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# ***Health and Happiness Research Fonden***

Købmagergade 22, 2. 2, DK-1150 Copenhagen K

## **Annual Report for 1 January - 31 December 2022**

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CVR No 40 65 20 86

The Annual Report was  
presented and adopted at  
the Meeting of the Board of  
Directors on 29/06 2023

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 2022.

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 2022 of the Foundation and of the results of the Foundation's operations for 2022.

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

Copenhagen, 29 June 2023

## 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 2022 and of the results of the Foundation's operations for the financial year 1 January - 31 December 2022 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 to 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financials 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

## Independent Auditor's Report

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 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 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.

## Independent Auditor's Report

- 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 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, 29 June 2023

**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  
Købmagergade 22, 2. 2  
DK-1150 Copenhagen K

CVR No: 40 65 20 86  
Financial period: 1 January - 31 December  
Financial year: 4th 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.

### Overview of activities in 2022 and the decision to apply for the liquidation of the Foundation

As mentioned in the previous annual report, one of the most significant fund applications we did for 2021 was an application for the Innovation Fund – Grand Solutions for the development of an AI-based predictive model for preventing and addressing loneliness, especially in relation to people living with chronic diseases who are at a higher risk. The application was done as a consortium including Viborg Municipality and the Danish Life Sciences Cluster. The application was rejected but the feedback we received suggested that the area is still of importance, and we were encouraged to reapply after we have addressed the comments around how the technology was built and how the 3-year project would be managed. As such, in 2022 we expanded our efforts to collaborate with established companies in the space of data, including in the consortium the Data for Good Foundation and Enversion, companies with experience in applying and receiving grants from the Innovation Fund. The application in 2022 was also rejected, on the grounds of overall impact and quality of execution, more precisely mitigation plans and innovative methods involved.

In parallel, in 2022 we also started focusing on projects in the space of health & happiness in the workplace, as another way of increasing our chances to get funding. As companies were returning to work, many of them keeping hybrid work arrangements, we aimed at capturing some of that market and link it to the increased knowledge we developed in the space of wellbeing drivers and loneliness. We managed to run 2 small pilot-projects in that space, one for Noie in Denmark and one for Havas Lynx Group in the UK, but our efforts to scale up were not successful by the end of 2022.

Overall, in 2021 and 2022 we applied to 10 foundations and organisations with projects that fit their requirements and our mission. The projects were mainly related to creating knowledge around wellbeing and loneliness, developing tools to help young people manage mental health aspects of their chronic diseases, developing new frameworks to measure and manage employee wellbeing.

At the beginning of Q4 of 2022 the rejections from Innovation Fund triggered a reconsideration of the viable and relevant options for the Foundation, given that our largest application was not successful.

The board reviewed two possible options for securing funding for the Foundation:

## Management's Review

1) continue to apply for the foundations that best fit the mission of HHF in the hope that our iterations would eventually be successful. These included all main foundations with a declared interest in supporting health and wellbeing, like Trygfonden, the Innovation Fund, Velliv Foundation.

There were no applications open in 2022 that we could submit projects for and for the possible applications open in 2023 it would have taken another 4 to 8 months to receive an answer whether we have been successful or not.

Given that the existing funds in HHF did not allow to prolong the contract of a full-time Research Analyst beyond December 2022, this option was seen as least probable to give us enough funding to continue the activity of the Foundation beyond early 2023.

2) Try to secure funding from commercial partners that could take decision faster. As such, we followed on a couple of sales leads across the Havas network, based on the successful pilot for a new Wellbeing at Work survey we ran with one of their companies. The proposed project to scale up this survey at a wider level had an associated budget of approx.150,000 Euro (for reference, from one agency with 350 surveys, we expected to scale up to a group of 12-16 agencies with 2,500 surveys collected). This would have prolonged the cash runway of the Foundation enough to try seeking funding in 2023 from other areas.

Unfortunately, after a number of positive calls with the potential clients, in December 2022 we received a rejection of the proposal on the ground of the company limiting investment to adapt to the increasing economic pressures.

In parallel, we tried to build leads into other smaller projects in the space of wellbeing at work, with lower budgets of 6 to 10,000 Euro. When the rejection from Havas came in, these possible leads were seen as unfeasible, as even if one or two were approved by the beginning of 2023 (which we didn't manage in the end) it would have been insufficient to support the cost of the foundation. Without the opportunity to scale significantly, leaving the Foundation with no other options for delivering its mission.

Against the background accounted for above, the board of directors of the Foundation has on a meeting held on 14th of December 2022 resolved, unanimously and with all votes cast, to recommend to the Danish Business Authority (as foundation authority), that the Foundation shall be liquidated, cf. DCFA Sections 89(1) and (2).

# 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, 47 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

### ***Jakob Mosegaard Larsen, Board Member***

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

- Male, 50 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

## Management's Review

- 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, 49 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](http://www.godfondsledelse.dk)

| Recommendation   | The foundation complies | The foundation does not comply and explains |
|--|-------------------------|---|
| <b>1. Transparency and communication</b>   |                         |   |
| 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                     |   |

## Management's Review

| <b>Recommendation</b>  | <b>The foundation complies</b> | <b>The foundation does not comply and explains</b> |
|--|--------------------------------|--|
| <b>2. Tasks and responsibilities of the board of directors</b>   |                                |  |
| <b><i>2.1 Overall tasks and responsibilities</i></b>   |                                |  |
| 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.   | Yes                            |  |
| 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                            |  |
| <b><i>2.2 Chairman and vice-chairman of the board of directors</i></b>   |                                |  |
| 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 the board of directors and the executive board, if any. | Yes                            |  |
| <b><i>2.3 Composition and organization of the board of directors</i></b>   |                                |  |
| 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  | Yes                            |  |

## Management's Review

| Recommendation  | The foundation complies | The foundation does not comply and explains   |
|---|-------------------------|---|
| ensures a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.   |                         |   |
| 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"> <li>• the name and position of the member,</li> <li>• the age and gender of the member,</li> <li>• date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,</li> <li>• any special competences possessed by the member,</li> <li>• 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,</li> <li>• whether the member has been appointed by authorities/providers of grants etc., and</li> <li>• whether the member is considered independent.</li> </ul> |                         | <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"> <li>- the name and the position</li> <li>- short bio with focus on relevant competencies</li> <li>- link to their LinkedIn profiles in respect to details of their further positions</li> </ul> <p>The annual report includes all recommended information.</p> |

## Management's Review

| Recommendation  | The foundation complies | The foundation does not comply and explains |
|---|-------------------------|---|
| 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                              |
| <b>2.4 Independence</b>   |                         |   |
| <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"> <li>• 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,</li> <li>• 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,</li> <li>• 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 associated company of the foundation,</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been a member of the board of directors or executive board of the foundation for more than 12 years,</li> <li>• have close relatives with persons who are not considered as independent,</li> <li>• 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</li> <li>• a member of the management of an organisation, another foundation</li> </ul> | Yes                     |   |

## Management's Review

| Recommendation  | The foundation complies | The foundation does not comply and explains  |
|---|-------------------------|--|
| <ul style="list-style-type: none"> <li>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.</li> </ul>  |                         |  |
| <b>2.5 Appointment period</b>   |                         |  |
| 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. |
| <b>2.6 Evaluation of the performance of the board of directors and the executive board</b>  |                         |  |
| 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                     |  |
| <b>3. Remuneration of management</b>  |                         |  |
| 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                     |  |



## Management's Review

| Recommendation  | The foundation complies | The foundation does not comply and explains |
|---|-------------------------|---|
| <p>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.</p> | 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 2022 shows a loss of DKK 1,255,462 against DKK 4,074,432 in 2021, and at 31 December 2022 the balance sheet of the Foundation shows equity of DKK 1,149,628 against DKK 2,405,090 in 2021.

### Subsequent events

Please refer to Note 1.

## Income Statement 1 January - 31 December

|  | <u>Note</u> | <u>2022</u><br>DKK | <u>2021</u><br>DKK |
|--|-------------|--------------------|--------------------|
| <b>Revenue</b>   |             | <b>180,073</b>     | <b>0</b>           |
| Other external expenses  |             | -708,655           | -574,575           |
| <b>Gross profit/loss</b>                                       |             | <b>-528,582</b>    | <b>-574,575</b>    |
| Staff expenses   | 2           | -1,167,661         | -997,703           |
| Depreciation, amortisation and impairment of intangible assets | 3           | 0                  | -2,482,500         |
| <b>Profit/loss before financial income and expenses</b>        |             | <b>-1,696,243</b>  | <b>-4,054,778</b>  |
| Financial expenses   | 4           | -9,219             | -19,654            |
| <b>Profit/loss before tax</b>                                  |             | <b>-1,705,462</b>  | <b>-4,074,432</b>  |
| Tax on profit/loss for the year                                |             | 0                  | 0                  |
| <b>Net profit/loss for the year</b>                            |             | <b>-1,705,462</b>  | <b>-4,074,432</b>  |

## Distribution of profit

### Proposed distribution of profit

|                   |  |                   |                   |
|-------------------|--|-------------------|-------------------|
| Retained earnings |  | -1,705,462        | -4,074,432        |
|                   |  | <b>-1,705,462</b> | <b>-4,074,432</b> |

## Balance Sheet 31 December

|  | Note | 2022<br>DKK      | 2021<br>DKK      |
|--|------|------------------|------------------|
| <b>Assets</b>  |      |                  |                  |
| Other receivables  |      | 2,536            | 155,882          |
| <b>Receivables</b>   |      | <b>2,536</b>     | <b>155,882</b>   |
| <b>Cash at bank and in hand</b>                                |      | <b>1,805,360</b> | <b>2,278,915</b> |
| <b>Currents assets</b>   |      | <b>1,807,896</b> | <b>2,434,797</b> |
| <b>Assets</b>  |      | <b>1,807,896</b> | <b>2,434,797</b> |
| <b>Liabilities and equity</b>                                  |      |                  |                  |
| Base capital   |      | 2,405,090        | 10,581,000       |
| Retained earnings  |      | -1,705,462       | -8,175,910       |
| <b>Equity</b>  |      | <b>699,628</b>   | <b>2,405,090</b> |
| Other provisions   |      | 450,000          | 0                |
| <b>Provisions</b>  |      | <b>450,000</b>   | <b>0</b>         |
| Other payables   |      | 658,268          | 29,707           |
| <b>Short-term debt</b>   |      | <b>658,268</b>   | <b>29,707</b>    |
| <b>Debt</b>  |      | <b>658,268</b>   | <b>29,707</b>    |
| <b>Liabilities and equity</b>                                  |      | <b>1,807,896</b> | <b>2,434,797</b> |
| Subsequent events  | 1    |                  |                  |
| Contingent assets, liabilities and other financial obligations | 5    |                  |                  |
| Related parties  | 6    |                  |                  |
| Accounting Policies  | 7    |                  |                  |

## Statement of Changes in Equity

|                                   | Base capital     | Retained<br>earnings | Total          |
|-----------------------------------|------------------|----------------------|----------------|
|                                   | DKK              | DKK                  | DKK            |
| Equity at 1 January 2022          | 10,581,000       | -8,175,910           | 2,405,090      |
| Cash capital reduction            | -8,175,910       | 8,175,910            | 0              |
| Net profit/loss for the year      | 0                | -1,705,462           | -1,705,462     |
| <b>Equity at 31 December 2022</b> | <b>2,405,090</b> | <b>-1,705,462</b>    | <b>699,628</b> |

# Notes to the Financial Statements

## 1 Subsequent events

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

|  | <u>2022</u><br>DKK      | <u>2021</u><br>DKK    |
|--|-------------------------|-----------------------|
| <b>2 Staff expenses</b>  |                         |                       |
| Wages and salaries   | 1,109,600               | 932,361               |
| Pensions   | 57,600                  | 50,007                |
| Other social security expenses   | 3,408                   | 3,124                 |
| Other staff expenses   | -2,947                  | 12,211                |
|  | <u><b>1,167,661</b></u> | <u><b>997,703</b></u> |
| Including remuneration to the Executive Board and Board of Directors of: |                         |                       |
| Executive Board  | 1,065,551               | 382,970               |
| Administrator  | 102,110                 | 614,733               |
|  | <u><b>1,167,661</b></u> | <u><b>997,703</b></u> |
| <b>Average number of employees</b>                                       | <u><b>1</b></u>         | <u><b>1</b></u>       |

## 3 Depreciation, amortisation and impairment of intangible assets

|   |                 |                         |
|---|-----------------|-------------------------|
| Amortisation of property, plant and equipment | <u>0</u>        | <u>2,482,500</u>        |
|   | <u><b>0</b></u> | <u><b>2,482,500</b></u> |

|                             | <u>2022</u><br>DKK  | <u>2021</u><br>DKK   |
|-----------------------------|---------------------|----------------------|
| <b>4 Financial expenses</b> |                     |                      |
| Other financial expenses    | <u>9,219</u>        | <u>19,654</u>        |
|                             | <u><b>9,219</b></u> | <u><b>19,654</b></u> |

## 5 Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2022.

# Notes to the Financial Statements

## 6 Related parties

The related parties to Health and Happiness Research Fonden are:

- Leo Pharma A/S, that performs "Key Management Service" to the Foundation (ending at April 2022)
- 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 2022 were related party transactions:  
DKK 128k 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 2022 was a related party transaction:  
DKK 88k for invoicing of consultancy assistance.

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of Health and Happiness Research Fonden for 2022 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.

Due to the decision of liquidation, assets and liabilities are recognised at expected realisable values, and provision has been made for liquidation costs in debt in the Financial Statements. Comparative figures for previous years have not been restated.

The Financial Statements for 2022 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

### Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

discounts relating to sales.

### 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.

### 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

### 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.

### 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.

Other provisions include warranty obligations in respect of repair work within the warranty period of .



# Notes to the Financial Statements

## 7 Accounting Policies (continued)

Provisions are measured and recognised based on experience with guarantee work.

### **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.