



2019  
2020

ANNUAL  
REPORT



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This is a translation of the Danish Annual report.  
In case of discrepancy, the Danish original shall apply



## RIAS A/S, part of thyssenkrupp Plastics International

thyssenkrupp Plastics International is comprised of ten companies spread across Europe with approximately 1,160 employees. thyssenkrupp Plastics is part of the larger thyssenkrupp group, which operates worldwide.

The thyssenkrupp group has approximately 104,000 employees and a turnover of approximately 29 billion euros.

## THE YEAR IN BRIEF

We are pleased and proud to have achieved the best annual result we have had in 15 years, especially given that we did so during a period where the agenda has been set by the Coronavirus pandemic. Unrest and uncertainty, in combination with the enormous impacts we have seen in many areas, have demanded readjustment at a greater pace than ever before.

Rapid changes in guidelines, restrictions, home-based work with online meetings and personal protective equipment in everyday work have been a challenge for each and every employee. Yet again we can look back and feel pleased that we have been able to get through the last several months thanks to the strength of our community.

Readiness for change is also the driving force in creating the future's digital RIAS, and this in combination with the green transition. The core of our development is a commitment to the long haul.

Here we hold on to key values such as knowledge, know-how and open dialogue as a solid foundation to create quality relationships and thus, in parallel, to create value for our customers. It is with this understanding that we rise to meet tomorrow's challenges today. It is with this understanding and insight that we develop and create results of the future.

As we see it, digital transformation and automation will free up resources currently allocated to activities that do not generate value. This approach ensures that we will have more time to create value-generating solutions and products for our customers.

In brief, it's about maintaining focus and doing more of what we are good at. It works - even during turbulent and global changes on an unprecedented scale.

# STRATEGIC PROJECTS AND THE CORONAVIRUS CRISIS

## This has been the driving force in digital transformation and green transition

### Tens of millions put into transformation of RIAS

With tens of millions invested over the past year in renovation and new technology, we have strengthened RIAS in general. Over the course of the year we have worked to upgrade our existing production facilities. The result has been a solution where we established new modern production facilities featuring heat recovery, LED-lighting, and the most up-to-date installations for electricity, IT, water, and heating. For employees, this means a setting with improved working conditions, and for production it means good opportunities to ensure further expansion of activities.

Our technologies have been significantly reconfigured, and we now have the ability to service the 3D-print market in Scandinavia with both SLS and FDM technology - some of the most advanced equipment on the market. The milling area has also been expanded with several new high-precision 5-axis milling machines, ensuring that we can solve complex tasks for our customers.

This opportunity to expand was made possible by having parts of our existing warehouse in Roskilde now gathered in our location in Assentoft, where there was already a corresponding warehouse. In practical terms this means more space for production and our building products, which have remained in Roskilde. Similarly, outdated facilities were demolished, and improved warehouse- and parking facilities are being created.

### Accelerated digital transition

We are maintaining our digital transition strategy, and increasing the pace of execution and implementation on the initiatives we have decided. This means further development of digital sales channels, where CRM is updated live, and where sales tools are now optimised through the use of our new Sales Support App. This supports sales staff with live updating of customers, price agreements and warehouse inventory, and where all data is now kept in a cloud solution.

Measures are also underway to reinforce the rest of our workflow, and we have now reached a new phase in implementation where our purchasing modules in the future will check for any non-conformities and ensure optimised orders.

The technology is helping to develop our organisation, but it is our employees and their skills that are driving the technology. Not the other way around. People are what creates added value. We use technology to automate and assume routine tasks, so that energy is freed up for transition, innovation, and product development that creates value for our customers.

### Continued green transition

Energy renovation and energy optimisation have been two key concepts for this year's initiatives where the green transition is concerned. Multiple measures have contributed to our significant reduction in CO2 emissions.

The new production hall has full heat recovery from the 24,000 cubic metres of air that is recirculated per hour. Just the heat recovered from the machines alone serves to meet the needs for heating of the entire building. Lighting in the production hall relies on LED lights, skylights and natural inflow of light from our own manufactured lighting strips. The machine plant has undergone effective energy optimisation, and the administrative building has undergone energy upgrades with re-insulation and energy-efficient windows.

### Coronavirus brought uncertainty to everyday life

Throughout the entire coronavirus crisis, our principal concern has been how we could best ensure the safety of our workers while continuing a reasonable degree of normal operation. For us this has meant new ways of working, such as reliance on online meetings, working from home, remote management and new tasks for salespeople who were cut off from being able to visit customers.

And then personal protective equipment became an everyday item. As a supplier of PLEXIGLAS®, among other things, we have helped protect society from the spread of infection. At the same time, this has also created possibilities for product development, and we were able to create a new series of products that we call "STAY SAFE" - a completely new product line for Coronavirus protection in public spaces and for both large and small businesses.

We are proud to have an organisation that, with a large degree of willingness to change and flexibility, has not only met but also embraced the pace of change that the world demands. It is not without reason that RIAS is closing this year with its highest earnings in 15 years.



Henning Hess  
Managing Director  
RIAS A/S

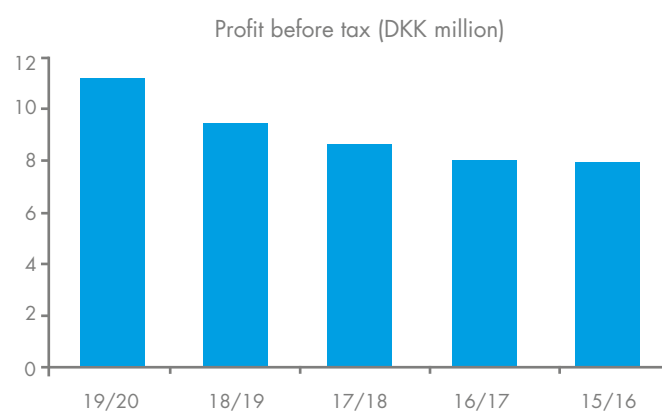
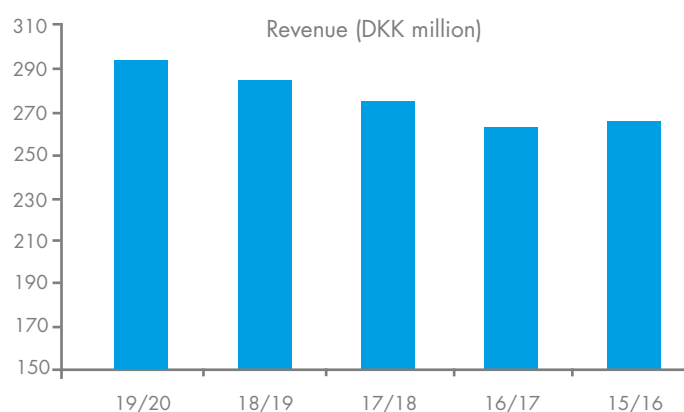
# Management's Review

## Financial highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Income statement (DKK million)</b>					
Revenue	294.3	285.3	275.0	264.4	266.2
Production Costs	200.4	198.0	191.2	184.4	185.4
Gross profit	93.9	87.3	83.8	80.0	80.8
Capacity costs	80.5	77.6	74.7	71.6	72.6
Profit before special items	13.4	9.7	9.1	8.4	8.2
Special items	1.8	0	0	0	0
Profit before financial income and expenses	11.6	9.7	9.1	8.4	8.2
Net financials	-0.5	-0.3	-0.5	-0.4	-0.4
Profit before tax	11.1	9.4	8.6	8.0	7.9
Corporation tax	2.5	2.1	1.9	1.8	1.7
<b>Net profit for the year</b>	<b>8.6</b>	<b>7.3</b>	<b>6.7</b>	<b>6.2</b>	<b>6.3</b>
<b>Balance sheet at 30 September (DKK million)</b>					
Non-current assets	125.3	99,8	98,5	97.8	100.3
Current assets	123.2	119,5	110,0	108.6	108.8
<b>Assets</b>	<b>248.5</b>	<b>219,3</b>	<b>208,5</b>	<b>206.4</b>	<b>209.1</b>
Equity	170.5	167,7	166,1	164.1	162.5
Deferred tax	9.5	9,5	9,3	9.3	9.4
Long term Leasing liabilities	7.4	0	0	0	0
Short-term liabilities	61.1	42,1	33,1	33.0	37.2
<b>Liabilities and equity</b>	<b>248.5</b>	<b>219,3</b>	<b>208,5</b>	<b>206.4</b>	<b>209.1</b>
<b>Cash flows (DKK million)</b>					
Cash flows from operating activities	29,9	16.7	7.2	9.9	15,8
Cash flows from investing activities	-17.2	-4.7	-4.1	-1.2	-4,7
Including investments in property, plant and equipment of	-17.2	-4.7	-4.1	-1.2	-4,7
Cash flows from financing activities	-10.5	-5.8	-4.6	-4.6	-4,2
<b>Total cash flows</b>	<b>2.1</b>	<b>6.2</b>	<b>-1.5</b>	<b>4.1</b>	<b>6,9</b>
<b>Average number of fulltime employees</b>	<b>107</b>	<b>103</b>	<b>102</b>	<b>96</b>	<b>93</b>

\* Capacity costs include distribution and administrative expenses.

IFRS 16 was implemented this year and the retroactive and therefore no adjustment of comparison figures for previous years.



# Management's Review

## Ratios

	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Key figures</b>					
Gross margin	32%	31%	31%	30%	30%
Profit margin before special items	5%	3%	3%	3%	3%
Profit margin	4%	3%	3%	3%	3%
Return on assets	6%	5%	5%	5%	5%
Profit per DKK 100 share	37	32	29	27	27
Dividend per DKK 100 share	25	25	25	20	20
Equity value per DKK 100 share	740	727	721	711	705
Return on equity before tax	7%	6%	5%	5%	5%
Return on equity after tax	5%	4%	4%	4%	4%
Solvency ratio	69%	76%	80%	80%	78%
Market price per DKK 100 share at 30 September	450	434	448	430	390

The ratios have been calculated in accordance with the definitions below. Profit per share which has been calculated in accordance with IAS 33.

### Definition of financial ratios:

**Gross margin** is calculated as gross profit in percentage of revenue.

**Profit margin** before special items is calculated as profit before special items in percentage of revenue.

**Profit margin** is calculated as profit before financials in percentage of revenue.

**Return on assets** is calculated as profit before financials in percentage of average operating assets for the year, ie of total assets less cash at bank and in hand and fixed asset investments.

**Profit per DKK 100 share** is calculated as profit for the year divided by 1/100 of the share capital after deduction of the Company's holding of treasury shares at 30 September.

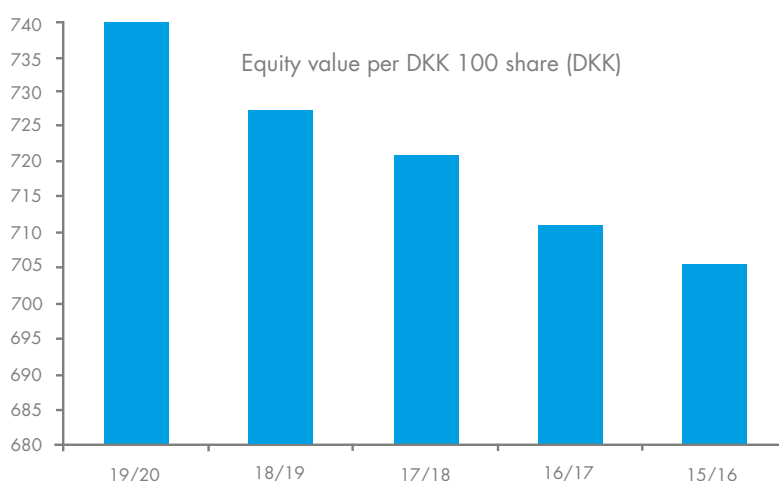
**Dividend per DKK 100 share** is calculated as dividend divided by 1/100 of the share capital after deduction of the Company's holding of treasury shares at 30 September.

**Equity value per DKK 100 share** is calculated as equity at 30 September divided by 1/100 of the share capital after deduction of the Company's holding of treasury shares at 30 September.

**Return on equity before tax** is calculated as profit before tax in percentage of average equity for the year.

**Return on equity after tax** is calculated as net profit for the year in percentage of average equity for the year.

**The solvency ratio** is calculated as equity at 30 September in percentage of total assets at 30 September.





# Management's review

## Board of Directors



1



2



3



4



5



6

1)  
**Gudrun Degenhart**  
**Chairman**

Joined the Board of Directors  
in September 2018  
(1970 F)

**Directorships in other companies:**  
CEO Operating Unit Plastics Europe,  
thyssenkrupp Materials Services  
GmbH

**Chairman for the board of Directors:**  
Röhm Italia S.r.l., Garbagnate  
Milanese, Italy

Neomat AG, Beromünster/Luzern,  
Switzerland

Notz Plastics AG, Brugg, Switzerland

**Member of the board of Directors:**  
thyssenkrupp Materials Nederland  
B.V., Amsterdam, Netherlands

thyssenkrupp Plastics Belgium  
N.V./S.A., Lokeren, Belgium

**Member of the Supervisory Board:**  
thyssenkrupp Industrial Solutions AG,  
Essen, Germany

BearingPoint GmbH, Frankfurt,  
Germany and related companies

2)  
**Steen Raagaard Andersen**  
**Vice-chairman**

Joined the Board of Directors  
in January 2011  
(1955 M)

**Directorships in other companies:**  
Partner, Lund Elmer Sandager, København

**Member of the board of Directors:**

1887 A/S  
1887 Consult A/S  
1887 LAB ApS  
Action International A/S  
Brdr. Rønje Holding A/S  
Copenhagen Partners A/S  
Ejendomsselskabet Nørrebrogade 43 A/S  
IHR Holding A/S  
Junker - Projektudvikling A/S  
Kapitalformidlingsinstituttet A/S  
Kongegen A/S  
Lægeforeningens Boligers Fond  
Margrethegaardens legat  
Santropa A/S  
V.K. Goel Holding A/S

**Director of:**  
Ejendomsselskabet  
Nørrebrogade 43 A/S  
Rørkær A/S

3)  
**Dieter Wetzel**  
**Member of the board of Directors**

Joined the Board of Directors  
in January 2010  
(1961 M)

**Directorships in other companies:**  
CFO, thyssenkrupp  
Plastics GmbH, Essen, Germany

**Member of the board of Directors:**  
thyssenkrupp Plastics Belgium nv/sa,  
Belgium

5)  
**June Svendsen**  
**Member of the Board of Directors**  
Employee representative  
(1970 F)

Joined the Board of Directors  
in December 2014

4)  
**Peter Swinkels**  
**Member of the board of Directors**

Joined the Board of Directors  
in January 2011  
(1958 M)

**Directorships in other companies:**  
**Member of the board of Directors:**  
thyssenkrupp Materials Nederland  
B.V., Amsterdam, Netherlands

**Member of the board of Directors:**  
thyssenkrupp Plastics Belgium nv/sa,  
Belgium

6)  
**Søren Koustrup**  
**Member of the Board of Directors**  
Employee representative  
(1958 M)

Joined the Board of Directors  
in December 2011



# Management's review

## Management



**Henning Hess**  
CEO

Henning Hess is assessed as management in IFRS

**Member of the Board of Directors:**  
Mira Byggeprodukter A/S



**Anders Topp**  
Division Manager  
Building & Construction



**Mikkel Koefed**  
Business Developer &  
Head of Marketing



**Dannie Michaelsen**  
CFO



**Lars Danner Hansen**  
Factory & Warehouse Manager



**Mette Nygaard Jensen**  
EA/HR



**294 mio**

Revenue  
(285 mio)



**13.4 mio**

EBIT  
before special items  
(9,7 mio)



**29.8 mio**

Cash Flow from  
operating activities  
(16,7 mio)



**25 kr. /share**

Proposed dividend  
(25 kr.)



**32**

Gross Margin  
(31%)



**5**

EBIT-margin  
before special items  
(3 %)

# Management's Review

## Review

### Mission

RIAS A/S's mission is to provide high-quality plastic materials and processing of these in Scandinavia.

The Company operates within two product areas:

- Sale, processing and distribution of semi-finished plastic products for all sectors of the building and construction industry.
- Sale, processing and distribution of semi-finished plastic products for industry and the public sector.

### Long-term objectives

The long-term objective at RIAS A/S is to increase market value through organic growth, expanding existing areas of business and giving shareholders competitive returns on their investments.

It is the Company's ambition to maintain its position as Denmark's largest supplier of semi-finished plastic products.

A summary of our expectations for 2019/20 published in the Annual Report for 2018/19 shows that the Company is above the announced earnings expectations relating to EBIT in the range of DKK 8.5 - 10.0 million. This should not least be seen in the light of the very competitive market and, thus, increasing pressure from competitors and a financial year that was affected by COVID-19.

### Expectations for 2020/21

In the financial year 2020/21, we will continue to concentrate on optimising the organisation and increasing growth in market shares and earnings. On this basis, the Board of Directors expects EBIT for 2020/21 to be in the range of DKK 8.5 - 10.0 million.

### Special risks

#### Operating risks

Unforeseen price fluctuations and the loss of trading with major customers might affect the Company negatively compared to the earnings expectations; however, these are common risks in a commercial enterprise. Lockdowns resulting from COVID-19 could put us at risk of turnover losses. A larger shutdown of export markets could also entail losses in terms of turnover and therefore earnings.

### Financial risks

The Company does not speculate in financial risks, and thus the Company's risk management is only directed towards control of financial risks that are a direct result of RIAS A/S's operations and financing. The Company has no derivative financial instruments.

### Interest rate risks

The Company does not take any interest rate positions to hedge interest rate risks as moderate changes in the interest rate level will not have any material effect on earnings.

### Credit risks

The Company's credit risks relate to trade receivables.

It is the Company's policy to take out credit insurance in respect of trade receivables to the extent possible. Trade receivables are assessed on a current basis, and provisions for bad debts are made to the extent necessary. The Company's banks are Danske Bank and Handelsbanken, and the Company has deposits exceeding the deposit guarantee provided by the state.

### Foreign exchange risks

The Company is only to a limited extent affected by exchange rate developments. Nearly all trading is effected in DKK, SEK or EUR.

As the foreign exchange risk as regards DKK/EUR is considered very small, the Company does not hedge its net debt in EUR. The Company has purchases and sales in SEK, and these transactions are affected by the DKK/SEK exchange rate.

Management considers the risk in this respect to be minimal as the number of transactions in SEK is limited and does not justify hedging of future purchases and sales in SEK. Management is monitoring the development in the exchange rate closely.

### Liquidity risks

The Company only has debt that is due within one year; see the balance sheet. The amount payable, DKK 61.1 million, can be fully covered by payments from trade receivables and bank deposits.

### Intellectual capital resources

The Company has specific knowledge and skills within the trading in semi-finished plastic products as well as processing knowledge.

The Company has focus on attracting, retaining and developing highly educated and motivated employees who may contribute to securing one of the Company's core values: to provide the best service to the customers.

The Company had an average of 107 full-time employees in 2019/20, which is 3 more than in 2018/19. The Company has 104 full-time employees at 30 September 2020, which is 1 more than 30 September 2019.

### Environmental aspects

The Company endeavours to reduce environmental impact at any time and participates in return schemes through WUPPI, which arranges for recycling of plastic scrap.

The environmental impact is, however, immaterial in itself as the Company's activities mainly comprise the distribution and sale of semi-finished plastic products but not production.

### Research and development activities

The Company has no special research activities, but is developing its business and skills on a current basis.

### Incentive schemes

The company uses incentive programmes in the form of cash bonuses, but does not use any of the IFRS 2 programmes.

# Management's Review

## Financial Review

### Income statement

#### Revenue

Revenue increased by DKK 8,995k from DKK 285,370k in 2018/19 to DKK 294,365k in 2019/20.

Revenue in the Industry Division decreased by DKK 16,005k, whilst revenue in the Building & Construction Division increased by DKK 25,002k in 2019/20.

The decrease in revenue in the Industry division reflects the fact that the product groups for the visual sector are decreasing and that the effect of coronavirus has decreased revenue because branches in this sector were hit hard by the lockdown in spring 2020. Sales in the processing sector are following expectations and making a positive contribution to the bottom line.

Sales of the company's building & construction products have grown more than expected, which is partly due to the lockdown in the spring 2020 when people invested more in renovating their homes whilst trips abroad and other free-time activities were impossible.

#### Gross profit

The gross profit margin increased compared to 2018/19 and is partly an effect of increasing activities in the Building & Construction division, as well as a greater focus on processing.

#### Distribution and administrative expenses (Capacity cost)

Costs increased by DKK 3,168k from DKK 77,356k in 2018/19 to DKK 80,528k in 2019/20, which can be attributed to increased activity in Spring, continued investments in optimising processes and investments in strategic areas of development such as exports and processing. Capacity costs made up 27.4% of turnover, which is stable compared to last year.

#### Special items

As of 1 October 2019, the Company has introduced the item "special items" as a separate line in the income statement. The purpose of recognising special items separately in the income statement is to improve transparency and to separate special items from ordinary activities. Special items comprise payroll costs in connection with double manning due to restructuring of the Company's inventory and processing and also salary payout due to restructuring of the organisation. Note 6

#### Tax on profit for the year

The effective tax rate for 2019/20 is 22.3% against 22.2% in 2018/19.

### Balance Sheet

#### Intangible assets

Intangible assets fell as a result of amortisations combined with zero investments. As at 30 September 2020, they were valued at DKK 54,393k compared to DKK 55,392k as at 30 September 2019. The main intangible asset is goodwill to the amount of DKK 53,085k which can be attributed to the sale of assets in Rodena A/S and Nordisk Plast A/S. The value of this goodwill has been subjected to an impairment test which is described in more detail in Note 10 to the Accounts.

As at 30 September 2020, software totals DKK 1,095k compared to DKK 2,031k as at 30 September 2019 because no investments were made in new software.

#### Property, plant and equipment

Property, plant and equipment increased from DKK 44,388k at 30 September 2019 to DKK 58,857k at 30 September 2020. This increase is due to investments in new processing machines, and the expansion of the production hall which is expected to be completed in Autumn 2020. The expansion of the production hall makes up DKK 14,055k as at 30 September 2020 and is listed as assets under construction in Note 12

#### Leasing assets

IFRS 16 "Leasing" was introduced during the financial year, see Note 1. Contracts that are considered leasing contracts under IFRS 16 were reported with a value of DKK 12,059k as at 30 September 2020, primarily in the form of building lease contracts.

Low-value and short-term contracts are not reported but are charged to expenses linearly over their lifetime. The effect of implementation is described in Note 1.

#### Inventories

Inventories fell by DKK 1,130k from DKK 28,771k as at 30 September 2019 to DKK 27,641k as at 30 September 2020. The company focuses continuously on adapting its inventory to match the current market.

#### Receivables

Receivables increased by DKK 2,619k from DKK 54,209k at 30 September 2019 to DKK 56,828k at 30 September 2020. Receivables increased compared to last year due to higher activity in the last quarter compared to same period last year.

#### Liabilities

Liabilities increased by DKK 26,382k from DKK 51,590k as at 30 September 2019 to DKK 77,972k as at 30 September 2020, which is due to the implementation of IFRS 16 which had an effect of DKK 12,123. Trade payables also increased as a result of increased activity over the summer compared to the same period the previous year.

### Cash flows

#### Operating activities

Cashflows from operating activities increased by DKK 13,195k from DKK 16,685k in 2018/19 to DKK 29,880k in 2019/20. The difference in cashflows arises primarily from changes in working capital.

Trade payables has increased compared to last year due to higher activity at the end of the financial year. Inventory decreased as a result of placing same material groups in one location.

#### Investing activities

The company made major investments in operating materials and the new production hall in 2019/20, and cashflows for investments increased by DKK 12,477k compared to the previous year.

#### Cash resources

Overall, the company's liquid holdings increased by DKK 2,085k from a deposit of DKK 32,900k as at 30 September 2019 to a deposit of DKK 34,985k as at 30 September 2020. The management considers the company's liquidity to be sufficient.

# Management's Review

## Shareholder Information and Corporate Governance

### Shareholder information

#### **Statutory Statement on Corporate Governance under section 107b of the Danish Financial Statements Act**

Company Management believes that corporate governance is a key element and currently seeks to improve the Company's management structure. The overall framework for the Management of RIAS A/S has been planned with a view to ensuring that the Company meets its obligations towards shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.

The Board of Directors of RIAS A/S currently works on ensuring that the Company complies with the policies and procedures laid down by the Committee of Corporate Governance which NASDAQ Copenhagen requires be applied. The Board of Directors discusses how the Company's corporate governance in practice at any time ensures that the management of RIAS A/S meets the highest standard and that the work of the Board of Directors supports the Company's future business potential.

Openness is a key factor.

The Board of Directors has chosen to publish the Statutory Statement on Corporate Governance under section 107b of the Danish Financial Statements Act on the Company's website.

#### **Links to the Statutory Statement on Corporate Governance:**

Current Statement (2020):  
[riasnordic.com/cg/2020/](https://riasnordic.com/cg/2020/)

Committee of Corporate Governance:  
[https://corporategovernance.dk/sites/default/files/media/anbefalinger\\_for\\_god\\_selskabsledelse\\_2017.pdf](https://corporategovernance.dk/sites/default/files/media/anbefalinger_for_god_selskabsledelse_2017.pdf)

Thus, the Board of Directors' overall position on the recommendations for corporate governance of NASDAQ Copenhagen may be found on RIAS A/S's website. The Statutory Statement on Corporate Governance covers the financial period 1 October 2019 to 30 September 2020 and forms a part of Management's Review. The statutory report is not covered by the independent auditor's declaration.

In this connection, RIAS A/S has chosen to compare the Company's Statutory Statement on Corporate Governance with the recommendations issued by the Committee on 23 November 2017 in order to pro-

vide the best possible overview of the recommendations with which RIAS A/S fully complies and the recommendations which the Company has chosen not to follow or which are still in the implementation process. [riasnordic.com/cg/2020/](https://riasnordic.com/cg/2020/)

#### **Work and responsibilities of the Board of Directors**

The work of the Board of Directors has been laid down in rules of procedure which are assessed at least once a year. Thus, RIAS A/S meets the recommendations for members and the rules of procedure to be aligned with the requirements of the Company. The Board of Directors holds meeting four times a year or more frequently, if required. This process ensures that the Management is able to react quickly and efficiently to external factors. In the financial year 2019/20, five meetings were held, including the Company's Annual General Meeting.

#### **Composition of the Board of Directors**

The Board of Directors consists of six members of whom two are employee representatives. The board members elected at the General Meeting are elected for one year at a time.

The Board of Directors has considered the personal capacity of each board member and finds that they perform their work on the Board of RIAS A/S in an appropriate manner – despite the fact that none of the board members elected at the General Meeting are independent as defined by the recommendations, due to the Company's ownership.

#### **Executive Board**

The Executive Board is appointed by the Board of Directors, and the Board of Directors determines the employment terms of the Executive Board. The Executive Board is responsible for the day-to-day operation of RIAS A/S, including the Company's development and results of activities and operations as well as internal affairs. The Board of Directors' delegation of responsibilities to the Executive Board has been laid down in the Company's rules of procedure and by the rules of the Danish Companies Act. The Executive Board of RIAS A/S consists of one person.

#### **Remuneration to the Board of Directors and the Executive Board**

The Board of Directors has adopted a very simple remuneration policy for both the Board of Directors and the Executive Board. The remuneration policy does not comprise any incentive programmes to the board or other variable components.

The Board of Directors of RIAS A/S is not comprised by any bonus or option schemes.

The total annual remuneration to the Board of Directors is approved by the General Meeting in connection with the adoption of the Annual Report.

In 2019/20, the remuneration to the Executive Board consisted of a base salary including the usual benefits such as company car, telephone and yearly bonus. The employment terms of the Executive Board, including remuneration and resignation terms, are considered in accordance with the general standards for such positions. This salary is described in the remuneration report.

#### **Audit Committee**

The Board of Directors of RIAS A/S also acts as Audit Committee.

The overall purpose of the Audit Committee is to minimise the risk of material misstatement of financial information – internally and externally. In practice, this is done by analysing the internal control environment, financial reporting, audit, accounting policies applied and presentation of interim financial statements and financial statements in general.

The Audit Committee focuses on a continued development of the control environment and a continuous assessment of procedures and financial and accounting issues of material importance to the financial information. The external auditors may be called in to participate in a meeting with the Audit Committee. Four meetings were held in 2019/20. PWC participated in one meeting without the Management present.

#### **Statutory Statement on Corporate Social Responsibility under section 99(a) and (b) of the Danish Financial Statements Act**

RIAS A/S wants to carry on its activities in a responsible manner and continuously works on creating a linkage between the Company's strategy and responsibility with respect to the society in which the Company operates. For RIAS A/S, the work relating to corporate social responsibility is an ongoing process, and in 2019/20 the Company continued to focus on such work and to structure the required internal processes.

Based on an assessment of materiality, the Company is working on areas such as staff, environment, suppliers and anti-corruption.



# Management's Review

## Shareholder Information and Corporate Governance

On the next page, we describe the overall policy for how the policy has been turned into action and, where possible, what has been achieved.

### Social conditions

Securing good social conditions for the employees is a focus area of the Company. Follow-up on absence due to sickness is made on a monthly basis in order to improve health and safety at work, and the Company is generally working at ensuring an optimal working environment. Total absence due to sickness was stable compared to 2018/19 at 2,7%.

A so-called APV review (workplace assessment review) was carried out this year, in which the well-being of employees and the working environment was reviewed. Based on this review, a number of initiatives were commissioned in those areas employees wanted management to focus on

There has been a focus on knowledge-sharing across departments in the financial year 2019/20.

Inclusion is also important for the company which has employed EGU (Danish Vocational Training Scheme) students and allows employees with limited capacity to work flexi-time. We also offer senior worker schemes to employees who are close to the end of their professional lives.

### Environment

The company has a limited environmental impact which is essentially comprised of waste from products and CO<sub>2</sub> consumption related to the company's buildings. The company works with a focus on reducing the environmental impact of PVC waste and collaborates with the Wuppi organisation which collects and disposes of PVC waste in a sustainable way. RIAS' share is combined with other distributors of plastics in Denmark. There are no specific numbers per distributor. It is therefore not possible to state any result.

Lease vehicles given to employees are approved based on their CO<sub>2</sub> emissions and larger vehicles such as SUVs, for example, cannot be chosen.

The company works continuously on reducing energy consumption in its warehouses, production and administration activities. When purchasing new assets, energy consumption is taken into account as part of the selection process for machines. This year, the company underwent a statutory energy audit which must be renewed ever

4 years. We have subsequently undertaken efforts to reduce our consumption of heating energy by making major investments in insulating our administrative building, which will lead to savings on heating in the next financial period.

The windows have also been replaced throughout most of the administrative building and this too will reduce the consumption of heating energy in the coming period.

RIAS A/S continuously reports energy consumption and volumes of scrap for the entire company in a database called We-sustain where trends are compared against consumption in previous years and reports on new objectives for the coming period issued on the basis of these comparisons.

### Suppliers and human rights

The Company typically enters into long-term supplier relations, and the suppliers are primarily located in Europe. Apart from financial and quality assessments, the overall assessment of a supplier also includes an assessment of whether the supplier shows general social responsibility, including that the supplier does not use child labour etc. All suppliers are requested to fulfill a Supplier Compliance questionnaire once a year which among other issues includes questions in regards to human rights. In the fiscal year only suppliers who fulfill the requirements has been used.

### Anti-corruption

The Company has a whistleblower hotline where employees have the possibility of informing impartial persons in a law firm about breach or suspicion of breach of law, including corruption or cartel formation. The hotline has not received any calls in 2019/20. The management has also not via other ways been informed about issues relating to corruption.

All new employees must conduct an online training in Antitrust and Anti-Corruption within the first 3 months of their employment, and all employees are frequently being updated in Antitrust and Anti-Compliance.

In the fiscal year all new employees have conducted online training.

### Policy on gender representation on the Board of Directors and the Executive Board. §99b

The incumbent members of the Board of Directors stand for election every year, and the members are elected based on their combined qualifications. During the year,

no change has been done in the Board of Directors and the female representation is still 25%, which is above the specified target of 15%. Thus, equal representation has been achieved in the supreme governing body. At this time, the Board of Directors has four members, three men and one woman who is the Chairman. As the registered Executive Board consists of only one member at present, no target for gender representation has been set for the Executive Board.

It is part of RIAS A/S's staff policy that the female representation in the other management bodies should be increased.

RIAS A/S is making the following efforts to achieve a more equal gender representation in the other management bodies:

- Work towards having a minimum of 25% female managers in the Company within four years. This is pursued by using a recruitment agency to find the most suitable employees and to ensure that prospective candidates include well-qualified women. There have been no changes to the management team during the year; the female representation remains 20% and is thus unchanged from 2018/19 (20%). There has been no need for replacement; consequently, no active efforts have been made to change the gender representation during the year.
- Make the Company attractive to executives of both genders, eg by ensuring a staff policy which promotes the career opportunities of women and men.
- Create a framework for the career development of the individual person through networks with executives in other companies.

### Business model

See "Mission" page 11

### Share capital

The Company's share capital of DKK 23,063k is distributed on DKK 3,125 k A-shares and DKK 19,938k B-shares.

The A-shares, which are non-negotiable, carry 10 votes per DKK 100 share, see clause 11 of the articles of association.

The B-shares, which are negotiable, carry 1 vote per DKK 100 share, see clause 11 of the articles of association.

The B-shares are listed on NASDAQ Copenhagen, and at 30 September 2020 the

# Management's Review

## Shareholder Information and Corporate Governance

price corresponding to the market price of the B-shares was DKK 89.7 million.

The Company has more than 200 shareholders registered by name.

The following shareholders have stated that they own 5% or more of the total capital: thyssenkrupp Facilities Service GmbH, Germany, a nominal amount of DKK 3,125,000 A-shares and a nominal amount of DKK 9,363,000 B-shares, corresponding to 54.15% of the total capital. thyssenkrupp Facilities Service GmbH holds 79.34% of the votes.

SmallCap Danmark A/S, a nominal amount of DKK 4,823,700 B-shares, corresponding to 20.92% of the total capital. SmallCap Danmark A/S holds 9.42% of the votes.

The Board of Directors and the Executive Board do not hold any shares in the Company.

### "Change of control" clauses

The Company has an agreement with thyssenkrupp about the use of SAP. If the control of the Company changes due to an implemented takeover, the Company expects however to be able to reestablish an appropriate new agreement about the use of SAP in such a situation.

In case of a takeover, the period of notice will be extended by six months to the Executive Board.

### Amendment of the articles of association

An amendment of the Company's articles of association requires that 2/3 of the share capital is represented at the General Meeting and that the proposed amendment is adopted by both 2/3 of the votes cast and of the share capital represented at the General Meeting.

**Annual General Meeting** The Annual General Meeting will be held on 27 January 2020, at 01.00 pm CET, at the Company's address, Industrivej 11, Roskilde, Denmark.

### Proposals for the General Meeting:

- The Board of Directors proposes that for the financial year 2019/20 dividend be distributed to the shareholders in the amount of DKK 25 per DKK 100 share of the share capital at 30 September 2020 of DKK 23,063,000, corresponding to a total proposed dividend of DKK 5,765,750.
- The Board of Directors proposes to the General Meeting that the present elected board members are reelected.
- The Board of Directors proposes to the General Meeting that PricewaterhouseCoopers are reelected.

### Expected Stock Exchange Announcements in 2020/21

RIAS A/S expects to publish the following Stock Exchange Announcements:

- 10. dec. 2020: Announcement of financial results 2019/20
- 27. jan. 2021: Announcement of interim results
- 27. jan. 2021: Annual General Meeting
- 10. maj 2021: Announcement of the half year report.
- 25. aug. 2021: Announcement of interim results

### Contact person – Investor relations

Inquiries concerning investor relations and the share market may be directed at:

Henning Hess, CEO

Telephone: +45 46 77 00 00

E-mail: hh@rias.dk

## Company information

RIAS A/S  
Industrivej 11  
4000 Roskilde

Telephone: +45 46 77 00 00  
Website: [www.rias.dk](http://www.rias.dk)  
Email: [info@rias.dk](mailto:info@rias.dk)  
VAT no.: 44065118  
Founded: 1 February 1959  
Municipality of registered office: Roskilde

### Board of Directors

Gudrun Degenhart	(Chairman)
Steen Raagaard Andersen	(Vice-chairman)
Peter Swinkels	(Board Member)
Dieter Wetzel	(Board Member)
June Svendsen	(Employee Representative)
Søren Koustrup	(Employee Representative)

### Executive Board

Henning Hess, CEO

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup





This year there has been an extra run on the Building division, and many people have put resources into home improvement rather than travelling abroad for summer holidays. But once again we can see that plastics provide more than 100,000 possibilities - now with polycarbonate thermopanel in our shop design. The raw look from the thermopanel transmits a pleasant background light that presents clothing attractively, and supports a strong design line that is now being rolled out throughout Europe.



Over the course of the year, RIPRO has produced more than 2,000 cabinets in Alu sandwich panels for Bonaco Products in Sweden. The finished cabinet is packed together with other products from Bonacos' own production and sent to the end customer, where the parts are assembled as a housing for air cleaners. Production of these cabinets has harnessed operational flexibility, and has provided optimal coverage of RIPRO's machines.



The Vestergaard Group is a wholesaler in a wide range of hobby items, including technical hobbies. The company has developed a successful product line of car bodies with a completely unique level of detailing for RC models of well-known race- and rally cars in 1:10 scale. RIAS was chosen as a consulting partner in the development of material. For this purpose we developed a polycarbonate sheet in precise dimensions that at the same time lends itself to vacuum forming. The bodies are produced in Denmark and successfully marketed around the world.



Over the last year, RIPRO has implemented a large-scale upgrade of its production facilities, including renovation and reconstruction of a completely new and energy-optimised production hall. RIPRO delivers tomorrow's production today, with CNC, milling, lathing, and laser cutting. 3D production has undergone an unparalleled upgrade, so we now have some of Denmark's most advanced 3D printers. The journey to this point has been optimally managed by acting in unison while at the same time attending to routine production.

# Financial Statements 2019/20

# Statement of Comprehensive Income

Statement of comprehensive income 1 October to 30 September

Amounts in DKK '000

Note		2019/20	2018/19
3	Revenue	294,365	285,370
	Production Cost	200,486	198,011
	<b>Gross profit</b>	<b>93,879</b>	<b>87,359</b>
4-5	Distribution expenses	68,725	65,768
4-5	Administrative expenses	11,799	11,838
4-5	<b>Profit before special items</b>	<b>13,355</b>	<b>9,753</b>
6	Special items	1,818	0
	<b>Profit before financial income and expenses</b>	<b>11,537</b>	<b>9,753</b>
7	Financial income	192	54
8	Financial expenses	665	397
	<b>Profit before tax</b>	<b>11,064</b>	<b>9,410</b>
9	Corporation tax	-2,518	-2,093
	<b>Net profit for the year</b>	<b>8,546</b>	<b>7,317</b>
	Other comprehensive income	0	0
	<b>Total comprehensive income</b>	<b>8,546</b>	<b>7,317</b>
10	<b>Earnings per share</b>		
	Earnings per DKK 100 share	<b>37.05</b>	<b>31.73</b>
	Earnings per DKK 100 share, diluted	<b>37.05</b>	<b>31.73</b>



# Balance sheet

Balance sheet assets at 30 September

Amounts in DKK '000

Note		2019/20	2018/19
	<b>Assets</b>		
	<b>Non-current assets</b>		
11	<b>Intangible assets</b>		
	Goodwill	53,085	53,085
	Customer relations	213	276
	Software	1,095	2,031
		<b>54,393</b>	<b>55,392</b>
12	<b>Property, plant and equipment</b>		
	Land and buildings	30,578	31,290
	Plant and machinery	11,414	10,723
	Other fixtures and fittings, tools and equipment	2,810	2,375
	Assets under construction	14,055	0
		<b>58,857</b>	<b>44,388</b>
13	<b>Leasing assets</b>		
		<b>12,059</b>	<b>0</b>
	<b>Total non-current assets</b>	<b>125,309</b>	<b>99,780</b>
	<b>Current assets</b>		
14	Inventories	27,641	28,771
15	Receivables	56,828	54,209
	Prepayments	3,716	3,657
	Cash at bank and in hand	34,985	32,900
	<b>Total current assets</b>	<b>123,170</b>	<b>119,537</b>
	<b>Total assets</b>	<b>248,479</b>	<b>219,317</b>

# Balance sheet

Balance sheet liabilities and equity at 30 September

Amounts in DKK '000

Note		2019/20	2018/19
	<b>Liabilities and equity</b>		
16	<b>Equity</b>		
	Share capital	23,063	23,063
	Revaluation reserve	1,898	1,898
	Retained earnings	139,780	137,000
	Proposed dividend	5,766	5,766
	<b>Equity</b>	<b>170,507</b>	<b>167,727</b>
	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
17	Deferred tax	9,533	9,540
13	Lease liabilities	7,380	0
	<b>Total non-current liabilities</b>	<b>16,913</b>	<b>9,540</b>
	<b>Current liabilities</b>		
13	Lease liabilities	4,743	0
18	Trade payables and other payables	53,985	40,352
	Corporation tax	2,331	1,698
	<b>Total current liabilities</b>	<b>61,059</b>	<b>42,050</b>
	<b>Total liabilities</b>	<b>77,972</b>	<b>51,590</b>
	<b>Total liabilities and equity</b>	<b>248,479</b>	<b>219,317</b>
19	Contingencies and other financial commitments		
20-23	Other notes		

# Statement of Changes in Equity

Amounts in DKK '000

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend	Total
<b>2019/20</b>					
<b>Equity at 1 October 2019</b>	<b>23,063</b>	<b>1,898</b>	<b>137,000</b>	<b>5,766</b>	<b>167,727</b>
<b>Change in equity in 2019/20</b>					
Total comprehensive income	0	0	8,546	0	8,546
Dividend paid to shareholders	0	0	0	-5,766	-5,766
Proposed dividend to shareholders	0	0	-5,766	5,766	0
<b>Total changes in equity in 2019/20</b>	<b>0</b>	<b>0</b>	<b>2,780</b>	<b>0</b>	<b>0</b>
<b>Equity at 30 September 2020</b>	<b>23,063</b>	<b>1,898</b>	<b>139,780</b>	<b>5,766</b>	<b>170,507</b>
 <b>Equity at 30 September 2019</b>	 <b>23,063</b>	 <b>1,898</b>	 <b>135,449</b>	 <b>5,766</b>	 <b>166,176</b>
<b>Equity at 30 September 2018/19</b>					
Total comprehensive income	0	0	7,317	0	7,317
Dividend paid to shareholders	0	0	0	-5,766	-5,766
Proposed dividend to shareholders	0	0	-5,766	5,766	0
<b>Total changes in equity in 2018/19</b>	<b>0</b>	<b>0</b>	<b>1,551</b>	<b>0</b>	<b>1,551</b>
<b>Equity at september 2019</b>	<b>23,063</b>	<b>1,898</b>	<b>137,000</b>	<b>5,766</b>	<b>167,727</b>



# Cash flow statement

	Amounts in DKK '000	
	2019/20	2018/19
Net profit for the year	8,546	7,317
Adjustment for non-cash operating items etc:		
Tax on profit for the period	2,518	2,093
Depreciation and amortisation	8,648	3,482
Profit or loss on sale of property, plant and equipment and financial assets	-78	-20
Financial income	-192	-54
Financial expenses	665	397
<b>Cash flows from operating activities before changes in working capital</b>	<b>20,107</b>	<b>13,215</b>
Changes in inventories	1,130	-2,956
Changes in receivables (and prepayments)	-2,677	-400
Changes in trade payables and other payables	13,632	9,088
<b>Cash flows before financial income and expenses and tax</b>	<b>32,192</b>	<b>18,947</b>
Financial income, paid	27	13
Financial expenses, paid	-447	-294
Corporation tax paid	-1,892	-1,981
<b>Cash flows from operating activities</b>	<b>29,880</b>	<b>16,685</b>
Purchase of intangible assets	0	-190
Purchase of property, plant and equipment	-17,293	-4,568
Sale of property, plant and equipment	78	20
<b>Cash flows from financing activities</b>	<b>-17,215</b>	<b>-4,738</b>
Installments on leasing debt	-4,761	0
Paid dividend	-5,766	-5,766
<b>Cash flows from financing activities</b>	<b>-10,527</b>	<b>-5,766</b>
<b>Cash flows for the year</b>	<b>2,138</b>	<b>6,181</b>
<b>Cash and cash equivalents at 1 October</b>	<b>32,900</b>	<b>26,785</b>
<b>Currency regulation cash</b>	<b>-53</b>	<b>-66</b>
<b>Cash and cash equivalents at 30 September</b>	<b>34,985</b>	<b>32,900</b>

# Notes

## Note 1. Accounting policies

RIAS A/S is a public limited company registered in Denmark. The Annual Report covers the period 1 October 2019 – 30 September 2020.

The Annual Report of RIAS A/S for 2019/20, which comprises Management's Review and Financial Statements for the period 1 October 2019 – 30 September 2020, is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

On 10 December 2020, the Board of Directors and the Executive Board discussed and adopted the Annual Report of RIAS A/S for 2019/20. The Annual Report will be presented to the shareholders of RIAS A/S for adoption at the Annual General Meeting on 29 January 2020.

### Basis of preparation

The Annual Report is presented in DKK rounded off to the nearest DKK 1,000.

The Annual Report is prepared under the historical cost convention.

The accounting policies described below have been applied consistently for the financial year and for the comparative figures with the exception of IFRS 16 and special items.

### Changes to accounting policies

New standards and amendments are implemented when they take effect.

RIAS implemented IFRS 16 "Leasing" as at 1 October 2019. The effect of implementation is described below.

### Effect of IFRS 16 "Leasing"

IFRS 16 eliminates the difference between operational and financial leasing, and requires that lease agreements be reported on the lessee's balance sheet as an asset with accompanying liability. The P/L statement is affected in that the lease payment now comprises 2 elements: amortisation of the leased asset and charging interest on the liability. Previously, the lease payment was reported under capacity costs

### Implementation and transition provision applied

RIAS resolved to use the simplified, retroactive implementation of IFRS 16 and therefore implemented IFRS 16 as at 1 October 2019 and did not adjust comparison figures for previous years.

The following transition reliefs were applied during implementation of IFRS 16:

- \* Existing lease agreements, classified as operational leases under IAS 17, were reported at present value of outstanding lease payments, discounted using RIAS' alternative loan interest rate as at 1 October 2019 of 1.44%.

The following transition provisions were applied in connection with the implementation of IFRS 16:

- \* Lease agreements with a term of less than 12 months or low-value agreements are not reported on the balance sheet;
- \* Lease agreements which were previously deemed not to contain a lease agreement under IAS 17 and IFRIC 4 are not revaluated in order to examine whether they contain a lease agreement;
- \* Directly attributable costs are excluded from the statement of value of the leasing asset.

### Accounting practice applied

Whether a contract contains a lease contract is assessed at the start of the contract. For lease contracts that are identified, a right to use the leased asset (right of use) and accompanying leasing liability are reported on the start date of the lease period.

Upon first reporting, the right of use is measured at cost-price equivalent to the leasing liability that is reported, adjusted for any advance lease payments or directly related costs, including de-installation and restoration costs. The leasing liability is measured at present value of lease payments during the lease period discounted using the implicit interest in the lease contract. In the event that the implicit interest cannot be determined, the company's marginal loan interest is applied.

When determining an extension of the lease period, options are only included if it is reasonably certain that such will be exercised. The majority of extension and termination options that are contained in contracts can only be exercised by the company, and not by the respective lessor.

During subsequent valuation, the right of use is measured less accumulated amortisations and write-downs and adjusted for any re-measuring of lease liabilities. Amortisations are performed according to the linear method over the lease period or useful life of the right of use, whichever is shortest. The lease liability is measured at amortised cost-price using the effective interest method and adjusted for any remeasuring or changes undertaken in the contract. Any service elements that can be separated from the lease contract are reported separate from the lease contract. Service elements that cannot be separated from the lease contract are reported as payments for such as part of the lease liability.

Right-of-use assets and liabilities are not reported if the lease agreement relates to low-value assets, or if the lease period is 12 months or less. These are reported linearly over the lease period as costs. The company has decided to use the exemption regarding leasing and service element and have therefore not included service for cars.

### Lease assets

Lease assets relate to the leasing of warehouses and office buildings, company cars, IT hardware and other office equipment.

### Effect of implementation of IFRS 16

IFRS 16 has a slightly positive effect on EBIT of DKK 90 k and a negative effect on EBT of DKK 158 k due to interest costs.

Implementation has meant an increase in lease assets of DKK 13.7 m and a corresponding increase in lease liabilities. In the 2018/19 annual financial statement, the lease liability is posted at DKK 5.3 m. The difference of DKK 8.9 m is due to the fact that the management has estimated a longer lease period for the leasing of buildings under IFRS 16.

### Reconciliation between IAS 17 to IFRS 16

Leasing liability in annual report 2018/19	5,289
Regulation to opening value	193
Regulated opening balance	5,482
Regulation due to IFRS 16	
Short term contract not included as leasing liability	-264
Low value contracts not included as leasing liability	0
Adjustment as a consequence of re-evaluation of leasing period	8,779
Operational leasing before calculating net present value	13,998
Adjustment for net present value	-280
Leasing liability October 1st 2019	13,717

# Notes

## Special items

From 1 October 2019, the company has reported the "special items" item as a separate line in the P/L account. The aim of separating special items in the P/L account is to improve transparency and to separate special items from ordinary operations. Special items comprise salary costs associated with double staffing as a result of the restructuring of the company's warehouse and processing division, and relocation costs associated with the same. This post also contains consideration for employees made redundant as a result of the adjustment to the organisation.

## Description of accounting policies

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction or at an approximate rate. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the date of contracting the receivable or payable or the rates in the latest Annual Report are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

## Income statement

### Revenue

Revenue comprises the sale of goods for resale and finished goods net of cash and volume discounts.

Sales are recognised in the income statement from the time when the control of the goods passes to the customer and when payment is considered recoverable. Revenue from sales transactions is measured at the amount which RIAS expects to be entitled to receive.

The payment terms for trade receivables depend on the creditworthiness of the customer, general business practice and agreements made. The payment terms for some customers include a credit period that begins when the product is dispatched.

## Segment reporting

The Company has one operating segment and carries on activities within two product areas:

- Sale, processing and distribution of semi-finished plastic products to all sectors of the building and construction industry (Building & Construction).
- Sale, processing and distribution of semi-finished plastic products to the industrial and the public sector (Industry).

Based on IFRS 8, "Operating Segments", and internal reporting to Management in connection with its assessment of the profit and financial position of the Company as well as allocation of resources, an operating segment has been identified with functions within sale, processing and distribution of semi-manufactured plastic products. This reflects Management's access to allocating resources and managing the organisation. Revenue is allocated to the product areas Building & Construction and Industry.

## Production Costs

Cost of sales comprises costs incurred to achieve revenue for the year. This includes direct and indirect costs for raw materials and consumables.

## Distribution expenses

Distribution expenses comprise expenses incurred for the distribution of goods sold during the year and for sales campaigns etc conducted in the year. This includes expenses for sales staff, advertising and fair costs as well as depreciation and impairment losses.

## Administrative expenses

Administrative expenses comprise expenses incurred in the year for Management and administration, including expenses for administrative staff and office premises as well as depreciation and impairment losses. Also provisions for bad debts are included.

## Financial income and expenses

Financial income and expenses comprise interest, price/exchange gains and losses as well as impairment of securities, debt and transactions in foreign currencies. Also extra payments and repayments under the on-account taxation scheme are included.

## Tax on profit for the year

RIAS A/S is jointly taxed with all Danish companies in the thyssenkrupp Group. The current Danish corporation tax is distributed among the jointly tax companies in proportion to their taxable incomes.

The jointly tax companies are comprised by the joint taxation scheme. See note 23.

The tax for the year consists of current tax and movements in deferred tax for the year. The tax relating to the profit for the year is recognised in the income statement, whereas the tax directly relating to items recognised in equity is recognised directly in equity.

## Balance Sheet

### Intangible assets

Goodwill is recognised initially at cost in the balance sheet. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Company's cash generating units at the date of takeover.

Other intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful lives, which are:

Customer relations	16 years
Software	5-10 years

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Subsequent expenses, eg. to replace parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that payment will result in future economic benefits to the Company. The replaced parts are derecognised in the balance sheet and the carrying amount is transferred to the income statement. All other expenses for ordinary repair and maintenance are recognised in the income statement as incurred.

The cost of an aggregate asset is broken down by separate components which are depreciated individually if the useful lives of the individual components are not the same. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets, which are:

# Notes

Office and warehouse buildings	10 - 30 years
Plant and machinery	8 - 10 years
Other fixtures and fittings, tools and equipment	3 - 10 years

The residual value of office and warehouse buildings is reassessed on a current basis and is at present 40% of cost.

Land is not depreciated.

The basis for depreciation is calculated taking into account the residual value of the asset and is reduced by any impairment losses. The residual value is determined at the date of acquisition and is reassessed annually. Where the residual value exceeds the carrying amount of the asset, depreciation ceases.

In the event of changes to the depreciation period or the residual value, the effect on depreciation is recognised prospectively as a change of accounting estimate.

Depreciation is recognised in the income statement under distribution and administrative expenses, respectively.

## Impairment of non-current assets

Goodwill is tested for impairment on an annual basis, for the first time before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment in the cash-generating unit to which the goodwill has been allocated and is written down to the recoverable amount over the income statement if the carrying amount is higher than the recoverable amount. The recoverable amount is stated as the net present value of future net cash flows from the enterprise or the activity (cash-generating unit) to which the goodwill is allocated.

The carrying amounts of other non-current assets are reviewed on an annual basis to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less estimated costs to sell and value in use.

Value in use is calculated as the net present value of expected future cash flows from the asset or the cash-generating unit of which the asset forms part.

Impairment losses are recognised where the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under distribution and administrative expenses, respectively. Impairment of goodwill is recognised on a separate line in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent

that assumptions and estimates underlying the impairment change. Impairment losses are reversed only where the new carrying amount of the asset does not exceed the carrying amount that the asset would have had after depreciation if the asset had not been impaired.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of goods for resale equals landed cost with addition of any customs.

The net realisable value of inventories is calculated at selling price with deduction of costs to sell and is determined allowing for marketability, obsolescence and development in expected sales sum.

## Receivables

Receivables mainly include trade receivables. Receivables are initially measured at fair value and subsequently at amortised cost. Trade receivables are written down on the basis of an individual assessment and the simplified method under IFRS 9 according to which provisions for bad debts are based on the expected credit loss in the maturity period.

Trade receivables and other receivables are recognised at amortised cost less provisions for bad debts. Provisions for bad debts are made to the extent that bad debts are expected to arise. If the customers' financial situation worsens further so that they are unable to meet their payment obligations, it may be necessary to make further provisions in future financial periods. A provision for expected credit loss in the maturity period is based on the credit risks of a customer group and on the number of days by which the due date has been exceeded. In connection with the assessment of whether RIAS's provisions for bad debts are adequate, Management analyses the receivables, including previous losses on trade receivables, the customers' creditworthiness, current financial circumstances and changes in the customers' payment terms.

## Prepayments

Prepayments are measured at cost.

## Equity

### Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting (the time of declaration). Dividend expected to be distributed for the year is disclosed as a separate equity item.

### Reserve for revaluation

Reserve for revaluation comprises value adjustments relating to reassessment of the value of buildings in connection with transition to the Danish Financial Statements Act of 2001.

## Current tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet at the amount calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences relating to goodwill not amortisable for tax purposes and other items in respect of which temporary differences – expect for business acquisitions – have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of the Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the value at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets relating to tax liabilities are set off if the Company has a legal right to set off current tax liabilities and assets or intends to either settle current tax liabilities or assets on a net basis or to realise the assets and liabilities at the same time.

Deferred tax is measured on the basis of the tax rules and tax rates in the countries concerned that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes to deferred tax due to changed tax rates are recognised in the statement of comprehensive income for the year.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are measured based on the Management's best estimate of the amount expected to be required to settle the obligation.

## Financial liabilities

Loans from credit institutions etc are recognised initially at fair value net of transaction expenses incurred. Subsequently, the financial liabilities are measured at amortised cost using the "effective interest method"; the difference between the proceeds and the nominal value is recognised in financial expenses in the income statement over the loan period.

# Notes

## Cash flow statement

The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated under the indirect presentation method as profit after tax adjusted for non-cash operating items, changes in working capital, interest received and paid and corporation tax paid.

Cash flows from investing activities comprise cash flows from acquisition and disposal of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities which are not included in cash and cash equivalents.

Cash flows from financing activities comprise changes to the raising of loans, repayment of interest-bearing debt as well as dividend distribution to shareholders.

Cash and cash equivalents comprise cash at bank and in hand as well as short-term special-term deposits which may easily be converted into cash and which are subject to only immaterial risks of value changes.

## Financial ratios

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Other ratios have been calculated in accordance with the descriptions mentioned in management review.

## Note 2. Estimates and assessments

### The uncertainty of estimates

The calculation of the accounting value of certain assets and liabilities requires valuations, estimations and predictions of future events.

The estimates and predictions made are based, amongst others, on historical experience and other factors which the management considers reasonable under the circumstances but which by their nature are uncertain and unpredictable. These predictions may be incomplete or inaccurate, and unexpected events or circumstances may arise.

As a result of the risks and uncertainties which the company is subject to, the actual outcome may deviate from the estimates made.

It may be necessary to amend estimates made previously as a result of changes in those circumstances which were taken as a basis for previous estimates, or due to new knowledge or subsequent events.

Estimates which are crucial for the preparation of the financial accounts are made, amongst others, using valuations and impairment tests on goodwill, and by writing down inventories.

### Goodwill impairment test

During the annual goodwill impairment test, or whenever there is an indication that a write-down is required, estimates are made regarding whether the company will be in a position to generate sufficient positive cashflows in future in order to support the value of goodwill and other net assets. The account value of goodwill is DKK 53 m.

As a result of the nature of the business, estimates of expected cashflows may be made many years in advance, which of course leads to uncertainty. This uncertainty relates to the management's expectations of future growth and the possibility of achieve the planned cost savings and streamlining measures. (Estimate)

The impairment test is described in more detail in Note 11.

## IFRS 16

When reporting and measuring lease contracts, different valuations are used to ascertain the right of use and leasing liabilities. Estimates include a valuation of lease periods, exploitation of possibilities to expand (estimate) and applicable discount rates (estimate). Beyond this, key estimates have been used to ascertain these conditions in relation to the implementation of IFRS 16.

# Notes

Amounts in DKK '000

## Note 3. Revenue

Sales outside Denmark amount to 15,3% of the company revenue. Sweden amount to 12,8%. All non-current assets are placed in Denmark.

	2019/20			2018/19		
	Revenue Industry	Revenue building/ construction	Revenue in total	Revenue Industry	Revenue building/ construction	Revenue in total
<b>DK</b>	144,370	104,865	249,235	163,130	85,053	248,183
<b>Sweden</b>	13,314	24,401	37,715	11,569	19,131	30,700
<b>Others</b>	6,167	1,249	7,416	5,119	1,368	6,487
<b>In total</b>	163,851	130,515	294,365	179,818	105,552	285,370

The Group's products are mainly sold to Danish customers. Sales are distributed on a large number of different products and customers. One single customer accounts for more than 10% of total sales.

The operating segment consists of two sales departments for Building & Construction and Industry, respectively, which are supported by a number of joint functions such as purchasing, logistics and production, and the purchased products are used for re-sale in both Industry and Building & Construction. There are also a number of employees who carry out production and processing of products for both Industry and Building & Construction, and this also applies to employees in the two sales offices. Based on this, Management has assessed that RIAS A/S only has one operating segment. The Building & Construction Division primarily deals in finished plastic products, eg roof plates, thermo roofs, etc. The Industry Division deals in semi-finished plastic products, eg tubes, plastic rods and processing of these.

	2019/20	2018/19
<b>Note 4. Depreciation</b>		
Depreciation and amortisation are included in productions cost as follows:		
Depreciation of property, plant and equipment	1,480	1,076
Depreciation and amortisation are included in distribution expenses as follows:		
Amortisation of intangible assets	855	781
Depreciation of property, plant and equipment	1,250	1,370
Depreciation from lease assets	4,421	0
	<b>6,526</b>	<b>2,151</b>
Depreciation and amortisation are included in administrative expenses as follows:		
Amortisation of intangible assets	144	147
Depreciation of property, plant and equipment	89	88
Depreciation from lease assets	409	0
	<b>642</b>	<b>235</b>
Gain/loss from sale of asset	78	20
<b>Total depreciation and amortisation</b>	<b>8,726</b>	<b>3,481</b>
Specifications to depreciation lease assets. Note 13		

# Notes

Amounts in DKK '000

	2019/20	2018/19
<b>Note 5. Staff</b>		
Wages and salaries	45,403	41,392
Pensions, defined contribution plan	5,815	5,390
Remuneration to the Executive Board	2,294	2,209
Pension to the Executive Board	176	169
Fee to the Board of Directors	90	90
Other social security expenses	1,536	1,367
	<b>55,314</b>	<b>50,617</b>
Average number of fulltime employees	<b>107</b>	<b>103</b>
Number of fulltime employees at 30 September	<b>104</b>	<b>103</b>
Total remuneration to the Executive Board	2,470	2,378
Total remuneration to the Executive Board and the Board of Directors	2,650	2,468
The CEO has 1 year notice period with salary in case of a termination of the contract. In case of a take over the period is 1.5 year		
Salaries are included in productions cost as follows:	0	0
Salaries are included in distribution expenses as follows:	48,512	44,264
Salaries are included in administrative expenses as follows:	6,608	6,263
<a href="#">Link to remuneration policy and remuneration report</a>		
<b>Note 6. Special items</b>		
Restructuring costs	1,818	0
<b>Total</b>	<b>1,818</b>	<b>0</b>
<b>Note 7. Financial income</b>		
Interest	27	13
Exchange gains	165	41
	<b>192</b>	<b>54</b>
<b>Note 8. Financial expenses</b>		
Interest	323	294
Exchange losses	342	103
	<b>665</b>	<b>397</b>
<b>Note 9. Corporation tax</b>		
Current tax for the year	2,525	1,825
Deferred tax for the year	-7	268
	<b>2,518</b>	<b>2,093</b>
22% tax calculated on profit for the year	2,484	2,070
Tax effect of non-deductible costs	20	23
Tax effect of IFRS 16	14	0
	<b>2,518</b>	<b>2,093</b>
Effective tax rate	22.3%	22.2%
<b>Note 10. Earnings per share</b>		
Net profit for the year	8,546	7,317
Average number of shares, DKK 100	230,630	230,630
Earnings per DKK 100 share	<b>37.05</b>	<b>31.73</b>
Earnings per DKK 100 share, diluted	<b>37.05</b>	<b>31.73</b>



# Notes

Amounts in DKK '000

Note 11. Intangible assets	Goodwill	Customer relations	Software	Under construction	Total
Cost at 1 October 2019	53,085	1,000	14,124	0	68,209
Additions for the year	0	0	0	0	0
Disposals for the year	0	0	-2,397	0	-2,397
	0	0	0	-0	0
<b>Cost at 30 September 2020</b>	<b>53,085</b>	<b>1,000</b>	<b>11,727</b>	<b>0</b>	<b>65,812</b>
Amortisation at 1 October 2019	0	-724	-12,093	0	-12,817
Amortisation for the year	0	-63	-936	0	-999
Reversed depreciations on the disposals og the year	0	0	2,397	0	2.397
<b>Amortisation at 30 September 2020</b>	<b>0</b>	<b>-787</b>	<b>-10,632</b>	<b>0</b>	<b>-11,419</b>
<b>Carrying amount at 30 September 2020</b>	<b>53,085</b>	<b>213</b>	<b>1,095</b>	<b>0</b>	<b>54,393</b>
Cost at 1 October 2018	53,085	1,000	13,609	325	68,019
Additions for the year	0	0	190	0	190
Disposals for the year	0	0	0	0	0
Transfers	0	0	515	-515	0
<b>Cost at 30 September 2019</b>	<b>53,085</b>	<b>1,000</b>	<b>14,124</b>	<b>0</b>	<b>68,209</b>
Amortisation at 1 October 2018	0	-662	-11,227	0	-11,889
Amortisation for the year	0	-62	-866	0	-928
Reversed depreciations on the disposals og the year	0	0	0	0	0
<b>Amortisation at 30 September 2018</b>	<b>0</b>	<b>-724</b>	<b>-12,093</b>	<b>0</b>	<b>-12,817</b>
<b>Carrying amount at 30 September 2019</b>	<b>53,085</b>	<b>276</b>	<b>2,031</b>	<b>0</b>	<b>55,392</b>

## Impairment test

### Goodwill

The most material intangible asset is goodwill of DKK 53,085k, which is attributable to the acquisitions of the activities in Rodena A/S and Nordic Plastic A/S.

Stock value is lower than book value and the management assess that this is due to low interest for the stock since the shares are mainly owned by two bigger shareholders (thyssenkrupp and Small Cap).

At 30 September 2020, Management tested the carrying amount of goodwill for required write-down for impairment based on the allocation made to the cash-generating unit of the cost of goodwill. In Management's opinion, RIAS A/S has only one cash-generating unit, which is the legal entity.

Amounts in DKK '000

RIAS A/S	<b>2020</b>
	53,085

The recoverable amount is based on the value in use determined by using expected net cash flows on the basis of approved budgets as well as substantiated projections for the remaining period.

# Notes

## Key assumptions

Revenue estimate for the budget period is based on approved budget and forecast for the next three years based on Management's experience and expectations for the future. Revenue growth in the budget and forecast periods is in total an increase in revenue of 0.7% which will, among other things, be achieved through our activities in Building division including Sweden, where we can see that the market is growing, and the development in the processing department in the Industry division.

A growth rate of 1.8% is estimated for years 4 to 6, as well as a growth rate of 1.8% in the terminal period (2018/19: 2%). In Management's assessment this is a realistic level of growth for the building and construction market as well as the industrial sector, in which RIAS A/S is operating.

EBIT is estimated with a steady increase from the current level of DKK 9.8 million to DKK 16.2 million in the terminal period. The increase is attributable to increased sales, see above, and focus on product groups with higher gross profit and cost control, which are achieved through improved utilisation of IT systems and focus on improved use of the Company's resources.

A discount rate of 9.5% before tax (2018/19: 9.5%) and 7.8% after tax (2018/19: 7.8%) has been applied as, in Management's assessment, this is in line with the risk profile of RIAS A/S.

## Sensitivity analysis

The difference between the calculated recoverable amount, DKK 212.9 million, and the carrying amount of equity, DKK 182.9 million, is DKK 29.9 million. In Management's assessment, the discount rate after tax may increase to 8.99% before write-down for impairment is required, and Management is monitoring the development in the risk-free interest rate closely.

Another key assumption of the impairment test is our expectations for an increase in EBIT to DKK 16.3 million in the terminal period. EBIT may decrease to DKK 12.9 million in the terminal period before write-down for impairment is required. Due to the fact that expected future cash flows are based on an estimate, the impairment test is inherently subject to uncertainty.

Amounts in DKK '000

	Land and buildings	Plant and machinery	Other fixtures and fittings tools and equipment	Under construction	Total
<b>Note 12. Property, plant and equipment</b>					
Cost at 1 October 2019	61,906	24,968	21,627	0	108,501
Additions for the year	36	2,319	883	14,055	17,293
Disposals for the year	0	-915	-22	0	-937
Transfers	0	0	0	0	0
<b>Cost at 30 September 2020</b>	<b>61,942</b>	<b>26,372</b>	<b>22,488</b>	<b>14,055</b>	<b>124,857</b>
Depreciation at 1 October 2019	-30,616	-14,295	-19,201	0	-64,112
Depreciation for the year	-748	-1,578	-493	0	-2,819
Reversed depreciation on disposals for the year	0	915	16	0	931
<b>Depreciation at 30 September 2020</b>	<b>-31,364</b>	<b>-14,958</b>	<b>-19,678</b>	<b>0</b>	<b>-66,000</b>
<b>Carrying amount at 30 September 2020</b>	<b>30,578</b>	<b>11,414</b>	<b>2,810</b>	<b>14,055</b>	<b>58,857</b>
Cost at 1 October 2018	61,906	20,896	21,433	77	104,312
Additions for the year	0	4,072	496	0	4,568
Disposals for the year	0	0	-380	0	-380
<b>Cost at 30 September 2019</b>	<b>0</b>	<b>50</b>	<b>27</b>	<b>-77</b>	<b>0</b>
Depreciation at 1 October 2018	<b>61,906</b>	<b>25,018</b>	<b>21,576</b>	<b>0</b>	<b>108,500</b>
Depreciation for the year	-29,869	-12,959	-19,111	0	-61,939
Reversed depreciation on disposals for the year	-747	-1,336	-470	0	-2,553
<b>Depreciation at 30 September 2019</b>	<b>0</b>	<b>0</b>	<b>380</b>	<b>0</b>	<b>380</b>
<b>Carrying amount at 30 September 2019</b>	<b>-30,616</b>	<b>-14,295</b>	<b>-19,201</b>	<b>0</b>	<b>-64,112</b>
<b>Regnskabsmæssig værdi 30. september 2019</b>	<b>31,290</b>	<b>10,723</b>	<b>2,375</b>	<b>0</b>	<b>44,388</b>

# Notes

## Note 13. Leasing

Amounts in DKK '000

Leasing assets	Land and buildings	Plant and machinery	Total
Cost at 1 October 2019			
Effect IFRS 16	10,261	3,457	13,718
Additions for the year	0	968	968
Remeasuring of leasing liability	2,203	0	2,203
Disposals for the year	0	0	0
Depreciation for the year	-3,202	-1,628	-4,830
<b>Cost at 30 September 2020</b>	<b>9,262</b>	<b>2,797</b>	<b>12,059</b>

### Depreciation from leasing assets are included as follows

	2019/20	2018/19
Productions cost	0	0
Distribution cost	-4,421	0
Administrative cost	-409	0
<b>Depreciation from lease assets in total</b>	<b>-4,830</b>	<b>0</b>

### Lease liability

Liability appears as follows

	2019/20	2018/19
Less than 1 year	34	3,371
Between 1 – 3 years	88	1,918
Total non- discounted leasing fees	122	5,289
Lease liability in the balance sheet	12,123	0
Short term	4,743	0
Long Term	7,380	0

### Amount in profit and loss

	2019/20	2018/19
Interest related to lease liability	158	0
Costs related to short term leasing contracts (less than 12 months)	264	0
Costs related to leasing contracts with low value	34	34
Installments on lease liability	- 4,761	0
Interest, Lease liability	- 1 5 8	0

### The company as Lessee

RIAS implemented IFRS 16 "Leases" at 1 October. Leasing contracts are recognised in the balance sheet as an asset with a corresponding liability. The company has decided not to include contracts with short period less than 12 months or contracts with low value.

The company has contracts for copy machines in administration which are considered to have low value and payments for these are expensed linear in the profit and loss statement. The company has short term contracts for cars and expenses for these are expensed linear in the profit and loss statement.

# Notes

<b>Note 14. Inventories</b>	<b>2019/20</b>	<b>2018/19</b>
Inventories are specified as follows:		
Goods for resale	29,293	30,342
Work in progress	494	575
<b>Inventories at 30 September</b>	<b>29,787</b>	<b>30,917</b>
Write-down at 1 October	-2,146	-2,246
Reversed write-down made in previous years	0	100
Write-down for the year		0
<b>Write-down at 30 September</b>	<b>-2,146</b>	<b>-2,146</b>
	<b>27,641</b>	<b>28,771</b>
Cost of goods sold included in production costs.	<b>178,505</b>	<b>179,080</b>

Adjustments relating to write-down of inventories are included in Production Costs.

<b>Note 15. Receivables</b>		
Trade receivables	55,144	52,989
Receivables from group enterprises	856	831
Other receivables	828	389
	<b>56,828</b>	<b>54,209</b>
Insured trade receivables	34,149	35,728
Trade receivables not insured	22,734	18,167
<b>Trade receivables at 30 September</b>	<b>55,883</b>	<b>53,895</b>

No losses from insured receivables has been realized.

Provisions for bad debts are specified as follows:

Provisions at 1 October	-841	-556
Realised in the year	34	117
Reversed	0	0
Provisions for the year	-420	-402
<b>Provisions at 30 September</b>	<b>-1,227</b>	<b>-841</b>

The provision is generally due to the customers' inability to pay due to bankruptcy or expected bankruptcy.

The increased provision is primarily due to an expected loss on a major customer.

RIAS does not grant credits with a term of more than 12 months.

The realized loss on receivables in 2019/20 amounts to approx. 4% of the amount RIAS had as provision ultimo 2018/19.

It is a decrease of 4% points compared to the year before where the loss amounted to 17% of the amount RIAS had as provision ultimo 2017/18

Expected credit loss according IFRS 9 is DKK 227K

# Notes

Amounts in DKK '000

	2019/20	2018/19
<b>Note 15. Receivables</b>		
Moreover, trade receivables which are overdue at 30 September but not provided for are included as follows:		
Period overdue:		
Up to 30 days	2,593	2,022
Between 30 and 90 days	361	389
More than 90 days	1,150	781
	<b>4,104</b>	<b>3,192</b>
Including insured receivables of	2,325	2,468

Provisions for bad debts are made on a current basis. Adjustments to the provisions are included in distribution expenses.

## Note 16. Equity

### Share capital

The Company's share capital of DKK 23,063k is distributed on DKK 3,125k A-shares and DKK 19,938k B-shares. The share capital is fully paid up. The A-shares, which are non-negotiable, carry 10 votes per DKK 100 share, see clause 11 of the articles of association.

The B-shares, which are negotiable, carry 1 vote per DKK 100 share, see clause 11 of the articles of association.

### Capital management

RIAS A/S assesses on a current basis the need to adjust the capital structure to balance the high requirements to return on equity against the increased uncertainty related to loan capital. The equity share of total assets was 69% at 30 September 2020 (30 September 19: 76%). The solvency target has been lowered to 65-75% due to the implementation of IFRS 16 and the effect it has on total assets.

The target for return on equity is 6-8%. Realised return on equity before tax was 6,5% in 2019/20 (2018/19: 5,5%).

It is RIAS A/S's dividend policy that the shareholders should earn a return on their investments in the form of price increases and dividend which exceed a risk-free bond investment. Payment of dividend should be made with consideration to the required consolidation of equity as basis for the Company's continued expansion.

### Dividend

Dividend of DKK 5,766k (2018/19: DKK 5,766k) is proposed, corresponding to dividend per share of DKK 25 (2018/19: DKK 25).

On 29 January 2020, RIAS A/S paid dividend to its shareholders of DKK 5,766 k (2018/19: DKK 5,766k), corresponding to dividend per share of DKK 25 (2018/19: DKK 25).

The distribution of dividend to the shareholders of RIAS A/S has no tax consequences for RIAS A/S.

# Notes

Amounts in DKK '000

	2019/20	2018/19
<b>Note 17. Deferred tax</b>		
Balance at 1 October	9,540	9,272
Adjustment for the year of deferred tax	-7	268
<b>Balance at 30 September</b>	<b>9,533</b>	<b>9,540</b>
Deferred tax relates to:		
Buildings	4,712	4,697
Operating equipment	1,079	858
Intangible assets	3,545	3,765
Other temporary differences	197	220
	<b>9,533</b>	<b>9,540</b>

	2019/20	2018/19
<b>Note 18. Trade payables and other payables</b>		
Trade payables	19,358	19,988
Payables to group enterprises	239	185
Accrued VAT	7,868	4,332
Holiday pay obligation	5,494	4,725
Accrued promotion expenses	11,470	7,593
Other payables	9,556	3,529
	<b>53,985</b>	<b>40,352</b>

## Note 19. Contingencies and other financial commitments

The Company is not part in any complaints which effect the Company's financial position except for the receivables and commitments, which have been recognised in the balance sheet at 30 September 2020.

The company is jointly liable for taxes due in the joint Danish taxation. The administrative company is RIAS A/S. The amount due in taxes for the Danish tax group is by 30 September 2020 DKK 4,802k.

	2019/20	2018/19
<b>Note 20. Fees to auditors appointed at the General Meeting</b>		
PWC:		
Statutory audit	390	365
Tax advisory services	48	39
Non-audit services	255	215
	<b>693</b>	<b>619</b>

Fee for Non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab consists of general accounting and tax advice, mainly related to IFRS and tax.

# Notes

Amounts in DKK '000

## Note 21. Financial risks

### Financial risks

The Company does not speculate in financial risks, and the Company's management of such exposures focuses exclusively on managing financial risks that are a direct consequence of the Company's operations and financing.

The Company has no derivative financial instruments.

### Interest rate risks

The Company does not enter into interest rate positions to hedge against interest rate exposures as moderate changes in the interest rate level will have no material effect on the Company's earnings and equity. The sensitivity to interest rate risks is low and mainly relates to cash at bank and in hand.

### Credit risks

The Company's credit risks relate to trade receivables which arise when the Company carries through sales in respect of which prepayments are not received. The Company's policy for assuming credit risks implies that all customers are credit rated upon creation and on a current basis. If the credit rating of the customer is not satisfactory, separate security in respect of the sale is required. The primary instrument to hedge unsecured payments is to take out credit insurance which covers up to 90% of the total receivable exclusive of VAT. Credit insurance is taken out with COFACE credit insurance. If credit insurance cannot be taken out in respect of a customer, the customer is carefully assessed based on internal credit limits, or prepayment is requested.

The management of the credit exposure is based on internal customer credit limits. The credit limits are determined on the basis of the creditworthiness of the customers with consideration to the current market situation.

Provisions for bad debts are made to the extent necessary. Page 33

Non-insured trade receivables amounts to DKK 22,734k 30 September.

The company has deposit above state warranty and therefore there is a credit risk of DKK 33,469k.

Only banks with low risk are being used. Risk evaluation is based on Standard & Poors rating.

Amounts in DKK '000

	2019/20	2018/19
<b>Classes of financial assets and liabilities</b>		
<b>Financial assets:</b>		
Lending and receivables	55,144	54,209
Cash at banks	34,985	32,900
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	53,975	40,352

### Foreign exchange risks

The Company is only to a limited extent exposed to the development in foreign exchange. Almost all trading takes place in DKK or EUR. As the foreign exchange risk relating to DKK/EUR is considered very low, the Company does not hedge its net debt in foreign currency.

### Liquidity risks

The Company's liquidity reserve consists of cash holdings. The Company's aim is to have adequate liquidity resources to be able to carry on appropriate operating activities in case of liquidity fluctuations.

The Company only has debt which falls due within one year, cf. the balance sheet. The payment of this debt, DKK 42 million, can be fully covered by payments from receivables.



# Notes

## Note 22. Related parties and related party transactions

Controlling interest: thyssenkrupp Facilities Services GmbH, which holds all the A-shares of RIAS A/S, exercises control over the Company.

RIAS A/S has registered the following shareholders as holding 5% or more of the share capital:

- 54.15% thyssenkrupp Facilities Services GmbH
- 20.92% SmallCap Danmark A/S. There have been no transactions with SmallCap in the financial year.

### Other related parties:

The Company's related parties comprise the Company's Board of Directors and the Executive Board and family members of these persons. More-over, related parties include the thyssenkrupp Group.

There have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders or other related parties, except for the payment of remuneration, including legal assistance.

The Annual Report of the ultimate Consolidated Financial Statements in which RIAS A/S is included as a subsidiary may be obtained from: thyssenkrupp AG, thyssenkrupp Allee 1, 45143 Essen, Germany, or may be obtained at: <http://www.thyssenkrupp.com/en/investor/index.html>

	Amounts in DKK '000	
	2019/20	2018/19
Trade with companies in thyssenkrupp:		
Other related parties		
Other income	1,225	1,330
Sale of goods and services	19	24
Purchase of goods and services	3,304	6,003
There are no transactions with the Parent Company		
Payables to companies in thyssenkrupp	239	185
Receivables with companies in thyssenkrupp	856	831
Key management personnel		
Legal assistance from Lund Elmer Sandager (Board Member)	148	241

## Note 23. Subsequent events

No material events have occurred after 30 September 2020.

# Management's statement

## Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of RIAS A/S for 2019/20.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2020 and

of the results of the Company operations and cash flows for the financial year 1 October 2019 – 30 September 2020.

In our opinion, Management's Review provides a true and fair account of the development of Company's activities and financial circumstances, the profit for the year, cash flows and financial position as well as a description of the most material risks and uncertainties that may affect the Company.

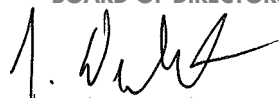
We recommend that the Annual Report be adopted at the Annual General Meeting.

Roskilde, the 10th of December 2020



Henning Hess  
CEO


## BOARD OF DIRECTORS



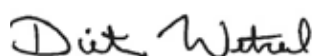
Gudrun Degenhart  
Chairman



Steen Raagaard Andersen  
Vice Chairman



Peter Swinkels  
Board Member



Dieter Wetzel  
Board Member



June Svendsen  
Employee representative



Søren Koustrup  
Employee representative

# Independent Auditor's Report

To the shareholders of RIAS A/S

## Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 30 September 2020 and of the results of the Company's operations and cash flows for the financial year 1 October 2019 to 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

## What we have audited

The Financial Statements of RIAS A/S for the financial year 1 October 2019 to 30 September 2020 comprise Statement of Comprehensive Income, Balance sheet, Statement of Changes in Equity, Cash flow statement and Notes, including summary of significant Accounting policies ("Financial Statements").

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

## Independence

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. We have also fulfilled our other ethical responsibilities in accordance with the IEASBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

## Appointment

We were first appointed auditors of RIAS A/S on 18 January 2013 for the financial year 2012/13. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of eight years including the financial year 2019/20.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2019/20. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of goodwill

Goodwill amounts to DKK 53 million and is attributable to the acquisitions of the activities in Rodena A/S in 2002 and Nordisk Plast A/S in 2008.

The valuation of goodwill is tested annually for impairment. Key assumptions in determining future cash flows are estimates of earnings growth, including in particular revenue growth in the Building & Construction Division including the Swedish market as well as maintenance of revenue in the Industry Division, contribution ratio, cost control, changes to working capital and expected capital expenditure.

We focused on the valuation of goodwill because the assessment of impairment requires considerable assessments and estimates on the part of Management. Reference is made to note 11 "intangible assets".

### How our audit addressed the key audit matter

We assessed the impairment test prepared by Management, including the determination of the total business as one cash flow generating unit.

We assessed the assumptions applied by Management in budgets and forecasts, including net revenue growth, cost control initiatives, changes to working capital, expected capital expenditure as well as the determination of discount rate and long-term growth rate.

We moreover compared budgets and plans for prior years with actual figures realised with a view to assessing the accuracy of the assessments and estimates previously made

by Management. In particular, we challenged Management's assessment of the development in market conditions, foundation for further growth and initiatives to optimise production methods for the purpose of improving margins.

We noted that the value in use of future cash flows is sensitive to changes to the assumptions concerning profit/loss before financial income and expenses, net for the budget and forecast periods and in particular, for the terminal period, including specifically whether the cost control measures initiated will have the intended effect.

We noted that the value in use of future cash flows is sensitive to changes to the discount rate, including the development in the risk-free interest rate.

We evaluated disclosure including sensitivity analysis for key assumptions.

# Independent Auditor's Report

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

## 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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 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 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 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 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 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 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 achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 10. December 2020

## PricewaterhouseCoopers

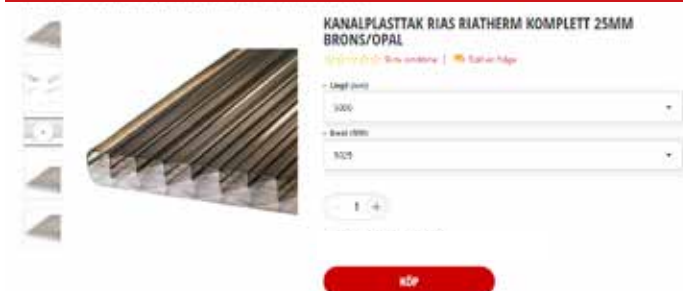
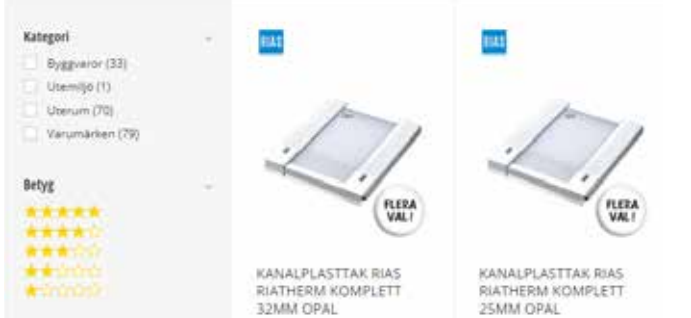
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CVR nr. 3377 1231



Torben Jensen  
State Authorised Public Accountant  
mne18651



Lars Fermann  
State Authorised Public Accountant  
mne45879



Scandinavian consumers are more willing than ever to purchase building materials through online stores. We are constantly working to increase our visibility and our share of the Scandinavian e-commerce market, where Sweden in particular has seen major advances. Product development, concept development and the development of new sales channels in close collaboration with Bauhaus in Sweden, have meant a significant increase in sales on the Swedish market. We have applied some of our experience from this collaboration, together with more and more products, to our e-commerce in Denmark and Norway. Or as we usually say: We are steadfast in making more out of what we're good at.



STAY SAFE shields create a sense of security to protect against Coronavirus. This product line came to be through rapid product development; initially for internal use. A natural next step after internal testing and adaptation was to offer STAY SAFE to our circle of customers. Since then many shields have been produced, making everyday life doing business during the pandemic a little easier. The example here shows a floor model and a specially produced table-top model that our Swedish customer has installed in Arlanda airport.







for some it is just plastic  
- for us it represents 100,000 opportunities

RIAS A/S  
Industrivej 11  
DK - 4000 Roskilde  
Tlf. +45 46 77 00 00  
[www.rias.dk](http://www.rias.dk)  
VAT no. DK 44065118