



Piaster Revisorerne  
vi giver bedre råd

# 4Life Solutions ApS

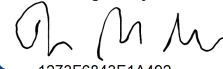
Fruebjergvej 3, 2100 København Ø

Company reg. no. 39 26 79 26

## Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 22 May 2023.

DocuSigned by:  
  
1273F6043E1A492...  
Jan Mattsson  
Chairman of the meeting

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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

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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 2022.

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

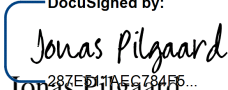
We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

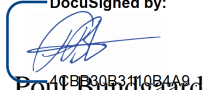
Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

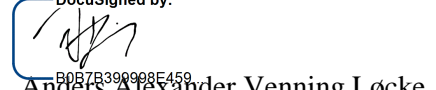
We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 22 May 2023

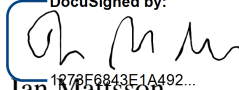
### Executive board

DocuSigned by:  
  
Jonas Pilgaard  
Managing Director

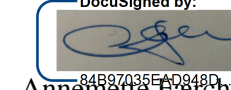
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Poul Bundgaard  
Director

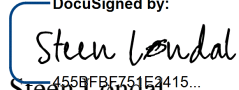
DocuSigned by:  
  
Anders Alexander Venning Løkke  
Director

### Board of directors

DocuSigned by:  
  
Jan Mattsson  
Chairman of the Board

DocuSigned by:  
  
Katja Iversen

DocuSigned by:  
  
Annette Færch

DocuSigned by:  
  
Steen Løndal

## **Independent auditor's report**

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### **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 2022, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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**

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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**

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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, 22 May 2023

### **Piaster Revisorerne**

Statsautoriseret Revisionsaktieselskab  
Company reg. no. 25 16 00 37

**Steen Dahl Andersen**

State Authorised Public Accountant  
mne29455

## Company information

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**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 Mattsson, Chairman of the Board  
Katja Iversen  
Annemette Færch  
Steen Løndal

**Executive board**

Jonas Pilgaard, Managing Director  
Poul Bundgaard, Director  
Anders Alexander Venning Løcke, Director

**Auditors**

Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab  
Engholm Parkvej 8  
3450 Allerød

**Subsidiary**

4Life Solutions SEZ Africa Limited, Nairobi, Kenya

## Management's review

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### The principal activities of the company

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

### Development in activities and financial matters

Having already implemented a total of 152.000 SaWa Bags with more than ten renowned NGO's – mainly in East Africa - 4Life Solutions is moving from a start-up to scale-up phase. During 2022 the company raised DKK 12,4 million in convertible loans from existing impact investors and it will continue to use this facility to fund the current scaling phase.

The company's financial performance met or exceeded planning targets, and the forecast for 2023 is promising with the number of NGO partnerships growing as well as the new SaWa Can coming to market.

In 2022, 4Life Solutions signed MoU's with the Governments of Uganda, Tanzania, and South Sudan to help communities most at risk to get safe drinking water. These are partnership agreements with the purpose to attract funding and create awareness of the opportunity to get safe drinking water to low-income communities in an affordable and environmentally sustainable manner. The MoU's carry no financial commitment for 4Life Solutions.

During the year 4Life Solutions opened a subsidiary in Nairobi called 4Life Solutions Africa SEZ Ltd. 4Life Solutions Africa is 100% owned by 4Life Solutions ApS and acts as employer of staff in East Africa as well as a location for warehousing and final assembly of SaWa products. At year-end 17 full time employees were contracted at 4Life Solutions Africa. 4Life Solutions Africa maintained its own bookkeeping and its annual report was audited by local external accountants.

4Life Solutions Africa is funded primarily by loans from 4Life Solutions ApS and to a smaller extent by regional revenue. The loans are converted into Equity at year end.

### ESG Engagement

Creating positive impact on people and planet while making business is embedded in 4Life Solutions' DNA and products and considered a prerequisite for the success of 4Life Solutions mission. As part of the company's ESG engagement, 4Life Solutions became a partner in UN Global Compact (UNGC) in 2022, committing to support Global Compact's ten principles covering human rights, labour rights, environmental sustainability, and anti-corruption. The required UNGC Communication on Progress (CoP) report for the fiscal year of 2022 has been issued.

In 2022, 4Life Solutions approved its Environmental, Social & Governance (ESG) Policy, which is aligned with the minimum safeguards laid out by UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises and ILO declarations on Fundamental Principles and Rights at Work.

As part of the ESG approach, the Board of Directors and the Executive Management regularly and at least bi-annually review business and ESG impacts, risks and opportunities related to the value chain and business model, and supervise the ESG approach, including ESG reporting. The Board of Directors and the Executive Management has zero tolerance for corruption and strive to ensure that 4Life Solutions reduces its environmental footprint, protects young workers, and secures there is no child nor bonded/forced labour in its activities, including through engagement with its key suppliers and stakeholders as part of the company's non-negotiable demands.



## Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Gross profit</b>	<b>-7.951.030</b>	<b>-9.540.739</b>
1 Staff costs	-5.209.029	-5.119.764
Depreciation and impairment of property, land, and equipment	-263.899	-66.148
<b>Operating profit</b>	<b>-13.423.958</b>	<b>-14.726.651</b>
Other financial income	8.581	227
Impairment of financial assets	-4.395.326	0
Other financial expenses	-479.932	-168.636
<b>Pre-tax net profit or loss</b>	<b>-18.290.635</b>	<b>-14.895.060</b>
2 Tax on net profit or loss for the year	984.225	1.825.098
<b>Net profit or loss for the year</b>	<b>-17.306.410</b>	<b>-13.069.962</b>
<b>Proposed distribution of net profit:</b>		
Allocated from retained earnings	-17.306.410	-13.069.962
<b>Total allocations and transfers</b>	<b>-17.306.410</b>	<b>-13.069.962</b>

## Balance sheet at 31 December

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All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Non-current assets</b>		
3 Plant and machinery	800.404	729.342
Total property, plant, and equipment	<u>800.404</u>	<u>729.342</u>
4 Investments in group enterprises	0	0
Total investments	<u>0</u>	<u>0</u>
<b>Total non-current assets</b>	<b><u>800.404</u></b>	<b><u>729.342</u></b>
<b>Current assets</b>		
Manufactured goods and goods for resale	0	1.339.312
Prepayments for goods	1.080.197	0
Total inventories	<u>1.080.197</u>	<u>1.339.312</u>
Trade receivables	0	10.062
Receivables from group enterprises	2.449.173	0
Income tax receivables	949.661	1.833.098
Other receivables	845.365	393.763
Total receivables	<u>4.244.199</u>	<u>2.236.923</u>
Cash on hand and demand deposits	11.457.633	11.526.148
<b>Total current assets</b>	<b><u>16.782.029</u></b>	<b><u>15.102.383</u></b>
<b>Total assets</b>	<b><u>17.582.433</u></b>	<b><u>15.831.725</u></b>

## Balance sheet at 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>	<u>2022</u>	<u>2021</u>
<u>Note</u>		
<b>Equity</b>		
Contributed capital	93.204	88.801
Retained earnings	1.099.593	11.552.285
<b>Total equity</b>	<b><u>1.192.797</u></b>	<b><u>11.641.086</u></b>
<b>Long term liabilities other than provisions</b>		
5 Convertible and profit sharing debt instruments	12.400.000	0
6 Other payables	3.399.533	3.188.454
Total long term liabilities other than provisions	<u>15.799.533</u>	<u>3.188.454</u>
Prepayments received from customers	0	31.693
Trade payables	334.631	490.006
Other payables	255.472	480.486
Total short term liabilities other than provisions	<u>590.103</u>	<u>1.002.185</u>
<b>Total liabilities other than provisions</b>	<b><u>16.389.636</u></b>	<b><u>4.190.639</u></b>
<b>Total equity and liabilities</b>	<b><u>17.582.433</u></b>	<b><u>15.831.725</u></b>

## Statement of changes in equity

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	71.247	3.761.645	3.832.892
Cash capital increase	17.554	20.860.602	20.878.156
Retained earnings for the year	<u>0</u>	<u>-13.069.962</u>	<u>-13.069.962</u>
Equity 1 January 2022	88.801	11.552.285	11.641.086
Cash capital increase	4.403	6.853.718	6.858.121
Retained earnings for the year	<u>0</u>	<u>-17.306.410</u>	<u>-17.306.410</u>
	<b><u>93.204</u></b>	<b><u>1.099.593</u></b>	<b><u>1.192.797</u></b>

## Notes

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All amounts in DKK.

	<u>2022</u>	<u>2021</u>
<b>1. Staff costs</b>		
Salaries and wages	5.066.351	5.029.603
Pension costs	43.500	0
Other costs for social security	99.178	90.161
	<u><b>5.209.029</b></u>	<u><b>5.119.764</b></u>
Average number of employees	<u>10</u>	<u>11</u>
<b>2. Tax on net profit or loss for the year</b>		
Tax on net profit or loss for the year	-984.225	-1.825.098
	<u><b>-984.225</b></u>	<u><b>-1.825.098</b></u>
<b>3. Plant and machinery</b>		
Cost 1 January 2022	979.984	311.092
Additions during the year	334.961	668.892
<b>Cost 31 December 2022</b>	<u><b>1.314.945</b></u>	<u><b>979.984</b></u>
Depreciation and write-down 1 January 2022	-250.642	-184.494
Amortisation and depreciation for the year	-263.899	-66.148
<b>Depreciation and write-down 31 December 2022</b>	<u><b>-514.541</b></u>	<u><b>-250.642</b></u>
<b>Carrying amount, 31 December 2022</b>	<u><b>800.404</b></u>	<u><b>729.342</b></u>

## Notes

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All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>4. Investments in group enterprises</b>		
Additions during the year	12.207	0
<b>Cost 31 December 2022</b>	<b>12.207</b>	<b>0</b>
Write-down of the year	-12.207	0
<b>Write-down 31 December 2022</b>	<b>-12.207</b>	<b>0</b>
<b>Carrying amount, 31 December 2022</b>	<b>0</b>	<b>0</b>

### Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, 4Life Solutions ApS
4Life Solutions SEZ Africa Limited, Nairobi, Kenya	100 %	-3.953.697	-5.959.327	0
		<b>-3.953.697</b>	<b>-5.959.327</b>	<b>0</b>

<b>5. Convertible and profit sharing debt instruments</b>		
<b>Total convertible and profit sharing debt instruments</b>	<b>12.400.000</b>	<b>0</b>
Share of liabilities due after 5 years	12.400.000	0
<b>6. Other payables</b>		
<b>Total other payables</b>	<b>3.399.533</b>	<b>3.188.454</b>
Share of liabilities due after 5 years	0	0

## **Accounting policies**

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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

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### Results from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

### 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	3 years	0-20 %
Other fixtures and fittings, tools and equipment	3 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.



## **Accounting policies**

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

### **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.

### **Investments**

#### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

#### **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.

## **Accounting policies**

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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.

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.

## **Accounting policies**

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### **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.

### **Convertible and profit sharing debt instruments**

Convertible bonds are issued at a fixed conversion price and is regarded as composite instruments comprising a financial liability measured at amortised cost and an equity instrument in the form of the integral conversion right. Fair value of the financial liability is determined on the date of issue by applying a market rate for a similar non-convertible debt instrument. The difference between the proceeds from issuing the convertible debt instrument and the fair value of the financial liability, corresponding to the integral option to convert the liability to shareholders' equity, is recognised directly in the shareholders' equity. The value of the financial liability is recognised as long-term debts and subsequently measured at amortised cost. When extending convertible bonds, a calculation is made at amortised cost relative to the extension. Any difference is recognised in the income statement.