

DANSK BIOTEK

Ole Maaløes Vej 3, 2200 Copenhagen N

CVR no. 28 43 65 72

Long-form audit report

dated 12 April 2021

in respect of the financial statements for 2020

TO BE DISCUSSED AT BOARD
OF DIRECTORS MEETING



Introduction

We have audited the financial statements of DANSK BIOTEK (the Association) for 2020, which are prepared in accordance with generally accepted accounting principles as described in the accounting policies in the financial statements.

The financial statements show the following key figures:

DKK	2020	2019
Profit for the year	91,038	84,823
Total assets	1,480,853	1,420,875
Equity	1,437,197	1,346,159

We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. The objective and scope of the audit and the responsibility for the financial reporting are outlined in our long-form audit report dated 1 November 2017.

In the following, we have described material matters that, in our opinion, are relevant to the Board of Directors.

We have issued an unmodified auditor's report on the financial statements and a statement without comments on the Management's review.

Our long-form audit report has been prepared solely for the use of the Board of Directors and should not be used by any other party or for any other purpose.

Business procedures and internal controls

Since the Association has a limited number of administrative employees, it is not possible to establish effective segregation of duties in all areas and, thus, effective internal control. The administration periodically reviews the accounting records and cash account statements. Such a review may partially compensate for the lack of internal controls. We want to draw your attention to the fact that there is always a risk that fraud may occur and that this risk is affected by the extent to which Management performs controls.

Power of procuration

In connection with our audit, we have obtained and reviewed the bank confirmation from the Association's bank accounts at Danske Bank. In this connection, we noted that Chair Hans Schambye as well as the Association's external consultant/back office function, Dorte Dannemann, have sole power of procuration to the Association's bank accounts. It is our understanding that the sole powers of procuration are established for the purpose of practical handling of day-to-day administration.

We point out that the sole powers of procuration are an internal control weakness. We recommend that Management should establish powers of procuration whereby payments are approved by two joint signatures.

Due to the above, we have increased our testing of underlying cost documents and conditions on the Association's bank accounts.

COVID-19

While the Association has not experienced a materially adverse impact from COVID-19 on the financial statements for 2020, the Board of Directors is closely monitoring the impact of COVID-19 on its financial reporting for 2021 and beyond, as the impact of the COVID-19 pandemic continues to unfold. However, as disclosed in the Management's review of the annual report, 2020 has been a very unusual year due to the COVID-19 pandemic. COVID-19 has also deeply affected DANSK BIOTEK in the sense that the Association has had to cancel member meetings and events in 2020. To compensate for the low activity level with regard to events and meetings in 2020, the Board of Directors has decided to offer a 50% reduction on the 2021 membership fee for current members.

Other material matters

In the following, the audit of selected financial statement items that we find relevant to the Board of Directors is described.

Cash

During our audit, we have tested the reconciliation and bank confirmation at 31 December 2020. Our audit did not give rise to any comments.

Income taxes

The Association is subject to section 1, subsection 1(6) of the Danish Corporation Tax Act, under which the Association is taxable only on business income. Membership fees and similar membership payments are not considered business income. In 2020, the Association did not generate any business income.

Uncorrected misstatements

During our audit, we did not identify any misstatements that have not been corrected in the financial statements.

Confirmation

We consider the signatures of the Board of Directors on this long-form audit report a confirmation that the Board of Directors has no knowledge of fraud or ongoing investigations of suspected fraud.

Copenhagen, 12 April 2021
EY Godkendt Revisionspartnerselskab

Christian Schwenn Johansen
State Authorised
Public Accountant

Rasmus Bloch Jespersen
State Authorised
Public Accountant



Pages 33-35 were presented at the meeting on 12 April 2021.

Board of Directors:

Hans Schambye
Chair

Adam Steensberg

Alejandra Mørk

Anders Hinsby

Henrik Blou

Henrik Dalbøge

Mai-Britt Zocca

Søren Møller

TO BE DISCUSSED AT BOARD
OF DIRECTORS MEETING