
Health and Happiness Research Fonden

Højbro Plads 10, DK-1200 Copenhagen K

Annual Report for 1 January - 31 December 2021

CVR No 40 65 20 86

The Annual Report was
presented and adopted at
the Meeting of the Board of
Directors on 21/06 2022

Kristian Schrøder Hart-
Hansen
Chairman of the Board of
Directors



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Health and Happiness Research Fonden ("HHF", "the Foundation") for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Foundation and of the results of the Foundation's operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

Copenhagen, 21 June 2022

Executive Board

Mariana-Catalina Cernica

Board of Directors

Kristian Schrøder Hart-Hansen
Chairman

Jakob Mosegaard Larsen

Vernon Bainton

Independent Auditor's Report

To the Board of Directors and the Danish Business Authority

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Foundation at 31 December 2021 and of the results of the Foundation's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Health and Happiness Research Fonden for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 are independent of the Foundation 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under 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 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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Foundation 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 Foundation'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 Foundation'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 Foundation 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

Independent Auditor's Report

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.

Hellerup, 21 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Søren Alexander
State Authorised Public Accountant
mne42824

Information about the Foundation

The Foundation	Health and Happiness Research Fonden Højbro Plads 10 DK-1200 Copenhagen K CVR No: 40 65 20 86 Financial period: 1 January - 31 December Financial year: 3rd financial year Municipality of reg. office: Copenhagen
Board of Directors	Kristian Schrøder Hart-Hansen , Chairman Jakob Mosegaard Larsen Vernon Bainton
Executive Board	Mariana-Catalina Cernica
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Mazanti-Andersen Amaliegade 10 DK-1256 Copenhagen K
Bankers	Danske Bank Holmens Kanal 2 DK-1092 Copenhagen K

Management's Review

Introduction

The Health & Happiness Research Foundation (HHF) is a commercial foundation established in June 2019 on the belief that the happiness of patients should be seen as an essential part of the health care and treatment they receive.

The overall vision of the foundation is, therefore, to strive for a world where happiness is seen as an essential part of the treatment of long-term health conditions. Mental, social, and physical health are intrinsically related; however, our current healthcare paradigm addresses discreet health issues and focuses on physical symptoms, without addressing the wider issues of wellbeing, especially those related to mental and social wellbeing. The healthcare system fundamentally tries to solve a problem, not to improve the overall quality of life. The foundation intends to challenge the current approaches and develop knowledge on the links between health and happiness for patients living with long-term health conditions.

The objective of the foundation is to promote the development and adoption of happiness as a prioritisation tool in the healthcare system and in the delivery of healthcare services to individuals. To achieve this overarching objective, the foundation will:

- Promote, collect and conduct scientific studies of the importance of happiness for individuals suffering from long-term health conditions. It shall gather data, generate knowledge and understanding of the importance of happiness for health. The Foundation will conduct valid and reliable studies that measure the subjective well-being of individuals, improving the commonly used measures of health-evaluation.
- Create an academic centre of excellence in happiness and health. It will drive the science of happiness and health forward by employing and supporting PhDs, Postdocs and Professors devoted to the subject.
- Foster and undertake cross-disciplinary work on health and happiness that uphold the highest scientific standards using both existing validated methodologies and exploring new methods and approaches.
- Be committed to the dissemination of scientific data and knowledge. It shall be an agent of open innovation and seek to ensure open access to the results of the scientific investigations undertaken in its name.
- Shed light on the real societal costs of long-term health conditions.
- Develop and promote tools to aid governments, healthcare systems and other agents in prioritizing healthcare means and efforts.
- Contribute to the global efforts to highlight the fact that mental and social well-being are as important as physical well-being for the overall health of individuals.

Management's Review

-Create alliances across areas and sectors to promote and qualify global debates on the importance of happiness for health.

-Give patients a voice in relation to their own health and healthcare making sure that their perspective and subjective well-being is understood and taken into account by governments, health-care systems and agents that are responsible for their treatment.

-Seek to influence academics, governments, NGOs, the general public and health-care professionals by promoting the importance of the happiness agenda for health of individuals.

-Aim to become a global leader working for the recognition of the importance of happiness for health.

Strategy & Operating Model: Overview for 2021

HHF focuses on two key strategic areas to deliver on its vision:

As mentioned in the Annual Report for 2020, the strategy for 2021 was revised to focus on projects in areas of high importance for the society and where HHF approach could make a difference: health & happiness at work; ageing population and wellbeing; loneliness and its impact on health and resources; employing wellbeing frameworks to address public health issues. We also focused on continuing to build collaborations and increase the profile of the foundation. Moreover, in 2021 a Research Analyst position approved by the Board and filled in February created more resources to deliver on the strategy.

Management's Review

Highlights of the activities in 2021:

Health & Happiness at work:

This is a fast-growing area aiming at addressing the new challenges business leaders face given the adoption of hybrid work and the raising organisational issues related to that, from managing performing teams to maintaining the corporate culture. HHF has developed its own approach to developing strategies for wellbeing at work, encompassing: a wellbeing survey going beyond the traditional job satisfaction indicators to determine drivers of overall wellbeing related to work; a series of structured workshops to facilitate the contextualization and interpretation of insights; a framework to develop and capture relevant initiatives and policies to improve wellbeing.

A summary of the learnings, insights, and approaches from HHF in the space of wellbeing have been summarised in a white paper published at the beginning of 2022, with the sub-title "How to engage wellbeing when designing high performing organisations and teams".

Havas Lynx Group in the UK, a leading global healthcare communications group, became a partner to deliver the first pilot of the survey, which creates further opportunities for growth of this consultancy service.

The core idea of this service, with focus on highlighting the increased impact of loneliness at work as a significant predictor of wellbeing at work, is also the base of several applications HHF has prepared for submission in 2022.

Seeking access to different sources of funding in Denmark:

We continued to apply for funding – a total of 18 applications between Feb and Dec 2021. While not successful in these applications, we have built a good reputation and learned a lot about the relevant funding landscape in Denmark.

Building partnerships and media visibility for the Foundation

HHF partnered with Tech Millenio in Mexico at DTU in Copenhagen for an internship as a research and methodology supervisor of the project. This created a very good base for exploring further opportunities of collaboration with both institutions.

We also partnered with LovedBy, a service design agency in London around their behaviour change engine called Nudg and submitted 3 applications for funding in collaboration with them. None of the applications were successful.

We are proud to have contributed with insights and data to the report on mental health of the International Federation of Psoriasis Association (IFPA) which was realised in 2022. Other opportunities for collaboration will be explored as well in 2022.

An article signed by Steen Andersen, an external collaborator of HHF and based on literature and insights analysis run by HHF, was published in Jyllands Posten.

Management's Review

Management

The Board of Directors is responsible for the overall and strategic oversight of the foundation and will perform the following key activities:

- ensure the strategic and financial governance of the foundation
- oversee the funding strategy of the foundation
- keep the management team of the foundation to the highest ethical and professional standards in conducting the Foundation's activities
- ensure the highest standards in data collection, analysis and scientific method are met
- facilitate the progress of the agreed strategic priorities by promoting the mission and activities of the Foundation
- set-up and govern working groups as relevant to deliver the mission of the foundation
- appoint the CEO of the Foundation.

Board of Directors

Kristian Schrøder Hart-Hansen, Chairman of the Board

LinkedIn profile: <https://www.linkedin.com/in/kristianharthansen/>

- Male, 46 years old
- CEO of Astrup Gods S/A
- Commencement date on the board: 28 June 2019; current mandate from 20 April 2020 for 2 years
- Appointed by the founder, LEO Pharma, not an independent member of the board
- Other management level positions:
 - o Member Board of Directors, Nordic Health Lab
 - o Chairman of the Board of Directors, The HabLab ApS
 - o Advisory Board Member, Disruption Taskforce, Ministry of Industry, Business and Financial Affairs
 - o Chairman on the Board of Directors, Valeos Pharma
 - o Chairman, Szpirt & Company

Management's Review

Jakob Mosegaard Larsen, Board Member

LinkedIn profile: <https://www.linkedin.com/in/jakob-mosegaard-larsen-79658a/>

- Male, 49 years old
- Lawyer, Partner at Mazanti-Andersen Advokatpartnerselskab
- Commencement date on the board: 28 June 2019; current mandate from 20 April 2020 for 2 years
- Appointed by the founder, LEO Pharma, not an independent member of the board
- Other management level positions:
 - o Member Board of Directors, Nordic Biotech Advisors ApS
 - o Member Board of Directors, Forward Pharma A/S, Forward Pharma FA ApS
 - o Member Board of Directors, FWP IP ApS, FWP HoldCo ApS, FWP-fonden
 - o Member Board of Directors, Advokatanpartsselskabet Mazanti-Andersen and Mazanti-Andersen Advokatpartnerselskab

Vernon Bainton, Board Member

LinkedIn Profile: <https://www.linkedin.com/in/vernon-bainton-9071a817/>

- Male, 48 years old
- Chief Medical Officer Havas Lynx Group
- Commencement date on the board: 19 January 2022; current mandate from 19 January 2022 for 2 years
- Independent member of the board
- Other management level positions: N/A

The Board of Directors have not received any remuneration.

Recommendations on foundation governance

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
1. Transparency and communication		
1.1. IT IS RECOMMENDED that the board of directors adopt guidelines for external communication, including who can make public statements on behalf of the foundation and on what matters. The guidelines should address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	Yes	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
2.1.1 IT IS RECOMMENDED that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, at least once a year the board of directors take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association. 2.1.2 IT IS RECOMMENDED that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.	Yes Yes	
2.2 Chairman and vice-chairman of the board of directors		
2.2.1 IT IS RECOMMENDED that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.	Yes	
2.2.2 IT IS RECOMMENDED that if, in addition to the position as chairman, in exceptional circumstances, the chairman of the board of directors is requested to perform specific operating functions for the commercial foundation, a board resolution be passed which ensures that the board of directors retains its independent, overall management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of	Yes	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
the board of directors and the executive board, if any.		
2.3 Composition and organization of the board of directors		
2.3.1 IT IS RECOMMENDED that the board of directors regularly assess and stipulate the competences that the board of directors is to possess in order to perform the tasks incumbent upon the board of directors as well as possible.	Yes	
2.3.2 IT IS RECOMMENDED that, with due respect of any right in the articles of association to make appointments, the board of directors ensures a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.	Yes	
2.3.3 IT IS RECOMMENDED that members of the board of directors are appointed on the basis of their personal qualities and competences taking into account the collective competences of the board and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity is considered in relation to commercial and grants experience, age and gender.	Yes	
<p>2.3.4 IT IS RECOMMENDED that in the management review in the annual report and on the commercial foundation's website, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:</p> <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, • date of original appointment to the board whether the member has been re-elected, and expiry of the current election period, 		<p>The Rules of Procedure §2.4 use "and/or" instead of "and". For brevity, we have included on the website:</p> <ul style="list-style-type: none"> - the name and the position - short bio with focus on relevant competencies - link to their LinkedIn profiles in respect to details of their further positions

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
<ul style="list-style-type: none"> • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 		The annual report includes all recommended information.
2.3.5 IT IS RECOMMENDED that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.	Not applicable	Not applicable
2.4 Independence		
<p>2.4.1 IT IS RECOMMENDED that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of up to four members, at least one member should be independent. If the board of directors is composed of between five and eight members, at least two members should be independent. If the board of directors is composed of nine to eleven members, at least three members should be independent, and so on.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past three years have been member of the executive board, or senior employee in the foundation, or a subsidiary or associated company to the foundation, • within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation, • within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or 	Yes	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
<p>associated company of the foundation,</p> <ul style="list-style-type: none"> • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, • have close relatives with persons who are not considered as independent, • is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or • a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation. 		
2.5 Appointment period		
2.5.1 IT IS RECOMMENDED that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.	Yes	
2.5.2 IT IS RECOMMENDED that an age limit for members of the board of directors be set, which is published in the management review or on the foundation's website.	No	The Foundation recognizes that excellence in academic and scientific work in health and happiness can come from any age and had decided accordingly not to set an age limit.
2.6 Evaluation of the performance of the board of directors and the executive board		
2.6.1 IT IS RECOMMENDED that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually and the result is discussed by the board of directors.	Yes	
2.6.2 IT IS RECOMMENDED that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.	Yes	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
3. Remuneration of management		
3.1.1 IT IS RECOMMENDED that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a possible executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.	Yes	
3.1.2 IT IS RECOMMENDED that the annual financial statements provide information about the full remuneration received by each member of the board of directors and executive board (if relevant) from the commercial foundation and from other enterprises in the group. Furthermore there should be information on any other remuneration which members of the board of directors, except for employee representatives, have received for performing tasks for the foundation, subsidiaries of the foundation or enterprises in the same group as the foundation.	Yes	

Statutory report on distribution policy

In accordance with the charter, the Foundation may make cash and other distributions to non-profit purposes, including studies, research scientists and organisations. However, currently the Foundation's distribution policy is not distribute as the distributable reserves of the Foundation have been earmarked for the Foundation's commercial purpose.

Development in the year

The income statement of the Foundation for 2021 shows a loss of DKK 4.074.432 against DKK 3.123.724 in 2020, and at 31 December 2021 the balance sheet of the Foundation shows equity of DKK 2.405.090 against DKK 6.479.522 in 2020.

The Foundation has lost more than 50 % of its base capital. Reference is made to note 1 in the Financial Statements.

Subsequent events

Please refer to Note 2.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Other operating income		0	4,003,118
Other external expenses		-574,575	-637,381
Gross profit/loss		-574,575	3,365,737
Staff expenses	3	-997,703	-694,689
Depreciation, amortisation and impairment of intangible assets	4	-2,482,500	-5,781,786
Profit/loss before financial income and expenses		-4,054,778	-3,110,738
Financial expenses	5	-19,654	-12,986
Profit/loss before tax		-4,074,432	-3,123,724
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-4,074,432	-3,123,724

Distribution of profit

Proposed distribution of profit

Retained earnings		-4,074,432	-3,123,724
		-4,074,432	-3,123,724

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Acquired rights, PsoHappy		0	2,482,500
Intangible assets	6	0	2,482,500
Fixed assets		0	2,482,500
Other receivables		155,882	4,568,236
Receivables		155,882	4,568,236
Cash at bank and in hand		2,278,915	1,697,362
Currents assets		2,434,797	6,265,598
Assets		2,434,797	8,748,098

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Base capital		10,581,000	10,581,000
Retained earnings		<u>-8,175,910</u>	<u>-4,101,478</u>
Equity		<u>2,405,090</u>	<u>6,479,522</u>
Trade payables		0	2,260,000
Other payables		<u>29,707</u>	<u>8,576</u>
Short-term debt		<u>29,707</u>	<u>2,268,576</u>
Debt		<u>29,707</u>	<u>2,268,576</u>
Liabilities and equity		<u>2,434,797</u>	<u>8,748,098</u>
Capital resources	1		
Subsequent events	2		
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Statement of Changes in Equity

	<u>Base capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January 2021	10,581,000	-4,101,478	6,479,522
Net profit/loss for the year	0	-4,074,432	-4,074,432
Equity at 31 December 2021	10,581,000	-8,175,910	2,405,090

Notes to the Financial Statements

1 Capital resources

The Foundation has lost more than 50 % of its base capital. In accordance with Section 67 of the Danish Act of Commercial Foundations (Lov om erhvervsdrivende fonde), the Board of Directors has determined that future restablishing of the base capital will take place through a reduction of the base capital.

Moreover, the Board of Directors has assessed that the Foundation has sufficient capital resources to carry out the planned activities for 2022. On this basis, Management assesses that the capital resources are sufficient and therefore submits the Annual Report on the assumption of going concern.

2 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	<u>2021</u> DKK	<u>2020</u> DKK
3 Staff expenses		
Wages and salaries	932,361	694,689
Pensions	50,007	0
Other social security expenses	3,124	0
Other staff expenses	12,211	0
	<u>997,703</u>	<u>694,689</u>
Including remuneration to the Executive Board of: Executive Board	<u>997,703</u>	<u>694,689</u>
	<u>997,703</u>	<u>694,689</u>
Average number of employees	<u>1</u>	<u>1</u>
4 Depreciation, amortisation and impairment of intangible assets		
Amortisation of property, plant and equipment	2,482,500	2,127,500
Impairment of property, plant and equipment	0	3,654,286
	<u>2,482,500</u>	<u>5,781,786</u>

Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> DKK
5 Financial expenses		
Other financial expenses	<u>19,654</u>	<u>12,986</u>
	<u>19,654</u>	<u>12,986</u>
6 Intangible assets		Acquired rights, PsoHappy DKK
Cost at 1 January 2021		<u>8,900,000</u>
Cost at 31 December 2021		<u>8,900,000</u>
Impairment losses and amortisation at 1 January 2021		6,417,500
Amortisation for the year		<u>2,482,500</u>
Impairment losses and amortisation at 31 December 2021		<u>8,900,000</u>
Carrying amount at 31 December 2021		<u>0</u>
Amortised over		<u>3 years</u>
7 Contingent assets, liabilities and other financial obligations		
There are no security and contingent liabilities at 31 December 2021.		

Notes to the Financial Statements

8 Related parties

The related parties to Health and Happiness Research Fonden are:

- Leo Pharma A/S, that performs "Key Management Service" to the Foundation
- The Foundation's Board of Directors and the Executive Board and their close family members
- Entities in which the Foundation's Board of Directors and the Executive Board exercise controlling influence
- Management has determined that the following transactions between Health and Happiness Research Fonden and Leo Pharma A/S in 2021 were related party transactions:
DKK 614k for invoicing of the Executive Board's salary and travel expenses.
- Management has determined that the following transaction between Health and Happiness Research Fonden and The Happiness Research Institute ApS in 2021 was a related party transaction:
DKK 90k for invoicing of consultancy assistance.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Health and Happiness Research Fonden for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Foundation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Foundation, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income Statement

Other external expenses

Other external expenses comprise administration costs, auditor costs as well as general office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets.

Notes to the Financial Statements

9 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including grants.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Intangible assets

Other acquired rights consist of a technical platform and a database received at formation of the Foundation. The intangible assets are amortised on a straight-line basis over its useful life, which is assessed at 3 years.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

9 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Distributions

Distributions paid out

Distributions that have been adopted and paid out in accordance with the purpose of the Foundation at the balance sheet date are deducted from equity in connection with distribution of profit.

Distributions not yet paid out

Distributions that have been adopted in accordance with the purpose of the Foundation at the balance sheet date and have been announced to the recipients, but have not yet been paid out at the balance sheet date, are deducted equity in connection with distribution of profit and recognised as debt.

Distribution framework

At the meeting of the Board of Directors at which the Annual Report is adopted, the Board of Directors lays down a distribution framework in respect of the amount expected to be distributed. This amount is transferred from distributable reserves to the distribution framework. Concurrently with being announced to the recipients, the distribution amounts are paid out, or they are transferred to debt or, in rare cases, to provisions relating to distributions.

Provisions relating to distributions

In case of distributions which have been announced to the recipient and which are conditional upon one or more events taking place at the recipient, the obligation may be uncertain as to amount or time of payment. Such items are recognised in provisions relating to distributions.