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# Fairness Opinion Valora

## Assessment of the financial adequacy of the public tender offer by Impulsora de Marcas e Intangibles, S.A. de C.V. for all publicly held registered shares of Valora Holding AG

Zurich, 4 July 2022

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# Fairness Opinion Valora

## Content

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# 1 Introduction

# 1 Introduction

## 1.1 Background

Valora is a leading retail group listed on the SIX Swiss Exchange.

Valora Holding AG ("Valora" or "the Company") is a retail company based in Switzerland, which operates in the retail and food services segments. In the retail segment, the Company operates small-volume sales formats with k kiosk, avec, ServiceStore DB, cigo, U-Store and P&B, which sell tobacco, press and convenience/food products for everyday needs. With well-known formats such as Brezelkönig, Ditsch, BackWerk, Back-Factory and Caffè Spettacolo, Valora has an extensive network of on-the-go points of sale for baked goods and smaller meals and snacks in the food service segment. Valora supplies both its own B2C network and its B2B customers with its own production facilities for pretzel products in Europe and the U.S., benefiting from its own integrated value chain.

In total, the Company is present at around 2'700 high-frequency locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. Valora's network employs a total of around 15'000 people.

Valora's registered office is in Muttenz, Switzerland. In the 2021 financial year ("FY"), the Group generated net revenue of CHF 1.8 billion and an EBITDA (pre IFRS 16) of CHF 84.5 million. Valora shares have been listed on the SIX Swiss Exchange ("SIX") since 2 August 1996. As of 4 July 2022, Valora had a market capitalization of CHF 749.5 million. Valora's share capital consists of 4'390'000 registered shares with a nominal value of CHF 1.00 each.[1]

On 4 July 2022 Valora and Fomento Economico Mexicano, S.A.B. de C.V. ("FEMSA") entered into a transaction agreement pursuant to which FEMSA agreed to, or cause a subsidiary to, submit a voluntary public takeover offer ("the Offer") for all publicly held registered shares of Valora. The Offer was pre-announced by FEMSA on 5 July 2022 following the signing of the transaction agreement and prior to the start of trading on SIX. The Offer Price per Valora share is CHF 260.00 in cash ("Offer Price").

1 Sources: SIX Swiss Exchange and Valora management information.

## 1.2 Our mandate

This Fairness Opinion consists of an independent valuation analysis of Valora.

On 1 May 2022, the board of directors ("BoD") of Valora commissioned IFBC AG ("IFBC") to prepare an independent Fairness Opinion assessing the financial adequacy of the Offer Price. This report was prepared exclusively for the purpose of assisting the BoD of Valora in the evaluation of the Offer. The Fairness Opinion may only be used for the financial evaluation of the Offer by the BoD of Valora. Use for any other purposes is not permitted. In particular, the fairness opinion does not constitute a recommendation to the public shareholders to accept or reject the Offer.

IFBC is an independent corporate finance advisor and does not receive any compensation that depends on the valuation results nor is IFBC entitled to a success fee if the transaction is successfully completed.

IFBC issues this Fairness Opinion as an independent corporate finance advisor and will receive a customary market fee for its services. IFBC does not receive any compensation that depends on the statements in this valuation report nor is IFBC entitled to receive a success fee if the proposed transaction is successfully completed. IFBC confirms that it is particularly qualified to issue fairness opinions within the meaning of Article 30(6) of the Ordinance of the Takeover Board on Public Takeover Offers (*Übernahmeverordnung*, UEV) and that it is independent of the Offeror and target company as well as the persons acting in concert with them.

When preparing our Fairness Opinion, IFBC relied on the accuracy and completeness of the information received from the management of Valora. We further assume that the information received was prepared professionally and to the best of Valora's knowledge and belief and thus represents the best currently available assessment on the part of Valora's management. IFBC's responsibility is restricted to the careful and professional assessment and verification of the plausibility of the information and calculations provided. In providing this opinion, IFBC has not conducted an audit nor a due diligence.

The valuation is carried out as at 4 July 2022

The results of our independent valuation analyses were provided to the BoD of Valora on 4 July 2022 prior to the announcement of the Offer made by FEMSA on 5 July 2022. The valuation is based on the current business plan, which was approved by the BoD on 1 May 2022, as well as on Valora's annual financial statements as at 31 December 2021. Valora's management also confirms that no material events or transactions occurred between 31 December 2021 and the publication of this Fairness Opinion, which have not been taken into account in the current forecast for FY 2022 and in the relevant business plan. The valuation also took into account the recently announced takeover of the fast-casual food service provider Frittenwerk ("Frittenwerk") as well as the takeover of a further 71 filling station shops from Oel-Pool ("Oel-Pool Shops") as at April 2023.

## 1.3 Approach

The assessment of the financial adequacy of the Offer by Impulsora de Marcas e Intangibles, S.A. de C.V. ("Impulsora" or "the Offeror") to the shareholders of Valora is based on valuation considerations of IFBC. These are based on the following analyses, which are described in detail in this report:

- Analysis of the business activities of the Company, its service offerings and strategy as well as the current market environment
- Analysis of historical financials
- Evaluation of the business plan approved by the BoD of Valora
- Valuation of the Company and calculation of the value per share based on the following valuation methods:
  - Discounted cash flow method
  - Trading-multiples analysis
  - Transaction-multiples analysis
- Share price analysis and analysis of analyst expectations

No consideration has been given to the tax, legal or other situation at the individual investor level in the assessment of the financial adequacy of the Offer made by Impulsora to the shareholders of Valora. Accordingly, only general statements on the financial adequacy of the Offer from the perspective of public shareholders are possible in the context of this fairness opinion.

## 1.4 Sources

Among other things, our assessment is based on the analysis of the following sources:

- Audited annual reports of Valora (consolidated) for FY 2017 to FY 2021
- The business plan approved by the BoD of Valora on 1 May 2022
- Business plans regarding the acquisitions of Frittenwerk and the Oel-Pool Shops approved by the BoD of Valora on 31 May 2022 and 19 May 2022, respectively
- Current information provided and assumptions made by Valora's management
- Capital market and financial data of selected peer companies (source: Refinitiv Eikon)
- Data from selected transactions based on publicly available information (source: Refinitiv Eikon)
- Other publicly available information
- Meetings with Valora's relevant management bodies

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# 2 Company description and market analysis

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## 2.1 Overview of Valora

Valora is an international retail group operating in the segments retail and food service

Valora is a retail and food service company, based in Muttenz (CH), operating internationally. In the retail segment, the Company operates small-scale shop concepts in high-frequency locations with k kiosk, avec, ServiceStore DB, cigo, U-Store and P&B, which sell tobacco, press and convenience/food products for everyday needs. In the food service segment, with well-known formats such as Brezelkönig, Ditsch, BackWerk, Back-Factory and Caffè Spettacolo, Valora also has an extensive network of on-the-go points of sale for baked goods and smaller meals. Thanks to its own production facilities for pretzel products in Europe and the U.S., Valora supplies both its own B2C network and B2B customers, benefiting from its integrated value chain. In total, the Company is present at around 2'700 high-frequency locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. Valora's network employs a total of around 15'000 people.

Valora's registered office is in Muttenz, Switzerland.

Valora's operating business is divided into the two segments retail and food service.

Ernst Peter Ditsch is the main major shareholder holding 16.9% of Valora shares.[2]

As of 4 July 2022, the market capitalization amounted to CHF 749.5 million for 4'382'911 shares outstanding and a share price of CHF 171.00.[3]

[2] Source: SIX Swiss Exchange – major shareholders, as at 4 July 2022.

[3] Sources: SIX Swiss Exchange and Valora management information, as at 4 July 2022.

## 2.2 Valora's business model

### 2.2.1 Strategy

Valora's business activities are divided into the retail and food service segments

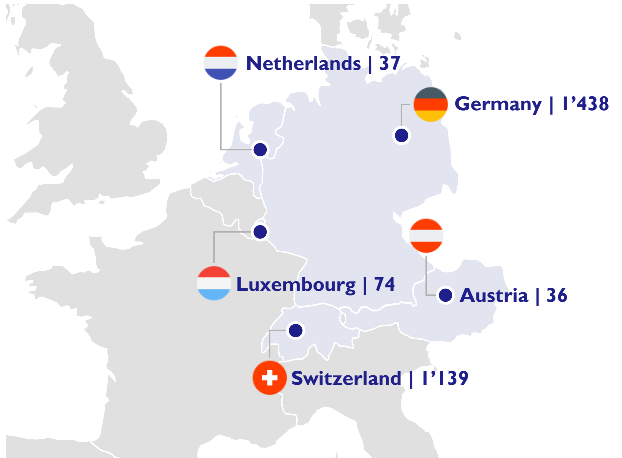
In general, the operations of Valora are divided into two different reporting units.

In the retail segment, Valora operates marketing and distribution systems for press products, tobacco and daily consumer staples as well as spontaneous impulse purchases. The segment's brand portfolio includes
k kiosk, cigo, avec, Press & Books, U-Store and Service-Store DB. Overall, in the financial year ("FY") 2021, around 83% of the total net revenue was generated in the retail segment.

Within the food service segment, Valora has an integrated value chain spanning all stages from production to the distribution of in-house pretzels and other baked goods. At the end of 2021, Valora had a total of 16 production lines in Switzerland, Germany and the USA, manufacturing around 730 million baked goods in FY 2021.
The baked goods are distributed both through B2B and B2C channels. In addition to the sale to wholesalers, it also supplies its own food service sales formats such as Brezelkönig, Ditsch and BackWerk.

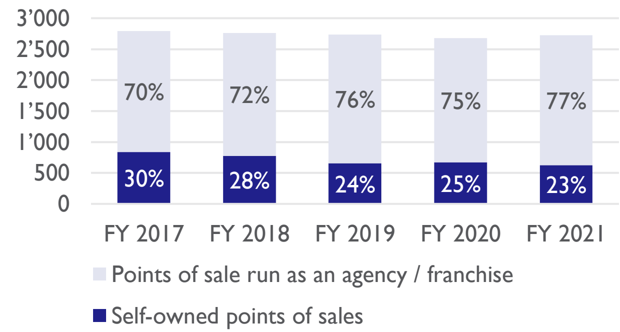
At the end of 2021, the two segments have a network of a total of 2'724 points of sale in Switzerland, Germany, Luxembourg, Austria and the Netherlands. Just over 75% are operated as agencies and by franchisees. Valora's network employed around 15'000 people in FY 2021.

**Valora's points of sale network in FY 2021**




Source: Valora management information.

**Number of points of sale of Valora**




Source: Valora management information.

**Multi-format strategy**

As part of its market positioning, Valora places its own focus on "foodvenience" – a combination of retail/convenience and food service. In this context, the Company pursues a multi-format strategy with currently twelve different sales formats at high frequency locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. Depending on local circumstances, customer frequency and the size of the available sales space, formats that differ in terms of their share of food and fresh products as well as their degree of specialization are used at the various locations. The different formats are used to successfully meet the needs of consumers in a targeted manner.

**Valora sales formats**[4]


Source: Valora management information.

**Planned expansion of the sales outlet network and product range**

Valora has identified significant growth opportunities in the retail and food service segments. On the one hand, the sales outlet network is to be further expanded in future. While the retail sector focuses in particular on the convenience formats avec and ServiceStore DB, the Company sees great potential for growth in the food service business due to new locations and shop-in-shop presence, especially at BackWerk. On the other hand, the focus is on increasing the attractiveness of products, with particular emphasis on expanding the high-margin food category. In this context, regional, vegetarian and vegan products in particular, as well as fair trade and organic products, are becoming increasingly important.

**Supplementary use of retail sales space for alternative sources of income**

In addition, the use of retail sales space and the associated sources of revenue are becoming increasingly versatile. On the one hand, locations are being transformed into comprehensive service centres. This means that it is increasingly possible to pick up or drop off parcels at points of sale and to purchase tickets for public transport such as buses or trains. Secondly, the points of sale are increasingly made available to manufacturers and suppliers as advertising space for marketing activities.

4 BackWerk incl. Back-Factory.

Autonomous store concepts for round-the-clock purchases

Against the background of increasing digitalization, Valora is constantly rethinking and expanding the way it designs its own points of sale. In combination with the constantly growing convenience mindset of customers and their need for round-the-clock shopping opportunities, the Company is increasingly turning to partially or even fully autonomous points of sale and free-standing snack machines. Thanks to the additional strengthening of their own e-commerce channels, customers can also access a growing online offering in the food and non-food sectors and conveniently shop from home.

Strengthening vertical integration and B2B

With its own brands ok.- and Caffè Spettacolo and its own production of pretzel products, Valora considers vertical integration to be a key competitive advantage. For this reason, the share of private label products in the product mix is to be further strengthened in the future and the B2B bakery business further expanded.

### 2.2.2 Sales formats in the retail segment

avec

Modern convenience format specially designed for high-frequency locations such as train stations or filling stations. The share of food and fresh products in the overall product portfolio is above average and includes both local and regional products. Avec offers customers the autonomous, cashless avec box and avec 24/7 stores provide additional convenience when shopping for day-to-day needs. The 24/7 stores are operated autonomously and without staff at night and on Sundays.

k kiosk

Market leader in the kiosk business with an increasing share of food and beverage products. Its core product lines include tobacco, lottery, snacks and press items. In addition, a pick-up/drop-off service is offered for parcels. In 2022, up to 300 k kiosk vending machines will also be placed across Switzerland in order to further expand the availability of the product in time. The points of sale are operated as self-owned outlets, agencies and franchises.

ServiceStore DB

Biggest supplier of fresh bakery products at Deutsche Bahn sites with a wide and flexible range of snack options and an increasing share of fresh products. ServiceStores DB's wide range of oven-fresh baked goods, sandwiches, chilled drinks and tobacco products is aimed at commuters and long-distance travellers, among others.

U STORE

Classic convenience stores at German underground stations and high-frequency bus stations. In addition to provisions for the journey, tickets for buses and trains are also offered at the points of sale operated exclusively by way of franchises.

cigo

Kiosk format with a strong focus on a broad range of tobacco products. Press items and everyday services such as postal services round off the offer. The chosen locations are limited, in particular, to shopping centres and entrance areas in the grocery retail sector.

Press & Books

Market leader in the book trade at transport hubs within Germany with around 160 stores. In Switzerland, Press & Books has points of sale inter alia at Zurich Airport. In addition to a large selection of books, it also includes more than 11'000 newspapers and magazines from various countries and in numerous languages. It also offers a pick-up service for the products ordered in the online shop.

### 2.2.3 Sales formats in the food service segment

Sale of high-quality products such as pretzels, baguettes, croissants, hot dogs and selected sandwich creations for everyday on-the-go snacks. The Swiss pretzel specialist has the baked goods prepared by hand and part-baked in Emmenbrücke in the Canton of Lucerne, which are then finished freshly at the points of sale and turned into sandwiches or hot dogs.

Super Guud is a trendy snacking concept for urban commuters. A new range of sandwiches and salads as well as hot and cold drinks is offered at currently three locations at the train stations in Zurich and Basel.

The Caffè Spettacolo brand embodies the concept of a coffee bar with Italian flair. With 30 locations across Switzerland, Caffè Spettacolo is Switzerland's largest coffee bar chain, a place where unique coffee blends, barista craftsmanship and savoury and sweet Italian dishes are on offer.

BackWerk is Germany's largest gastronomic business in connection with baked goods and, according to BackWerk, is the actual inventor of the self-service bakery. Due to the wide range of snack and catering options, which are adjusted regionally and seasonally, BackWerk is a market leader in Europe in this field. The takeover of Back-Factory in autumn 2021 and the associated approximately 80 points of sale will further strengthen BackWerk's positioning in future.

Ditsch is a brand that can look back on a long tradition. Since 1919, pretzel products have been produced under the name Ditsch. Today, Ditsch positions itself throughout Germany at train stations, among other things, and sells pizza snacks as well as hot and cold drinks besides the pretzel products. The pretzel products are produced as well as part-baked in own production plants in Germany and are finished freshly on site.

## 2.3 Historical financials of Valora

Key events in the recent past

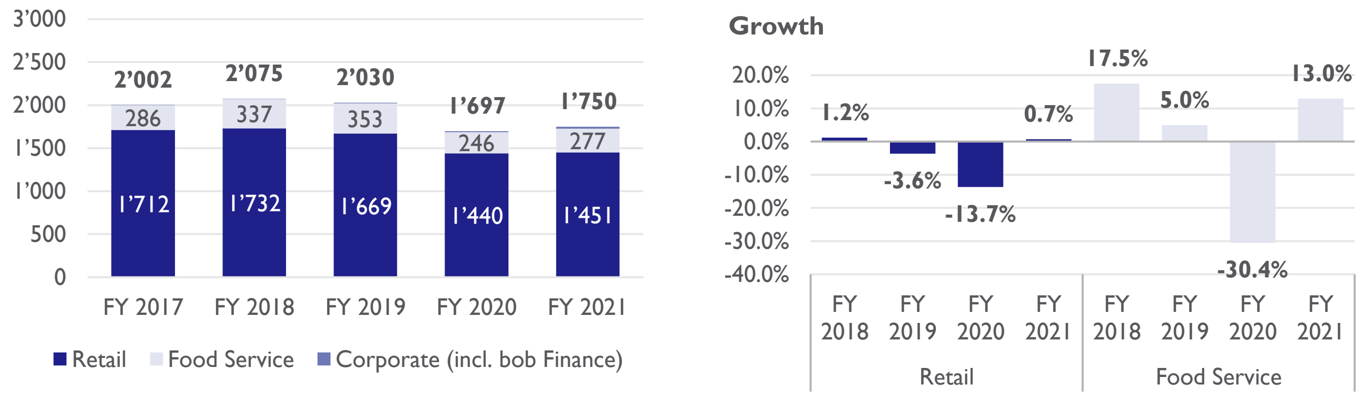
Valora's recent history has been marked by the following key events, among others:[5]

- The 2020 and 2021 financial years were significantly influenced by COVID-19. The official orders to contain the virus have at times significantly reduced the number of customers and, in particular, the demand for meals on the move, which had negative impact on Valora's revenue levels and operating profit. Due to the very low customer numbers during the lockdown months, Valora was forced to severely restrict the opening hours of points of sale or to close them completely at times.
- Despite the challenging economic environment, Valora has pursued its own strategic priorities over the past two financial years that were impacted by COVID-19. For this and other reasons, 440'000 additional Valora shares were placed on SIX in November at a price of CHF 158. The gross proceeds from the share placement amounted to around CHF 70 million.
- During the 2020 financial year, in addition to completing the expansion of B2B capacities for the production of pretzel products in Germany and the U.S., numerous points of sale under the contract awarded by the Swiss Federal Railways ("SBB") were also converted, modernized and subjected to rebranding on a case-by-case basis. The modernization of the SBB conversions is still ongoing and should essentially be completed by the end of 2022.
- The consistent pursuance and gradual implementation of Valora's own foodvenience strategy has recently also been demonstrated by the implementation of hybrid and autonomous point-of-sale concepts. Moreover, with its takeover of Back-Factory in 4th quarter of 2021, Valora increased its own presence in the German market and since then has been one of Germany's five largest gastronomic businesses.
- Thanks to a partnership with the fuel company Moveri, access to a further 39 attractive convenience locations in Switzerland was obtained in mid-2021. According to the announcement in mid-June 2022, this cooperation will be further intensified in the future. Valora expects to take over another 71 filling station shops from Oel-Pool by April 2023 and to gradually convert them into avec stores.
- At the beginning of June 2022, the Company also entered the booming fast-casual market with the purchase of the German trend format Frittenwerk. In doing so, Valora is expanding its own food service business, which until now has mainly been operated as a takeaway format, towards themed gastronomy.

[5] Source: Valora press releases.

Historical development of net revenue

**Historical development of Valora's net revenue by segment (in CHF million)**

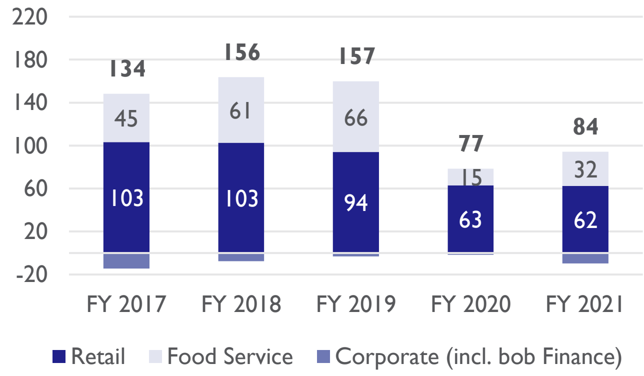


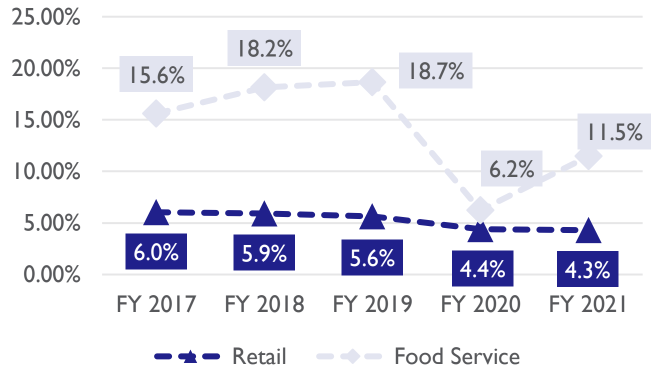

Source: Valora annual reports and management information.

At the segment level, the food service formats were significantly more affected by the COVID-19 pandemic as the need for meals on the move declined substantially. A direct comparison showed that the retail segment was much more resilient. Due to the broader product portfolio and the diversified sales outlet network, the negative impact of the interim shift in consumer and mobility behaviour has been countered. While net revenue of the food service segment decreased by 30.4% in FY 2020, retail sales declined by 13.7% during the same period. Thanks to the vaccination programme being stepped up during 2021 and the increased easing of measures, a rapid recovery occurred, particularly in the food category. Against this backdrop, net revenue from the food service segment increased by 13.0% in FY 2021 compared to the previous year.

Historical development of EBITDA

**Historical development of EBITDA and EBITDA margin (pre IFRS 16) of Valora by segment (in CHF million)**




Source: Valora annual reports and management information.

The impact of the fall in demand in the high-margin food sector is also reflected in the operating result. While Valora generated EBITDA (pre IFRS 16) of CHF 157 million in FY 2019, it declined by around half in 2020. Although the retail business came under just as much pressure in terms of margin, the stronger exposure of the food service formats to the effects of the official measures is also reflected in margin development. In retail, the EBITDA margin fell by around 120 basis points to 4.4% at the end of 2020. At the same time, operating profitability for food services fell by around two-thirds over the same period. Thanks to the recovery in terms of revenue over the past year, the EBITDA margin (pre IFRS 16) in the food service segment for FY 2021 has already risen significantly.

Historical KPIs of Valora

**Other historical KPIs of Valora**

| in CHF million | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Net revenue** | **2'002** | **2'075** | **2'030** | **1'697** | **1'750** |
| Net revenue growth in % | -4.5% | 3.7% | -2.2% | -16.4% | 3.1% |
| **EBITDA (pre IFRS 16)** | **134** | **156** | **157** | **77** | **84** |
| EBITDA margin (pre IFRS 16) | 6.7% | 7.5% | 7.7% | 4.5% | 4.8% |
| **CAPEX** | **-32** | **-67** | **-86** | **-59** | **-37** |
| In % of net revenue | -1.6% | -3.2% | -4.2% | -3.5% | -2.1% |
| **Operating NWC** | **45** | **69** | **53** | **26** | **32** |
| In % of net revenue | 2.3% | 3.3% | 2.6% | 1.5% | 1.8% |
| Net debt[1)] | 246 | 359 | 321 | 212 | 209 |
| Equity (book value) | 738 | 614 | 626 | 685 | 677 |

1) Pre IFRS 16

Source: Valora annual reports and management information.

Net investments ("CAPEX"), excluding M&A activities, increased from CHF 32 million to CHF 86 million between FY 2017 and FY 2019. Compared to net revenue, CAPEX grew disproportionately. Due to the outbreak of the COVID-19 pandemic and the associated economically challenging environment, investment volume was reduced accordingly in the recent past. Nevertheless, strategic priorities were pursued through targeted investment decisions. This includes, among other things, the expansion of capacities for the production of pretzel products in Germany and the U.S., as well as the conversion and modernization of numerous points of sale in connection with the contract awarded by the Swiss Federal Railways ("SBB"). In addition, a major acquisition was made in FY 2021 with the takeover of Back-Factory (not included in the CAPEX).

Despite the challenging financial situation during the COVID-19 pandemic, thanks inter alia to a successfully completed capital increase of CHF 70 million and the decision not to pay a dividend for the financial years 2019 and 2020, Valora was able to stabilize its balance sheet and at the same time reduce its net debt in FY 2021 (excluding leasing liabilities from IFRS 16) by around a third to CHF 209 million compared to the pre-crisis level.

## 2.4 Market analysis

The global convenience food market

Anything, at any time and anywhere – convenience is on the rise. In a fast-paced time, consumers are striving for practical and convenient solutions in every part of life.[6] The global convenience market was estimated to amount to just over 2.2 trillion U.S. dollars in 2021. A compound annual growth rate ("CAGR") of 5.6% is forecast for the years 2022 to 2028, raising the market to 3.1 trillion U.S. dollars at the end of the period under review.[7] Among other factors, an increasingly hectic lifestyle, higher incomes, increasing urbanization combined with an increasing number of single - and two-person households, and the general shift in the age structure are key factors for the future growth potential of the entire industry. In the food sector, ready-to-eat products are becoming increasingly important as a result. Although demand for fast meals, whether at home, at work or on the move, is always on the rise, convenience food products must meet ever higher requirements in terms of freshness, health and sustainability.[8] With the outbreak of the COVID-19 pandemic, these general market trends have become even stronger. Awareness of a healthy diet and demand for sustainable products is more prevalent than ever. Small convenience sales formats are increasingly being deliberately favoured in order to avoid large numbers of people without having to forgo daily consumer products.[9]

Autonomous sales formats, a recipe for success in many respects

Demand in society for digital and solutions that are available at any time continues to grow. Consumer demand for round-the-clock shopping options calls for innovative solutions based on statutory provisions. On the one hand, independently operating sales formats that can be accessed via an app and which allow for individual payment processing via card-readers are the key to success. On the other hand, online sales channels and home delivery services are just as crucial an alternative to reaching consumers, at least since the outbreak of the pandemic. The new sales models are also attractive from a cost management perspective because, among other factors, the staff requirements are generally lower. With regard to personnel costs, the retail trade is expected to face increased margin pressure in the future. The recent rise in inflation rates in the U.S. and Europe, as well as the statutory increase in minimum wage, will tend to lead to higher wage costs. Pressure on operating margins could intensify as consumers increasingly focus on high-quality, sustainable, yet inexpensive products.[10]

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6 Source: Deloitte, Convenience – Anything, Anytime, Anywhere, July 2020.

7 Source: Grand View Research, Convenience Stores Market Size & Analysis Report 2028.

8 Source: Deloitte, Convenience – Anything, Anytime, Anywhere, July 2020; IndustryARC, Convenience Food Retail Market – Forecast 2022 – 2027.

9 Source: McKinsey & Company & EuroCommerce, Disruption & Uncertainty, The state of grocery retail 2021.

10 Source: Federal Ministry of Labour and Social Affairs, Minimum Wage Increase Act; McKinsey & Company & EuroCommerce, Disruption & Uncertainty, The state of grocery retail 2021.

Effects of tobacco advertising bans

Although convenience stores are increasingly focusing on expanding their range of foods, the sale of cigarettes and tobacco products represent a key source of revenue for these sales formats. Generally speaking, the trend for tobacco consumption is stable or slightly on the decline. Given that the referendum for the initiative to protect young people from tobacco advertising in Switzerland resulted in a "yes" vote, this decline could accelerate in the future due to fewer new smokers given that consumer behaviour generally correlates with advertising messages. However, the potential impact of the political debate is not limited to Switzerland alone as tobacco advertising is also banned in the EU member states in print media, on the radio and on television. Ultimately, only a marginal impact can be expected in the short term as the effects will tend to only become apparent as the younger generations grow up.[11]

[11] Source: Bundesamt für Gesundheit, Werbeeinschränkungen für Tabakprodukte, Werbung einschränken, um Jugendliche zu schützen; management information from Valora.

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# 3 Valuation

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## 3.1 Valuation approach

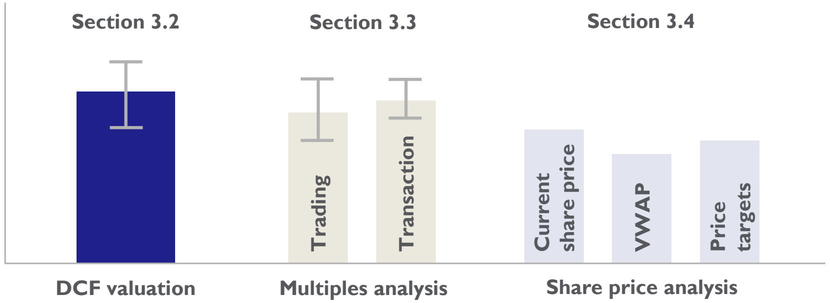
According to best practice, we basically focus on the DCF approach to value Valora. In addition, we apply trading and transaction multiples as well as the results of the share price analysis.

Valora's valuation of the financial adequacy of Impulsora's Offer is carried out on a stand-alone basis using different valuation methods. In accordance with the pre-announcement of the public takeover offer of 5 July 2022, the value per Valora share is calculated as at the valuation date of 4 July 2022.[12]

The discounted cash flow ("DCF") method is of key importance in the context of our valuation. The valuation considerations are supplemented by the application of market-based methods based on the valuation of peer companies (trading multiples) and prices paid in past transactions (transaction multiples). The value per share resulting from the DCF method and from the trading and transaction multiples valuation is also compared with Valora's current share price, Valora's volume weighted average price ("VWAP") and the analysts' published target prices.

The following provides an overview of the valuation methods used in the following sections:

**Valuation approach**




[12] Source: pre-announcement of 5 July 2022, Valora.

## 3.2 Discounted cash flow method

### 3.2.1 Introduction to the valuation methodology & to the cost of capital

Using the DCF approach is in line with corporate finance theory as well as current best practice in company valuation. In general, the value of a company is derived by discounting the expected future free cash flows (“FCF”) with the weighted average cost of capital (“WACC”) at the defined valuation date.

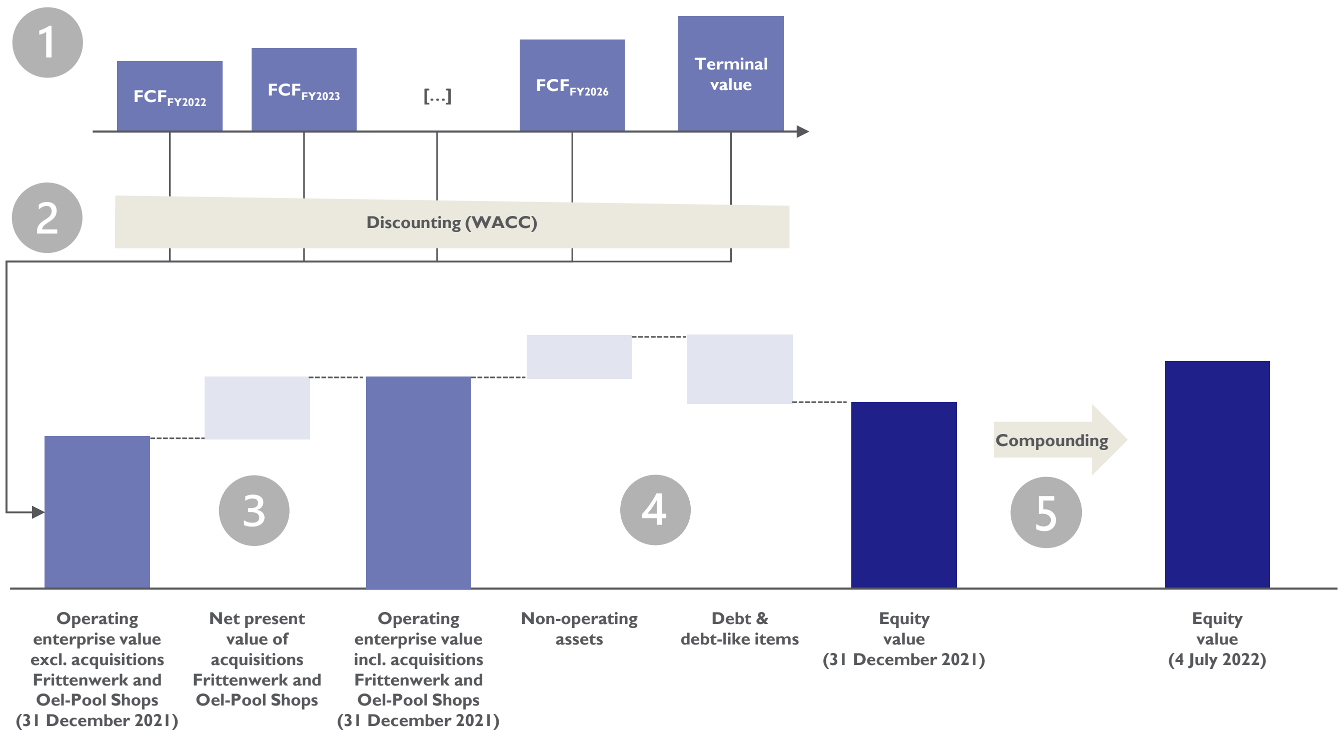
Based on the valuation approach described above, the equity value of Valora as at 4 July 2022 can be determined as follows:

Derivation of equity value

1. As a first step, the business plan approved by the Valora board of directors is used to determine the expected future free cash flows as part of a detailed plan for the period until the end of FY 2026. The proportion of cash flow that relates to the time after the business plan period is shown as a terminal value (“TV”).
2. The expected free cash flows for the business plan period and the calculated terminal value are then discounted with the appropriate WACC as per 31 December 2021 for Valora. The resulting discounted values give the operating enterprise value, excluding the acquisitions of Frittenwerk and the Oel-Pool Shops.
3. The expected free cash flows from the acquisitions of Frittenwerk and the Oel-Pool Shops are not included in Valora’s business plan. Both transactions have been approved by the board of directors on 31 May 2022 and 19 May 2022, respectively, and are valued accordingly. The resulting net present values are added to the operating enterprise value, excluding the acquisitions of Frittenwerk and the Oel-Pool Shops, in order to determine the operating enterprise value, including the acquisitions of Frittenwerk and the Oel-Pool Shops.
4. Based on the annual financial statements as at 31 December 2021, the non-operating assets are added to the operating enterprise value and debt and debt-like items are subtracted. This results in the fair value of equity as of 31 December 2021.
5. The calculated equity value is compounded as at the valuation date of 4 July 2022 and then divided by the number of shares outstanding in order to determine the value per share as at 4 July 2022.

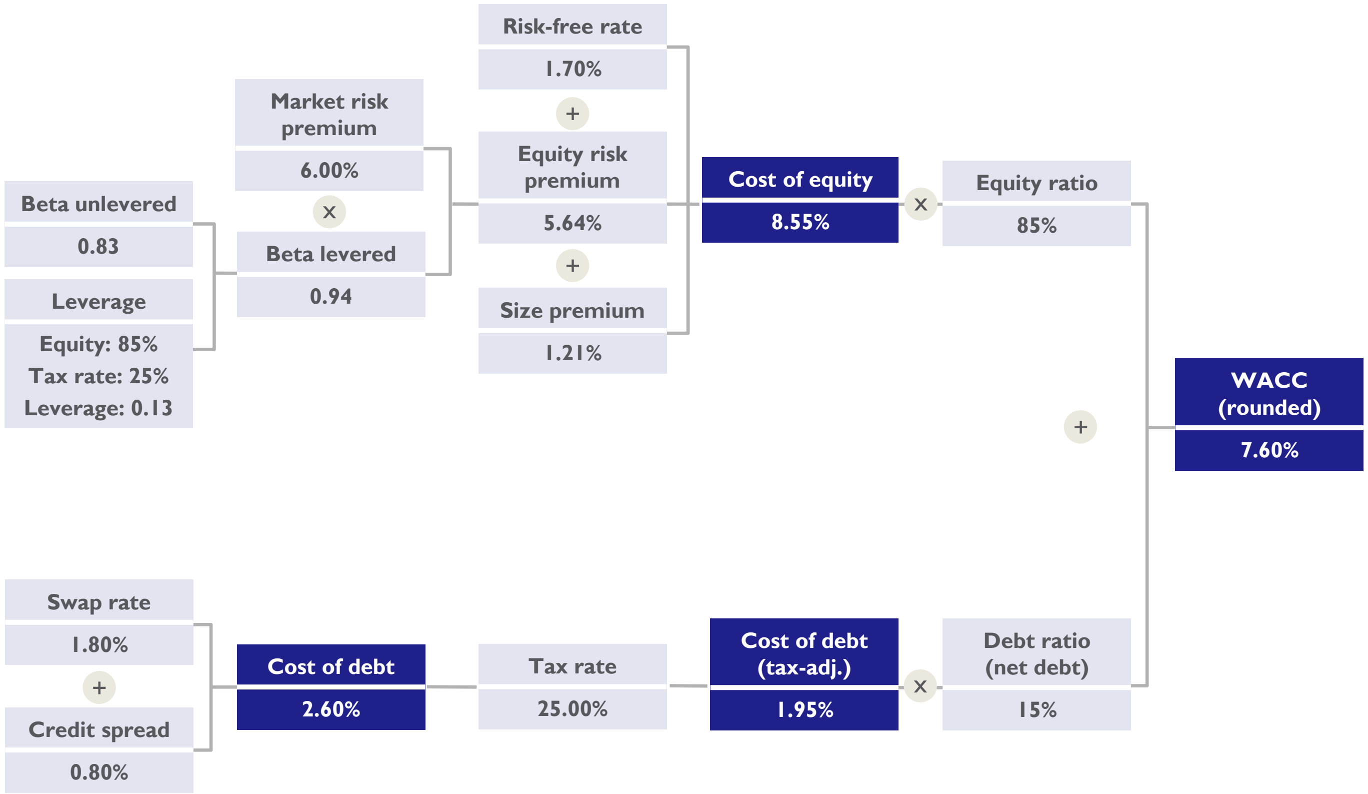
Methodology of equity value determination

The following illustration summarizes the determination of the equity value as at 4 July 2022:



Determination of the WACC for Valora

The following illustration summarizes the determination of the WACC for Valora:[13]




[13] For further details see Appendix 5.1.

### 3.2.2 Business plan

The free cash flow estimates are based on the business plan approved by the board of directors of Valora.

The forecast free cash flows for FY 2022 to FY 2026 are based on Valora's current FY 2022 forecast and on the business plan approved by Valora's board of directors on 1 May 2022. The business plan does not include the acquisitions of Frittenwerk and the Oel-Pool Shops, which are considered separately in the valuation. The assumptions about sustainable values as the basis for the calculation of the terminal value was confirmed by management.

**Overview of key assumptions in the business plan period and terminal value including comparison with the past**

| Average | FY 2017 - FY 2021 | FY 2022 - FY 2026 | Terminal value |
|---|---|---|---|
| **Net revenue growth (CAGR)** | -3.3% | 6.3% | 1.5% |
| **EBITDA margin (pre IFRS 16)** | 6.3% | 7.8% | 9.0% |
| **CAPEX in % of net revenue** | 2.9% | 4.3% | 3.5% |
| **Operating NWC in % of net revenue** | 2.3% | 2.8% | 2.8% |

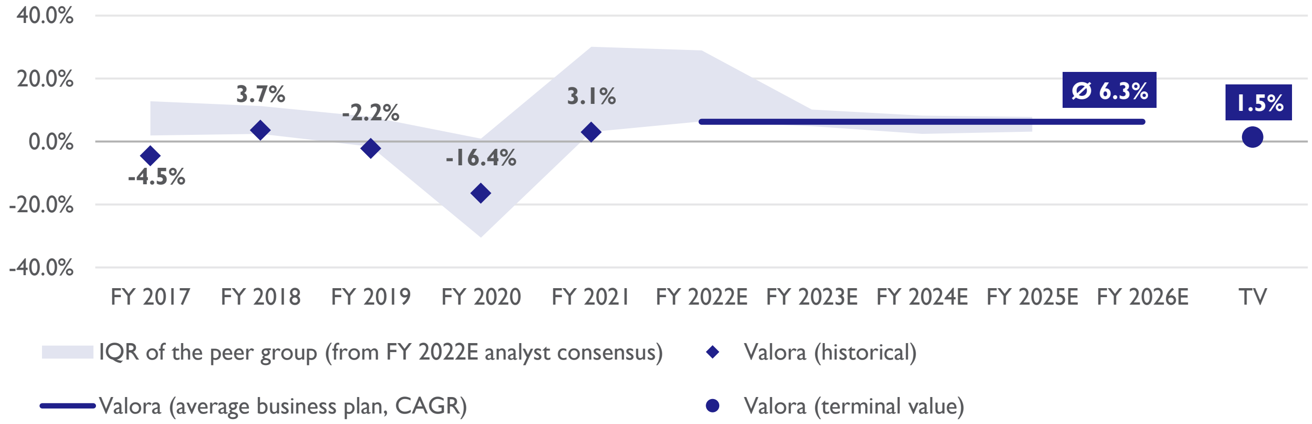
Sources: Valora annual reports and management information, IFBC analysis.

The averages of the most important value drivers and assumptions are shown in the table above.

We assessed and cross-checked the information and assumptions made by Valora's management from an independent point of view. To this end, the most significant assumptions were compared with, among others, analyst estimates for the peer companies identified. For the purpose of this analysis, the retail and food service peer companies have been combined in a peer group, as we have assumed that the expected future EBITDA of Valora will be divided equally between the two business segments. The most important assumptions are described in more detail below:

Assumptions regarding the development of net revenue

**Comparison of historical and forecast growth rates for Valora's net revenue and those of the peer group companies**




Sources: Refinitiv Eikon, analysts' reports, annual reports and management information from Valora.

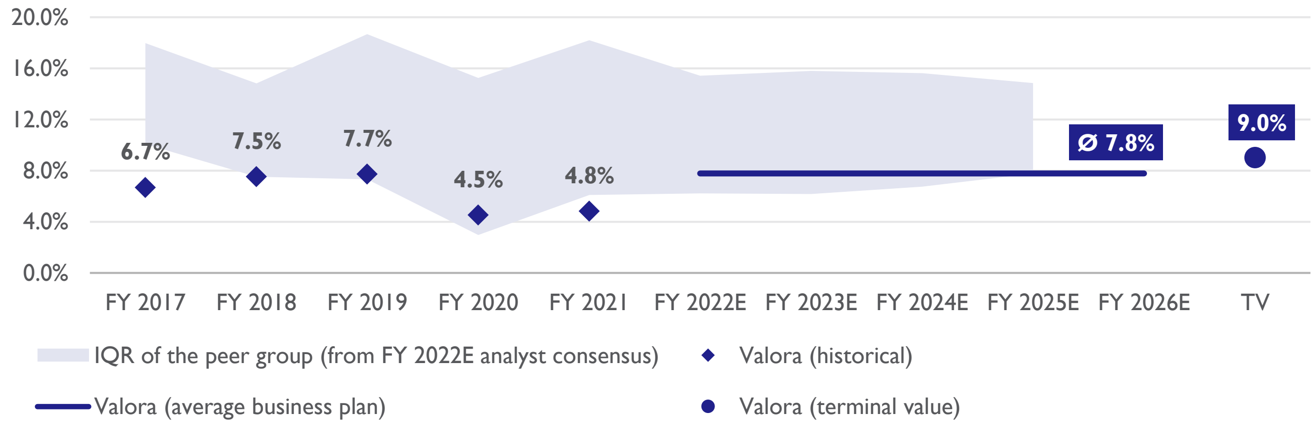
Following a significant decline in net revenue in FY 2020 as a result of the COVID-19 pandemic, Valora achieved an increasing recovery in FY 2021 due to vaccination programme and corresponding relaxation of measures by the authorities, particularly in the food sector, and realized an increase in net revenue of 3.1%. Valora assumes that future business performance will no longer be influenced by pandemic-related effects. For the business plan period FY 2022 to FY 2026 management expects an average compound annual growth rate ("CAGR") of 6.3%. This is within the interquartile range (25% quartile to 75% quartile, IQR) of the analysts' forecasts for peer companies and significantly exceeds the realized growth rates of Valora prior to the COVID-19 crisis (FY 2017 to FY 2019). The assumed average growth rate in Valora's business plan is supported by the generally expected market performance in the global food convenience market.[14]

The terminal value is calculated by taking into account a sustainable annual growth rate of 1.5%, which corresponds to EBITDA-weighted long-term inflation expectations.

[14] See remarks on p.19.

Assumptions regarding EBITDA margin

**Comparison of historical and forecast EBITDA margins (pre IFRS 16) of Valora and the peer group companies**[15]




Sources: Refinitiv Eikon, analysts' reports, annual reports and management information from Valora.

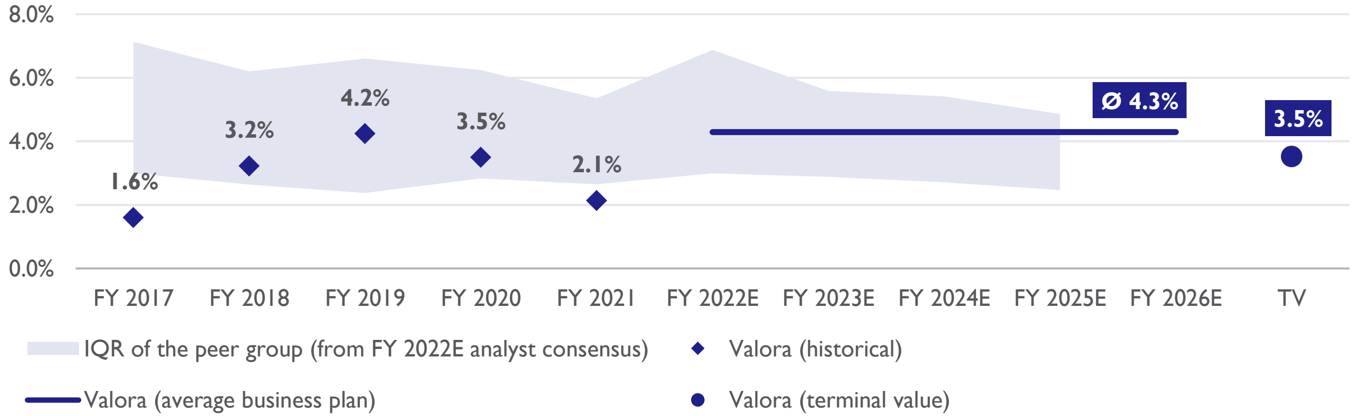
In the wake of the COVID-19 pandemic, Valora's EBITDA margin (pre IFRS 16) fell to 4.5% and 4.8% respectively in the 2020 and 2021 financial years. Valora's management expects a significant increase in margins over the coming years, which should result in an increase of the average EBITDA margin (pre IFRS 16) to 7.8%, i.e. to slightly above pre-crisis levels during the business plan period 2022 to 2026. Compared to the analysts' estimates for the peer group companies, the average margin assumptions in Valora's business plan are at the lower end of the interquartile range. Higher EBITDA margins (pre IFRS 16) compared to Valora are seen in peer companies that are primarily active in the food service sector.

From a long-term perspective, management estimates an EBITDA margin (IFRS 16) of 9.0% to be sustainable. The demonstrable increase compared with the average of the business plan period and profitability in the past is mainly attributable to the fact that in future the aim is to achieve a relative increase in food and fresh products in the product mix, which have higher margins, as well as the further conversion of points of sale into the Valora franchise model.

[15] Any IFRS 16-related effects have been eliminated in the historical and future EBITDAs of the peer group companies.

Assumptions regarding CAPEX (net investments)

**Comparison of historic and forecast CAPEX of Valora and the peer group companies**




Sources: Refinitiv Eikon, analysts' reports, annual reports and management information from Valora.

In the period FY 2017 to FY 2021, Valora invested between CHF 32 million and CHF 86 million per annum (excluding any M&A activities). This corresponds to an investment ratio of 1.6% to 4.2% per annum in relation to net revenue. Against the backdrop of the challenging economic environment surrounding the COVID-19 pandemic, only priority investments essential for implementing the strategy were made in the financial years 2020 and 2021. As a result, CAPEX relative to net revenue declined as of FY 2020 compared to 2019. An average investment level of 4.3% of net revenue is forecast for the coming years. This is comparable to analyst expectations for peer group companies and the investment ratio for FY 2019.

In the long term, management is expected to maintain a sustainable level of CAPEX in relation to net revenue of 3.5%. In calculating terminal value, depreciation is assumed to be in line with the forecast level of CAPEX.

Operative net working capital (NWC)

Starting from FY 2018, net working capital in relation to net revenue continued to fall from 3.3% to 1.8% (average FY 2017 – FY 2021: 2.3%). For the business plan period until the end of FY 2026, Valora expects operating net working capital to be 2.8% in relation to net revenue on average. Valora's management considers this relationship to be appropriate and sustainable and accordingly also takes it into account when calculating terminal value.

Taxes

Deferred tax assets and deferred tax liabilities are explicitly recognized in the business plan period up to and including FY 2024, based on the planning of actual tax expenses of Valora. For the business plan periods 2025 and 2026 as well as the terminal value, a tax rate of 25.0%, as estimated by Valora's management, is applied.

Acquisitions of Frittenwerk and the Oel-Pool Shops

Valora recently announced the acquisition of Frittenwerk and the takeover of a further 71 stores belonging to the filling station operator Oel-Pool. Neither of these transactions is included in Valora's underlying business plan. However, the board of directors of Valora has adopted the respective business plans for the two takeovers, which form the basis for the valuation.

At the beginning of June 2022, Valora announced the acquisitions of Frittenwerk. Frittenwerk is a German-based fast-casual food service provider which specializes in the reinterpretation of "poutine" (a Canadian French fries dish) and therefore offers similar unusual French fries dishes. With its takeover of the Company, Valora is entering the booming fast-casual market and further developing its own food service portfolio towards themed gastronomy. As part of the strategic initiative, Valora plans to double the number of currently 27 stores by 2025.[16]

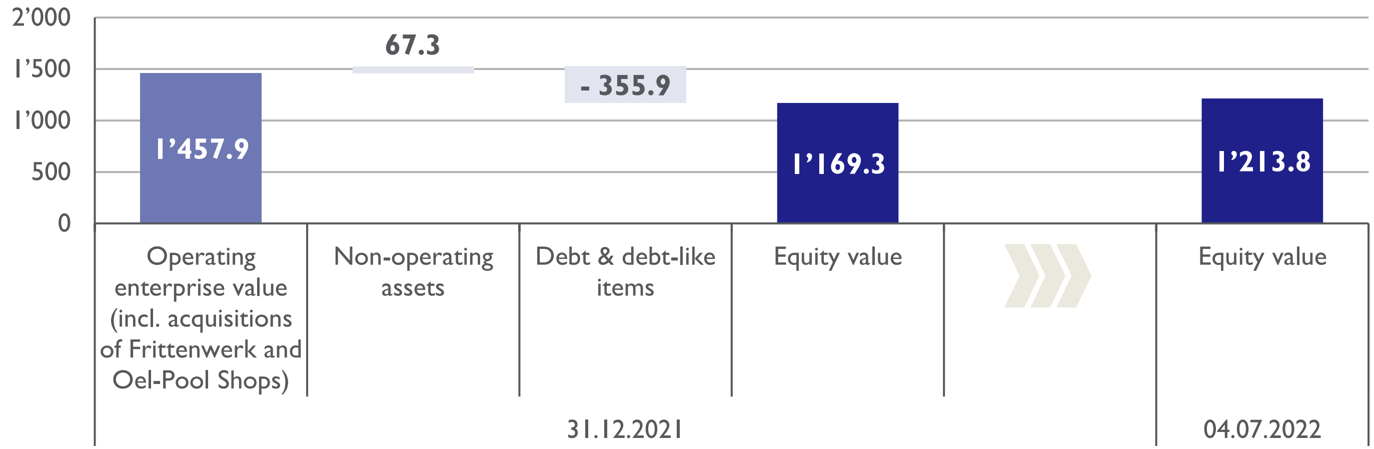
On 20 June 2022, Valora announced the further expansion of its partnership with Oel-Pool. Against this background, the filling station operator is expected to gradually acquire a further 71 filling station shops from April 2023 and convert them into modern avec stores with a comprehensive range of convenience items. Thanks to the extended cooperation with Oel-Pool, Valora is expected to increase its own presence at Swiss filling stations to more than 170 points of sale by the end of 2023. By cooperating with Oel-Pool and Moveri, Valora will have the largest convenience sales outlet network in Switzerland at the end of 2023, with a total of around 370 avec shops.[17]

[16] Source: press release "Valora enters the booming fast-casual market in Germany", Valora, 3 June 2022.
[17] Source: press release "Valora becomes Swiss convenience market leader with avec", Valora, 20 June 2022.

Calculation of the equity value

Discounting the expected free cash flows for the business plan period as well as the terminal value with the WACC of 7.60%[18] results in an operating enterprise value as at 31 December 2021, including the acquisitions of Frittenwerk and the Oel-Pool Shops, of CHF 1'457.9 million. Non-operating assets (mainly excess liquidity) of CHF 67.3 million as at 31 December 2021 are added to this figure. Debt and debt-like items (mainly interest-bearing short-term and long-term financial debt) totalling CHF 355.9 million as at 31 December 2021 are deducted. In a final step, Valora's equity value as at 31 December 2021 in the amount of CHF 1'169.3 million is compounded on the valuation date (4 July 2022). This results in an equity value as at 4 July 2022 of CHF 1'213.8 million.

**Determination of Valora's equity value as at 4 July 2022 (in CHF million)**




Source: IFBC.

Value per Share in CHF

As at 4 July 2022, a total of 4'390'000 shares have been issued.[19] According to management, Valora currently holds 7'089 treasury shares. The number of outstanding shares therefore amounts to 4'382'911.[20] Dividing the equity value as at 4 July 2022 by this number of shares results in a value per share of CHF 276.9.

18 See Appendix 5.1 for detailed information on the calculation of the WACC. For the valuation of the acquisitions of Frittenwerk and the Oel-Pool Shops, the WACC is adjusted by the relevant interest rate level.

19 Source: SIX Swiss Exchange.

20 According to Valora's management a cash settlement is envisaged for the outstanding performance share units ("PSUs") in the context of the transaction. Accordingly, the PSUs need not be taken into account when determining the value per share.

Sensitivity analyses

**Sensitivity analyses with respect to the value per share of Valora as at 4 July 2022 (in CHF)**

| Real terminal value growth rate | WACC 8.10% | 7.85% | 7.60% | 7.35% | 7.10% |
|---|---|---|---|---|---|
| 0.50% | 254.5 | 267.1 | 280.8 | 295.6 | 311.9 |
| 0.25% | 252.9 | 265.3 | 278.8 | 293.4 | 309.3 |
| 0.00% | 251.4 | 263.7 | 276.9 | 291.3 | 307.0 |
| -0.25% | 241.1 | 252.6 | 264.9 | 278.3 | 292.8 |
| -0.50% | 231.6 | 242.3 | 253.9 | 266.3 | 279.8 |

| Sustainable EBITDA margin (pre IFRS 16) | WACC 8.10% | 7.85% | 7.60% | 7.35% | 7.10% |
|---|---|---|---|---|---|
| 9.50% | 275.8 | 289.2 | 303.8 | 319.6 | 336.8 |
| 9.25% | 263.6 | 276.5 | 290.3 | 305.4 | 321.9 |
| 9.00% | 251.4 | 263.7 | 276.9 | 291.3 | 307.0 |
| 8.75% | 239.3 | 250.9 | 263.5 | 277.2 | 292.1 |
| 8.50% | 227.1 | 238.1 | 250.1 | 263.1 | 277.2 |

Source: IFBC

The above figures show sensitivity analyses with respect to the value per share of Valora as at 4 July 2022. A change in the WACC and assumed real growth rate in terminal value by ± 50 basis points results in a value range from CHF 231.6 to CHF 311.9. A change of ± 50 basis points in the WACC and the sustainable EBITDA margin (pre IFRS 16) results in a range for the value per share between CHF 227.1 and CHF 336.8.

**Summary**

- The application of the DCF method to determine the enterprise value is recognized best practice.
- The free cashflow assumptions are based on the business plan approved by the board of directors on 1 May 2022 and the related management information.
- A WACC of 7.60% was used to calculate the equity value.
- The resulting value per share as at 4 July 2022 amounts to CHF 276.9.
- The sensitivity analyses result in a value range per share from CHF 227.1 to CHF 336.8.

## 3.3 Multiples valuation

The valuation based on trading and transaction multiples are used to cross-check the value per share resulting from the DCF analysis.

Valuation based on trading multiples

One peer group consisting of peer companies was defined for each of the retail and the food service segments for the valuation based on trading multiples.[21] For each selected company, the EBITDA multiple is calculated by setting the total enterprise value as at 30 June 2022[22] (equity value plus net debt) in relation to the respective EBITDA[23] (06/2022 (last twelve months, "LTM"), 12/2022 and 12/2023 ("E")).[24] The average market capitalization of the peer group companies is significantly higher than that of Valora, which is why the implied size premiums in the peer group companies' market valuations are comparatively lower. In the valuation based on trading multiples, this relative difference in the implicit size premium is taken into account accordingly. The resulting median values of the peer group companies for the retail and food service segments are weighted according to the EBITDA shares (pre IFRS 16) of the corresponding Valora segments and based on actual and estimated EBITDA (pre IFRS 16) of Valora. This results in the operating enterprise value. Taking into account the liquidity required for operations, the non-operating assets as well as the net present value of the acquisitions of Frittenwerk and the Oel-Pool Shops are added to the operating enterprise value and interest-bearing financial debt and other debt-like items as at 31 December 2021[25] are deducted. The resulting equity value is compounded as per the valuation date of 4 July 2022 and divided by the number of shares outstanding in order to calculate the respective value per share. This results in a range for the value per share between CHF 243.7 and CHF 316.7 as at 4 July 2022. The average value per share of the three median values amounts to CHF 273.8.

Valuation based on transaction multiple

As part of the analysis of transaction multiples, the enterprise value is determined on the basis of observable transactions of peer companies. Corporate transactions between 2013 and 2021 were analysed in this context. Separate analyses were carried out for the retail and food service segments. The enterprise values of the target companies are calculated on the basis of the purchase price paid in the individual transactions (100%) plus the net

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21 See section 5.3 of the Appendix for a detailed overview of the selected peer companies for the trading multiples analysis.

22 The last end of the month before the pre-announcement.

23 Before the effects from IFRS 16.

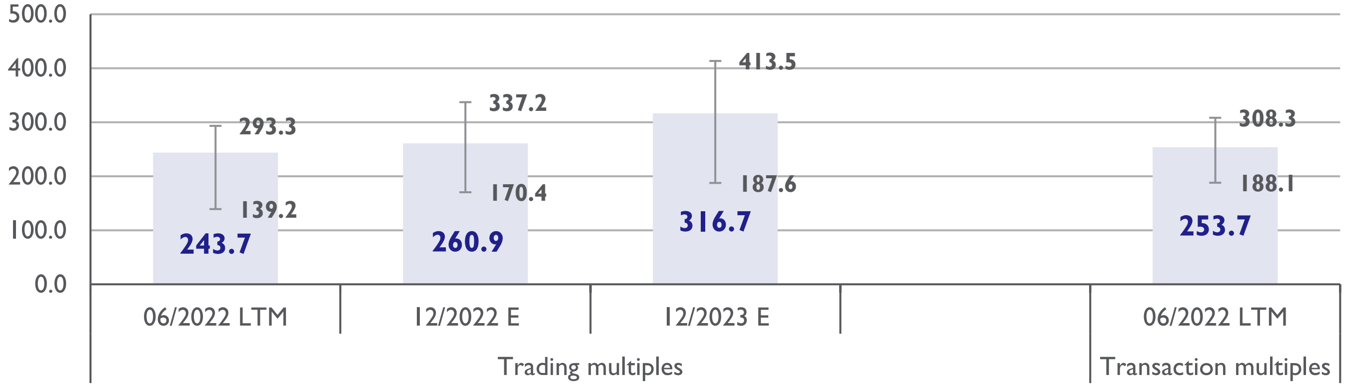
24 To ensure a consistent and comparable calculation of multiples, any effects from IFRS 16 and ASC 842 in connection with the calculation of the enterprise value and EBITDA were taken into account where necessary and eliminated accordingly.

25 Last audited financial statements of Valora.

debt and compared with the reported EBITDA of the last twelve months prior to the transaction.[26] The average transaction size is comparable to Valora's market capitalization, which is why no size premium adjustment is necessary. In order to determine the enterprise value, the resulting transaction multiples are again weighted on a segment-specific basis and are multiplied by Valora's EBITDA (pre IFRS 16) as at 30 June 2022 (LTM). The value per share is calculated in the same way as set out above in the context of trading multiples. This results in a value per share of CHF 253.7 for the valuation using transaction multiples with a value range from CHF 188.1 to CHF 308.3.

Valuation results based on EBITDA multiples

**Value per share of Valora as at 4 July 2022 (in CHF)**




Defined range corresponds to the interquartile range (25% quartile to 75% quartile).

Sources: Refinitiv Eikon, IFBC analysis.

Although only peer companies operating in the retail and food services segments have been selected, the business models and individual situations of peer group companies can vary significantly. This applies in particular in connection with the effects and after-effects of the COVID-19 pandemic. Regarding the transaction multiples, it should also be borne in mind that most of the comparison transactions occurred before the outbreak of the COVID-19 pandemic. Accordingly, IFBC considers the significance of the valuation based on trading and transaction multiples to be limited.

[26] See Section 5.4.

**Summary**

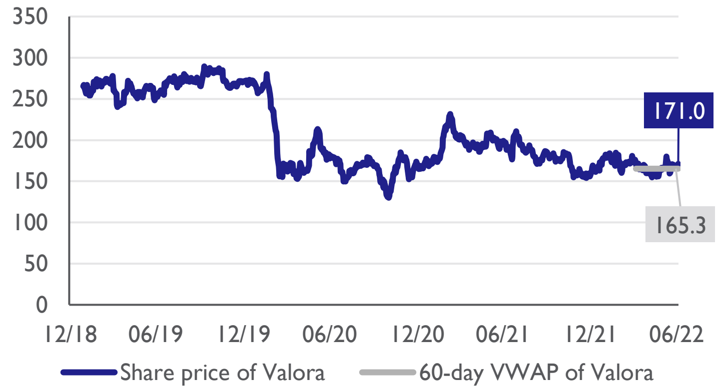
- Valuations based on trading and transaction multiples are performed to cross-check the DCF value.
- The valuation based on trading multiples results in an average value per share from CHF 243.7 to CHF 316.7 (average CHF 273.8).
- Applying the median transaction multiple results in a value per share of CHF 253.7 with a value range from CHF 188.1 to CHF 308.3.
- IFBC considers the significance of the multiples valuations to be limited as both the business models and the specific situation of the peer group companies may differ.

## 3.4 Share price analysis & analyst expectations

Share price performance

In the months prior to the COVID-19 crisis, Valora shares were traded at between CHF 240.0 and CHF 280.0 and fell to around CHF 150.0 in March 2020. Valora was severely affected by the consequences of the lockdowns in the various countries, which was reflected, among other things, in a slow recovery compared to the overall stock market. Following a volatile performance and a temporary increase in the share price during 2021 to CHF 230.0, the closing price at the end of 2021 was CHF 155.0. During the first two months of the current year, the share rose slightly again to CHF 185.0. Inter alia, as a result of the war in Ukraine and ongoing uncertainties, over the last few months, the share price fluctuated and slightly declined. On 4 July 2022, the day before the announcement of the transaction, Valora shares traded at a closing price of CHF 171.0. The volume-weighted average price ("VWAP") of the last 60 trading days as at 4 July 2022 was CHF 165.3.

**Development of the share price of Valora since January 2019 (in CHF)**




Source: Refinitiv Eikon.

Premiums on the Offer Price of CHF 260.0 on share price and VWAP

The premium on the Offer Price from CHF 260.0 compared to the closing price prior to the public announcement (4 July 2022) is 52.0%. Compared to VWAP (60 trading days) as at 4 July 2022, the Offer includes a premium of 57.3%. The premium on the Offer is significantly above the historical median of the premiums paid in voluntary public takeover bids in Switzerland since 2011 (22.9%).[27]

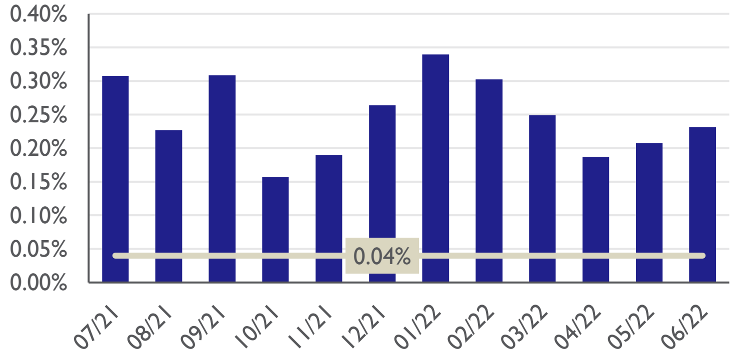
[27] See section 5.5.

Liquidity Analysis

Under current takeover law, shares of companies included in the Swiss Leader Index ("SLI") are classified as liquid. Furthermore, securities that are not part of the SLI are classified as liquid "provided that the monthly median of the daily volume of a security relative to the free float has been at least 0.04% in 10 of the 12 months prior to the publication of the offer or the pre-announcement."[28] Since Valora shares are not part of the SLI, the liquidity of the share is checked based on trading volume analysis.

As shown in the figure on the right, the median trading volume of Valora shares during the 12-month period prior to the publication of the Offer is higher than the applicable threshold in all months. Consequently, the shares of Valora are considered liquid under Swiss takeover law. The share price of Valora is therefore a valid benchmark for the assessment of the financial adequacy of the Offer under Swiss takeover law.

**Monthly median values of the number of Valora shares traded as a percentage of the free float**



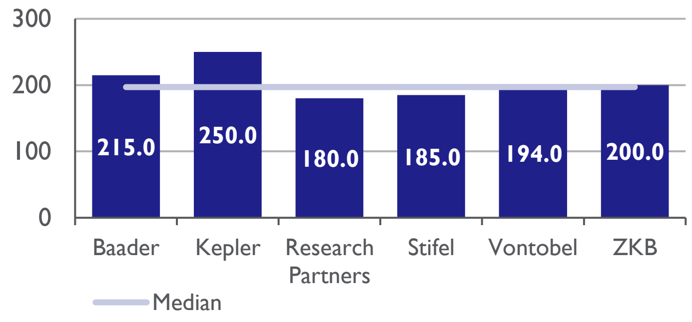

Sources: Refinitiv Eikon, IFBC analysis. Free float according to Valora's share register as at 30 June 2022.

28 See Swiss Takeover Board: TOB Circular No. 2 on liquidity in the context of takeover law, 26 February 2010.

Analysts' target prices

Currently, 6 analysts publish target price for Valora. All target prices were last updated in February and June 2022 and range from CHF 180.0 to CHF 250.0. The median target price is CHF 197.0, with 4 analysts publishing a target price of over CHF 194.0. At CHF 260.0, Impulsora's Offer is 32.0% above the median of the analysts' target prices.

**Analysts' target prices**




Source: Analyst reports.[29]

## Summary

- Valora shares are liquid within the meaning of the applicable Swiss takeover law. Therefore, the share price is taken into account in the Fairness Opinion to assess the financial adequacy of Impulsora's Offer.
- On the last trading day prior to the announcement of a possible takeover by the Offeror (4 July 2022), Valora's share price closed at CHF 171.0. The VWAP at this time was CHF 165.3. The implied premium on the Offer Price is 52.0% compared to the closing price and 57.3% compared to the VWAP.
- The premium on the Offer made by Impulsora compared to the share price and the VWAP is thus significantly above the historical median of the premiums paid in voluntary public takeover bids in Switzerland.
- The analysts' target prices, as published in February and June 2022, range from CHF 180.0 to CHF 250.0 with a median target price of CHF 197.0 per share. As a result, all target prices of analysts are below the Offer Price of CHF 260.0.

[29] Vontobel, 23 February 2022; Research Partners, 28 February 2022; Kepler, 3 June 2022; Baader, 20 June 2022; Stifel, 20 June 2022; ZKB, 20 June 2022.

Fairness Opinion Valora

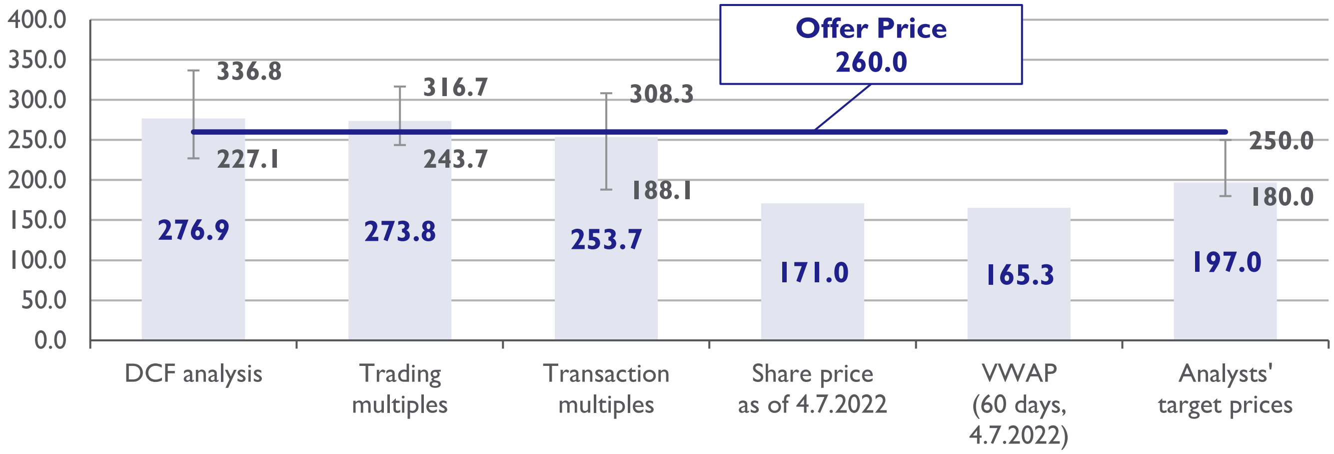
# 4 Conclusion

# 4 Conclusion

Based on the analyses described above and an assessment and evaluation of all the information provided, IFBC has come to the following conclusion with regard to the financial adequacy of Impulsora's public takeover offer for the outstanding shares of Valora:

Overview of the valuation results

**Overview of the valuation results for Valora as at 4 July 2022 (value per share in CHF)**




Source: IFBC.

- In accordance with best practice, we applied a range of valuation methods to determine the value per Valora share.
- The DCF method results in a value per share of CHF 276.9 with a value range from CHF 227.1 to CHF 336.8 as at 4 July 2022. The valuation result is mainly sensitive to the EBITDA margin estimated as sustainable and to the imputed cost of capital. The result of the DCF analysis is given the greatest weight in this Fairness Opinion since this approach is the best way to take account of circumstances that are specific to Valora.
- A valuation using trading multiples results in a value range from CHF 243.7 to CHF 316.7 per share as at 4 July 2022 (median values). As at 4 July 2022, the application of transaction multiples results in a value range from CHF 188.1 to CHF 308.3 per share. Despite the careful selection of peer companies, we consider the valuation based

on multiples to be of limited value considering that the peer companies do not fully reflect Valora's specific situation and expected development.

- Given the volume of trading, Valora shares are considered to be liquid under Swiss takeover law. Therefore, both the share price and the VWAP of the last 60 trading days can be taken into consideration when assessing the financial adequacy of the Offer made by Impulsora.
- The Offer Price of CHF 260.0 represents a premium of 52.0% compared to the closing price on the day prior to the announcement of the Offer on July 4, 2022 of CHF 171.0. The premium of the Offer Price is 57.3% compared to the VWAP (60 days) of CHF 165.3 as per July 4, 2022. These premiums are substantially higher than the historical median of the premiums paid in voluntary public takeover bids in Switzerland (22.9%).
- The target price of analysts ranges between CHF 180.0 and CHF 250.0 per share with a median of CHF 197.0.

Final assessment of the Offer

Based on our analyses and value considerations as well as the results presented, IFBC considers the Offer Price of CHF 260.0 per share to be fair from a financial point of view. This conclusion is based on the following considerations:

1. The Offer is supported by the DCF valuation.
2. The Offer is within the value range resulting from the application of trading and transaction multiples.
3. As of 4 July 2022, the Offer is significantly higher than the closing price and VWAP of the preceding 60 trading days as well as the analysts' average target price.

Zurich, 4 July 2022

Dr. Thomas Vettiger
Managing Partner

Christian Hirzel
Partner

Fairness Opinion Valora

# 5 Appendix

# 5 Appendix

## 5.1 Cost of capital

| Parameter | Value | Description |
|---|---|---|
| Risk-free rate | 1.70% | ■ Yield on 10-year government bonds (rounded) or long-term inflation expectations (rounded) of the relevant currencies for Valora, weighted on the basis of a sustainable EBITDA split (pre IFRS 16) of the currencies CHF, EUR and USD.<br>■ If the yield on the relevant 10-year government bond on 30 June 2022 implies negative real interest rates, the currency-specific risk-free interest rate is based on a real risk-free interest rate of 0.00% plus long-term inflation expectations.<br>■ Sources: Refinitiv Eikon; IMF, World Economic Outlook, April 2022. |
| Market risk premium | 6.00% | ■ The market risk premium corresponds to the long-term difference between the return on the market portfolio and the risk-free rate and correlates with the additional premium an investor expects to receive for an equity investment over a risk-free investment. According to best practice a sustainable implicit market risk premium of 6.00% is applied.<br>■ Source: IFBC |
| Beta unlevered | 0.83 | ■ The unlevered beta captures the systematic, non-diversifiable risk of a peer company that is entirely equity financed.<br>■ To increase the statistical significance of the beta analysis, we analyse not only the beta of Valora but also statistically significant betas of peer group companies.<br>■ A peer group is defined for each of the retail and food service segments and an average unlevered beta is determined as at 30 June 2022[30]. The calculation is based on weekly returns over a 2-year period (see Appendix 5.2).<br>■ The average unlevered betas of the two peer groups are weighted on the basis of the sustainable EBITDA share (pre IFRS 16) of the retail and food service segments. Taking into account the assumed developments in the business plan, management considers a weighting of 50% retail and 50% food service appropriate.<br>■ Assuming an equivalent weighting of the average unlevered beta for retail (0.74) and for food service (0.93), the result for Valora is an unlevered beta of 0.83.<br>■ Sources: Refinitiv Eikon, Valora management information. |
| Leverage factor | 0.13 | ■ The leverage factor is calculated taking into account Valora's target capital structure as well as its relevant tax rate (the Hamada approach). |
| Beta levered | 0.94 | ■ The levered beta measures the systematic risk and reflects both the operating as well as the financial risk of a company. |
| **Equity risk premium** | **5.64%** | |

30 The last end of the month before the pre-announcement.

| Parameter | Value | Description |
|---|---|---|
| Size premium | 1.21% | ■ Empirical and practical evidence shows that smaller companies have significantly higher cost of equity than companies with high market capitalization.<br>■ For this reason, a size premium is taken into account in the CAPM. The size premium is derived using statistical methods based on the company's market capitalization.<br>■ Taking into account Valora's market capitalization and our valuation considerations, a size premium of 1.21% (8th decile) is applied.<br>■ Sources: Refinitiv Eikon and Duff & Phelps, as at 31 December 2021. |
| **Cost of equity** | **8.55%** | |
| Swap rate | 1.80% | ■ 5-year swap rate (rounded) or long-term inflation expectations (rounded) of the currencies relevant for Valora, weighted on the basis of a sustainable EBITDA split (pre IFRS 16) of the currencies CHF, EUR and USD.<br>■ If the relevant 5-year swap rate as at 30 June 2022 implies a negative level of real interest rates, the currency-specific base interest rate is based on a real interest rate of 0.00% plus long-term inflation expectations.<br>■ Sources: Refinitiv Eikon; IMF, World Economic Outlook, April 2022. |
| Credit spread | 0.80% | ■ Valora is rated BBB- by Credit Suisse[31] and therefore has an investment grade rating.<br>■ Based on current market data and a rating of BBB-, a credit spread of 80bp is considered appropriate for Valora.<br>■ Sources: IFBC Credit Spread Index, Credit Suisse, Refinitiv Eikon. |
| **Cost of debt** | **2.60%** | |
| Tax rate | 25.00% | ■ Expected long term tax rate of Valora.<br>■ Source: Valora management information. |
| **Tax adjusted cost of debt** | 1.95% | |
| **Debt ratio (net debt)** | **15.00%** | ■ Definition of Valora's target capital structure. |
| **Equity ratio** | **85.00%** | |
| **WACC (rounded)** | **7.60%** | |

[31] See Swiss Credit Handbook of Credit Suisse, June 2021.

## 5.2 Beta analysis as at 30 June 2022

**Peer Group Retail**

| Company | Country | Leverage[1)] | Unlevered adj. beta[2)] |
|---|---|---|---|
| Alimentation Couche-Tard Inc | Canada | 0.06 | 0.75 |
| Autogrill SpA | Italy | 0.30 | 0.97 |
| Caseys General Stores Inc | United States of America | 0.14 | 0.82 |
| Dufry AG | Switzerland | 1.00 | 0.74 |
| J Sainsbury PLC | United Kingdom | 0.01 | 0.75 |
| Koninklijke Ahold Delhaize NV | Netherlands | 0.06 | 0.51 |
| Lawson Inc | Japan | 0.03 | 0.63 |
| President Chain Store Corp | Taiwan | 0.00 | 0.40 |
| Seven & i Holdings Co Ltd | Japan | 0.07 | 0.82 |
| Taiwan FamilyMart Co Ltd | Taiwan | 0.00 | 0.47 |
| Tesco PLC | United Kingdom | 0.13 | 0.62 |
| Valora Holding AG | Switzerland | 0.27 | 0.70 |
| WH Smith PLC | United Kingdom | 0.17 | 1.12 |
| **Median** | | **0.07** | **0.74** |

**Peer Group Food Service**

| Company | Country | Leverage[1)] | Unlevered adj. beta[2)] |
|---|---|---|---|
| Alsea SAB de CV | Mexico | 0.74 | 0.64 |
| Amrest Holdings SE | Spain | 0.35 | 0.84 |
| Aryzta AG | Switzerland | 0.60 | 0.90 |
| Autogrill SpA | Italy | 0.30 | 0.97 |
| Chipotle Mexican Grill Inc | United States of America | 0.00 | 1.12 |
| Domino's Pizza Inc | United States of America | 0.22 | 0.67 |
| Greggs PLC | United Kingdom | 0.00 | 1.32 |
| Ibersol SGPS SA | Portugal | 0.42 | 0.39 |
| McDonald's Corp | United States of America | 0.15 | 0.68 |
| Papa John's International Inc | United States of America | 0.09 | 0.97 |
| Restaurant Brands International Inc | Canada | 0.31 | 0.58 |
| Restaurant Group PLC | United Kingdom | 0.47 | 1.26 |
| Shake Shack Inc | United States of America | 0.00 | 1.41 |
| SSP Group PLC | United Kingdom | 0.25 | 1.45 |
| Starbucks Corp | United States of America | 0.09 | 0.95 |
| Valora Holding AG | Switzerland | 0.27 | 0.70 |
| Wendys Co | United States of America | 0.41 | 0.63 |
| WH Smith PLC | United Kingdom | 0.17 | 1.12 |
| Yum! Brands Inc | United States of America | 0.24 | 0.69 |
| **Median** | | **0.25** | **0.93** |

1) Leverage = 2-year-average (net debt x (1-tax rate) / equity).

2) Source: Refinitiv, adj. weekly beta (2 years), June 2022.

Not considered for beta analysis.

## 5.3 Trading multiples as at 30 June 2022

### 5.3.1 Retail

| Company | Local currency (LC) | Reporting standard | Market cap as at 30.06.2022 (in CHF million) | Enterprise value as at 30.06.2022[1] (in CHF million) | EBITDA multiples (pre IFRS 16) | | |
|---|---|---|---|---|---|---|---|
| | | | | | 06/22 LTM | 12/22 E | 12/23 E |
| Alimentation Couche-Tard Inc | USD | IFRS | 39'613 | 43'240 | 9.9x | 10.0x | 9.8x |
| Autogrill SpA | EUR | IFRS | 2'013 | 2'258 | 10.5x | 7.9x | 5.7x |
| Caseys General Stores Inc | USD | US | 6'599 | 8'001 | 10.4x | 10.4x | 9.7x |
| Dufry AG | CHF | IFRS | 2'709 | 5'761 | n/a | 13.8x | 6.7x |
| J Sainsbury PLC | GBP | IFRS | 5'576 | 5'274 | 3.0x | 3.1x | 3.1x |
| Koninklijke Ahold Delhaize NV | EUR | IFRS | 25'156 | 27'716 | 5.4x | 5.4x | 5.3x |
| Lawson Inc | JPY | Japanese | 3'184 | 3'242 | 3.5x | 3.4x | 3.3x |
| President Chain Store Corp | TWD | IFRS | 9'111 | 8'141 | 15.9x | 16.9x | 16.7x |
| Seven & i Holdings Co Ltd | JPY | Japanese | 32'716 | 44'686 | 8.0x | 7.3x | 6.8x |
| Taiwan FamilyMart Co Ltd | TWD | IFRS | 1'370 | 1'287 | 10.6x | 9.9x | 12.3x |
| Tesco PLC | GBP | IFRS | 23'009 | 26'190 | 6.2x | 6.4x | 6.3x |
| WH Smith PLC | GBP | IFRS | 2'141 | 2'540 | 19.3x | 13.5x | 10.0x |
| Valora Holding AG | CHF | IFRS | 724 | 933 | 8.7x | 7.2x | 5.9x |
| **3rd quartile** | | | | | **10.5x** | **10.4x** | **9.8x** |
| **Median** | | | | | **9.3x** | **7.9x** | **6.7x** |
| **1st quartile** | | | | | **6.0x** | **6.4x** | **5.7x** |

Source: Refinitiv Eikon.

1) Considering net debt.

Not considered for multiples analysis.

### 5.3.2 Food Service

| Company | Local currency (LC) | Reporting standard | Market cap as at 30.06.2022 (in CHF million) | Enterprise value as at 30.06.2022[1)] (in CHF million) | EBITDA multiples (pre IFRS 16) | | |
|---|---|---|---|---|---|---|---|
| | | | | | 06/22 LTM | 12/22 E | 12/23 E |
| Alsea SAB de CV | MXN | IFRS | 1'508 | 2'720 | 7.5x | 6.6x | 5.8x |
| Amrest Holdings SE | PLN | IFRS | 844 | 1'330 | 6.8x | 6.6x | 6.1x |
| Aryzta AG | EUR | IFRS | 1'052 | 1'223 | 7.2x | 6.9x | 6.2x |
| Autogrill SpA | EUR | IFRS | 2'013 | 2'258 | 10.5x | 7.9x | 5.7x |
| Chipotle Mexican Grill Inc | USD | US | 35'328 | 34'511 | 28.2x | 24.5x | 19.3x |
| Domino's Pizza Inc | USD | US | 13'559 | 18'084 | 22.2x | 22.1x | 19.8x |
| Greggs PLC | GBP | IFRS | 2'160 | 1'929 | 7.9x | 7.7x | 6.9x |
| Ibersol SGPS SA | EUR | IFRS | 271 | 356 | 6.2x | 10.3x | 5.4x |
| McDonald's Corp | USD | US | 176'243 | 206'469 | 18.0x | 17.7x | 16.5x |
| Papa John's International Inc | USD | US | 2'890 | 3'352 | 15.4x | 15.5x | 13.8x |
| Restaurant Brands International Inc | USD | US | 21'939 | 35'423 | 16.5x | 15.6x | 14.3x |
| Restaurant Group PLC | GBP | IFRS | 374 | 602 | 10.6x | 12.5x | 9.0x |
| Shake Shack Inc | USD | US | 1'476 | 1'397 | 26.0x | 21.8x | 13.4x |
| SSP Group PLC | GBP | IFRS | 2'155 | 2'637 | -12.7x | -21.6x | 47.0x |
| Starbucks Corp | USD | US | 84'171 | 95'653 | 16.2x | 15.6x | 13.8x |
| Valora Holding AG | CHF | IFRS | 724 | 933 | 8.7x | 7.2x | 5.9x |
| Wendys Co | USD | US | 3'933 | 6'515 | 14.4x | 13.9x | 12.8x |
| WH Smith PLC | GBP | IFRS | 2'141 | 2'540 | 19.3x | 13.5x | 10.0x |
| Yum! Brands Inc | USD | US | 31'867 | 42'325 | 18.9x | 18.6x | 16.9x |
| **3rd quartile** | | | | | **18.7x** | **17.2x** | **15.4x** |
| **Median** | | | | | **14.9x** | **13.7x** | **12.8x** |
| **1st quartile** | | | | | **8.1x** | **7.8x** | **6.1x** |

Source: Refinitiv Eikon.

1) Consideration of net debt.

Not considered for multiples analysis.

## 5.4 Transaction multiples

### 5.4.1 Retail

| Date | Target company | Country of target company | Buyer / Investor | Equity value (100%) (in CHF million) | Enterprise value (100%) (in CHF million) | EBITDA multiple |
|---|---|---|---|---|---|---|
| 29.12.2021 | Koufu Group Ltd | Singapore | Dominus Capital Pte Ltd | 296 | 367 | 3.5x |
| 16.04.2019 | Smart & Final Stores Inc | United States | Apollo Global Management LLC | 505 | 1'136 | 7.3x |
| 16.06.2017 | Whole Foods Market Inc | United States | Amazon.com Inc | 12'309 | 12'343 | 10.2x |
| 22.08.2016 | CST Brands Inc | United States | Alimentation Couche-Tard Inc | 3'531 | 5'051 | 10.0x |
| 14.03.2016 | Fresh Market Inc | United States | Apollo Global Management LLC | 1'296 | 1'273 | 6.9x |
| 18.12.2014 | Pantry Inc | United States | Alimentation Couche-Tard Inc | 995 | 1'966 | 8.0x |
| 11.09.2014 | RoadChef Motorways Ltd | United Kingdom | Antin Infrastructure Partners SA | 238 | 246 | 10.9x |
| 04.06.2014 | Nuance Group AG | Switzerland | Dufry AG | 1'567 | 1'766 | 14.1x |
| 28.04.2014 | Susser Holdings Corp | United States | Energy Transfer Partners LP | 1'668 | 1'996 | 13.2x |
| 03.05.2013 | World Duty Free SpA | Italy | Shareholders | 2'465 | 3'058 | 10.6x |
| **3rd quartile** | | | | **2'266** | **2'793** | **10.8x** |
| **Median** | | | | **1'432** | **1'866** | **10.1x** |
| **1st quartile** | | | | **628** | **1'170** | **7.4x** |

Source: Refinitiv Eikon.

## 5.4.2 Food Service

| Date | Target company | Country of target company | Buyer / Investor | Equity value (100%) (in CHF million) | Enterprise value (100%) (in CHF million) | EBITDA multiple |
|---|---|---|---|---|---|---|
| 29.12.2021 | Koufu Group Ltd | Singapore | Dominus Capital Pte Ltd | 296 | 367 | 3.5x |
| 06.12.2021 | Del Taco Restaurants Inc | United States | Jack in the Box Inc | 450 | 548 | 10.2x |
| 25.10.2020 | Dunkin Brands Group Inc | United States | Inspire Brands Inc | 7'866 | 9'914 | 25.3x |
| 18.10.2018 | Restaurant Brands New Zealand Ltd | New Zealand | Finaccess Capital SA de CV | 808 | 917 | 13.6x |
| 25.09.2018 | Sonic Corp | United States | Inspire Brands Inc | 1'584 | 2'245 | 16.0x |
| 05.04.2017 | Panera Bread Co | United States | Investor Group | 6'640 | 6'946 | 17.8x |
| 21.02.2017 | Popeyes Louisiana Kitchen Inc | United States | Restaurant Brands International Inc | 1'616 | 1'728 | 19.9x |
| 22.05.2015 | Frisch's Restaurants Inc | United States | NRD Partners I LP | 156 | 154 | 8.4x |
| 11.09.2014 | RoadChef Motorways Ltd | United Kingdom | Antin Infrastructure Partners SA | 238 | 246 | 10.9x |
| 24.08.2014 | Tim Hortons Inc | Canada | Burger King Worldwide Inc | 14'619 | 15'711 | 19.2x |
| 04.08.2014 | Grupo Zena SA | Spain | Alsea SAB de CV | 181 | 303 | 11.5x |
| 12.02.2014 | Canada Bread Co Ltd | Canada | Grupo Bimbo SAB de CV | 1'513 | 1'250 | 8.4x |
| **3rd quartile** | | | | **2'872** | **3'420** | **18.1x** |
| **Median** | | | | **1'161** | **1'084** | **12.6x** |
| **1st quartile** | | | | **282** | **351** | **9.8x** |

Source: Refinitiv Eikon.

## 5.5 Premium analysis of public tender offers in Switzerland since 2011[32]

| Year | Target company | Buyer / Investor | Offer price (in CHF) | VWAP 60 days (in CHF) | Premium | Sucess rate |
|---|---|---|---|---|---|---|
| 2011 | Newave Energy Holding SA | ABB Schweiz AG | 56.0 | 41.2 | 35.9% | 95.3% |
| 2011 | Escor Casinos & Entertainment AG | Highlight Communications AG | 17.5 | 17.4 | 0.4% | 39.2% |
| 2011 | Feintool International Holding AG | Artemis Beteiligungen II AG | 350.0 | 326.9 | 7.1% | 72.2% |
| 2011 | Edipresse SA | Lamunière S.A., Epalinges, Suisse; bearer shares | 450.0 | 324.7 | 38.6% | 37.6% |
| 2011 | EGL AG | Axpo Holding AG | 850.0 | 703.7 | 20.8% | 98.0% |
| 2013 | Acino Holding AG | Pharma Strategy Partners GmBH | 115.0 | 75.3 | 52.8% | 93.6% |
| 2013 | Fortimo Group AG | Forty Plus AG, Fortimo Group | 136.0 | 114.3 | 19.0% | 98.6% |
| 2013 | Tornos Holding AG | Walter Fust | 4.7 | 4.5 | 3.8% | 14.3% |
| 2014 | Swisslog Holding | KUKA Aktiengesellschaft | 1.4 | 1.2 | 14.4% | 92.2% |
| 2014 | Advanced Digital Broadcast Holding SA | 4T S.A | 15.5 | 12.9 | 20.2% | 73.4% |
| 2014 | Nobel Biocare Holding AG | Danaher Corporation | 17.1 | 13.9 | 23.5% | 77.2% |
| 2015 | Micronas Semiconductor Holding AG | TDK Corporation | 7.5 | 4.4 | 70.5% | 90.5% |
| 2016 | Kuoni Reisen Holding AG | Kiwi Holding IV Sarl (EQT) | 370.0 | 275.9 | 34.1% | 87.2% |
| 2016 | Syngenta AG | CNAC Saturn (NL) B.V. (ChemChina) | 490.3[33] | 374.0 | 31.1% | 94.7% |
| 2016 | gategroup Holding AG | HNA Aviation Air Catering Holding Co. | 53.0 | 38.7 | 37.0% | 96.1% |
| 2016 | Charles Vögele AG | Sempione Retail AG (OVS) | 6.4 | 6.4 | 0.0% | 94.1% |
| 2017 | Actelion Ltd | Janssen Holding GmbH (Johnson & Johnson) | 280.0 | 191.2 | 46.4% | 92.5% |
| 2018 | Goldbach Medien | Tamedia | 35.5 | 34.2 | 3.7% | 96.9% |
| 2018 | Hügli Holding AG | Bell Food Group AG | 915.0 | 800.0 | 14.4% | 97.6% |
| 2018 | Bank Cler AG | Basler Kantonalbank | 52.0 | 42.3 | 22.9% | 93.3% |
| 2019 | CEVA | CMA CGM S.A | 30.0 | 20.2 | 48.2% | 95.7% |
| 2019 | Edmond de Rothschild (Suisse) S.A. | Edmond de Rothschild Holding SA | 17'945.0[33] | 15'169.1 | 18.3% | 93.3% |
| 2019 | Alpiq Holding AG | Schweizer Kraftwerksbeteiligungs AG | 70.0 | 72.5 | -3.4% | 13.1% |
| 2020 | Sunrise | Liberty Global plc | 110.0 | 83.2 | 32.3% | 96.6% |
| 2021 | Vifor Pharma AG | CSL Behring AG | 167.4 | 118.3 | 41.6% | 93.9% |
| **3rd quartile** | | | | | **37.0%** | **95.7%** |
| **Median** | | | | | **22.9%** | **93.3%** |
| **1st quartile** | | | | | **14.4%** | **77.2%** |

Source: Swiss Takeover Board.

32 The overview includes voluntary tender offers in cash. Tender offers for investment and real estate companies have been excluded.

33 Including special dividends paid prior to the transaction.

## 5.6 List of abbreviations

| | |
|---|---|
| BoD | Board of directors |
| CAGR | Compound Annual Growth Rate (average annual growth rate) |
| CAPEX | Capital Expenditures (net investments) |
| CAPM | Capital Asset Pricing Model |
| CH | Switzerland |
| CHF | Swiss Franc |
| DCF | Discounted cash flow |
| DCF method | Discounted cash flow method |
| E | Expected |
| EBITDA | EBITDA Earnings Before Interest, Tax, Depreciation and Amortization |
| FCF | Free cash flows |
| FEMSA | Fomento Economico Mexicano, S.A.B. de C.V. |
| FY | Financial year |
| IFBC | IFBC AG |

| | |
|---|---|
| IFRS | International Financial Reporting Standards |
| IMF | International Monetary Fund |
| Impulsora, The Offeror | Impulsora de Marcas e Intangibles, S.A. de C.V. |
| IQR | Interquartile range |
| KPIs | Key performance indicators |
| LTM | Last twelve months |
| NWC | Net working capital |
| SBB | Swiss Federal Railways |
| SIX | SIX Swiss Exchange |
| SLI | Swiss Leader Index |
| TV | Terminal value |
| TOB | Swiss Takeover Board |
| Valora | Valora Holding AG |
| WACC | Weighted average cost of capital |

| | |
|---|---|
| VWAP | Volume Weighted Average Price |

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