



## Rheoscience ApS

Herlev Hovedgade 205-207  
2730 Herlev  
CVR No. 26505933

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 12.05.2021

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**Thomas Nielsen**

Chairman of the General Meeting

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# Entity details

## Entity

Rheoscience ApS

Herlev Hovedgade 205-207

2730 Herlev

CVR No.: 26505933

Date of foundation: 11.03.2002

Registered office: Herlev

Financial year: 01.01.2020 - 31.12.2020

## Executive Board

Thomas Nielsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Executive Board have today considered and approved the annual report of Rheoscience ApS for the financial year 01.01.2020 - 31.12.2020.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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

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

Herlev, 12.05.2021

**Executive Board**

**Thomas Nielsen**

# Independent auditor's report

## To the shareholders of Rheoscience ApS

### Adverse opinion

We have audited the financial statements of Rheoscience ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, due to the significance of the matter discussed in the "Basis for adverse opinion" section, the financial statements do not give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for adverse opinion

Management has prepared the Annul Report under the assumption of going concern. The balance sheet shows net current liabilities of 37,8m DKK. The company has not provided us with documentation indicating that the Company has sufficient funds, or will be able to receive additional financial funds from shareholders, in order to be able to pay the current liabilities once they are due.

Based on the above, there is considerable doubt about the going concern assumption for the company. Our conclusion is adverse regarding this assumption.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are

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

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

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Copenhagen, 12.05.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jan Larsen**

State Authorised Public Accountant  
Identification No (MNE) mne16541

# Management commentary

## Primary activities

The activity of the Company included the development of the medicinal product candidate Balaglitazone. The Company has been without activity during the year.

## Development in activities and finances

The Company's income statement for 2020 shows a loss of DKK 13.505 while the balance sheet shows negative equity of DKK 37.765.394 at 31.12.2020.

## Events after the balance sheet date

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



# Income statement for 2020

	Notes	2020 DKK	2019 DKK
Administrative expenses		(13,500)	(18,502)
<b>Operating profit/loss</b>		<b>(13,500)</b>	<b>(18,502)</b>
Other financial expenses		(5)	(24)
<b>Profit/loss before tax</b>		<b>(13,505)</b>	<b>(18,526)</b>
Tax on profit/loss for the year	1	0	7,067,022
<b>Profit/loss for the year</b>		<b>(13,505)</b>	<b>7,048,496</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(13,505)	7,048,496
<b>Proposed distribution of profit and loss</b>		<b>(13,505)</b>	<b>7,048,496</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Other receivables		10,416	7,291
Income tax receivable		0	7,752,338
<b>Receivables</b>		<b>10,416</b>	<b>7,759,629</b>
<b>Cash</b>		<b>4</b>	<b>10</b>
<b>Current assets</b>		<b>10,420</b>	<b>7,759,639</b>
<b>Assets</b>		<b>10,420</b>	<b>7,759,639</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		32,459,518	32,459,518
Retained earnings		(70,224,912)	(70,211,407)
<b>Equity</b>		<b>(37,765,394)</b>	<b>(37,751,889)</b>
Payables to group enterprises		27,741,045	35,492,384
Payables to associates		10,001,644	10,001,644
Other payables		33,125	17,500
<b>Current liabilities other than provisions</b>		<b>37,775,814</b>	<b>45,511,528</b>
<b>Liabilities other than provisions</b>		<b>37,775,814</b>	<b>45,511,528</b>
<b>Equity and liabilities</b>		<b>10,420</b>	<b>7,759,639</b>

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# Statement of changes in equity for 2020

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	32,459,518	(70,211,407)	(37,751,889)
Profit/loss for the year	0	(13,505)	(13,505)
<b>Equity end of year</b>	<b>32,459,518</b>	<b>(70,224,912)</b>	<b>(37,765,394)</b>

# Notes

## 1 Tax on profit/loss for the year

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Change in deferred tax	0	685,316
Refund in joint taxation arrangement	0	(7,752,338)
	<b>0</b>	<b>(7,067,022)</b>

## 2 Working conditions

No employess except the Executive Board.

## 3 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Nordic Bioscience Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 4 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Nordic Bioscience Holding A/S, Herlev

# Accounting policies

## Reporting class

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

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

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

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

## Income statement

### Administrative expenses

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

### Other financial expenses

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

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Receivables**

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

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Cash**

Cash comprises cash in hand and bank deposits.

**Other financial liabilities**

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