LETTERONE

Annual Review 2022

Building Businesses that Matter

Calle Gran Vía, Madrid, Spain

Contents

Our performance

Financial highlights
At 31 December 2022

$18.7bn
Net assets
(2021: $26.8bn)

$2.2bn
Capital deployed
(2021: $2.0bn)

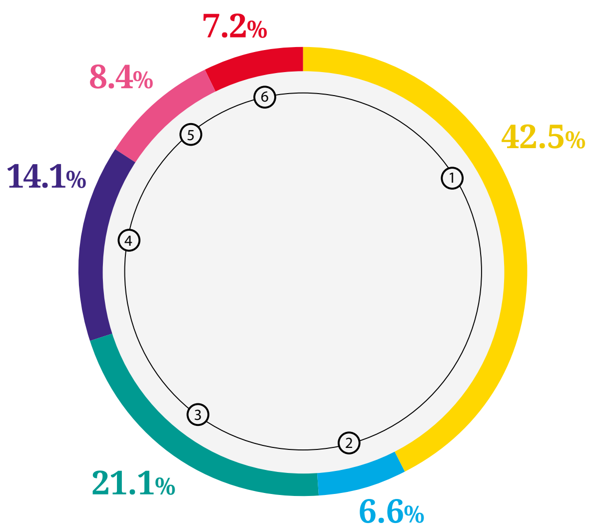
$0.7bn
Cash realisations
(2021: $3.9bn)

-30.40%
Decrease in net asset value

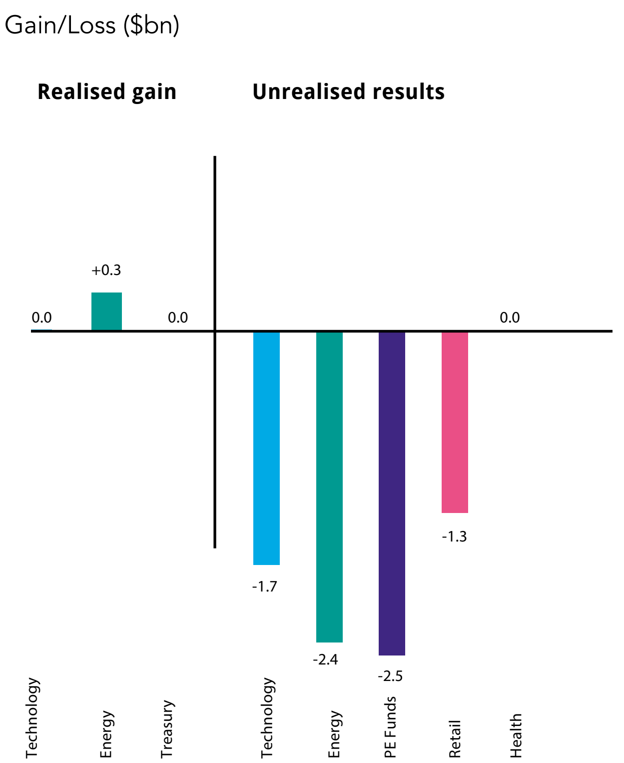
$7.7bn
Liquidity
(2021: $9.6bn)

Net assets under management
At 31 December 2022

1. L1 Treasury and other assets
   $7.9bn
2. L1 Technology
   $1.2bn
3. L1 Energy
   $3.9bn
4. PE Funds
   $2.6bn
5. L1 Retail
   $1.6bn
6. L1 Health
   $1.3bn

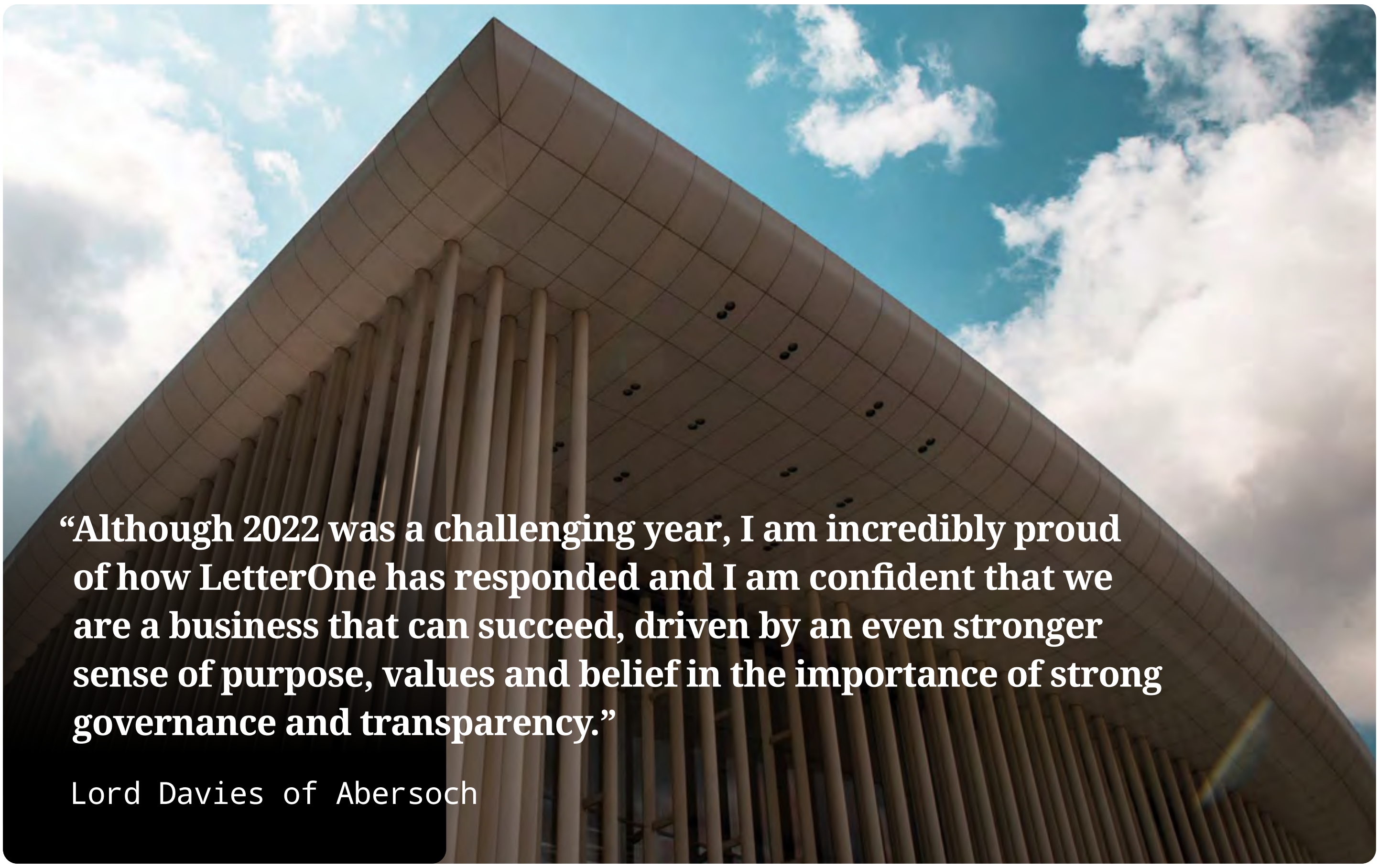


Return by business unit
For the year ended 31 December 2022



Lord Davies of Abersoch

Thank you for reading the LetterOne (L1) Annual Review 2022.



"Although 2022 was a challenging year, I am incredibly proud of how LetterOne has responded and I am confident that we are a business that can succeed, driven by an even stronger sense of purpose, values and belief in the importance of strong governance and transparency."

Lord Davies of Abersoch

Although 2022 was a challenging year, I am incredibly proud of how LetterOne (L1) has responded and I am confident that we are a business that can succeed, driven by an even stronger sense of purpose, values and belief in the importance of strong governance and transparency.

Russia's illegal and immoral invasion of Ukraine shocked the world. Despite condemning the war, in early 2022 several of our shareholders were sanctioned in the UK and EU.

It is worth restating that neither L1 nor any of its officers or employees have been sanctioned. The Board and I have supported Jonathan Muir, our CEO, and the management team to take fast, decisive action, guided by our key objective: to stabilise the business and protect the 120,000 jobs our investments support in the UK, EU and US.

Despite the fact that L1 is not sanctioned by any authorities, we have put in place robust measures to distance L1 from its sanctioned shareholders. They have no role in the business or decision-making processes of L1; no access to premises, infrastructure, people, funds or benefits of any description; and no dividends or other distributions will be paid to them. Please see p.15 for a full breakdown of actions taken.

L1 has worked constructively with regulators in the UK, EU and elsewhere, who have confirmed that we are not sanctioned and have supported our actions.

In order to look forward, I have materially strengthened our Board. I'm delighted to have been joined by Franz, Annalisa, Alex and Linda during the year (see Meet the Board, p.16). Together with L1's senior team, we have the skills and experience in place to move forward.

The Board, Executive team and I will ensure that we go above and beyond required sanctions compliance and continue to be a best-in-class example of how to navigate such challenging terrain.

Establishing our independence and governance is vital to the future of the business. The new skills we have brought into the Board also allow us to remain consistent with our philosophy – long-term, entrepreneurial investors in sectors vital to society's needs – but also evolve it and, critically, to improve our impact. For more details on our governance see p.10.

Our new purpose sets our ambition to build businesses that matter. But it is how we do this that will set us apart.

Patient, long term capital has always been at the heart of our philosophy. It is clear that operating with a horizon of 10+ years brings social as well as economic benefits. It supports growth and allows management teams to deliver against a long-term strategy with less risk of being distracted by short-term challenges.

This is particularly true for the sectors we invest in. These sectors – Energy, Health, Retail and Technology – will underpin the most successful economies and deliver real benefits to the lives of communities. Our expertise in these sectors means we can actively participate as partners in the businesses we invest in.

That's a strong foundation for impact. But L1 is now going further. In 2023 we will launch a substantial new dedicated impact investing initiative, seeking out and supporting enterprises where social benefit is prioritised alongside financial returns. This will help us to identify and build more businesses that matter.

A strengthened focus on impact will also help us to measure and improve outcomes for all current and future investments. Continuing to strengthen our approach to ESG will ensure that we are clear about our expectations of the businesses we invest in, support them and capture the evidence needed to improve.

L1 is confident that this approach will help to deliver greater growth, alongside greater value. It will take time and we will be fully transparent about the successes and challenges we face as we move forward.

We have continued to invest throughout this year with a real focus on strengthening our portfolio and supporting our assets. But we know that to provide the economic and social benefits our model brings, our relentless focus on outstanding governance backed by transparency, determination and an open mind will continue to be critical.

I'm grateful for all the support our partners have given us this year and look forward to the coming year with optimism. ●

Lord Davies of Abersoch
Non-Executive Chairman

Jonathan Muir

Performance highlights

2022 has undoubtedly tested the resilience of L1, but I firmly believe that we have navigated the year in a way that is true to our values and successfully protected the many thousands of jobs that rely on us.

As we entered 2022, little did we imagine the horrific events that would unfold and the impact this would have on L1 and our businesses. Our main responsibility has been to protect our business and the many vital jobs our investments support, while playing our part to support charities helping those affected by the war in Ukraine.

I'm proud of the way we have done this, in line with our values and with complete transparency with all regulators, stakeholders and counterparties.

Alongside clear and effective steps to separate L1 from its shareholders, I am pleased to have strengthened and evolved the foundations of the business. We have committed to a new purpose: We Build Businesses that Matter, reflecting our heritage of long-term investment in sectors vital for society; and building on this with a substantial new commitment to social impact. This is backed by new values – we are determined, honest and open-minded in everything we do, operating with complete transparency and flexibility.

The war, sanctions and wider economic environment has provided a challenging backdrop for L1 and our portfolio businesses. It has had a material impact on our overall AUM. But despite this, our underlying portfolio performance has been encouraging. Both Dia and Holland & Barrett are making progress; our Health portfolio is strong and growing; and Energy and Technology have navigated a hugely complicated year with skill. The team and I are confident we will now return to stability.

Thanks to our strong liquidity of approaching $8bn, we have also continued to make some cautious investments approaching $1.5bn in the last six months. Our focus has been on consolidating and strengthening our portfolio, whether through the buyback of £885mn of Holland & Barrett debt at an attractive discount; acquiring full ownership of Remedica and Sun Wave Pharma; investments in high growth opportunities, such as Tigo and Breakwater; and beginning the process of acquiring new businesses to support existing business models. This is evidence of our long-term vision and appeal as a supportive, expert investor.

However difficult the year has been for business, we know that this is irrelevant compared to the suffering of millions of Ukrainians fighting to protect their country from an illegal invasion.

I'm pleased that L1 has been able to contribute, donating almost $50mn to charities supporting those affected by the war (see p.22). I am grateful to these

CEO's review

charities for the work they are doing and for giving me the opportunity to meet some of the beneficiaries face to face, understand their experiences and witness their amazing resilience.

Our new commitment to impact investing will help us to build on this. We will take the time needed to build the right plan and help us deliver real value by scaling up businesses with clear, measurable social impact at their heart. I hope we will make our first substantial investments this year.

Portfolio performance

While L1 is now in a stable position with many strong relationships, Russia's invasion of Ukraine and subsequent sanctions imposed on two of our UBOs have had a negative impact on our operations and financial position. For VEON and Wintershall Dea, the war has led to exiting Russian operations; for other portfolio companies it has meant substantial time and disruption dealing with uncertainty and working openly with counterparties to ensure business continuity.

While this has caused our AUM to fall from $27bn to $19bn, it is clear that the underlying performance of much of our portfolio is strong and we expect to return to growth this year.

L1 Energy

It has been an unprecedented year for the global energy industry, consumers and governments. Our Energy portfolio was well-placed to support energy security, with a particular focus on gas through our stake in Wintershall Dea, while continuing to invest in firms set to accelerate global net zero ambitions.

Our Purpose:

We build businesses that matter

Our Approach:
To deliver our purpose L1 will identify businesses that offer long-term growth and profit potential by providing products and services that matter to local communities and society at large. We will continue to focus on the sectors where we have proven expertise: Energy, Health, Retail and Technology. We will seek to enhance our returns and diversify our portfolio through partnerships with Private Equity funds, notably funds with interesting co-investment opportunities that could grow our expertise in new areas. We will also explore Real Estate through our Treasury team as a new asset class.

L1 will actively participate in the businesses we invest in as long-term partners. We will use our capital and business and entrepreneurial skills to help those portfolio companies succeed – building, supporting and nurturing their management teams and boards to help create sustainable value.

L1 will employ the highest standards of ethics and corporate governance, backed by a strong and diverse Board. We will invest in and reward our employees, fostering diversity, inclusion and respect.

And everything we do will be guided by our values:

- Determined
- Open Minded
- Honest

This approach will help us to deliver our vision of an L1 that is growing by making investments that deliver impact, providing great jobs and demonstrating that transparency and good governance deliver stability and success.

CEO's review

Wintershall Dea performed well, with EBITDAX of €7.7bn, free cash flow of €3.9bn and solid levels of oil and gas production (597 kboed). While the decision to exit upstream assets in Russia materially reduces the scale of the businesses to an expected 325-350k boe/d, it remains well-placed to continue to support a stable and balanced energy transition.

Our New Energy portfolio has performed well. Plastic Energy – which recycles previously unrecyclable plastic waste – has made progress on project delivery and plant commissioning, while new business development has accelerated substantially.

H2scan – our advanced hydrogen sensing business – is well-set, becoming the first and only company to receive important approval from FM Global for a hydrogen sensor with its GRIDSCAN 5000 product. Backed by investment in product development and new target markets, there are clear opportunities for growth in 2023.

Our newest investment, Tigo, is a leading provider of intelligent energy and solar storage solutions, based in the US. L1 has provided access to funding to underpin the strong growth profile of the company and we look forward to working closely together in the coming years.

The overall value of our New Energy portfolio has now reached c$200mn and we expect further targeted investments in 2023.

L1 Health

L1 Health has had a successful year. K2 HealthVentures has surpassed $1bn in commitments across 22 companies. The team has completed three exits, two refinancings and eight portfolio additions, increasing net asset value from $399mn in 2021 to over $514mn.

Remedica and Sun Wave Pharma have also performed strongly, with revenue growth of 20% and 24% respectively. I'm delighted that we have recently taken full ownership of both businesses (from an initial 49% stake), giving us a leading position in generic pharma and consumer health and allowing us to accelerate the expansion of these businesses.

In the US, Destination Pet has grown its number of locations by 30% and now has over 135 locations in 20 states, with revenues growing by 49%.

L1 Retail

Our flagship retail businesses, Dia and Holland & Barrett, have both faced challenges with inflation, disrupted supply chains and huge pressures on consumer spending, but both have done well to support their customers during a cost of living crisis and improve underlying business processes.

Dia has made particular strides in the development of its proximity strategy across nearly 5,700 company-owned and franchised stores in Spain, Argentina, Brazil and Portugal. The company closed the year with an adjusted EBITDA of €200mn, €76mn more than 2021, and an adjusted EBITDA margin of 2.8% on Net Sales, 0.9pp better than 2021.

For Holland & Barrett, revenue was flat year-on-year at £725mn – an increase in retail footfall was offset by a corresponding decline in digital sales as consumers returned to stores in the UK and Netherlands following COVID lockdowns in FY21. During the year, Holland & Barrett reduced its retail estate by 22 stores, to close the year with 1,018 stores. In addition, it also engages in 57 worldwide franchise outlets and 519 worldwide franchise shop-in-shops. Adj EBITDA for the year was £160mn.

Momentum is building in the business, which recorded its most successful

CEO's review

Christmas, with investments in digitisation and building a portfolio of wellness ventures. L1 was pleased to be able to complete the debt buy-back meaning that Holland & Barrett has practically no external debt. H&B expects sustained growth for the business going forward.

L1 Technology

It has been a particularly challenging year for our Technology team. The UK Government has instructed L1 to divest Upp, our regional broadband business. We believe that this decision is unjustified and are robustly contesting it, while simultaneously having to comply with the sale process set out by Government.

Our telecoms businesses have done well in difficult circumstances. VEON has had a vital role to play in Ukraine, maintaining connectivity across the country, including connecting 2.4mn refugees to their homeland. The overall business closed 2022 with 85mn 4G customers, adding 14mn 4G users year-on-year and reaching 54% 4G penetration in the customer base. This, backed by an increasing range of digital products, has supported 12.6% year on year EBITDA growth in local currency (-5.3% in reported currency) and helped the business win the Mobile World Congress Global Best Service for Customers award. The decision to exit Russia in 2023 will significantly reduce overall debt and support a refocused growth strategy.

Turkcell had strong operational and financial results, thanks to its digital-oriented strategy. FY22 revenues increased +50.0% year-on-year to TRY53.9bn due to increased Average Revenue Per User (ARPU) growth and a growing subscriber base at Turkcell Turkey and Turkcell International. EBITDA grew +27.9% year-on-year to TRY21.9bn, with EBITDA margin of 40.8%. Due to FX pressure, USD revenues of FY22 revenues and EBITDA declined by 19.8% and 21.8% respectively due to the increase of USD/TRY from 8.8 to 16.5 between 2021 and 2022.

L1 Treasury

L1 Treasury recorded a positive return of 0.10% despite difficult conditions in financial markets and limitations in its ability to invest and hedge due to concerns about sanctions. These limitations are beginning to ease as the steps we have taken during the year have been better understood, so we will be able to target a higher return for 2023.

2022 has undoubtedly tested the resilience of L1, but I firmly believe that we have navigated the year in a way that is true to our values and successfully protected the many thousands of jobs that rely on us. I'm delighted to be joined by our new Board members and confident that we have given ourselves and our businesses a platform for growth going forward.

Whatever the year ahead brings, we are confident we can overcome any challenges. But this is only possible because of the admirable resilience, fortitude, innovation and absolute dedication our colleagues have shown to ensuring our success. I'd also like to thank the many counterparties who have continued to support us. We appreciate the time and effort they have put in to understand our circumstances and the steps we have taken and how this has helped us to support the many jobs and communities in which we operate.

We will continue to operate with full transparency, and value and invest in the strong relationships that power our success. ●

Jonathan Muir
Chief Executive Officer

Introduction from Lord Davies of Abersoch

L1 has always believed that strong governance drives better decision-making, greater transparency and builds trust. This approach has been absolutely fundamental to our business over the last year

Throughout 2022, L1 has reinforced its governance, compliance and control processes in light of the new challenges it now faces.

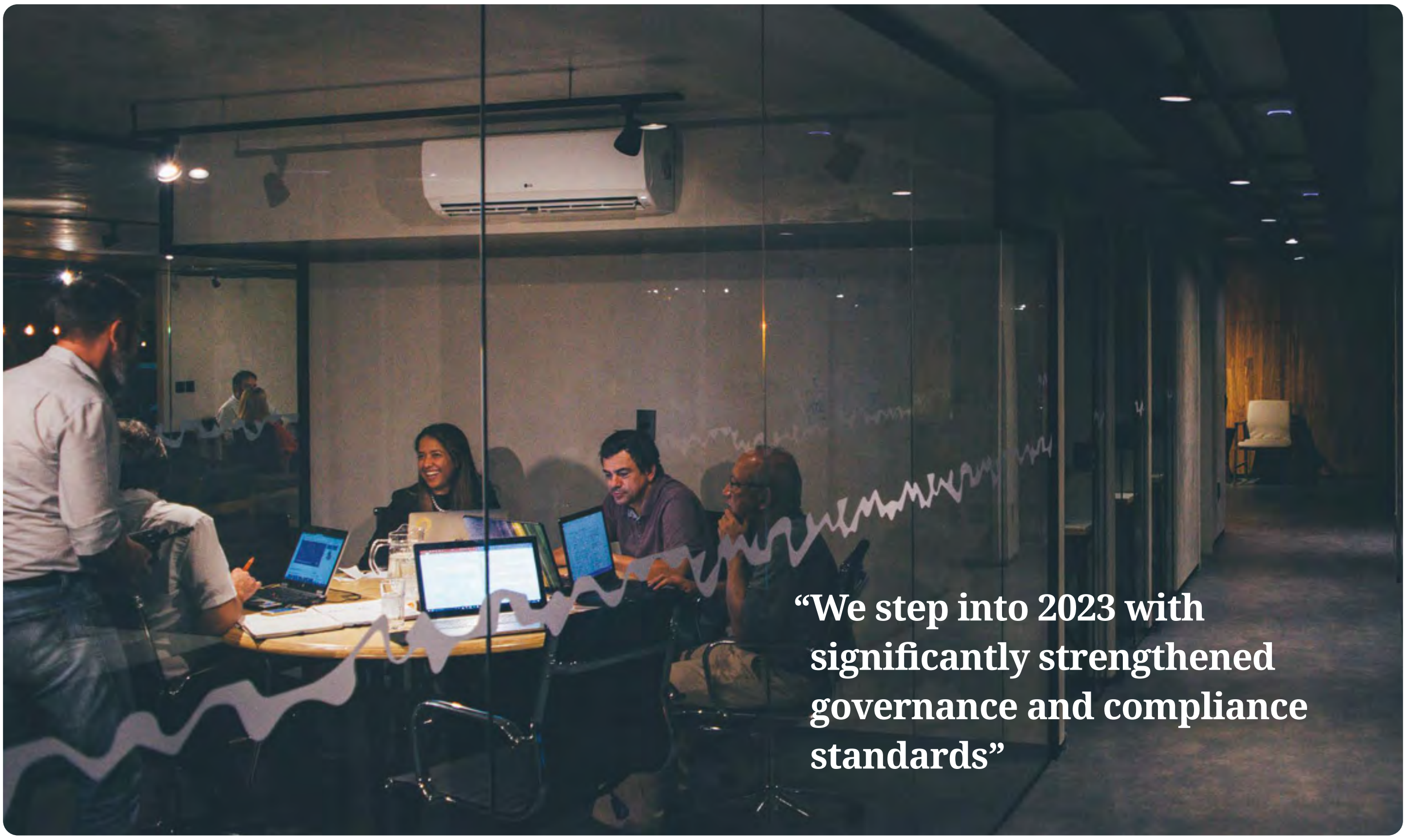
L1 takes its compliance stance extremely seriously and has a strong compliance function. There have been no breaches of sanctions compliance policy at L1. Any violations of internal compliance rules are investigated by the Group Compliance Director immediately and are escalated to the General Counsel, the CEO and the Audit & Compliance Committee. Whistleblowing procedures are clear and effective in L1 and in our portfolio companies and we ensure that any allegations are investigated and acted upon.

Following the imposition of sanctions on some of our shareholders in 2022, L1 moved swiftly to put in place extensive restrictive and distancing measures, checks and controls to ensure that L1 was not controlled, nor deemed to be controlled, by its sanctioned shareholders. L1's Board was overhauled and is composed of industry-leading, independent non-executive directors. We step into 2023 with significantly strengthened governance and compliance standards but the philosophy of strong, transparent governance as a foundation for our business remains intact.

"We are committed to the highest standards of corporate governance, compliance, business practices and ethics, going above and beyond what is required of us."

Lord Davies of Abersoch

Section 2: Governance



Committed to the highest standards

L1 takes its ongoing sanctions compliance obligations extremely seriously and has a very robust set of procedures in place to ensure compliance with sanctions, which includes staff training, regular attestations, monitoring and a zero-tolerance policy for non-compliance.

In 2022, L1 put in place the payments blacklist procedures and implemented a monthly attestation process requiring all staff to attest to the CEO and the Board that no benefits or instructions have been given to or by the sanctioned shareholders and that there had been no transactions with any person or entity on the payments blacklist. Furthermore, all staff undertook in-person and online sanctions training courses to ensure that everyone working for L1 operates to the highest standards of business ethics. Whistleblowing procedures were reinforced during the year by implementing the EU Sanctions Whistleblowing tool.

We can proudly say that all our staff have a high level of awareness of sanctions laws, market conduct regulations, anti-bribery legislation and anti-money laundering laws. L1 has a strong compliance culture, overseen by the Group Compliance Director, who reports to the General Counsel and the Audit & Compliance Committee.

L1 Approach to Governance

1 Board-level governance

At a corporate level, L1 operates through two Boards of Directors, each with executive and independent non-executive directors. The Board of Directors of L1 Holdings is responsible for setting investment strategy and approving investment decisions for L1 Energy. The Board of Directors of L1 Investment Holdings is responsible for setting investment strategy and approving investment decisions for L1 Technology, L1 Treasury, L1 Health and L1 Retail. The Boards are supported by their Audit Risk and Compliance and Nomination & Remuneration Committees.

For up-to-date details of our Board members visit [Our board - LetterOne]

[1] *From 29 March 2023, the Audit & Compliance Committee was replaced by the Audit Risk & Compliance Committee.*

Section 2: Governance

2 Board of Directors

The Boards of Directors of L1 Holdings and L1 Investment Holdings meet, at a minimum, on a quarterly basis, in Luxembourg, to review investment performance and to make decisions on capital allocation (including investments and divestments), strategy and budgets. The Boards also receive regular updates from the CEO and the Chairs of each Board Committee. Additional board meetings are scheduled when time-sensitive investment and strategic decisions are required.

3 Audit Risk & Compliance Committee (ARCC)

The ARCC meets on a quarterly basis, either remotely or in Luxembourg, to review financial reporting, audit, tax and risk management matters, and to approve the work plan of new policies or updates. Compliance is a standing item on the agenda and the Group Compliance Director presents a report covering the previous quarter on the ongoing compliance programme, reporting on monthly attestation completion rates, compliance statistics, compliance issues across the portfolio companies and a report on breaches or any compliance issues under investigation.

Our external auditor, E&Y, is invited to attend each meeting. The key roles of the ARCC are to ensure the integrity of L1's financial statements; the effectiveness of the internal and external audit function; and the effectiveness of the internal controls and risk management frameworks of L1 and its portfolio companies. Its role is also to ensure the overall adequacy of compliance programmes and policies, including their communication throughout the Group and portfolio companies, as well as the Group's compliance with all legal and regulatory requirements.

In 2022, the ACC (as it was then) was focused on reviewing the sanctions risk management framework. The ARCC played a pivotal role in ensuring that the effectiveness of sanctions-related control processes at L1 and its investee companies were robust and provided guidance to the top management in response to the evolving landscape. This included advising on the ongoing dialogue with the Luxembourg Ministry of Finance, the Office of Financial Sanctions Implementation in the UK, and other EU regulatory bodies. The ARCC reviewed extensive advice from external legal counsel and a leading King's Counsel on L1's sanctions position and its compliance with laws and regulations.

4 Nomination & Remuneration Committee (NRC)

The NRC approves the employment of senior executives, sets the principles of the performance management process, approves KPIs, reviews performance and makes decisions on remuneration and incentive schemes. A key role of the NRC is to ensure that L1 recruits, retains and develops the best people.

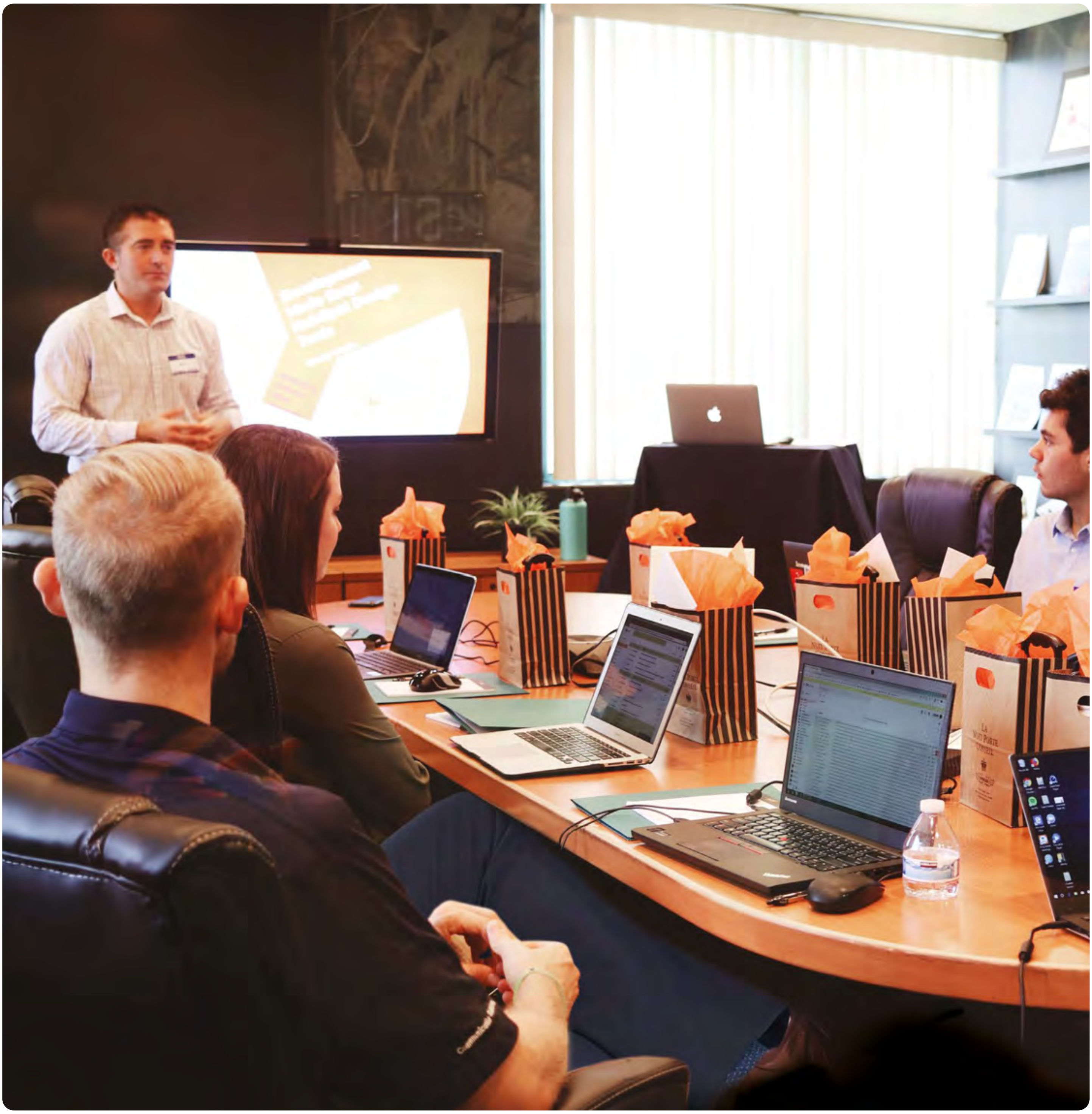
5 Sustainability Committee

The newly-created Sustainability Committee will ensure that L1 measures and improves its approach to ESG and our overall impact. The committee will agree an impact framework, set targets and monitor progress across L1 operations, its portfolio businesses and future investments.

6 Role of Advisory Boards

The investment teams in L1 Energy, L1 Health, L1 Retail and L1 Technology put forward investment recommendations, which are scrutinised thoroughly before they are presented to the L1 Holdings and L1 Investment Holdings Boards for an investment decision. To challenge our investment teams' recommendations and our assumptions, we have recruited sector investment Advisory Boards consisting of internationally respected chief executives, chairs and entrepreneurs. Each Advisory Board provides advice on whether to proceed with a particular opportunity in its sector. The Advisory Boards play an essential role in our investment governance process. The oversight of our wholly-

Section 2: Governance



owned companies and strategic equity holdings is undertaken by separate teams in L1 Energy, L1 Health, L1 Retail and L1 Technology. They work with the boards and management of the companies we invest in, providing strategic input and monitoring the operational performance of each portfolio company. They are responsible for setting strategy, finance, capital allocation, performance management and top team talent management within their companies.

L1 Treasury's investment parameters are set by the Investment and Risk Committee, delegated by the L1 Treasury Board within a framework approved by the Board of L1 Investment Holdings. ●

Imposition of Sanctions on Group's Ultimate Beneficial Owners ("UBOs") and the response taken

In response to the war between Russia and Ukraine, the EU, UK, US and several other countries have imposed wide-ranging economic sanctions and trade restrictions that have targeted individuals and entities.

On 28 February 2022 and 15 March 2022, two of L1's UBOs, Mikhail Fridman and Petr Aven, were sanctioned by the EU and UK respectively. The relevant authorities in our key jurisdictions, Luxembourg and the UK, and our legal advisors have confirmed that sanctions on Mr Fridman and Mr Aven do not extend to L1.

Following the imposition of sanctions on Mr Fridman and Mr Aven, on 28 February 2022, L1 immediately implemented comprehensive steps to create independence from the sanctioned UBOs:

- The sanctioned UBOs are no longer involved in any way, directly or indirectly, in the governance, management, administration or supervision of the Group, including its subsidiaries. This includes attendance at and participation in any meetings or discussions.
- The sanctioned UBOs no longer supervise or instruct L1 staff in relation to business matters, including public relations or government relations matters concerning L1.
- The sanctioned UBOs cannot receive dividends, communications or any funds or economic resources, directly or indirectly, or any other kind of financial benefit from the Group, including the use of L1 assets. As a result, their access to L1 email and IT systems has been disabled, and they cannot attend the office.
- The offices of the sanctioned UBOs have been cleared and assistants removed from the office or reassigned.

On 1 March 2022 Mr Fridman and Mr Aven resigned from the L1 Board.

On 4 March 2022 the remaining Russian shareholders resigned from the L1 Board.

The Board is currently independently controlled. The Board was further strengthened with the appointment of Dr Franz Humer (ex-CEO of Roche and Chairman of Diageo plc) as an independent director on 17 March 2022.

On 14 March 2022 the Board took additional decisions to protect the Group and distance itself from the sanctioned UBOs and on 24 March 2022 the Group introduced a formal process to ensure that the previous decisions of the Group and the Board were imbedded in the Group's operations:

- A list of companies and individuals who must not be paid by the Group was introduced.
- All employees were reminded of the EU's confidential Sanctions Whistleblowing tool and process.
- An attestation process was introduced whereby each employee has to attest on a monthly basis that they have not participated in any of the following:
    - o provision of any funds, directly or indirectly, including cash, claims on money, dividends, reimbursements and loans to the Sanctioned Individuals or Prohibited Counterparties (with no *de minimis* threshold);
    - o provision of any other kind of economic resource or benefit, directly or indirectly, to the Sanctioned Individuals or the Prohibited Counterparties, including providing services to or working for the Sanctioned Individuals (with no *de minimis* threshold);
    - o having any dealings with any funds or economic resources that belong to the Sanctioned Individuals (or are owned, held or controlled by them); this includes their ownership interests in L1 and entities that are majority-owned by the Sanctioned Individuals, whether directly or indirectly; and
    - o communication with any of the Sanctioned Individuals or their representatives, agents or assistants which could be construed as taking instructions from them or providing advice to them (which would come under the rule of not providing economic resources or benefit to them).

On 9 November 2022 the EU Commission published an updated version of the Consolidated FAQs on the implementation of Council Regulation No 833/2014 and Council Regulation No 269/2014 which clarified that under no circumstance, nor for any purpose, may sanctioned UBOs exercise, directly or indirectly, their voting rights in the Company. While the EU Commission FAQs are provided for guidance only, are non-binding and not a statement of the law, it is expected that they will be followed by EU member states in interpreting and applying applicable sanctions law.

The Group has, therefore, taken the view that the voting rights attaching to the shares in the Group indirectly owned by the sanctioned UBOs are fully frozen and incapable of being exercised. In substance, this further distances the Group from the sanctioned UBOs as it makes it impossible for them to exert any influence on the Group.

Meet the new Board members

Dr Annalisa Jenkins

Dr Annalisa Jenkins, MBBS, FRCP is a life sciences thought leader with over 25 years of experience building and financing companies pursuing cures for the most challenging diseases globally. Annalisa has consistently mentored leadership teams advancing programs from basic research through clinical development, regulatory approval, and into healthcare systems globally. Annalisa graduated in Medicine at the University of London and received her Fellowship of the Royal College of Physicians London. She trained in cardiovascular medicine and was a research fellow at Imperial College. Earlier in her career, Annalisa was a medical officer in the British Royal Navy during the Gulf Conflict, achieving the rank of Surgeon Lieutenant Commander. She also held senior leadership roles at Merck Serono, and Bristol Myers-Squibb for over 15 years.

Annalisa served as President and CEO of Dimension Therapeutics, a leading gene therapy company she took public on the NASDAQ and subsequently sold to Ultragenyx. Following her relocation back to the UK, she developed a portfolio of roles spanning the public, private and charitable sectors including Genomics England, The King's Fund, Cancer Research Horizons, British Heart Foundation and Chair of YouBelong, a leading mental health care charity.

Annalisa has served as a Science Board Committee Member to the US Food & Drug Administration, which advises FDA leadership on complex issues and was Chair of The Court for The London School of Hygiene and Tropical Medicine. She is also a Board member of several growing public and private companies including Oncimmune, Mereo Biopharma, Envirotainer, AVROBIO, COMPASS Pathways, Genomics England and Affimed. Annalisa serves on a number of advisory boards and contributes publicly on leadership with purpose, social entrepreneurship, diversity and inclusion.

"I am excited and energised to be joining L1 to unlock the potential of disruptive innovation, solving some of the world's most pressing problems through the allocation of human and financial capital into leaders and teams building strong resilient ethical companies dedicated to sustainable progress."

Meet the Board

"As Mervyn, Jonathan and the leadership team define the purpose of L1 it's a fantastic time to be invited to join their Board, helping to support their purpose and the exciting plans that will bring it to life. In particular, the opportunity to support and invest in companies that are developing and bringing to the market new innovations that help to improve future human and planet health is very motivating and inspiring."

Alex Gourlay

Alex Gourlay was, until May 2021, the Co-Chief Operating Officer for Walgreens Boots Alliance (WBA), a global integrated Healthcare, Pharmacy and Retail Leader with approximately 13,000 locations across the US, Europe and Latin America, playing a critical role in the Healthcare ecosystem. Overseeing the operations of Walgreens, Boots and the additional WBA Group functions of Information Technology, Digital and Marketing, Alex was responsible for over 300,000 colleagues including 75,000 Healthcare professionals.

Alex is a Qualified Pharmacist and Fellow of the Royal Pharmaceutical Society of Great Britain, having been educated in his home city of Glasgow, attaining a BSc Honours in Pharmacy at Strathclyde University. In 2015 he became a Doctor of Business Administration, awarded by Nottingham Trent University for his work in both Healthcare and Retail.

Alex worked and lived in Chicago from 2013 until 2021 and during this time led the implementation of a number of large-scale community Healthcare programs, including Red Nose Day USA, Vitamin Angels, United Nations Shot at life, Chicago Heart Walk and We Teachers Education Program on behalf of Walgreens. During the global pandemic – working with the US Federal and State governments – Alex and the Walgreens team delivered the rapid and scaled roll-out of COVID testing and COVID vaccinations.

Alex originally started his career at Boots as a pharmacist and store manager, living and working in many different parts of the UK. He spent seven years leading key functions in Operations, HR, Property, Pharmacy and Healthcare and, following the purchase of Alliance Boots PLC by AB Acquisitions in 2007, he was appointed Managing Director of Boots and, in 2009, following the successful integration of the retail businesses, he became CEO of the Health and Beauty Division of Alliance Boots.

During his 45-year career in Healthcare and Retail, Alex has been a member of many boards, including the Alliance Boots Group, Innovation Associates, Retail Industry Leaders Association, World Business Chicago, Business in the Community and was on the Board and Chairman of the National Association of Chain Drug Stores.

Alex has been married to his wife Margaret for over 37 years and has two daughters. He enjoys all sport, especially golf.

Meet the Board

"I am delighted to have been invited to join Mervyn, Jonathan and a truly talented international Board of colleagues for the next phase of the L1 story. I look forward to working to promote the new purpose and using my experience to help safeguard the current portfolio companies, which employ over 120,000 people worldwide, as we move into difficult economic and geopolitical times."

Linda Wilding

Linda Wilding trained as a scientist before moving on to qualify as a chartered accountant with EY. She spent her subsequent executive career in Private Equity as a fund manager with Mercury Asset Management plc, concentrating on the Leisure and Biotechnology sectors. She has been a plural non-executive for over 20 years, acting for both public company and Private Equity backed business. She has chaired private and public companies in the Consumer and MedTech sectors. She is experienced in all segments of Private Equity and Venture Funding, having been a Director at Electra plc, an investment trust funding mid-sized leverage buyouts and SID at Imperial Innovations plc, a fund backing university spinout.

She is currently on the boards of: BCPT plc, a quoted UK commercial property REIT, where she chairs the newly formed ESG Committee; Skagen Conscience Capital, a private wealth manager, an early adopter with a continued strong commitment to socially responsible investing; and Wesleyan Assurance Society, a FCA and PRA regulated UK mutual providing financial services to doctors, dentists and teachers.

She has chaired many audit, ESG, investment and remunerations committees during her non-executive career.

Linda was chair of Governors for Schools, a UK charity recruiting, training and promoting good governership as a proven route to better educational outcomes. She is also a member of her local Multi-Academy Trust.

Meet the Board

Dr Franz Humer

Dr Franz Humer earned his PhD in Law from the University of Innsbruck and an MBA at INSEAD.

Following a career as a management consultant in Zurich, Franz joined Schering Plough Inc in 1973, where he held several positions including General Manager for various Latin American and European countries.

He joined Glaxo Holdings in 1981 and was appointed Managing Director of Glaxo Pharmaceuticals UK Ltd in 1987. In 1989 he was elected to the Board of Glaxo Holdings plc and in 1992 became Chief Operating Director for Glaxo's worldwide (ex-US) operations. Franz joined Hoffmann-La Roche in 1995 as Head of its Pharmaceuticals Division and as a member of the board. He was appointed Chief Operating Officer in 1996, Chief Executive Officer in 1998 and Chairman of the Board of Directors and Chief Executive Officer in April 2001.

From March 2008 to March 2014 he was Chairman of the Board of Directors of Roche Holding Ltd In July 2006, he was awarded *"Großes goldenes Ehrenzeichen mit dem Stern für Verdienste um die Republik Österreich"* by the Republic of Austria. In the same year he became an Honorary Doctor of the University of Basel. He also holds an honorary doctorate from the School of Pharmacy, University of London. In 2013 he was awarded the Singapore Public Service Star (Distinguished Friends of Singapore).

Franz has also served as Chairman of the Board of Diageo plc, INSEAD, the International Centre for Missing and Exploited Children and the Humer Foundation and NED for Citigroup Inc. He is currently Chair of HMNC Holding Brain Health, Humer Stiftung and NED for Allogene Therapeutics, Emil Frey Holdings and an advisory to Breakthrough Properties USA.

"L1 is a major employer across the UK, EU and US, with investments supporting 120,000 jobs in critical sectors. I will play my part in making sure that these jobs are protected and enhanced. Along with Lord Davies, I am absolutely determined to ensure that L1 is fit for purpose and is able to continue with its vital work."

Committee structure

Committee structure

Link to website

Board Committees

Advisory Boards
Ad-hoc if new inv Periodic as req'd by Board/CEO or Business Units

Remuneration
Chair: F Humer
Bi-annually at time of Board Meetings (Lux) Ad-hoc as required

Nomination
Chair: Lord Davies
Annually at time of Q1 Board Meetings (Lux)Ad-hoc as required

We build businesses that matter

Board of L1H/LIHS
Chair - Lord Davies
Quarterly Board Meetings (Lux)
Monthly Update Calls (VC)

CEO
Bi Weekly Co-ordination Meetings
Quarterly Portfolio reviews

Board Committees

Audit Risk & Compliance
Chair: L Wilding
Quarterly at time of Board Meetings (Lux)
Ad-hoc as required

ESG
Chair: A Jenkins
6 Monthly at time of Board Meetings
Ad-hoc as required

Executive Committees

Investment
Monthly Update Meetings
Ad-hoc if new invs or divestments

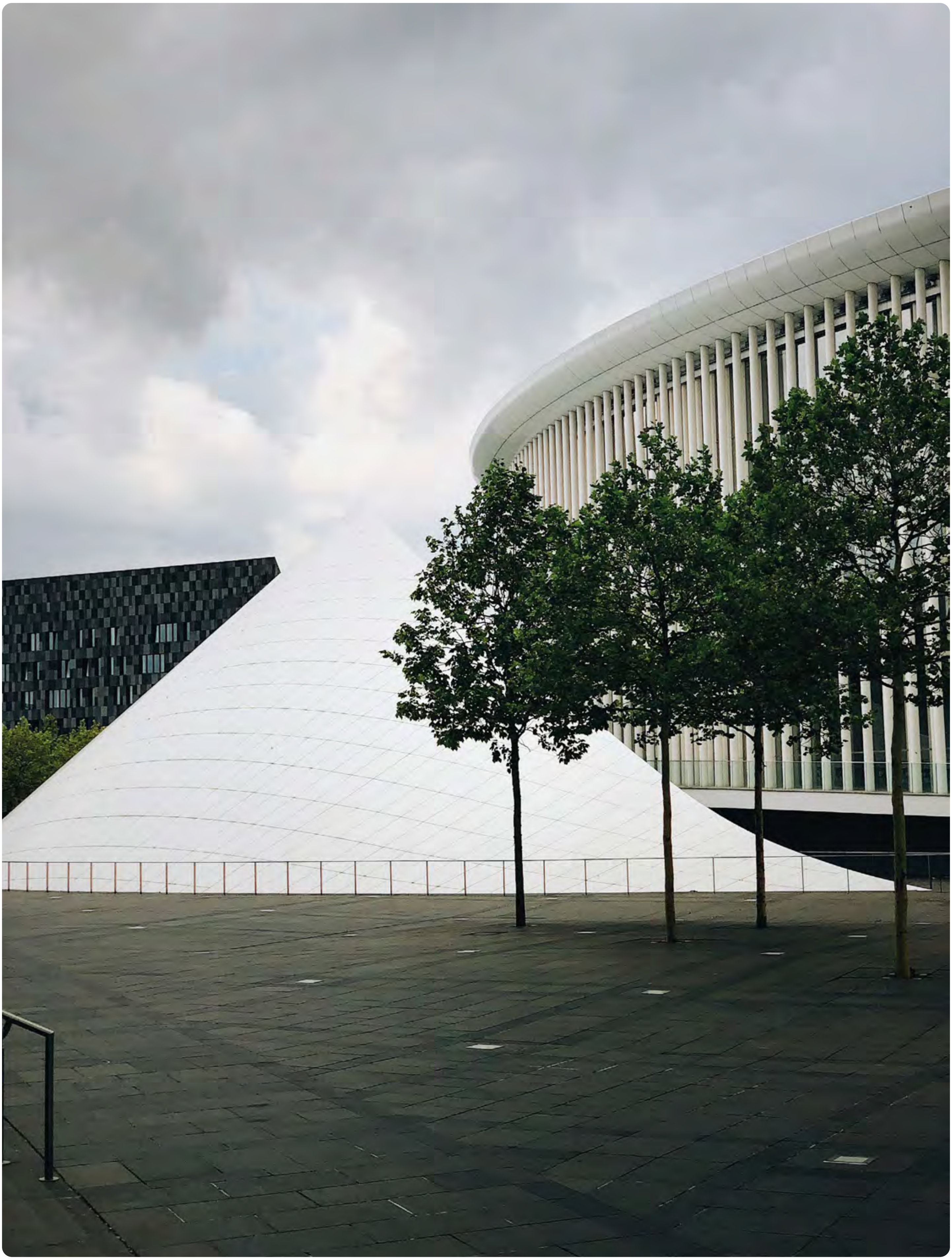
Treasury IRC
Quarterly Meetings (Lux)
Ad-hoc as req'd

Finance
Quarterly Meetings
Ad-hoc as req'd

People
Quarterly Meetings
Ad-hoc as req'd

Impact Investing
Quarterly Meetings
Ad-hoc if new inv/div or as req'd

Committee structure



INTRODUCTION

On the first anniversary of the Russian invasion of Ukraine, we reflect on the impact our charity partners have made and continue to make with the support of our donations. The impact is phenomenal and has reached millions of people both in Ukraine and those displaced to other countries as a result of the war.

Our support has enabled the broadest spectrum of aid, from immediate food, water and shelter to infrastructure and building projects, electricity generators, medicines and medical aid. Charities working with displaced people have focused on resettlement and skills development as well as giving direct financial aid and free prescriptions. Our portfolio companies have also been helping – for example Holland & Barrett has supported our giving programme by sending £1mn of vitamin supplements to Ukraine.

Having now donated $48.3mn we have paused donations to new partners to focus on the strong relationships we have built and to look at other ways of delivering social impact, for example through impact investing.

We'd like to thank all of our partners and the many L1 colleagues who have helped us to make such a significant impact over the last year. It's a contribution we can all be proud of.

The following pages lay out this impact by themes and we hope they demonstrate the difference our funding has made. ●

Jonathan Muir
Chief Executive Officer

Josh Hardie
Director Corporate Affairs

First Lady of Ukraine, Olena Zelenksa said:

"We are looking for funding and model designs for houses that can accommodate up to 10 children and 2 foster parents. We have already received more than 1,200 applications from Ukrainians who have expressed a desire to adopt a child right now, in times of war, and have undergone appropriate training. And this project is an opportunity for everyone in the world to contribute to saving lives."

MAJOR INITIATIVES WE ARE SUPPORTING

- FOOD, WATER AND SHELTER
- MEDICAL SUPPLIES AND SUPPORT
- CHILDREN – EDUCATION, MENTAL AND PHYSICAL HEALTH SUPPORT
- INFRASTRUCTURE AND LOGISTICS
- CAPACITY BUILDING AND SKILLS TRAINING
- RESETTLEMENT SUPPORT
- FINANCIAL SUPPORT
- HUMANITARIAN AID TO AFRICA
- LINKS TO CHARITIES WE ARE SUPPORTING

FOOD, WATER AND SHELTER

In the aftermath of the first wave invasion of Ukraine, the most immediate need was for safe shelter, food and water for families who had lost their homes and others who were evacuated from their towns and cities.

Our funding has helped UNICEF to provide 300,000 people with food, water and sanitation support. A further 30-50,000 people were helped with food, shelter and medication supplies through JRNU.

READ - UNICEF press release I "Youngsters find a warm welcome at Christmas Spilno space in Kyiv"

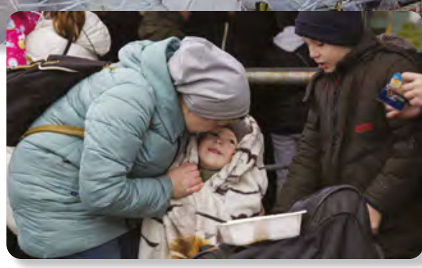
MEDICAL SUPPLIES AND SUPPORT

As casualty numbers rose, aid agencies had to quickly deliver medical aid, prescription medications and other medical supplies to the affected areas.

Through Direct Relief we have supported the Health4Ukraine free prescriptions programme – our funding has provided $1.33mn of prescription medications, $1.26mn of non-prescription medications and $1.33mn of other medicines to 300,000 refugees in Poland.

IsraAid, working with 30 partners, is running mobile clinics in communities with limited or no medical services. So far they have supported more than 7,900 people in Dnipro, Donetsk, Kharkiv and Kherson, and have provided 3,500 Covid-19 and flu vaccinations.

WATCH: Direct Relief video about medical support to Ukraine



CHILDREN – EDUCATION, MENTAL AND PHYSICAL HEALTH SUPPORT

As the war enters its second year, the damage to children, their learning and education prospects, mental and physical health is incalculable. The long-term impact of war on children can be devastating for them and their families.

Through World Vision's work we have supported 28,840 children with education and mental health support as well as providing 2,000 laptops to teachers for virtual teaching in 134 locations across 20 regions in Ukraine. In addition our funding facilitated the development of an online education app that was downloaded by 16,682 people.

In this period, UNICEF has supported 268,000 children with health care; 214,413 with mental health support; and 160,000 children with non-formal education opportunities in Ukraine and neighbouring countries.

READ - The Independent | "Ukrainian women and girls are at huge risk of exploitation – here's how we can help"

READ - UNICEF delivers 100,000 doses of Janssen (Jcovden) vaccine as part of COVAX

READ - UNICEF delivers vaccines against tuberculosis, diphtheria, tetanus, pertussis, hepatitis B and Hib to Ukraine

INFRASTRUCTURE AND LOGISTICS

Russia has systematically destroyed the infrastructure of Ukraine, from energy and electricity to transport, in an attempt to damage lives and weaken resolve. Our funding has helped protect this infrastructure, including supporting logistics hubs in Tulcea, Romania and Odessa, Ukraine which, in the last 6 months, has delivered: 2 tons of food, clothing and supplies; 20 power generators; 37 pallets of PPE equipment; 660 trucks of hygiene products; 12 tons of medicines; 47 heating stoves and 5.6mn food rations since the start of the conflict.

Our funding will enable the building of 50 Family Type Children's Homes (FTCH) in Ukraine. We support a refugee support centre in Constanta, Romania, for 1,000 children and families; a children's orphanage relocated from Odessa to Berlin run by JRNU; and Tikva homes for displaced people in Neptun and Odessa.

CAPACITY BUILDING AND SKILLS TRAINING

Orphaned and unaccompanied children are most at risk from human trafficking. Our funding is supporting ICMEC to build capacity across Europe to track missing children, building enhanced capabilities to the world's first and most used missing children's database and providing training for its use and deployment across Albania, Belarus, Lithuania, Poland, Serbia and Russia. The database recently helped to break a major child trafficking ring operating between Russia, Ukraine and Poland.

Through GSMSG we supported the training of 16,550 civilians in casualty care, 260 in "train the trainer" programmes, 660 doctors, nurses and medical students in trauma care and 126 surgeons, with GSMSG surgeons helping in 212 surgeries in Ukraine.

READ - American College of Surgeons | "The war changed everything" - Surgeons share lessons learned from Ukraine

RESETTLEMENT SUPPORT

As the war continues, many families have realised that returning to Ukraine any time soon is not possible and are therefore thinking about settling permanently in other countries - either in neighbouring countries or further afield. Part of that resettlement is the need to find new homes, schools and jobs.

Our funding is helping to support 9,000 refugees in the UK and 1,000 refugees resettled in Luxembourg. The support through World Jewish Relief provides back to work programmes, skills development, language skills and job planning, both in Ukraine as well as employment programmes in 28 locations in the UK.

Through our funding, USPUK interacted with and advised 37,542 Ukrainians looking for help to move to the UK, and more than 55,000 engaged with their website and social media channels. USPUK and Citizens UK have matched 247 families to hosts in the UK.

READ - Business Insider | Interview – "Russia's invasion forces Jewish orphanage to flee Ukraine "

FINANCIAL SUPPORT

Displaced refugees, especially those displaced in other countries, have an immediate need for cash support to buy the basics. Our funding provided 3 months' cash assistance to 14,000 refugees in Poland, Moldova, Romania and Ukraine.

UNICEF has provided cash support to 196,435 families to date.

Quote from head of Ukraine anti-corruption unit.

"We cannot but welcome the measures LetterOne has taken in the wake of the Russian full-scale invasion of Ukraine and the ensuing surge of international sanctions.

We also value the help LetterOne has been providing to Ukraine and Ukrainians."

HUMANITARIAN AID TO AFRICA

A prolonged drought, coupled with problems with grain supplies due to the war in Ukraine, meant that millions of people in the Horn of Africa were faced with a severe famine and its associated health problems. The groups most acutely affected are women and children.

Our and others' donations have enabled UNICEF to provide immediate relief to people affected by drought and famine in the Horn of Africa, specifically:

- 2mn women and children received lifesaving health care;
- 3mn people received safe drinking water;
- 2mn children were vaccinated against measles;
- 700,000 children affected by severe malnutrition received treatment;
- 200,000 children were provided with education;
- 400,000 people were provided with mental health and psychological support; and
- 42,194 households received cash transfers.

READ - Business Insider I Interview – UNICEF photo essay "Children are facing deadly drought in the Horn of Africa"

READ - UNICEF statement "Window of opportunity to prevent famine in Somalia is closing, Principals of Inter-Agency Standing Committee warn"

LINKS TO CHARITIES WE ARE SUPPORTING

L1 Energy

There is no question that 2022 was an extraordinary year for the global energy industry to navigate.

Producers and shippers, as well as industrial and retail consumers, were forced to deal with a rapidly changing and unpredictable environment, in particular on the European continent. Combined with an uncertain overall economic and volatile political macro situation, this led to a complex year with many profound changes on both the supply side and to energy demand patterns. Many of these changes will be long-lasting, and have the potential to fundamentally change the shape of the industry. Adjusting to these changes will be key to restoring stability and continued prosperity.

Wintershall Dea

2022 was a year of elevated oil and gas pricing – especially so in Europe, where gas prices averaged c$40/mcf, over 430% higher than the previous five-year average, and over six times the natural gas prices in the US.

Operationally, the company broadly performed well, with non-Russian production levels above budget, although safety performance remains an area of focus.

Reported record financial results included EBITDAX of €7.7bn and free cash flow of €3.9bn, with solid levels of oil and gas production (597 kboed). The upstream portfolio was refined, with stakes added in Mexico and Algeria and organic portfolio renewal through exploration success continued.

However, the defining events of the year included the pipeline events surrounding both Nord Stream 1 – in which Wintershall Dea has an equity stake – and Nord Stream 2 where Wintershall Dea is a creditor, resulting in the cessation of gas supplies through this important European pipeline system. In addition, towards the end of the year – and therefore not included in the results above – came the economic expropriation and exit of the upstream assets in Russia. We continue to focus on the various avenues of value recovery, but the fact remains that Wintershall Dea is a substantially smaller company going forward as a result of worldwide events.

Plastic Energy

Plastic Energy is a world leader in chemical recycling. Worldwide, only around 9% of plastics are currently recycled, and the pollution problems associated with this are well documented. Plastic Energy has developed and patented technology to enable the chemical recycling of plastics, which can then be reused in, amongst other things, the food packaging supply chain.

During the year, Plastic Energy continued to make progress on a number of fronts. On project delivery, substantial progress was made at the Geleen site in the Netherlands, where construction has advanced well, despite a difficult external environment with inflationary pressures on both equipment and services. Plant commissioning for this JV with SABIC is planned during 2023, which is a key milestone for the company. Progress was made in France on the NDG plant with Exxon, and the Grandpuits plant with TotalEnergies.

New business development across the globe has been profound, with deals signed in Asia, the US and Europe with Petronas, Freepoint (in partnership with TotalEnergies), Repsol (also in partnership with TotalEnergies) and INEOS, feeding the development pipeline for the company. Licence agreements have been signed with QENOS and SK Geo Centric. Contract prices for the end-product are increasing, reflecting the continued and strong demand for recycled plastic material.

Plastic Energy formed multiple partnerships with large international FMCG brands as they look to reduce the content of virgin-plastic in their packaging. Plastic Energy is working with Heinz, Tesco, SABIC and Berry Global to trial Heinz's new Beanz Snap Pots, which are made from 39% recycled soft plastic. Plastic Energy also partnered with L'OCCITANE en Provence, LyondellBasell and Albéa Tubes to use recycled plastics for the tubes and caps in L'OCCITANE's "almond" range.

Plastic Energy continues to act as a leading ambassador for the plastic chemical recycling industry, joining seven other leading European cleantech companies in the formation of a new Cleantech Scale-up Coalition, with the goal of helping Europe become climate neutral, energy autonomous and industrially competitive.

H2scan

US-based company H2scan is a world leader in providing hydrogen sensors for electricity utilities and industrial markets. L1 was the lead investor in the successful capital raise, underpinning the company's rapid expansion.

H2scan's innovative hydrogen sensing products are used to improve electrical distribution reliability and are ideal for monitoring and measuring hydrogen concentration in fuel cells, electrolyzers and hydrogen distribution pipelines to reduce carbon emissions. The sensors also serve in a wide variety of hydrogen economy applications.

As evidence of H2scan's credibility, it became the first and only company to receive FM Approval for a hydrogen sensor with its GRIDSCAN 5000 product. FM Approvals is the independent testing arm of international insurance carrier, FM Global. FM Approvals uses scientific research and testing to ensure products conform to the highest standards for safety and property loss prevention. Products that pass this stringent testing receive the "FM APPROVED" mark.

The company progressed well in its development programmes, with substantial investment in organisational footprint and capability and product development. Branding was refreshed, and target markets refined and expanded. 2023 will see key products launched to underpin sales growth.

Tigo

Tigo, based in the US, is a leading provider of intelligent energy and solar storage solutions. Founded in 2007, Tigo develops and manufactures smart hardware and software solutions that enhance safety, increase energy yield, and lower operating costs of residential, commercial and utility-scale solar systems.

Tigo combines its Flex MLPE (Module Level Power Electronics) and solar optimiser technology with intelligent, cloud-based software capabilities for advanced energy monitoring and control. Tigo MLPE products maximise performance, enable real-time energy monitoring and provide code-required rapid shutdown at the module level. The company also develops and manufactures products, such as inverters and battery storage systems for the residential solar-plus-storage market.

L1 provided access to funding to underpin the strong growth profile of the company. In December, Tigo and Roth CH Acquisition IV Co announced a business combination agreement that is expected to result in Tigo becoming a public company. Upon closing of the transaction and subject to approval by stockholders and other customary requirements, the combined company will be named "Tigo Energy Inc" and is expected to list on NASDAQ under the ticker symbol "TYGO". The transaction is expected to close in the second quarter of 2023.

Pipeline

The deal flow remains active, with the focus on long-term value and growth potential through development of protectable IP by high-quality management teams as well as the development of materials critical for energy transition. ●

L1 Health

Our focus on creating best-in-class companies over the long term makes L1 Heath a strong partner for a wide range of business.

K2 HealthVentures

L1 Health's venture debt investment platform, K2 HealthVentures (K2HV), with offices in both Boston and New York, continued to expand rapidly in 2022, surpassing $1bn in commitments since its inception. The company ended the year with 22 companies, up from 17 at the end of 2021, and its Net Asset Value from $399mn at the end 2021 to over $514mn by the end of 2022.

Underlying this growth were three exits, two refinancings for existing portfolio companies and the addition of eight new companies to the portfolio, spanning sectors including drug discovery and development, agritech innovation, digital healthcare services, MedTech and medical devices.

K2HV, under the leadership of CEO Parag Shah and CIO Anup Arora, delivered growth and value amidst a challenging environment that saw a significant Biopharma market displacement, where public valuations fell by more than 50% from their peaks in February 2021 and Biotech IPOs decreased 90% in value compared to the previous year. This shift has fuelled demand for non-dilutive capital formation solutions, the speciality of K2HV.

K2HV was well served by its rigorous due diligence approach and selectivity in its investment decisions. Its flexibility, proactive credit management and continuous support to customers enabled the company to successfully navigate the 2022 market downturn and maintain the credit strength of its loan portfolio throughout the year. Furthermore, in these market conditions, K2HV's flexible product offering of convertible loans, warrants and other equity solutions has allowed the company to align with its clients by optimising cost of capital and participating in upsides.

After a year that saw K2HV reach the milestone of $1bn in commitments, the company will continue to execute on its pipeline to expand its portfolio, attract talent to its investment team and opportunistically target larger transactions. In addition, K2HV will be rolling out its Social Venture Fund, making it the first player in the lending sector to fully align with the principles of "profit and purpose".

Destination Pet

Destination Pet, the fastest-growing consolidator of pet resorts in the US, continued its positive momentum in

Section 3: Business unit performance

2022 by growing its number of locations by over 30%. Its animal health and wellness platform now includes over 135 locations across more than 20 states, with hundreds of thousands of active customers. Revenues increased by 49% driven by acquisitions, as well as robust same-store-sales growth of over 5%. Despite the softening of demand with growing inflation, Destination Pet was able to achieve volume growth across its locations.

Underpinning its utilisation growth, is Destination Pet's focus on customer service. The animal wellness platform regularly scored a net promotor score (NPS) of 80 or higher, which is a testament to the commitment of its 2,300 employees who deliver the company's exceptional customer experience. The recent introduction of a comprehensive Six Sigma program identifies opportunities for further enhancing the customer experience, driving efficiencies and growth opportunities, engages employees in development and learning.

Since Dr Jennifer Strickland Fowler joined Destination Pet as the new CEO last summer, the company has further expanded its connected care approach, and now over 50 locations offer access to integrated pet care and veterinary services spanning grooming, boarding, day care, bathing, training and veterinary services, including mobile X-ray and other home-based services.

To connect seamlessly all elements of Destination Pet's care model, Destination Pet launched a first-of-its-kind digital platform called Yourgi. The app personalises the interaction with Destination Pet's locations and enhances the pet owner's pet parenting journey. The platform goes well beyond wellness and vaccines visits to include the social and mental wellbeing of pets. The app is available on iOS and Android, and has been rolled out to all locations, gaining rapid traction with customers well ahead of industry standards.

Going forward, Destination Pet will continue to focus on customer experience and growth. The pace of acquisitions is expected to accelerate, with Yourgi taking an even more prominent role in how pet families manage lives.

Remedica

Remedica, L1 Health's generic CDMO platform headquartered in Cyprus, delivered solid year-on-year revenue and profit growth of 20% and 70% respectively.

The company's reliable, low-cost European manufacturing base for high-value small-batch generics aligns well with market trends. Large generic pharma continues to seek solutions for technologically differentiated products and emerging markets are looking to catch up with the western world in their use of generic pharmaceuticals. At the same time, the industry faced macroeconomic challenges from supply chain disruptions and steep inflation in raw materials, energy and labour. Against this backdrop, Remedica performed well and preserved its competitiveness through ongoing investments in automation, operating improvements and photovoltaic-powered energy. This allowed the company to increase output by 5% whilst lowering production consumable requirements by over 40%.

Growth in 2022 was driven by both its B2B and B2C segments. Its B2B sales benefitted from successful new launches, including Abiraterone and Sunitinib. Abiraterone alone has captured more than €10mn in revenue since its launch in September 2022. The company's focus on Oncology, Cardiovascular and Antivirals served it well in the B2C segment, where performance was driven by essential medicines sold to global NGOs and success in hard-to-reach emerging markets via its agent network covering over 70 countries.

As Remedica continues to grow under the leadership of its CEO, Dr Michalis Neoptolemou, the company added a new Chief Commercial Officer, located in Dubai, and a new Chief Development Officer to its ranks to complement its world-class team. Remedica will continue to invest in its emerging market presence and its R&D and manufacturing capabilities. The company has embarked on an ambitious program to expand its development capabilities and added 80 employees in the areas of research, development and technology.

Sun Wave Pharma

Sun Wave Pharma, L1 Health's consumer health business headquartered in Romania, has performed extremely well in 2022, with sales growing by more than 24% to over €100mn. The company successfully leveraged its innovative go-to-market strategy to take advantage of favourable market trends, launched four new products and introduced its first Direct to Consumer (DTC) campaigns with great success. As a result of its efforts, Sun Wave Pharma was able to outgrow competitors and expand its market share to become the leading neutraceutical company in Romania.

Sun Wave Pharma focuses on nutraceutical products that are complementary to traditional prescription drug therapy and markets them via medical professionals through Romania's largest sales force of its kind. During the year, the company successfully launched Menovert, a biologically active folate source with strong bioavailability, and Metabo Lipid, an aid for maintaining normal triglyceride and cholesterol levels. The company now provides a portfolio of over 70 unique propositions across eight therapeutic areas, including Neurology,

Section 3: Business unit performance

Uro-Gyneco, Respiratory, Cardiology, Dermatology, Gastro, Kids' Health and Endo-Gyneco.

2022 also saw Sun Wave Pharma expanding internationally, with a new branch opening in Bulgaria, the registration of an initial portfolio of twelve products and the acquisition of InPharm, the largest independent consumer healthcare company in Serbia, with a presence in Montenegro and Bosnia and Herzegovina. With around 170 employees, InPharm manages a broad portfolio of medical devices, dietary supplements, vaccines and virological, bacteriological and immunological diagnostics, cosmetics and female hygiene products, and InPharm Diet, a line of over 30 private label products. With InPharm's complementary capabilities and strong relationships with doctors and pharmacists, Sun Wave Pharma expects meaningful synergies as it can now further drive growth by promoting its proven product portfolio in the Balkans.

To support its strategy, the group has further expanded its management team with three important additions: a new Supply Chain Officer to ensure continued focus on quality as the company expands beyond Romania; a new Chief Digital Officer to accelerate its investment in digital connectivity with consumers; and a new Group Compliance Officer to further strengthen the company's commitment to industry-leading compliance processes and procedures.

Looking ahead, Sun Wave Pharma seeks to leverage its local go-to-market leadership position in Romania by stepping up new product launches and augment further its promotion of important wellness products directly to consumers. ●

L1 Retail

2022 was a year of good progress for L1 Retail as both Dia and Holland & Barrett strengthened their businesses in challenging macroeconomic circumstances.

Dia Group

Dia Group has closed an important year with real progress in the deployment of its proximity strategy.

2022 presented a complex economic scenario, marked by inflation and the rising cost of raw materials, fuel and energy. Despite this, the progress achieved in the business, together with the positive recognition of customers and franchisees and the support received from L1, has been a turning point for the company, which is now in a new phase of acceleration towards growth.

Dia Group has more than 40 years of history – decades of learning and experience in proximity food retail, the heart of its business. With nearly 5,700 company-owned and franchised stores in Spain, Argentina, Brazil and Portugal, Dia Group is a leading network of proximity stores with a great team of over 33,400 people committed to putting great quality within everyone's reach.

A New Dia

Dia Group ended the year with growth in both Net Sales and number of tickets, data that confirms that customers value and trust in this new Dia. The company closed the year with an adjusted EBITDA of €200mn, €76mn more than 2021, and an adjusted EBITDA margin of 2.8% on Net Sales, 0.9pp better than 2021, which shows that the efforts of the last three years have consolidated the positive evolution of the business, supported by a solid and sustainable capital structure and with the support and industrial vision of the majority shareholder.

It is also appropriate to highlight the successes achieved through the improvement in quality of the Dia brand, an option that consumers already recognise for its value proposition, which is even more important in a cost of living crisis. The Dia brand has a very important place in the lives of more than 14mn loyal customers worldwide and the company is proud to be helping the daily lives of families, with options tailored to changing market trends and consumer needs.

Proximity strategy

During 2022 Dia Group announced two relevant corporate deals in the Spanish market: the sale of a group of large-format stores to Alcampo as well as the sale of Clarel, the business unit dedicated to personal and home care. Both decisions are aligned with the company's proximity strategy and allow a focus on the core of Dia Group's business, proximity food retail, reinforcing what the company does well: being the neighbourhood store where the customer can make complete, easy and quick purchases, with fresh products and a high-quality Dia brand available to everyone.

A sincere thanks is due to Dia's employees, customers, suppliers and franchisees who have made the 2022 progress possible. In 2023, a year that looks to be no less challenging than the previous one, Dia will continue to work on accelerating the company's growth and becoming customers' favourite neighbourhood and online store. To achieve this, the company will focus on completing the transformation of the store network in Spain and Argentina, growing hand-in-hand with franchisees and continuing to develop a first-class customer experience, in order to offer solutions to customer needs, leveraging the online channel to take Dia's high-quality products at affordable prices even further.

Holland & Barrett

For over 150 years, Holland & Barrett (H&B) has been helping people live happier, healthier lives. Over this period, there have been many periods of disruption and change, although few will have brought about the fundamental changes that have been experienced over the past few years under the shadow of the COVID pandemic and the major economic challenges brought on by a series of destabilising factors across the world. H&B continues to be extremely proud of its colleagues' efforts to support existing and new customers during this challenging period. It is also fortunate to have again achieved solid financial results despite the many challenges that were faced.

In FY2022, revenue was relatively flat year-on-year at £725mn, which reflects an increase in retail footfall and a corresponding decline in digital sales driven by a return to stores in the UK and Netherlands following COVID lockdowns in FY21. During the year, H&B reduced its retail estate by 22 stores to close the year with 1,018 stores. In addition, it also engages in 57 worldwide franchise outlets and 519 worldwide franchise shop-in-shops. Adj EBITDA for the year was £160mn.

The ongoing evolution of the Retail sector following the disruption of the past few years continues to drive real focus on the future of the business. While FY2022 saw a slight decline in the acceleration of the shift to digital for H&B, the momentum towards digital, whilst moderating, is expected to continue. In addition, H&B continues to observe fundamental changes to consumer attitudes to wellness and a growing understanding of the preventative behavioural steps one can take to improve long-term health and longevity.

There remains a clear focus on transforming the business to ensure that it remains relevant with existing customers. H&B's vision is to be the trusted partner for millions of people globally, with the aim of being recognised as an authority in providing health and wellness advice and information. To achieve this, H&B must:

- move beyond traditional retail and ensure that it creates efficacious solutions which create more emotional connections with customers (combining existing and new innovative products, advice and services) to better meet the specific needs of the individual;
- seek targeted international growth and think globally in what it does; and
- continue to innovate and invest in technology, product and data capabilities to create more personal relationships with its customers.

FY2022 represented a foundational year in which H&B made significant progress with its multi-year transformation project. As part of its ongoing transformation, H&B is continuing to invest in new technologies to support omni-channel development with an international reach, whilst responding to the demands of the online trading environment as well as tech enablement of the wider wellness related services and personalised customer journeys. It expects this to deliver a stronger, more sustainable business in the long term.

Section 3: Business unit performance

Pillar 1: to offer a differential value proposition: our new store model, already operational in 60% of the proximity network globally and allows a complete, easy and fast shopping experience, is driven by the optimisation of range, the large presence of fresh products from local suppliers and our Dia brand, with which we offer high quality products at affordable prices, responding to the needs of our customers. We want everyone, no matter where they live or their budget, to be able to **eat better every day.**

Pillar 2: strengthening of our relationship with our franchisees, who are our strategic allies in the development of our proximity strategy. Nearly half of our global store network is managed by local franchisees who share our commitment to the customer and our values. Thanks to the new partnership model deployed across the network since 2020, we have forged mutually beneficial trust relationships we are proud of.

Pillar 3: digital and technological transformation of the company to make the operation more efficient and to drive value generation from our online channel, a key lever for our proximity strategy.

COUNTRY PERFORMANCE

Year-end figures show consistent growth that endorses the success of our value proposition.

In **Spain,** we have remodelled over 800 stores during 2022 and we already have 88% of the proximity network operating under the new model; in addition, we have opened 23 new stores and the first new-generation distribution centre in Illescas, showing that we are ready to recover ground ceded in this market. This is supported by the gain in market share at the end of the year in terms of comparable surface area. Our e-commerce now reaches 82% of the population and the satisfaction of our franchisees shows the success of the new partnership relationship, a win-win situation for both parties.

The good performance of the business in **Argentina**, with refurbished stores outperforming non-refurbished stores by 18%, has allowed us to accelerate and open 101 stores last year, bringing the total network to 994 stores and increasing our market share in Greater Buenos Aires. In addition, in our online channel, available in 56% more stores, we have activated new shipping options to further improve our customers' experience and offer them service solutions tailored to their needs.

In **Portugal**, on the other hand, it has been a very relevant year in terms of customer and franchisee satisfaction, where in a complex context and with a reduction in the number of stores, sales have remained in line with 2021's level.

In **Brazil**, despite almost 130 closures at the beginning of 2022, sales advanced by 11% to €890mn and the value proposition for our customers was updated with the design of a prototype store and the promotion of store pilots that already show a clear improvement in performance.

Section 3: Business unit performance

H&B is investing in a renewed focus on developing a portfolio of wellness ventures in which it is building and partnering with technology innovators in wellness. An example of this in 2022 was the acquisition of Parla, a virtual support system start-up focused on improving women's mental wellness and offering holistic personalised care for a range of challenges including endometriosis, PCOS and pregnancy loss.

In addition, H&B also focused on landing multiple core transformational initiatives, which represented critical foundations for significant value creation throughout FY2023. Examples of this include:

- Repurchase of its external debt;
- Redefining its brand and customer focus with a sharp view of its target customer segments and a clear customer promise and brand statement;
- Successful mission-based campaigns, such as on gut health and women's health showing the power of focusing on customer wellness needs over a transactional approach;
- Landing its UKI Macro Space Reset – already delivering significant incremental sales (predominantly in VHMS and Sports) on weekly basis.

These investments in FY2022 have already started to deliver significant results for the business with strong FY2023 trading and record first half sales.

To achieve this ambition, H&B has continued to build on its strong and balanced management team over the past 12 months including adding a number of important appointments to an already strong executive team made up of a Executive Chairman; Chief Financial Officer; Chief Business & Science Officer and MD Wellness Futures; President of Digital Transformation, responsible for technology, product and data; UK&I Chief Operating Officer; Managing Director Benelux; Chief Commercial Officer; Chief People Officer; and Chief Digital & Customer Officer. This team has a combination of omni-channel retail experience, technology expertise and international track record.

The management team benefits from the strong support of its Board of Directors, which features a majority of experienced independent directors with the relevant strategic skill set to realise the strategic vision. The independent directors are complemented by two shareholder representatives, including the company's Executive Chairman. ●

L1 Technology

L1 Technology continues to show the huge social and economic value connectivity brings to communities around the world.

VEON

VEON is a global digital operator that provides converged connectivity and digital services to over 156mn customers across six dynamic emerging markets, with a combined population of 510mn and an increasing demand for digital services[3]. It enables connectivity and accessible digital services in healthcare, education, finance, and entertainment, empowering sustainable growth and socio-economic development.

As a global company headquartered in Amsterdam, with an international Board, Group and OpCo management teams, VEON recently celebrated its 30th anniversary with a bell ceremony at Nasdaq, where it has been listed since 2013.

VEON creates value in three pillars: crystallising the value of infrastructure assets; generating high growth with its digital operators, who execute the DO1440 strategy to deliver digital experiences 1440 minutes a day; and pursuing growth beyond the connectivity base with high-potential digital assets – its ventures. With the DO1440 strategy, VEON received GSMA's prestigious award in "Best Mobile Service for Connected Consumers" at Mobile World Congress Barcelona 2023.

2022 Operational Highlights

- **Strong organic financial performance:** In 2022, VEON achieved 14.0% year-on-year total revenue growth in local currency, with each of the local operators increasing their market shares and expanding into adjacent verticals, enabling VEON's customers to use the services not only for connectivity but also for entertainment, education, finance and healthcare. Group EBITDA grew 12.6% in local currency. The company finished the year with a strong liquidity position of $3bn in cash, $2.5bn of which was held at the HQ level. In reported currency, total revenues declined by -2.4% and EBITDA by -5.3% year-on-year.

- **"4G for all" and digital customer focus:** VEON closed 2022 with 85mn 4G customers, adding 14mn 4G users year-on-year and reaching 54% 4G penetration in the customer base. Customers who use VEON's digital services as well as 4G data and voice accounted for 21% of the base in December with a near 38% growth. These customers generate 3.5x of the ARPU of voice-only users and stay with VEON longer, with less churn.

[3]In line with financial reporting requirements, Russia is classified as assets held for sale and a discontinued operation, and VEON Group financial and operational performances exclude Beeline Russia. Group financial results are unaudited and unreviewed by an independent auditor.

[4]VEON is listed on Nasdaq and Euronext Amsterdam stock exchanges (Nasdaq: VEON, Euronext Amsterdam: VEON). Between 1996 and 2013, VEON was listed on NYSE.

Section 3: Business unit performance

- **Increasing traction of digital products:** In addition to their impact on the engagement of the connectivity customers, digital assets also make VEON's operating companies' services accessible to an extended base of mobile users. Video app Toffee in Bangladesh registered nearly 25mn viewers during the FIFA World Cup. In Pakistan, Tamasha became the country's leading digital entertainment platform with 6.5mn 30-day active users at its peak. JazzCash, Pakistan's leading mobile finance service, enabled 2.1bn total transactions in 2022. Kyivstar's digital health investment Helsi served a registered base of 23mn patients, over half of Ukraine's population.

- **Connectivity as an essential humanitarian service at the core of the business and values:** Kyivstar maintained high levels of network availability in Ukraine, connected 2.4mn refugees to their homeland, enabled digital education, and served patients at home and abroad through Helsi. In Pakistan and Bangladesh, Jazz and Banglalink supported emergency connectivity during devastating floods.

In 2022, VEON finalised the divestment of Algeria and Georgia operations, and progressed in infrastructure value crystallisation in Pakistan, Kazakhstan and Ukraine. In November 2022, VEON reached an agreement to sell Russian operations to the Beeline Russia management team. The transaction is anticipated to close on or before 1 June 2023, subject to satisfaction of remaining closing conditions.

Turkcell

Turkcell achieved strong operational and financial results for the last year, driven by its digital-oriented strategy. Improved governance has helped performance for 2022 and beyond, and we are pleased to have seen progress on this.

FY2022 revenues increased +50.0% year-on-year to TRY53.9bn due to increased ARPU growth and larger subscriber base of Turkcell Turkey and Turkcell International; EBITDA grew +27.9% year-on-year to TRY21.9bn with EBITDA margin of 40.8%. Due to FX pressure, USD revenues of FY22 revenues and EBITDA declined by 19.8% and 21.8% respectively due to the increase of USD/TRY from 8.8 to 16.5 between 2021 and 2022.

Growth and profitability were supported by continued strong ARPU performance, driven by an enlarged post-paid subscriber base, rising data and digital service usage, and customer movement to higher value tariffs. Turkcell Turkey subscriber base is up by 2.3mn net additions FY2022; Mobile ARPU growth reached 8.1% 38.6% year-on-year and residential fibre ARPU growth reached 26.7% year-on-year.

Turkcell Turkey revenues, comprising 77.6% of Group revenues, rose 61.9% year-on-year thanks to higher ARPU performance, upsell efforts and a larger subscriber base. Turkcell International revenues, comprising 11% of Group revenues, rose 41.0%, positively impacted by currency movements and improved revenues from FX and the Techfin segment. The company generated over TRY14bn of free cash flow from operations.

The magnitude 7.5 and 7.8 earthquakes had a shocking impact on communities across southern Turkey, with a death toll exceeding 50,000, and had a significant impact on the Turkish economy and GDP. Turkcell has not yet disclosed the dividends declared for FY2022 due to charity commitments to the earthquake victims and survivors and it is expected that dividends will be impacted accordingly. ●

L1 Treasury

L1 Treasury manages the liquidity and financial investments of L1 Investment Holdings. When the group makes strategic investments, L1 Treasury provides the necessary funds and when investments are sold or dividends received, L1 Treasury manages the available funds through a portfolio of financial investments in Public and Private Equity, Fixed Income, Real Estate and Direct Lending markets, and investments in special situations and Private Equity funds.

Portfolio construction

L1 Treasury's mandate includes both liquidity and return objectives. Therefore, in its portfolio construction, L1 Treasury pursues a "barbell" strategy whereby a portfolio of cash and liquid securities is complemented by less liquid higher-yielding investments such as Direct Loans, Funds and Real Estate.

Our loan book is a combination of large loans directly provided by L1 Treasury to borrowers and usually secured by real assets or financial assets and smaller loans usually provided through lending platforms. These are normally specialty lending businesses to whom we are the sole or at least largest funder and in which we may have an equity interest.

Our fund investments are generally in third-party hedge funds which we mostly access through Fund-of-Funds providers. We aim to have a well-diversified portfolio of funds and strategies.

Performance review

2022 was a very difficult year for global financial markets, which were dominated by the impact of the war in Ukraine and rampant inflation. Consequently, all major central banks embarked on a rapid rate tightening cycle with a resultant significant and negative impact on the equity, fixed income and credit markets. For example, during 2022 the S&P 500 fell by 18%, the ten-year US Treasury Bond Yield widened by 230 basis points and the five-year CDX High Yield Index Spread widened by 190 basis points. In fact, 2022 was the worst performing year for the traditional "60:40" portfolio since the 1937 Crash. L1 Treasury's own performance benchmark recorded a negative 5% return during 2022.

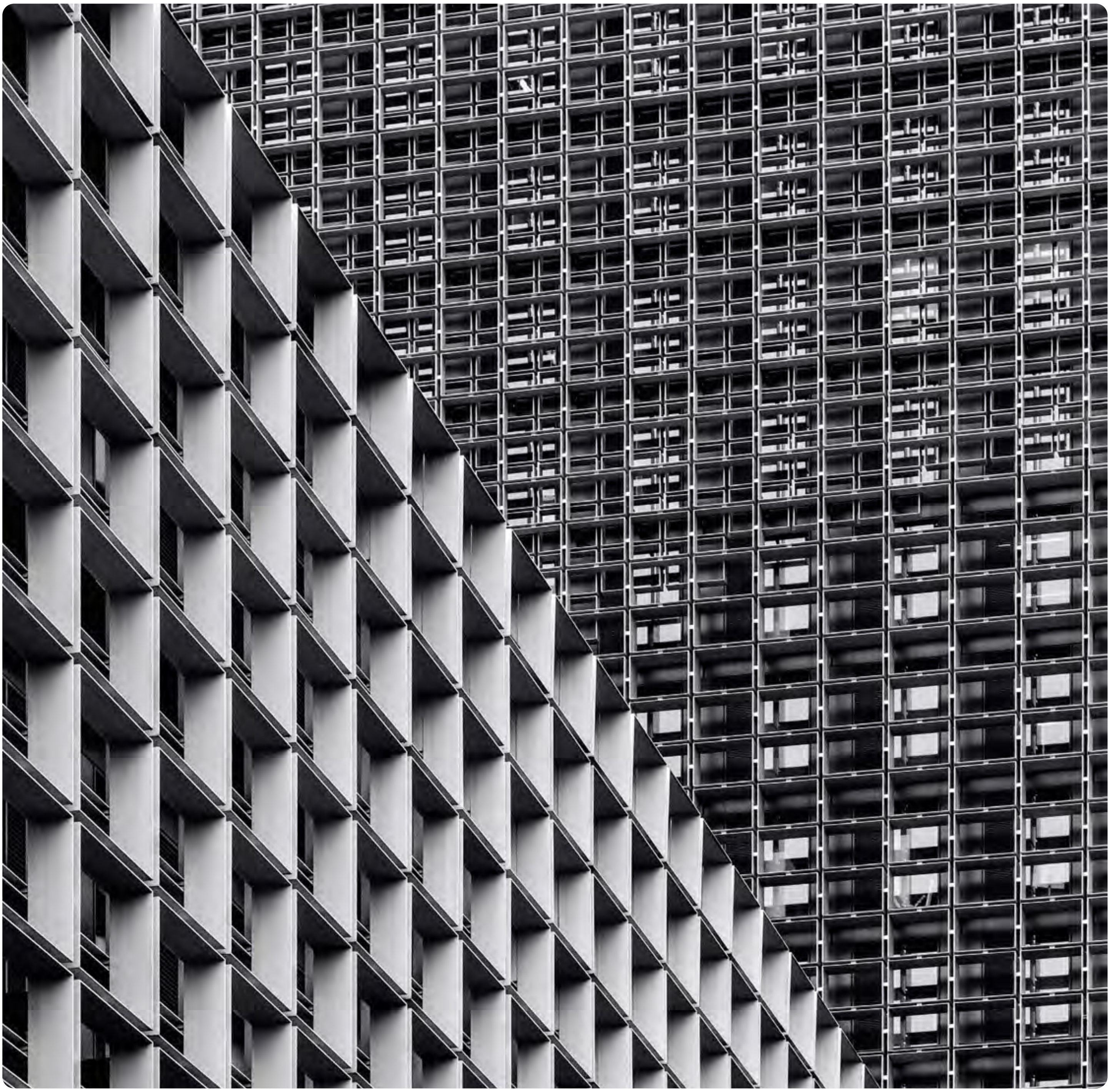
Against this backdrop, L1 Treasury's portfolio performed well, recording a return of 0.10%. L1 Treasury's performance would have been significantly better (a return of 1.97%) had it not been for certain investing and hedging limitations in the aftermath of sanctions on certain of L1's UBOs. L1 Treasury's positive performance, despite the macro environment and the impact of sanctions, is a testimony to the diversification embedded in our portfolio.

As always, we produce our returns against a backdrop of significant capital flows in and out of our portfolio. In 2022, we recorded $1,037mn of inflows and $2,980mn of outflows. These net capital outflows, together with the portfolio performance and expenses, resulted in L1 Treasury's assets under management falling from $9,561mn to $7,556mn.

L1 Treasury's highly experienced global team

The L1 Treasury team is international with employees from 12 different nationalities. The team is highly experienced and contains all the specialties that would be found in an institutional asset management company, from risk management and investment professionals to technology and infrastructure experts.

The CIO of L1 Treasury is responsible for implementing the investment strategy within the risk limits and parameters set by its Investment and Risk Committee. The Committee consists of executives of the L1 Group as well as non-executives. ●



Financials

Combined pro-forma balance sheet of LetterOne [1] (unaudited)

AS AT 31 DECEMBER 2022

US$ million	31 Dec 2022	31 Dec 2021
Core Investments		
L1 Energy	**3,944**	**6,030**
- Wintershall Dea	**3,753**	5,860
- New Energy	**191**	170
L1 Technology	**1,238**	**2,906**
- VEON	**515**	2,313
- Turkcell	**723**	592
L1 Retail	**1,574**	**2,122**
- DIA	**623**	822
- Holland & Barrett	**951**	1,300
Private equity funds	**2,626**	**5,162**
L1 Health	**1,338**	**955**
Total Core Investment	**10,720**	**17,175**
Treasury and other assets		
Debt instruments	**3,388**	3,883
Hedge funds (at fair value)	**891**	1,804
Direct lending (at amortised cost)	**806**	688
Liquidity and mutual funds	**15**	2,797
Other liquid instruments	**277**	361
Cash and cash equivalents	**1,156**	70
Other assets and liabilities	**1,401**	7
Total Treasury and other assets	**7,934**	**9,610**
NET ASSETS (2)	**18,654**	**26,784**

[1] The Combined Financial Information has been prepared by aggregating the financial information in the consolidated IFRS financial statements of Letterone Holdings SA and Letterone Investment Holdings SA IFRS does not provide for specific requirements regarding the preparation of Combined Financial Information and consequently, this information has not been prepared in accordance with IFRS.

[2] The combined net asset value of US$18.7bn comprises the US$6.3bn consolidated net asset value of Letterone Holdings SA and the US$12.4bn consolidated net asset value of Letterone Investment Holdings SA as at year ended 31 December 2022.

Liquidity

Liquidity (<1 yr)	7,679	9,610

Financials

Combined pro-forma income statement of LetterOne [1] (unaudited) for the year

ENDED 31 DECEMBER 2022

US$ million	Year ended 31 Dec 2022	Year ended 31 Dec 2021
(Loss) / gain from Core Investments		
(Loss) / gain from L1 Energy	**(2,072)**	**841**
Net (loss) / gain from Wintershall Dea	***(2,037)***	*852*
Change in fair value	**(2,334)**	627
Dividend income	**297**	225
Net loss from New Energy	***(35)***	*(11)*
Change in fair value	**(35)**	(11)
(Loss) / gain from L1 Technology	**(1,675)**	**338**
Net (loss) / gain from VEON	***(1,806)***	*628*
Change in fair value	**(1,806)**	628
Net gain / (loss) from Turkcell	***131***	*(290)*
Change in fair value	**119**	(325)
Dividend income	**12**	35
Gain from L1 Health	**45**	**115**
Change in fair value	**45**	115
Loss from L1 Retail	**(1,346)**	**(749)**
Loss from Holland & Barrett	***(1,146)***	*(65)*
Change in fair value	**(1,146)**	(65)
Loss from DIA	***(200)***	*(684)*
Change in fair value	**(200)**	(689)
Dividend income	-	5
(Loss) / gain from private equity funds	**(2,468)**	**3,990**
Change in fair value	**(2,468)**	651
Distributions	**-**	3,339
Total (loss) / gain from Core Investments	**(7,517)**	**4,535**
(Loss) / Income from Treasury assets	**(5)**	**250**
Net portfolio (loss) / gain	**(5)**	250
Other income and expenses (net)	**(330)**	**(226)**
Operating (loss) / profit	**(7,852)**	**4,559**
Income tax expense	**(1)**	-
Net (loss) / profit for the year	**(7,853)**	**4,559**

[1] The Combined Financial Information has been prepared by aggregating the financial information in the consolidated IFRS financial statements of Letterone Holdings SA and Letterone Investment Holdings SA IFRS does not provide for specific requirements regarding the preparation of Combined Financial Information and consequently this information has not been prepared in accordance with IFRS.

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