of the CVM (Brazilian Securities Commission – Comissão de Valores Mobiliários), we report that in 2020 we did not hire our Independent Auditors for services not related to external auditing.

The Company policy for hiring independent auditing services assures there are no conflicts of interests, loss of independency or objectivity for services eventually rendered by independent auditors not related to external auditing.

## Commitment Clause

The Company, its shareholders, administrators and members of its Tax Board, if installed, are responsible for solving, through arbitration, any and every dispute or controversy that might arise among them, related or resulting, specially, of application, validity, effectiveness, interpretation, violation and its effects, of provisions set forth in the Business Corporation Act, the Company's Bylaws, in the rules edited by CMN, by the Central Bank of Brazil and by CVM, as well as in other rules applicable to operation of general capital markets, besides those included in the Regulation of *Novo Mercado*, Agreement for Participation in *Novo Mercado* and Arbitration Regulation.

## Disclaimer

Information in this report on performance that is not directly derived from the financial statements, such as, for example, information on the market, quantities produced and sold, production capacity, and the calculation of EBITDA and adjusted EBITDA has not been revised by our external auditors.

We make forward-looking statements that are subject to risks and uncertainties. These statements are based on our Management's beliefs and assumptions and information to which the company currently has access. Forward-looking statements include information about our present intentions, beliefs or expectations, and those of the members of the company's Board of Directors, and Executive Officers. Reservations in relation to statements and information about the future also include information about possible or presumed operational results, and also statements that are preceded, followed by or include the words "believe", "may", "will", "continue", "expect", "forecast", "intend", "plan", "estimate", or similar expressions. Statements

and information about the future are not guarantees of performance. They involve risks, uncertainties and suppositions because they refer to future events, and thus depend on circumstances which may or may not occur. Future results and the creation of value for stockholders may differ significantly from those expressed or suggested by forward-looking statements. Many of the factors that will determine these results and amounts are beyond Metalfrio's capacity to control or forecast.

## Segments Breakdown

2Q	Net Revenues			Net Rev Share*		Gross Profit			Gross Margin		
	2020	2019	Δ%	2020	2019	2020	2019	Δ%	2020	2019	Δ%
<b>Consolidated</b>	<b>333.1</b>	<b>426.5</b>	<b>-21.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>56.9</b>	<b>79.0</b>	<b>-27.9%</b>	<b>17.1%</b>	<b>18.5%</b>	<b>-1.4%</b>
+ Products	268.7	378.1	-28.9%	80.7%	88.6%	44.2	71.2	-37.8%	16.5%	18.8%	-2.4%
+ Service	64.4	48.4	33.0%	19.3%	11.4%	12.7	7.8	62.7%	19.7%	16.1%	3.6%
<b>South America</b>	<b>90.3</b>	<b>137.5</b>	<b>-34.3%</b>	<b>27.1%</b>	<b>32.2%</b>	<b>12.0</b>	<b>20.8</b>	<b>-42.3%</b>	<b>13.3%</b>	<b>15.1%</b>	<b>-1.8%</b>
+ Products	57.1	105.2	-45.8%	63.2%	76.5%	5.1	17.4	-70.5%	9.0%	16.6%	-7.5%
+ Service	33.3	32.2	3.1%	36.8%	23.5%	6.8	3.3	104.9%	20.5%	10.3%	10.2%
<b>Central &amp; North America</b>	<b>21.3</b>	<b>66.8</b>	<b>-68.1%</b>	<b>6.4%</b>	<b>15.7%</b>	<b>-3.8</b>	<b>7.0</b>	<b>-153.7%</b>	<b>-17.8%</b>	<b>10.6%</b>	<b>-28.3%</b>
+ Products	17.1	59.6	-71.4%	80.1%	89.3%	-5.5	4.5	-222.4%	-32.2%	7.5%	-39.8%
+ Service	4.2	7.1	-40.5%	19.9%	10.7%	1.7	2.6	-32.9%	40.4%	35.8%	4.6%
<b>EMEA</b>	<b>221.5</b>	<b>222.3</b>	<b>-0.4%</b>	<b>66.5%</b>	<b>52.1%</b>	<b>48.8</b>	<b>51.2</b>	<b>-4.7%</b>	<b>22.0%</b>	<b>23.0%</b>	<b>-1.0%</b>
+ Products	194.6	213.1	-8.7%	87.9%	95.9%	44.6	49.2	-9.4%	22.9%	23.1%	-0.2%
+ Service	26.9	9.1	194.2%	12.1%	4.1%	4.2	1.9	116.7%	15.5%	21.0%	-5.5%

1H	Net Revenues			Net Rev Share**		Gross Profit			Gross Margin		
	2020	2019*	Δ%	2020	2019*	2020	2019*	Δ%	2020	2019*	Δ%
<b>Consolidated</b>	<b>717.7</b>	<b>796.2</b>	<b>-9.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>131.9</b>	<b>137.0</b>	<b>-3.8%</b>	<b>18.4%</b>	<b>17.2%</b>	<b>1.2%</b>
+ Products	591.1	702.9	-15.9%	82.4%	88.3%	105.2	123.6	-14.9%	17.8%	17.6%	0.2%
+ Service	126.6	93.3	35.7%	17.6%	11.7%	26.7	13.4	98.6%	21.1%	14.4%	6.7%
<b>South America</b>	<b>253.2</b>	<b>274.0</b>	<b>-7.6%</b>	<b>35.3%</b>	<b>34.4%</b>	<b>41.6</b>	<b>38.0</b>	<b>9.4%</b>	<b>16.4%</b>	<b>13.9%</b>	<b>2.5%</b>
+ Products	180.3	207.8	-13.2%	71.2%	75.8%	29.6	31.9	-7.1%	16.4%	15.3%	1.1%
+ Service	72.9	66.2	10.1%	28.8%	24.2%	12.0	6.1	94.9%	16.4%	9.3%	7.1%
<b>Central &amp; North America</b>	<b>87.8</b>	<b>105.5</b>	<b>-16.8%</b>	<b>12.2%</b>	<b>13.3%</b>	<b>3.5</b>	<b>8.4</b>	<b>-58.4%</b>	<b>4.0%</b>	<b>8.0%</b>	<b>-4.0%</b>
+ Products	75.0	93.5	-19.9%	85.4%	88.6%	-1.1	4.6	-123.6%	-1.5%	4.9%	-6.4%
+ Service	12.8	12.0	7.0%	14.6%	11.4%	4.6	3.8	21.0%	35.7%	31.6%	4.1%
<b>EMEA</b>	<b>376.7</b>	<b>416.7</b>	<b>-9.6%</b>	<b>52.5%</b>	<b>52.3%</b>	<b>86.8</b>	<b>90.6</b>	<b>-4.2%</b>	<b>23.0%</b>	<b>21.7%</b>	<b>1.3%</b>
+ Products	335.8	401.5	-16.4%	89.1%	96.4%	76.7	87.1	-12.0%	22.8%	21.7%	1.1%
+ Service	40.9	15.2	169.2%	10.9%	3.6%	10.1	3.5	189.2%	24.7%	23.0%	1.7%

\* As per new understanding of this segmentation

\*\* Region as % of Consolidated and Segments as % of Region

Consolidated Income Statement – 2 <sup>nd</sup> Quarter					
(R\$ Mn)	2Q20	% Revenues	2Q19	% Revenues	Var. 2Q20 vs. 2Q19 (%)
NET REVENUES	333.1	100.0%	426.5	100.0%	-21.9%
Cost of goods	(276.2)	-82.9%	(347.6)	-81.5%	-20.5%
<b>GROSS PROFIT</b>	<b>56.9</b>	<b>17.1%</b>	<b>79.0</b>	<b>18.5%</b>	<b>-27.9%</b>
<b>OPERATING INCOMES (EXPENSES)</b>					
Selling expenses	(25.7)	-7.7%	(30.0)	-7.0%	-14.1%
Administrative and general expenses	(16.6)	-5.0%	(18.5)	-4.3%	-10.2%
Other operating income	(0.9)	-0.3%	8.6	2.0%	-110.9%
<b>RESULTS BEFORE NET FINANCIAL</b>	<b>13.7</b>	<b>4.1%</b>	<b>39.2</b>	<b>9.2%</b>	<b>-65.1%</b>
		0.0%			
<b>NET FINANCIAL RESULT</b>	<b>(22.9)</b>	<b>-6.9%</b>	<b>(25.7)</b>	<b>-6.0%</b>	<b>-11.2%</b>
Financial expenses	(11.0)	-3.3%	(30.6)	-7.2%	-63.9%
Financial income	2.5	0.8%	5.3	1.2%	-52.2%
Net exchange variation	(14.3)	-4.3%	(0.4)	-0.1%	nm
<b>RESULTS BEFORE TAXES</b>	<b>(9.2)</b>	<b>-2.8%</b>	<b>13.4</b>	<b>3.2%</b>	<b>-168.4%</b>
<b>INCOME AND SOCIAL CONTRIB. TAXES</b>					
Current	(5.5)	-1.7%	(3.7)	-0.9%	50.3%
Deferred	2.1	0.6%	6.9	1.6%	-69.8%
<b>NET RESULT FOR THE PERIOD</b>	<b>(12.6)</b>	<b>-3.8%</b>	<b>16.7</b>	<b>3.9%</b>	<b>-175.8%</b>

Consolidated Income Statement –1H

(R\$ Mn)	2020	% Revenues	2019	% Revenues	Var. 2020 vs. 2019 (%)
NET REVENUES	717.7	100.0%	796.2	100.0%	-9.9%
Cost of goods	(585.8)	-81.6%	(659.2)	-82.8%	-11.1%
<b>GROSS PROFIT</b>	<b>131.9</b>	<b>18.4%</b>	<b>137.0</b>	<b>17.2%</b>	<b>-3.8%</b>
<b>OPERATING INCOMES (EXPENSES)</b>					
Selling expenses	(59.0)	-8.2%	(58.3)	-7.3%	1.2%
Administrative and general expenses	(36.3)	-5.1%	(33.1)	-4.2%	9.5%
Other operating income	8.0	1.1%	14.3	1.8%	-43.7%
<b>RESULTS BEFORE NET FINANCIAL</b>	<b>44.6</b>	<b>6.2%</b>	<b>59.9</b>	<b>7.5%</b>	<b>-25.5%</b>
<b>NET FINANCIAL RESULT</b>					
Financial expenses	(90.1)	-12.6%	(70.9)	-8.9%	27.0%
Financial income	16.4	2.3%	40.3	5.1%	-59.2%
Net exchange variation	(86.4)	-12.0%	7.5	0.9%	nm
<b>RESULTS BEFORE TAXES</b>	<b>(115.5)</b>	<b>-16.1%</b>	<b>36.8</b>	<b>4.6%</b>	<b>nm</b>
<b>INCOME AND SOCIAL CONTRIB. TAXES</b>					
Current	(8.3)	-1.2%	(12.7)	-1.6%	-34.4%
Deferred	3.8	0.5%	9.9	1.2%	nm
<b>NET RESULT FOR THE PERIOD</b>	<b>(120.0)</b>	<b>-16.7%</b>	<b>34.0</b>	<b>4.3%</b>	<b>nm</b>



## Consolidated Balance Sheet

ASSETS (R\$ mn)	2Q20	4Q19	LIABILITIES, NON-CONTROLLING INTEREST AND SHAREHOLDERS' EQUITY (R\$ mn)	2Q20	4Q19
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	103.7	240.1	Accounts payable to suppliers	338.6	342.1
Marketable securities	275.7	296.3	Loans and financing	840.3	653.4
Trade accounts receivable	394.9	256.0	Tax payable	19.2	11.8
Related parties	15.1	7.1	Payroll and related charges	26.3	20.6
Loans to related parties	0.3	-	Other provisions	39.2	36.0
Inventories	351.1	245.3	Lease liability	6.8	3.3
Recoverable taxes	90.3	81.4	Accounts payable on derivatives	0.1	13.1
Recoverable income tax and social c	11.6	10.7	Other accounts payable	13.5	8.7
Other accounts receivable	39.3	27.6	<b>Total current liabilities</b>	<b>1,284.0</b>	<b>1,089.0</b>
<b>Total current assets</b>	<b>1,282.1</b>	<b>1,164.5</b>			
			<b>NON-CURRENT</b>		
<b>NON-CURRENT</b>			Loans and financing	419.3	376.8
Long-term receivables:			Taxes payable	1.3	1.6
Deferred taxes	31.2	27.4	Provision for risks	11.7	8.2
Recoverable taxes	33.7	22.2	Lease liability	5.8	7.9
			Other accounts payable	20.4	16.7
Investments	0.7	0.6	<b>Total non-current liabilities</b>	<b>458.6</b>	<b>411.1</b>
Property, plant and equipment	272.2	248.6			
Intangible assets	169.1	164.1	<b>SHAREHOLDERS' EQUITY</b>		
<b>Total non-current</b>	<b>506.9</b>	<b>462.8</b>	Capital	244.0	244.0
			Capital reserve	2.7	2.7
<b>TOTAL</b>	<b>1,789.0</b>	<b>1,627.3</b>	Profit reserve	0.0	0.1
			Equity valuation adjustments	(59.3)	(93.2)
			Capital transaction between shareholders	(69.3)	(69.3)
			Accumulated profits (losses)	(149.4)	(27.5)
				(31.2)	56.8
			<b>Non-controlling interest</b>	<b>77.7</b>	<b>70.5</b>
			<b>Total Shareholders' equity</b>	<b>46.5</b>	<b>127.3</b>
			<b>TOTAL</b>	<b>1,789.0</b>	<b>1,627.3</b>

## Consolidated Cash Flow – 1H20

(R\$ mn)	1H20	1H19
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Result for the Period	<b>(120.0)</b>	<b>34.0</b>
Reconciliation of the result for the period to net cash generated by (used in) operating activities:		
Depreciation and amortization	27.5	20.9
Provision for risks	4.0	2.1
Other provisions	15.0	25.7
Provision for losses (gains) on derivatives	0.9	9.1
Allowance for expected credit loss	0.8	2.5
Provision of actuarial law	2.8	1.8
Exchange Differences	123.7	17.2
Interest on borrowings	25.7	23.5
Residual value of fixed and intangible assets disposed of	0.5	0.3
Deferred income tax and social contribution	(3.8)	(9.9)
	<u>77.2</u>	<u>127.2</u>
(Increase) decrease in assets:		
Current:		
Trade receivables	(133.2)	(119.3)
Inventories	(105.9)	(53.3)
Taxes recoverable	(9.7)	(21.2)
Receivables from related parties	(8.0)	-
Other receivables	(11.7)	(8.4)
Noncurrent:		
Taxes recoverable	(11.5)	0.4
	<u>(280.0)</u>	<u>(201.8)</u>
<i>Increase (decrease) in liabilities:</i>		
Current:		
Trade payables	(27.9)	102.0
Taxes payable	8.5	3.9
Payroll and related charges	5.7	3.1
Current Other payables	4.8	3.6
Contingency Payments	(0.5)	(3.2)
Derivative Gain and Loss	(11.8)	(21.9)
Noncurrent:		
Taxes payables	(0.3)	(0.3)
Non-Current Other payables	0.5	(1.3)
	<u>(20.9)</u>	<u>85.9</u>
Other Cash Flow From Operating Activities:		
Income tax and social contribution payments	(1.1)	(1.2)
	<u>(1.1)</u>	<u>(1.2)</u>
Net cash generated by (used in) operating activities	<u>(224.8)</u>	<u>10.1</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(16.5)	(15.0)
Additions to intangible assets	(5.0)	(7.0)
Capital increase in subsidiaries	-	(0.6)
Marketable securities	20.6	78.9
Loans to related parties	(0.3)	-
Net cash generated by (used in) investing activities	<u>(1.1)</u>	<u>56.3</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New borrowings	667.8	353.8
Payment of principal	(622.9)	(296.3)
Payment of interest	(31.6)	(25.5)
Lease Liability	(2.7)	(3.7)
Interest from lease liability	(0.3)	0.3
Dividends payment	(6.6)	-
Payment / Receipt of Derivatives	(14.0)	(53.2)
Net cash (used in) generated by financing activities	<u>(10.4)</u>	<u>(24.5)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u><b>(236.3)</b></u>	<u><b>41.9</b></u>
<b>CASH AND CASH EQUIVALENTS</b>		
At the end of the period	103.7	178.8
Effects Of Exchange On Cash And Cash Equivalents	99.9	(41.1)
At the beginning of the period	240.1	178.0
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u><b>(236.3)</b></u>	<u><b>41.9</b></u>