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 2023

The annual report was submitted and approved by the general meeting on the 21 May 2024.

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

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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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 May 2024

Executive board

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

Board of directors

Jan Mattsson 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 2023, 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 May 2024

Piaster Revisorerne
Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Steen Dahl Andersen
State Authorised Public Accountant
mne29455

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 Mattsson, Chairman of the Board Katja Iversen Annemette Færch	
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

Principal Activity

4Life Solutions solidified its position as a leading innovator in the affordable water purification sector, achieving significant milestones in 2023. We remain a high-growth company on the path to becoming the top developer and supplier of household water solutions specifically designed for the Bottom of the Pyramid (BoP) market. Our ambitious mission is to provide access to safe and affordable drinking water for one billion people in low-income communities worldwide by 2030.

Development in activities and financial matters

While revenue for 2023 fell short of our initial projections, we remain confident in the company's overall financial health and future growth potential. This confidence stems from several positive developments, including successful SaWa implementations, the establishment of major partnerships, and the closing of our convertible note. This secured $4.5 million in loan capital from existing and select new investors, providing a vital financial boost to fuel our continued growth trajectory.

The Company has ensured going concern for 2024 with the current bank balance and commitments in new convertible loans from investors.

Development in Activities

Building on the momentum established in 2022, 4Life Solutions is proud to report another year of substantial progress in 2023. Key achievements include:

•**Expanded Market Reach:** We strategically expanded existing NGO partnerships and established new collaborations, leading to a notable increase in SaWa Bag deployments throughout Africa.

•**Pan-African Collaboration with World Vision:** We expanded our East-Africa partnership with World Vision to further scale in East Africa and grow into three countries in West Africa in 2024 and toward Southern Africa in 2025. This collaboration focuses on expanding access to safe water in some of Africa's most vulnerable regions.

•**Launched Innovative Product:** The highly anticipated SaWa Can was introduced in 2023. Initial market reception has been positive, with the SaWa Can demonstrating strong potential to broaden access to safe drinking water. This innovative product boasts an even stronger value proposition, providing over 5,000 liters of safe drinking water at an unprecedentedly low price point.

•**Strengthened Regional Presence:** 4Life Solutions Africa SEZ Ltd. in Nairobi has become a critical operational hub. The subsidiary has expanded its workforce and continues to play a vital role in warehousing, final assembly, and local staff recruitment.

Management´s review

ESG Engagement

4Life Solutions remains dedicated to integrating strong ESG practices into all aspects of our business. Here are some highlights from 2023:

•**UN Global Compact Commitment:** We continue to uphold the principles of the UN Global Compact and are actively working towards achieving the Sustainable Development Goals (SDGs) related to clean water and sanitation.

•**ESG Integration and Monitoring:** The Board of Directors and Executive Management maintain a strong commitment to ESG oversight. We conduct regular reviews to assess the ESG impacts of our operations and identify opportunities for continuous improvement.

Looking Forward – 2024

Looking ahead to 2024, we are cautiously optimistic about exceeding revenue targets. This optimism is fueled by the momentum gained in 2023, the expansion into new markets through partnerships like World Vision, as well as the scaling with existing partners in East Africa.

We are optimistic about the future and committed to achieving even greater impact and continued sales growth in 2024 and beyond. The partnership with World Vision holds immense potential to significantly increase the number of people with access to clean water. We are also excited to explore further product development opportunities to address evolving needs within low-income communities. The exciting partnerships established in 2023 position us for a very positive 2024, allowing us to maximize the benefits for both our partners and 4Life Solutions, ultimately making a significant difference in the lives of countless individuals.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**-3.645.590**	**-7.951.030**
2	Staff costs	-6.079.164	-5.209.029
	Depreciation and impairment of property, land, and equipment	-345.970	-263.899
	Operating profit	**-10.070.724**	**-13.423.958**
	Other financial income	503	8.581
	Impairment of financial assets	-8.145.154	-4.395.326
	Other financial expenses	-658.095	-479.932
	Pre-tax net profit or loss	**-18.873.470**	**-18.290.635**
3	Tax on net profit or loss for the year	833.145	984.225
	Net profit or loss for the year	**-18.040.325**	**-17.306.410**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-18.040.325	-17.306.410
	Total allocations and transfers	**-18.040.325**	**-17.306.410**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
4	Plant and machinery	936.261	800.404
	Total property, plant, and equipment	936.261	800.404
5	Investments in group enterprises	0	0
	Total investments	0	0
	Total non-current assets	**936.261**	**800.404**
	Current assets		
	Manufactured goods and goods for resale	276.518	0
	Prepayments for goods	1.433.507	1.080.197
	Total inventories	1.710.025	1.080.197
	Trade receivables	5.289	0
	Receivables from group enterprises	3.049.173	2.449.173
	Income tax receivables	833.145	949.661
	Other receivables	440.071	845.365
	Total receivables	4.327.678	4.244.199
	Cash on hand and demand deposits	4.281.113	11.457.633
	Total current assets	**10.318.816**	**16.782.029**
	Total assets	**11.255.077**	**17.582.433**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	93.910	93.204
	Retained earnings	-16.941.439	1.099.593
	Total equity	**-16.847.529**	**1.192.797**
	Liabilities other than provisions		
6	Convertible and profit sharing debt instruments	21.400.000	12.400.000
7	Other payables	3.272.500	3.399.533
	Total long term liabilities other than provisions	24.672.500	15.799.533
	Current portion of long term liabilities	340.000	0
	Prepayments received from customers	2.220.452	0
	Trade payables	79.906	334.631
	Other payables	789.748	255.472
	Total short term liabilities other than provisions	3.430.106	590.103
	Total liabilities other than provisions	**28.102.606**	**16.389.636**
	Total equity and liabilities	**11.255.077**	**17.582.433**

1 Uncertainties relating to going concern

8 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	88.801	11.552.285	11.641.086
Cash capital increase	4.403	0	4.403
Retained earnings for the year	0	-17.306.410	-17.306.410
Cash capital increase	0	6.853.718	6.853.718
Equity 1 January 2022	93.204	1.099.593	1.192.797
Cash capital increase	706	0	706
Retained earnings for the year	0	-24.894.750	-24.894.750
Cash capital increase	0	6.853.718	6.853.718
	93.910	**-16.941.439**	**-16.847.529**

Notes

All amounts in DKK.

1. Uncertainties relating to going concern

The Company has ensured going concern for 2024 with the current bank balance and commitments in new convertible loans from investors.

		2023	2022
2.	**Staff costs**		
	Salaries and wages	5.920.124	5.066.351
	Pension costs	78.000	43.500
	Other costs for social security	81.040	99.178
		6.079.164	**5.209.029**
	Average number of employees	11	10
3.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	-833.145	-984.225
		-833.145	**-984.225**
4.	**Plant and machinery**		
	Cost 1 January 2023	1.314.945	979.984
	Additions during the year	481.827	334.961
	Cost 31 December 2023	**1.796.772**	**1.314.945**
	Depreciation and write-down 1 January 2023	-514.541	-250.642
	Amortisation and depreciation for the year	-345.970	-263.899
	Depreciation and write-down 31 December 2023	**-860.511**	**-514.541**
	Carrying amount, 31 December 2023	**936.261**	**800.404**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
5.	**Investments in group enterprises**		
	Cost 1 January 2023	12.207	0
	Additions during the year	0	12.207
	Cost 31 December 2023	**12.207**	**12.207**
	Writedown, opening balance 1 January 2023	-12.207	0
	Correction of previous writedown	0	-12.207
	Writedown 31 December 2023	**-12.207**	**-12.207**
	Carrying amount, 31 December 2023	**0**	**0**

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
		-3.953.697	**-5.959.327**	**0**

		31/12 2023	31/12 2022
6.	**Convertible and profit sharing debt instruments**		
	Total convertible and profit sharing debt instruments	21.400.000	12.400.000
	Share of amount due within 1 year	0	0
	Total convertible and profit sharing debt instruments	**21.400.000**	**12.400.000**
	Share of liabilities due after 5 years	1.333.333	12.400.000
7.	**Other payables**		
	Total other payables	3.612.500	3.399.533
	Share of amount due within 1 year	-340.000	0
	Total other payables	**3.272.500**	**3.399.533**
	Share of liabilities due after 5 years	0	0

Notes

All amounts in DKK.

8. Contingencies

Contingent liabilities

Lease liabilities

The company has rent contracts with non cancellation until July 2024. The average monthly lease is t.DKK 49. The total commintment pr. 31.12.2023 is t.DKK 241.

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, own work 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. Revenue is measured at the fair value of the consideration promised 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 as well as operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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.

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

Results from investments in group enterprises

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

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

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 write-down 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	3-5 years	0-20 %
Other fixtures and fittings, tools and equipment	2-3 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.

Accounting policies

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.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises 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 group enterprises

Investments in group enterprises 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.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

Accounting policies

The net realisable value for inventories is recognised as the estimated selling 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.

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.

Accounting policies

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.

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.