

4Life Solutions ApS

Fruebjergvej 3, 2100 København Ø

Company reg. no. 39 26 79 26

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 16 May 2022.



Jan Mattson
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	3
Independent auditor's report	4
Management's review	
Company information	7
Management's review	8
Financial statements 1 January - 31 December 2021	
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13
Accounting policies	14

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of 4Life Solutions ApS for the financial year 1 January - 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 21 April 2022

Executive board



Jonas Pilgaard
Managing Director



Johan Juul Jensen



Anders Alexander Venning Løkke

Board of directors



Jan Mattson
Chairman of the Board



Katja Iversen



Annemette Færch

Independent auditor's report

To the shareholders of 4Life Solutions ApS

Opinion

We have audited the financial statements of 4Life Solutions ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies,, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting 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.

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.

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.

Independent auditor's report

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.

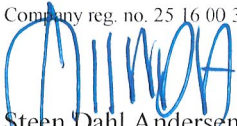
Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Alleroed, 21 April 2022

Piaster Revisorerne

Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37



Steen Dahl Andersen
State Authorised Public Accountant
mnc29455

Company information

The company

4Life Solutions ApS
Fruebjergvej 3
2100 København Ø

Company reg. no. 39 26 79 26
Established: 22 January 2018
Domicile: København
Financial year: 1 January - 31 December

Board of directors

Jan Mattson, Chairman of the Board
Katja Iversen
Annemette Færch

Executive board

Jonas Pilgaard, Managing Director
Johan Juul Jensen
Anders Alexander Venning Løcke

Auditors

Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab
Engholm Parkvej 8
3450 Allerød

Management's review

The principal activities of the company

The company's activity is to develop and supply affordable water purification solutions for the Bottom of the Pyramid (BoP) market.

Development in activities and financial matters

The company closed a significant funding round in July 2021. DKK 20,5 million was invested from new impact investors as well as two out of three existing investors continuing their support to 4Life Solutions.

The company's financial performance is as expected. We began eight different implementations in East Africa during 2021, and we have received very positive feedback on our solution within all of them. Users are happy to use our product and quickly begin to value health benefits with safe drinking water and the ease of which they can obtain safe drinking water with SaWa.

In 2021 we used resources to become Gold Standard certified, which is giving us the opportunity to offset the carbon footprint emitted today when users boil water using firewood or charcoal.

The positive field studies and high adoption rates coupled with the carbon credit opportunity have led us to engage in dialogues with NGO's and local governments on implementing our solution.

During the end of 2021 we initiated the formal procedures for setting up our own office at the Export Zone in Nairobi, Kenya. This process shows our dedication to being present in the markets we serve. We expect 80% of the organizational growth to come from Africa and India in the coming years.

The outlook for the future is continuing to be positive. Scaling is taking form and the dialogues with trusted NGO-partners, global impact organisations and governments make us believe that 4Life Solutions can become the standard household water treatment within low-income communities.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	-9.540.739	-3.028.295
1 Staff costs	-5.119.764	-3.810.319
Depreciation and impairment of property, land, and equipment	-66.148	-182.794
Operating profit	-14.726.651	-7.021.408
Other financial income	227	6.605
Other financial expenses	-168.636	-41.864
Pre-tax net profit or loss	-14.895.060	-7.056.667
2 Tax on net profit or loss for the year	1.825.098	1.105.447
Net profit or loss for the year	-13.069.962	-5.951.220
Proposed appropriation of net profit:		
Allocated from retained earnings	-13.069.962	-5.951.220
Total allocations and transfers	-13.069.962	-5.951.220

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
Plant and machinery	729.342	126.598
Property, plant, and equipment under construction and prepayments for property, plant, and equipment	0	170.000
Total property, plant, and equipment	<u>729.342</u>	<u>296.598</u>
Total non-current assets	<u>729.342</u>	<u>296.598</u>
Current assets		
Manufactured goods and goods for resale	1.339.312	74.400
Prepayments for goods	0	1.592.730
Total inventories	<u>1.339.312</u>	<u>1.667.130</u>
Trade receivables	10.063	0
Income tax receivables	1.833.098	1.105.447
Other receivables	393.763	314.940
Total receivables	<u>2.236.924</u>	<u>1.420.387</u>
Cash on hand and demand deposits	<u>11.526.148</u>	<u>3.093.131</u>
Total current assets	<u>15.102.384</u>	<u>6.180.648</u>
Total assets	<u>15.831.726</u>	<u>6.477.246</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity		
Contributed capital	88.801	71.247
Retained earnings	11.552.285	3.761.625
Total equity	11.641.086	3.832.872
Long term liabilities other than provisions		
3 Other payables	3.188.454	1.700.000
Total long term liabilities other than provisions	3.188.454	1.700.000
Prepayments received from customers	31.693	0
Trade payables	490.007	306.804
Other payables	480.486	637.570
Total short term liabilities other than provisions	1.002.186	944.374
Total liabilities other than provisions	4.190.640	2.644.374
Total equity and liabilities	15.831.726	6.477.246

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2020	62.500	0	2.560.084	2.622.584
Cash capital increase	8.747	0	7.152.761	7.161.508
Retained earnings	0	0	-5.951.220	-5.951.220
Equity 1 January 2021	71.247	0	3.761.625	3.832.872
Cash capital increase	17.554	0	20.860.622	20.878.176
Retained earnings	0	0	-13.069.962	-13.069.962
	88.801	0	11.552.285	11.641.086

Notes

All amounts in DKK.

	<u>2021</u>	<u>2020</u>
1. Staff costs		
Salaries and wages	5.029.603	3.751.187
Other costs for social security	90.161	59.132
	<u>5.119.764</u>	<u>3.810.319</u>
Average number of employees	<u>10</u>	<u>11</u>
2. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	-1.825.098	-1.105.447
	<u>-1.825.098</u>	<u>-1.105.447</u>
3. Other payables		
Total other payables	<u>3.188.454</u>	<u>1.700.000</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

Accounting policies

The annual report for 4Life Solutions ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.