Annual Report 2021

valora

We brighten up
our customers' day.
Wherever people
are on the move.

Table of Contents

The Chairman’s goodbye

After 15 years on the Board of Directors, including five years as Chairman, now is the right time for me to say goodbye. I know that Valora is in good shape, that the Board of Directors and management are in a strong position and that we have a clear plan for the future.

Together with the Board of Directors, management and all the great people in the Valora network, I was able to drive a huge transformation forward. We have reinvented the company in light of the digitalisation and the enormous change in the media landscape. Through various divestments, acquisitions and the expansion of the food business, we have shaped Valora into what it stands for today: foodvenience. I believe the acquisitions of Ditsch and BackWerk, the successful SBB tender and, of course, numerous innovations such as avec box were instrumental. Valora has also weathered the pandemic well to date thanks to its resilient business model. We can all be proud of that.

I am very pleased that in Sascha Zahnd, the current Vice-Chairman, we can propose a strong leader for election as my successor. He knows Valora, he is a proven retail operator, production specialist and digital pioneer who will continue to strategically develop Valora together with the management.

Finally, I would like to express my sincere thanks. To all the employees for their passionate commitment. To the management and Board of Directors for the excellent, inspiring cooperation. And to you, our shareholders, for the great trust you have placed in us!

All the best and stay healthy
Franz Julen

Dear shareholders

Valora is on its way to recovery. We closed 2021 successfully with EBIT of CHF 30.3 million, thereby fully meeting the guidance communicated before the Omicron wave. And we were also able to return to a positive net result (CHF 8.3 million). This development shows that our foodvenience strategy is right for the company and has high value creation potential.

Thanks to the vaccination progress and easing of restrictions, we saw clear signs of normalisation in 2021. This gives an idea of how the business will develop when no more major COVID-19 restrictions are needed. With our strategic focus on food, we are ideally positioned for further growth. Following the hard lockdown in January and February, food sales grew three times as strongly as overall external sales. The Food Service division also clearly caught up with a corresponding leverage effect on profitability and EBIT well above break-even.

Last year, we remained cost disciplined and prudent with our capital expenditure and maintained our focused net working capital management. Thanks to this and solid EBITDA of CHF 95.5 million, we generated free cash flow of CHF 25.1 million.

Valora is not only well positioned with its business, but also has a solid balance sheet with an improved equity ratio before lease liabilities of 51.0 % and a stable net debt (31 December 2021: CHF 209.3 million). You, valued shareholders, also contributed to that. By agreeing to the dividend waiver at the 2021 Annual General Meeting, you made a direct contribution to allowing the company to maintain its full strategic freedom of action in these uncertain times. We are grateful to you for this. The additional funds of CHF 70 million enabled by you as part of the capital increase in November 2020 remain fully available for further strategic projects.

We have made good progress in implementing our strategy in 2021: the acquisition of the German snack expert Back-Factory was a major milestone in this regard. This not only gives us a stronger city centre presence but also makes us one of the five largest catering companies in Germany measured by pre-crisis levels. In addition to attractive locations away from commuter flows, we will also benefit from significant synergies. The same applies to the new partnership with Moveri, with which we will double our Swiss service station business under the avec brand.

We continued to push ahead with the SBB conversions and are able to report major successes in business at the sales outlets that have already been converted. Food sales there increased disproportionately between March and December 2021 compared to locations that have not yet been converted. Finally, we have also increased the availability of our offering – with autonomous self-checkout solutions and with the traditional vending machine business, which we entered in December 2021. This means we can be there for our customers 24/7.

The more than 15 000 employees in our network made all this possible. Despite challenges posed by COVID-19, they worked with real passion to help us achieve our goals.

Together, we achieved a great deal in 2021 and the signs are good for a rapid and pronounced recovery. The development we saw in 2021 is likely to continue with the lifting of the major restrictions. For the 2022 financial year, we thus still expect EBIT of CHF 70 million (+/– ~10 %) despite the tough start. We want to do everything in our power to ensure that you, as shareholders, also benefit from the upturn. At the same time, we are confirming our longer-term outlook originally set for 2025. However, the operational targets will most likely be achieved with a delay of 18 to 24 months due to the pandemic.

As a clear sign of our confidence in the future development of Valora's business, the Board of Directors proposes to the 2022 Annual General Meeting to distribute a total of CHF 3.00 gross per dividend-bearing share. To protect the shareholders and employees, it will once again be impossible to attend the Annual General Meeting in person – hopefully for the last time. As usual, you have the option of exercising your voting right via the independent proxy.

We are deeply indebted to you for your support at all times, even during the crisis. With your support and the support of our fully committed employees, Valora will be able to make the most of the upcoming recovery phase. As a result, we are looking to the future with confidence. Thank you.

Best regards,

Franz Julen
Chairman of the Board of Directors

Michael Mueller
CEO

Team spirit

Thank you

The people in the Valora network braved the crisis once again in 2021 and performed outstandingly. Valora is proud of them – and asks eight representative employees and partners to report on their day-to-day work.

In sales, administration and production, the around 15 000 people in the Valora network dealt with the working conditions hampered by the COVID-19 pandemic in an exemplary fashion and demonstrated a high level of flexibility. They helped strengthen the company and brightened up their customers' journey wherever and whenever possible. Valora would like to thank its employees, franchisees and agency operators wholeheartedly and will continue to support them to the best of its ability in overcoming the pandemic – be it with protective measures, advice or financial assistance.

Patricia Jansen, Assistant Manager, BackWerk, Hilversum
"During the COVID-19 pandemic, talking to customers is more important than ever to me. An older customer who comes by every day and orders coffee and a croissant is particularly close to my heart. She's from abroad. Her Dutch is not very good, but thanks to our short conversations it is getting better every day."

Misha Perillat, avec Agency Manager, Tamoil Service Station Croix-de-Rozon
"Our avec is not far from the border between Switzerland and France and is an important, popular meeting place. Many older people come by every day without a car, shop for the most important household items and meet their neighbours and acquaintances. Of course, this is even more of a blessing during the COVID-19 pandemic because social contact is currently heavily restricted."

Anja Rudolph, Assistant Head of Sales, Ditsch Production / B2B, Mainz
"One of the best moments of 2021 was when we were able to get back to work. I hadn't seen my colleagues for months and, of course, I really missed talking to them directly."

Julian Hürlimann, Working Student, Valora Digital, Zurich
"When I joined Valora Digital in October 2020, I was one of two working students. In the meantime, we are nine working students and interns. Valora Digital is a bit like a start-up within the Group. We drive each other forward. And together, we can make a big difference. Around the start of 2021, for example, we launched the 24/7 store at Hardplatz in Zurich together with the other departments. The avec site there functions partly with staff and partly autonomously via the avec 24/7 app. We've invested countless hours in this hybrid solution. It was an incredible feeling when I was allowed to enter the converted store."

Brian Samali, BackWerk Germany Franchisee
"What particularly motivated me in 2021 was my drive to keep the shops running whenever possible. I want to be there for my customers and offer a bit of normality during the crisis. I will never forget 11 March 2021 – after three months of closure, I was allowed to reopen my shops. The lights were on, the staff were back, and the smell of fresh baked goods was in the air – amazing!"

Nicole Portmann, Agency Manager at k kiosk and Press & Books, Zug
"At the end of May 2021, we opened a second k kiosk store at Zug railway station. At first, I was sceptical whether this would work in these rather difficult times. We had to postpone the opening three times, which made staff planning a challenge. But I was pleasantly surprised! The kiosk is doing very well and has become a popular meeting point. We now have a loyal customer base in all three of my shops at Zug railway station. Older customers in particular appreciate the fact that we are there for them seven days a week. It's like a ritual – they drop by, buy a daily newspaper and stay for a quick chat."

Burkhard Lange, Project Manager at Valora Retail Germany, Hamburg
"Shortly after I joined Valora in October 2020, the lockdown started, and we were working from home. So, I got to know the company, the processes and the people online. But my colleagues have been very helpful, and I quickly assumed responsibility for strategic projects. Among other things, Deutsche Bahn opened its first 24/7 ServiceStore near Hamburg in June 2021 – based on the technology of our avec box, which had already been tested in Switzerland."

Valentina Teganini, Managing Director of Caffè Spettacolo, Zurich
"I love my work at Caffè Spettacolo at Zurich main railway station. For one thing, I practically grew up here, my father was a yardmaster. I also enjoy the hustle and bustle, all the people. Despite the challenges we faced last year, I always tried to convey an air of confidence and thereby motivate my team. My employees are important to me. I'm thrilled that they all joined forces and pulled together."

More reports from everyday working life at: stories.valora.com

2021 in a nutshell

COVID-19 pandemic: Towards recovery

30.3 EBIT million CHF (+ 116 %)
– within the communicated guidance

2 230 external sales million CHF (– 0 %)
– Recovery from March to October with increasing leverage on profitability

25.1 free cash flow million CHF (– 34 %)
– plus a solid balance sheet and a high degree of financial stability and flexibility

2 724 sales outlets

~15 000 employees in the network

~730 bakery products million pieces

Shop around the clock

Foodvenience even when other shops are closed: In addition to the cashier-free avec box, conventional avec stores now also operate 24/7 – with staff during the day and autonomously at night. And with k kiosk, Valora is entering the vending machine business.

Refurbished sales outlets perform well

The sales performance of the already refurbished sales outlets within the context of the SBB tender is significantly stronger than the rest of the SBB portfolio, especially in the food category.

Welcome to Back-Factory

The snack expert Back-Factory has been part of Valora since November 2021. This means Valora is now one of the top five German catering companies*, penetrating further into city centres and benefiting from synergies.

* previously top ten according to foodservice 4/2020 magazine

Full throttle to the service station

From January 2022, Valora is also operating Moveri service station shops with avec, doubling its network and net revenue in this business and strengthening its presence at service stations in German-speaking Switzerland.

At the largest Dutch train stations

BackWerk has entered into a franchise partnership with HMSHost International. By the end of 2022, 12 HMSHost International locations at the largest Dutch train stations are to be converted into BackWerk stores.

ok.– with rPET

Valora now offers mineral water, iced tea and fruit juices from its own brand ok.– in weight-optimised bottles with rPET. As a result, it saves around 200 tonnes of CO_2 per year.

We offer the best food and convenience concepts based on an in-depth understanding of customers and formats, operational excellence, ongoing innovation and agility as well as optimal value creation.

avec

ServiceStore DB

U STORE

cigo

k kiosk

Press P&B Books

ok.–

bob finance

CAFFÈ SPETTACOLO

Ditsch

BREZELKÖNIG

SUPER GUUD

BACK·FACTORY

back WERK

Food-venience*

Convenience as the shopping experience and as a product range combined with an ever growing fresh food selection – that is foodvenience at Valora.

[* = Food + Convenience]

Market environment will remain attractive in the future

There is great demand for foodvenience in society. This is demonstrated by the substantial growth rates posted by the Swiss and German convenience markets, as well as those of the Valora Group in the foodvenience categories food, non-food (excluding press, books, tobacco) and services. Food accounts for the biggest share of Valora's foodvenience external sales.

Although the COVID-19 pandemic has had a massive impact on customer decisions and perception, convenience remains a promising segment, both at points of sale and increasingly online. Young, urban customers in particular have the greatest potential. Health and quality aspects are playing an increasingly important role here (Oliver Wyman, 2021). Besides highly frequented locations in the inner city and agglomerations, shopping centres and service stations, transport hubs are particularly ideal foodvenience locations.

Valora is convinced: The future prospects for the foodvenience business remain attractive. This is true despite the fact that official restrictions to contain the virus are temporarily causing demand to decline in all Valora markets – particularly for out-of-home catering, at normally highly frequented public transport locations and in city centres, where Valora generated around two-thirds of its revenue before the crisis.

The easing of restrictions and vaccination campaigns in the second year of the crisis had a visibly positive impact on the mobility of the population and thus on customer footfall. Above all, vaccination success boosted consumer confidence and positively stimulated buying behaviour. As a result, the recovery of the foodvenience business increasingly gained traction from March 2021 onwards after the tough lockdown at the beginning of the year. This allowed Valora to increase the EBIT margin to 2.4 % in the second half of 2021. At the same time, Valora saw a first clear catch-up effect in its food category. While growth of Group external sales was + 6 % for March to December 2021, food sales were up + 18 %.

These developments underline Valora's conviction that out-of-home consumption at highly frequented locations will recover once the crisis has been overcome and as soon as far-reaching restrictions are no longer necessary. The most significant operational leverage will be in the food service business, which suffered the most during the crisis.

Trends

Three social macrotrends determine what Valora customers need: Increasing mobility, the changing lifestyles as well as the rapidly growing influence of digitalisation, which has been facilitated by the COVID-19 pandemic in all areas of life. As a clearly positioned foodvenience provider, Valora systematically aligns its business and offering with these trends. Valora is where its customers want it to be, providing them with what they want whenever they want it.

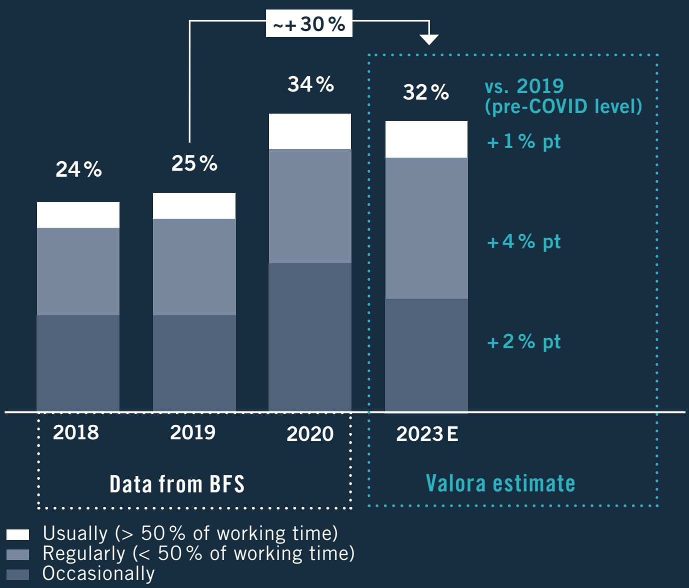
However, the pandemic has suddenly slowed down the development of mobility. As a result, more people work and learn from home and also use public transport less in their leisure time. Government guidelines for working from home and distance learning also resulted in a noticeable decline in customer flows, particularly at highly frequented public transport hubs such as train stations. However, the experience of the past two years has shown that mobility returns rapidly when the measures are eased.

But what role does remote working play once the pandemic is over? Half of people who used trains before the crisis in Valora's core market of Switzerland were leisure travellers (Swiss Federal Statistical Office). Valora expects the situation in this area to recover very quickly once the pandemic situation eases. In fact, the passenger volume is likely to increase even further thanks to new offers for leisure train travel. Training centres and schools are also switching back to predominantly physical operation, so that train journeys by apprentices and students should increase to the usual level of around 12 % of commuters.

The effects of working-from-home are limited

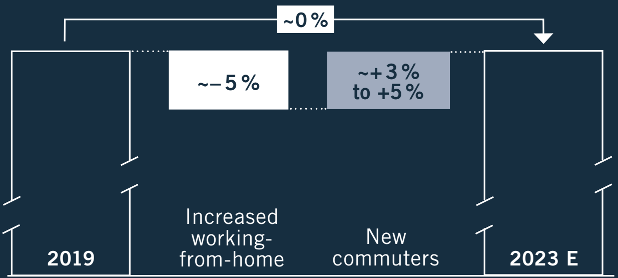
Consequently, the ongoing home office trend can only capture the remaining 38 % of travellers who took the train to work before the crisis. However, not all of them are able to work from home for various reasons. In Switzerland, around a quarter of the working population was already working entirely or partially from home in 2019, and this increased to 34 % in 2020 due to official requirements (Swiss Federal Statistical Office). Valora expects the proportion of people working from home to stabilise at around 32 % by 2023, when day-to-day working life is likely to have largely returned to normal. However, the proportion of those who spend more than half their working time at home should remain stable. At the same time, this will increase the importance of shopping locations in the area, e.g. in the agglomeration and in nearby shopping centres where Valora also has sales outlets.

Split of workforce working from home



Source: Swiss Federal Statistical Office (Bundesamt für Statistik, BFS); Valora

Train commuters
Illustrative example for Switzerland



25 %	Share of people who can work from home	~32 % (Valora estimate)
17.0 %	Share of working commuters	~17.3 % (Valora estimate; based on 50 % historical growth)
+1.0 % p. a. (2010-2020)	Population growth	+0.8 % p. a. (2020-2025 BFS estimate)

Source: Swiss Federal Statistical Office (Bundesamt für Statistik, BFS); Valora

New commuters compensate for the working-from-home trend

Before the crisis, people in Switzerland commuted 6.4 times a week on average. Even though more people will be working from home in the future, Valora estimates that customer footfall at public transport hubs will only fall by around –5 % in the medium term. However, this decline is likely to be offset by population growth and the associated increase in public transport passenger numbers. The Swiss Federal Statistical Office expects an annual increase of +0.8 % in Switzerland's population between 2020 and 2025 (+1.0 % between 2010 and 2020). The proportion of the population travelling to work by train is also likely to increase by around +0.3 percentage points by 2023. Additional support can be expected from the planned expansion of the public railway infrastructure, which will also help reduce the high traffic volume on the roads.

Strategy

Positioning

Each and every day, around 15 000 employees in the Valora network work to brighten up their customers' journey with a comprehensive foodvenience offering – nearby, quick, convenient and fresh.

Valora applies a multiformat strategy with twelve sales formats and about 2 700 outlets at highly frequented locations in Switzerland, Germany, Austria, Luxembourg and the Netherlands. The company recruits committed entrepreneurs to manage its outlets, builds on strong brands, benefits from a vertically integrated value chain as one of the world's leading pretzel producers and is committed to a sustainable corporate policy.

Five strategic pillars

In 2019, Valora communicated its strategy until 2025, which it is consistently pursuing, for the entire Group and its Retail and Food Service divisions in order to move closer to its vision of having the best food and convenience concepts. The strategy is based on five strategic pillars:

- Growth
- Efficiency
- Innovation
- Performance-oriented culture
- Sustainability

Growth

Expansion of the sales outlet network

Valora wants to further expand its network of sales outlets. The main focus in Retail will be on the convenience formats such as avec and ServiceStore DB, as well as k kiosk and cigo where Valora also sees growth potential. Growth in Food Service will be principally through BackWerk, especially with new locations in the Netherlands plus shop-in-shop presence (clip-ins). Selective expansion is planned for the other formats. In addition, Valora is open to suitable acquisition opportunities in its core business of foodvenience.

Increasing the offering's attractiveness

The expansion of the higher-margin food category, especially fresh products, will play a major part in optimising the current range. Regional, vegetarian and vegan or also fair trade and organic offerings are growing in importance. In addition, Valora aims to further expand its range of digital and other services. Tobacco is still a major frequency and profit contributor, whereby alternative products are also promising.

Stronger position as a promotion platform

In addition to expanding its own product range, Valora aims to further consolidate its position as a preferred marketing platform. The direct customer contact in the Valora formats allows partner companies to present their products and strengthen their brand value, notable examples being promotions for food, tobacco products and press articles.

Expansion of market position with pretzels

In its B2B business, Valora aims to exploit the integrated value chain for pretzel production and build on its strong market position. The Food Service division's main expansion focus is on the two biggest global pretzel markets, i.e. Germany and the US.

● Efficiency

Strengthening vertical integration

Thanks to own brands such as ok.– or Caffè Spettacolo and Valora's in-house pretzel production, vertical integration is a key competitive advantage. Valora wants to exploit this strength even more and increase the proportion of own brands in its overall product mix. At the same time, Valora aims to establish an even stronger market position when marketing its own brands.

More efficiency to improve profitability

Valora does not rely solely on growth, profitability is also essential to ensure the sustainability of its business model. Processes are improved through automation, retail analytics and efficient working procedures. Enhanced cooperation within the Group enables know-how transfer across borders, formats and topics.

● Innovation

New food and technology concepts

Valora aims to access new income sources through innovation in order to remain competitive. The Group's objective is to launch fresh food and further new concepts and products. Valora also uses new technologies to develop software-based solutions for customers, its own operations and the organisation. In so doing, Valora aims to offer its customers convenience not only in terms of its products, but also in terms of the shopping experience. It takes more than courage to pursue this innovative course, speed and agility are also very important. Valora relies on internal expertise and is expanding its in-house skill set for food and technological development. It also welcomes innovation from industrial partners and offers them, through its sales outlet network, a platform so it can work with them to pioneer new foodvenience market models.

● Performance-oriented culture

More entrepreneurship, customer focus and employer appeal

Valora relies on entrepreneurial operators and motivated staff to implement its strategy. It plans to further expand the agency or franchise model. Valora wants to offer its staff an open and dynamic working environment in which they can progress consistently. Valora's objective is to build on employees' strengths, nurture their talent and enable them to take the initiative and implement ideas with vigour. Valora will not just recruit people with the necessary professional skills, but also those who are compatible with the company's culture. As a result, Valora will sustainably enhance its appeal as an employer.

● Sustainability

For people and the environment

As a responsible company, stakeholders expect Valora to contribute to sustainable development and to limiting global warming to 1.5 °C. As part of its ESG commitment, Valora therefore pursues a comprehensive approach to sustainability based on the three action areas of People, Planet and Products. The company wants to use its resources sparingly. The priority is fair employment conditions for all employees in the network. Valora wants to offer good opportunities to employees and to become an attractive place to work for everyone. Valora is also setting out to become climate-neutral by 2050. To this end, Valora is implementing measures to avoid food waste, reduce energy consumption and protect the climate. Finally, Valora aspires to offer environmentally friendly, fair products and healthy alternatives while also paying attention to the issue of sustainable packaging.

Operational financial targets

In 2019, the Valora Group adopted a new corporate strategy and long-term operating targets until 2025 on the basis of the 2018 results:

– External sales: on average +2–3 % per year

– Gross profit margin: on average +0.5 percentage points per year

– EBIT margin: on average +0.2 percentage points per year

– Earnings per share: on average +7 % per year

These targets remain valid. Nonetheless, Valora is expecting that the COVID-19 crisis which started in February and March 2020 will lead to the targets being reached 18 to 24 months later than originally planned.

With governments' ongoing vaccination campaigns and the associated easing of restrictions, the pandemic situation eased noticeably from March 2021. As a result, the performance of Valora's operating units was already close to pre-crisis levels in October 2021. The Omicron wave brought renewed restrictions to Valora's business at the end of 2021 and start of 2022. As regards future business development, Valora nonetheless sees a continuation of the rapid recovery from March to October 2021 with the lifting of major restrictions.

Valora still expects EBIT of CHF 70 million (+/– ~10 %) for 2022 based on the 2021 results and outlook for a continued recovery. That implies a return to pre-crisis levels during the second half of 2022.

Digitalisation

Convenience at Valora is not restricted to the selection available, but is also part of the entire shopping experience. That is why Valora works on modern digital solutions related to the following strategic thrusts: Autonomous Stores, Loyalty & Payment, E-Commerce & Delivery and Process Improvement. The aim is to make the customers' purchases more practical, quicker and more flexible.

The most promising consequence of the COVID-19 pandemic is likely to be the enormous increase in online grocery shopping and other virtual activities. Consumers have increasingly taken advantage of digital and low-contact opportunities during the crisis: They have groceries, snacks and meals delivered to their homes and use the self-checkout service in the shop. Many of them expect to maintain these habits after the crisis (McKinsey, 2020).

Valora aims to monitor, develop and test the opportunities offered by digitalisation. Valora also wants to anticipate trends and actively shape the digital transformation with innovative concepts.

Autonomous Stores

In April 2019, Valora became the first company in Switzerland to launch an autonomous cashier-free convenience store in the form of avec box. Valora is convinced that such self-checkout solutions have a future because they meet customers' need for autonomy when shopping. Access, shopping and payment are made using the avec 24/7 app. Valora currently operates an avec box at three locations in Switzerland. At one of them, it is a smaller wooden version to test locations that do not have any other convenience offering. Valora has developed further forms of self-checkout based on the avec 24/7 app. In 2021, for example, avec 24/7 stores that function as a hybrid model were opened at four locations in Switzerland. While staff are still present at the store during the day from Monday to Saturday, the shop works autonomously at night and on Sunday via the avec 24/7 app. There is great potential for the further rollout here, as existing avec stores in particular only need to be equipped with the corresponding technology to be integrated into the program.
The team is now working on the

scaling of these solutions. Valora also intends to promote the autonomous store initiative in the form of smaller formats, such as the avec mini smart fridge.

These solutions, which are based on the avec 24/7 app, not only bring more convenience to the customer experience, but also give Valora the opportunity to expand the availability of its bricks-and-mortar foodvenience offering beyond the usual opening hours, similar to online retail. Against this background, around 300 k kiosk vending machines will also be placed in Switzerland by the end of 2022.

Loyalty & Payment

Loyalty should be rewarded at Valora. That is why Valora is systematically continuing its customer loyalty programs and is transferring the traditional physical customer cards of its formats to the smartphone. Thanks to the apps, customers benefit from personalised offers in combination with coupons, collection points and other reward systems. The digital brand experience is rounded off by a product overview, store finder and pre-order functions. Increasing personalisation also benefits suppliers and industry partners: They can focus attention on their products and reduce the wastage of their marketing activities. Following the already established apps from k kiosk and Caffè Spettacolo, a loyalty program for customers of Brezelkönig was added in June 2021. Data privacy is very important to Valora. All personal data are only processed in accordance with data protection requirements.

E-Commerce & Delivery

The pandemic caused a veritable boom in delivery services in particular, as people cooked at home more often or had their ready-to-serve meals delivered to their homes. Valora introduced the pilot version of the delivery service www.avecnow.ch in the middle of the first lockdown. It now takes just 30 minutes to service its customers by e-bike in the city of Zurich. The convenience range is geared towards smaller in-between purchases, i.e. things that you suddenly need or feel like having.

The k kiosk online tobacco shop launched in April 2021 also represents an additional sales channel and a complementary promotional platform. This not only underscores Valora's expertise in tobacco, but also takes account of the growing popularity of online tobacco purchases. The selection includes more than 1 000 products such as cigarettes, cigars and alternative nicotine products, which reach customers by post the day after they place their order.

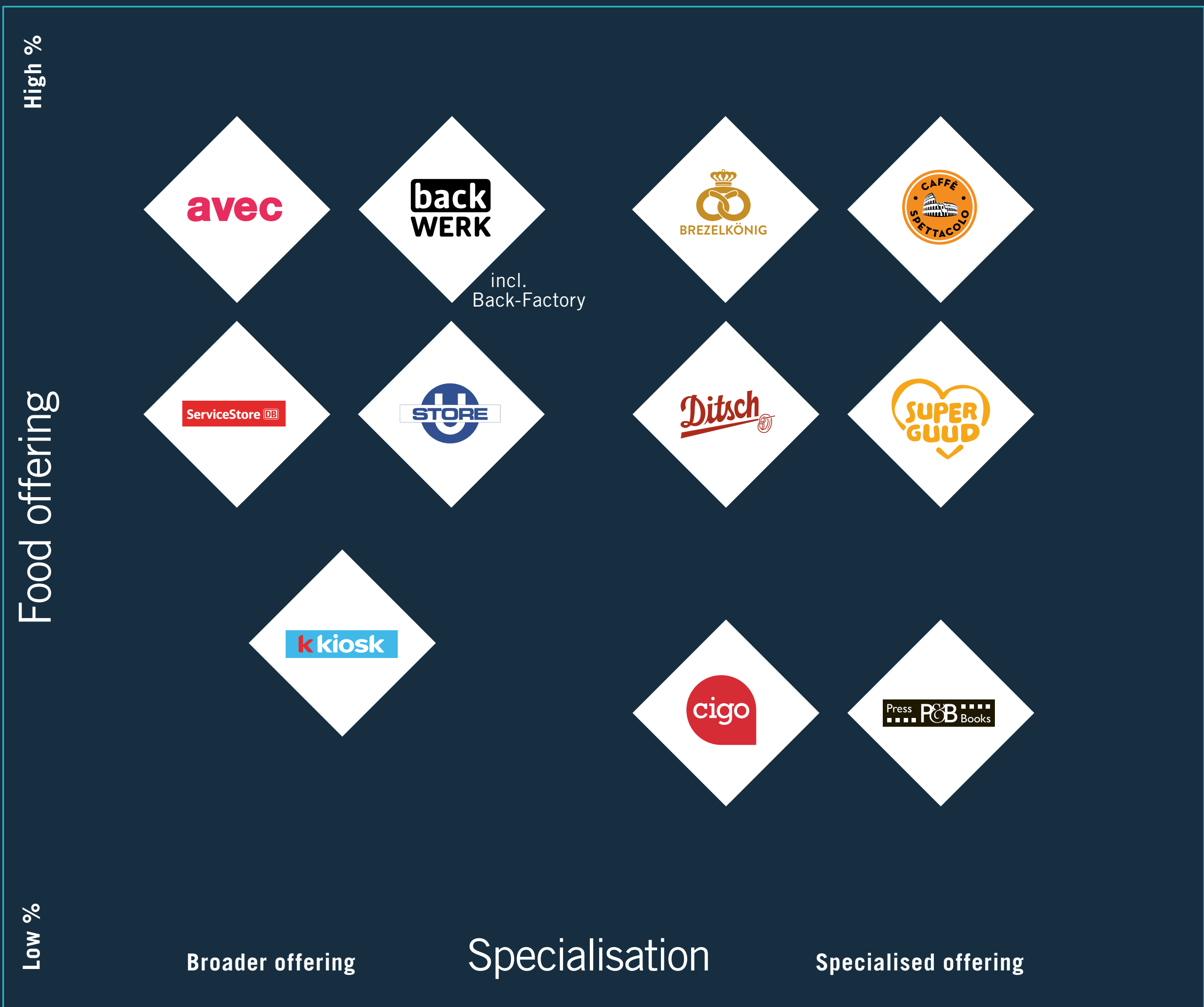
Process Improvement

Profitability is essential for Valora to ensure the sustainability of its business model. Processes are increasingly being improved through automation, retail analytics and efficient workflows. The Process Improvement team plays a key role, providing support across countries, topics and formats. Important progress has been made here with regard to the cockpit for written-off goods, the recruitment process, personnel planning, goods delivery at night and voice-activated business intelligence.

Sales formats

Valora adopts a multiformat approach to maximise customer benefit with concepts tailored to the retail space and customer footfall. The established formats include varying levels of food offerings and degrees of specialisation.

MULTIFORMAT APPROACH



At high-frequency and other locations	Only at high-frequency locations
Dense network with a few strong formats	Multiple specialised formats

Platform for many formats

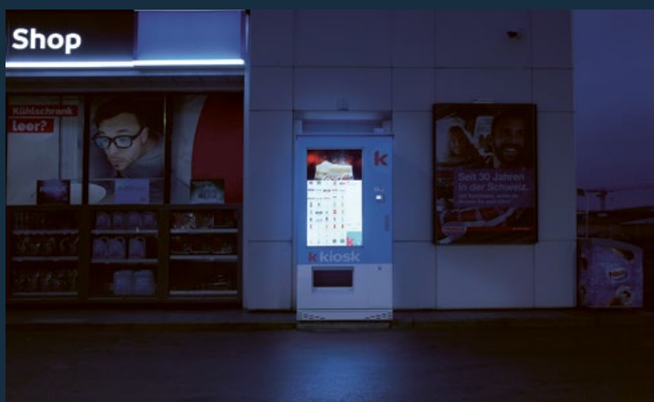
"Treat yourself"

Market leader in the kiosk business, mainly supplying tobacco, lottery products, snacks and press. A growing share of food, fresh products and drinks plus a varied digital services offering.

Convenience around the clock

Valora entered the vending machine business in the end of December 2021 with the k kiosk vending machines. The increased product availability brings more convenience to the customer experience.

Rollout at around 300 Swiss locations is expected to be finalised by the end of 2022, including the installation of newly developed touch screen machines.



More than 1 000 tobacco products in the online shop

With the launch of the online tobacco shop tabak.kkiosk.ch in April 2021, Valora highlighted its tobacco expertise with an omni-channel approach. Customers can choose from over 1 000 products, which are delivered by post the following day.

Gifts and bitcoins

Valora not only launched a k kiosk gift card in 2021, but now also sells cryptonow, Switzerland's first bitcoin voucher at k kiosk, avec and Press & Books.

Retail sales outlets become service centres

In 2021, Valora expanded its pick-up/drop-off offering and launched delivery and reception of UPS packages at several hundred k kiosk and Press & Books sales outlets in Switzerland. Valora also expanded its Swisscom EasyPoint partnership. As well as replacing TV boxes and Internet routers, a large number of items ordered from the Swisscom webshop can now be collected from k kiosk, avec and Press & Books.

Around 900 k kiosk and Press & Books sales outlets in Switzerland and around 670 k kiosk and cigo sales outlets in Germany have also been selling FlixBus tickets for travel in Europe since September 2021.

Expansion at railway stations and service stations

Following the award of the SBB tender in 2019, five new k kiosk sales outlets were opened at Swiss railway stations in 2021. Four further locations were also added. With Oktan and OIL!, Valora now also operates k kiosk service station shops in Germany.

Lots of new sandwiches

Valora completely revised its sandwich range from k kiosk, as well as avec and Press & Books, in Switzerland in 2021. The ReadyToGo brand was also introduced. It offers customers many new types of bread, sandwich varieties and recipes, supplemented by seasonal highlights and vegetarian and vegan alternatives.

POS as a promotional space

A large part of the k kiosk, Press & Books and avec sales outlets was dipped in orange-red-violet in summer 2021. They exclusively supported the product launch of the vegan thirst quencher Vitamin Well Boost in Switzerland with a comprehensive advertising presence and brand activation.

Delayed for a year due to the pandemic, k kiosk, Press & Books and avec in Switzerland joined Panini as promotional partners for the UEFA EURO 2020. The sales outlets served as the exclusive distribution channel for the free albums and distributed around two million promotional sticker packs.

More modern and with more food

In the context of the SBB tender, Valora modernised a total of over 80 already existing k kiosk sales outlets at SBB locations, including about 20 in 2021. The average time the outlets were closed for renovations was only around nine days. In Germany, too, two kiosks were upgraded this year.

Co-sponsor of the world's largest ski race for children and young people

Since the 2020/2021 winter season, k kiosk has been supporting the Grand Prix Migros.

Number of sales outlets
own outlets, agencies, franchise stores

Switzerland	850
Germany	200
Luxembourg	67

"Read & experience"

Market leader in the German station bookshop market with an extensive press offering complemented by selected book titles and a range of services for people on the move. Webshop with store pick-up.

Growth in Southern Germany

In September 2021, Valora acquired five railway station bookshops from the Wuttke family in northern Bavaria. In doing so, Valora strengthened its market leadership in the German railway station book trade with a total of around 160 outlets. The shops will continue to be operated by the current staff as Press & Books outlets. Valora also opened its first Press & Books branch at Frankfurt Airport, another at Berlin Zoo station and one in Crissier, the first ever in French-speaking Switzerland.

New, modern concept

Valora completely or partially refurbished nine Press & Books outlets in Germany. They now have a modernised shop design and a revamped product range.

Number of sales outlets
own outlets, agencies

Switzerland	22
Germany	154
Luxembourg	5
Austria	9

“My moment”

Tobacco retailer also offering press products and a range of services for people on the move.

Network expansion and a fresh look

Since 2021, the German tobacco specialist has been present at 16 additional locations, mainly in shopping centres and the pre-checkout areas of food retailers. In addition, 50 stores have been completely or partially refurbished and now boast a completely new look.

More entrepreneurial spirit

Valora promotes entrepreneurship through independent operating partners. In 2021, 74 cigo outlets were transferred to the franchise system.

Number of sales outlets
own outlets, franchise stores

Germany (incl. sub-formats)	395

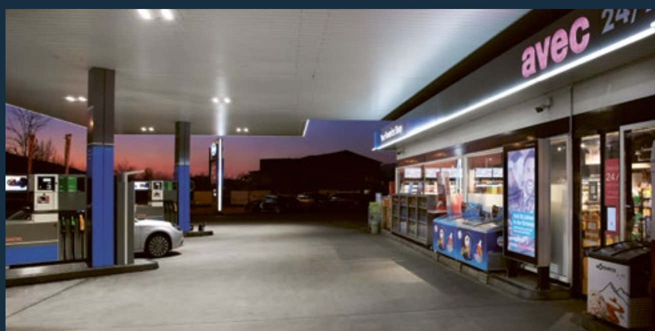
«Handmade with Love»

Modern convenience format at highly frequented locations, for example train or service stations, with an extensive offering of fresh food, other comestibles and regional products.

avec

Doubling of Swiss service station business

Valora takes over the operation of 39 Moveri service station stores in Switzerland from 1 January 2022, with further locations to follow. The shops, most of which were previously operated by shop and more AG under the APERTO brand, will all be converted into avec stores. Through this cooperation, Valora is not only doubling its network of Swiss service stations to around 100 shops, but practically also its net revenue in this segment. Valora is also strengthening its presence at service stations in the German-speaking part of the country.



One of the biggest convenience formats in Switzerland by the end of 2022

Thanks to the new partnership with Moveri and the completed rollout of the modernised avec concept at the SBB locations, the entire avec network will grow to around 300 stores. The four greenfield sites that were opened under the avec format in 2021 will also contribute to this. This will make avec one of the biggest convenience formats in Switzerland.

24/7 stores for more flexibility when shopping

In January 2021, Valora started the rollout of 24/7 stores under the avec brand at Hardplatz in Zurich. This is a hybrid model with staff during the day and autonomous operation with the avec 24/7 app at night and on Sundays. Both existing and new sales outlets can be equipped with this technology. By the end of 2021, Valora operated three avec shops and one avec express as 24/7 stores.

avec express – the small convenience format

As part of the SBB rollout, Valora is converting some of its k kiosk sales outlets into avec convenience stores. Smaller locations will now be managed as avec express outlets. The first avec express was opened in March 2021 at Dornach-Arlesheim BL station. Seven more followed, including one at a highly frequented transport hub in Zurich. The opening of more than 45 avec express is planned for 2021/2022.

Autonomous shopping in the avec box

The cashier-free avec box, which can be accessed autonomously via the avec 24/7 app, was relocated to two new locations in 2021 in order to also test the format in the context of industrial and construction sites. At the end of the 2021, a new wooden avec box also opened in Oberohringen near Winterthur. This box is a little smaller and offers new usage options, for example as a village shop.

Foodvenience offensive at SBB locations

After winning the SBB tender, Valora began converting new and existing retail spaces into the new avec foodvenience concept in 2020. About 30 stores have already been converted, including about 20 in 2021 alone. The closing period is kept as short as possible at around 15 days on average. Valora also modernised over 10 avec stores at Tamoil service stations in 2021.

Vegetarian and vegan growth area

The range of fresh vegetarian and vegan products from Schnägg has been available nationally in the Swiss avec stores since autumn 2021. A selection of vegan sandwiches and planted products were also introduced. Valora is thus responding to a growing customer need.

It doesn't get any closer: directly on site with avec mini convenience

The first avec mini went into operation in a private office building in Zurich Altstetten in spring 2021. It should provide insights for a possible rollout to other locations. With its foodvenience offering, the approximately two cubic metres smart fridge is operated using the avec 24/7 app and has been designed for indoor use in offices, complexes, hospitals and hotels.

Number of sales outlets
own outlets, agencies, franchise stores

Switzerland	177
Germany	3

"For now. For later. For me."

Convenience format in Deutsche Bahn locations for commuters' everyday needs.

24/7 ServiceStore with Valora technology

In June 2021, Deutsche Bahn opened its first 24/7 ServiceStore in Ahrensburg near Hamburg. Valora's digital convenience solution, which has already been tried and tested in Switzerland with the cashier-free avec box, thus celebrated its German premiere. Valora is making this technology available to a third-party company for the first time.

Conversions and a BackWerk clip-in

In addition to the new store in Ahrensburg, four outlets of ServiceStore DB were refurbished and modernised. One of them now has a clip-in (shop-in-shop) of Valora's own BackWerk format, offering a particularly wide range of fresh snacks and coffee.

More entrepreneurship, more success

With the aim of promoting entrepreneurship, Valora transferred five ServiceStore DB outlets to its franchise system.

Number of sales outlets
franchise stores

Germany	104

"Supplies for on the move"

Classic convenience store at U-Bahn (underground) and major bus stations in Germany.

U-Store and BackWerk – successful together

Two retail outlets at Hamburg's main station were converted into new U-Store branches in 2021, one of which is a new location for Valora. Both U-Store branches now have a BackWerk clip-in (shop-in-shop). As a result, the offering of fresh snacks and coffee has been significantly expanded.

Promoting entrepreneurial spirit

In order to be even more successful with entrepreneurial operators, Valora transferred five U-Store outlets to the franchise system.

Number of sales outlets franchise stores	
Germany	25

“Fresh & tasty”

Germany’s largest food service bakery with a broad and flexible range of snacks and a growing offering of fresh products.

Expansion of market position in Germany

BACK·FACTORY

Valora acquired the German snack expert Back-Factory with around 80 sales outlets throughout the country on 1 November 2021. In doing so, it strengthened its position as one of the largest catering companies in Germany and made further inroads into German city centres. Over time, the Back-Factory brand will be integrated into the BackWerk format. As a result, Valora’s German food service platform is benefiting from synergies and economies of scale. In addition, nine new BackWerk stores were opened in Germany in 2021 – including at Hamburg Hauptbahnhof, the busiest station in Germany.

New presence at the largest train stations in the Netherlands

In the Netherlands, BackWerk entered into a partnership with HMSHost International as a franchisee in June 2021. By the end of 2022, twelve HMSHost International locations at the largest railway stations in the Netherlands will be converted into BackWerk stores. Three stores were already opened in 2021. Irrespective of this, six other BackWerk outlets opened their doors for the first time in the Netherlands. ●

Snack delivery when speed is of the essence

BackWerk in Germany has been working with Lieferando.de since 2021 and has been testing a second delivery service by Doordash since the winter. ●

Tastier BackWerk in Germany gains momentum

BackWerk in Germany is consistently continuing its development from a bakery discounter to a provider of fresh products. Following the weak performance in January and February 2021 as a result of the COVID-19 restrictions, the pilot stores in Moers and Neuss, which are designed according to the Dutch model, saw a significantly better recovery than the other BackWerk facilities at inner-city locations in the region. This is also thanks to comprehensive marketing measures. According to customer surveys, the new concept "Leckereres BackWerk (Tastier BackWerk)" is perceived to be of higher quality and is more appealing to women in particular. The pilot will now be transferred to further sites with assortment and design adjustments as a central element of the upgrading. ●

For more freshness: Clip-in cooperation with Valora Retail

With the aim of bringing more fresh snacks and coffee-to-go into the product range, a BackWerk clip-in (shop-in-shop) was installed in a ServiceStore DB in Wuppertal operated by Valora Retail and in two U-Store branches at Hamburg's main station. A total of four such clip-ins are currently operated together with Valora Retail. ●

Artificial intelligence at Back-Factory

Back-Factory launched an innovative self-checkout solution in July 2021. As a pilot store, the Bremen City Gate Back-Factory store was equipped with computer vision terminals. Once the test phase has been completed, the rollout for further large Back-Factory stores is planned. Valora intends to install this technology in its BackWerk stores, too. ●

Self-employed, but not alone

Valora trains its franchisees to become successful independent business people. With this in mind, the Valora Campus in Essen commenced operations at the start of 2021. At the heart of the campus are the public sales outlets of BackWerk and Ditsch, which are used for practical training under real-life conditions. The campus also includes training rooms and a studio where webinars are held and e-learning content produced. ●

Number of sales outlets
mainly franchise stores

Switzerland	1
Germany	365
Austria	24
Netherlands (incl. Back-Factory)	37

"Pretzels since 1919"

Expert in providing tasty pretzels and other snacks at highly frequented locations in Germany.

New openings above target

Ditsch opened three new stores in 2021. Despite the pandemic, two of them have already met or exceeded the targets. Valora sees this as an expression of a high level of customer acceptance.

More attractive range

In order to further enhance the range, a second warm product in addition to the pizzas, which now have a more attractive recipe, was introduced in the form of snack pretzels. The range of sandwiches has also been revamped.

Start of self-employment at Valora Campus

Since 2021, Ditsch agency partners have been able to train for successful entrepreneurship at the new Valora Campus in Essen. The practical training takes place at the campus's own Ditsch sales outlet. It is accompanied by webinars and e-learning courses.

Number of sales outlets agencies	
Germany	192

“The finest”

Sale of high-end lye bread products, such as pretzels, baguettes, croissants, hot dogs or selected sandwich snacks when on the move.

App for greater customer loyalty

Brezelkönig generally enjoys a high loyalty rate. With the Brezelkönig app, Brezelkönig customers received their first digital loyalty program in summer 2021. With the app, they can reward themselves for their loyalty and collect points for free products or upgrades. By the end of the year, the program, which is marketed at the shops and via social media, already had around 17 000 users.

Optimisation of logistics and product management

Following a detailed analysis of the logistics processes for Brezelkönig, as well as Caffè Spettacolo, SuperGuud and BackWerk Switzerland, internal logistics were optimised and a new external service provider was hired by tender in autumn 2021. The changeover went smoothly and led to significant efficiency gains. In addition, a closed product management system was put into operation for Brezelkönig, into which all Valora food service formats in Switzerland will be integrated in 2022 in line with the platform concept.

Innovations in business analytics

In addition to the constant expansion of the existing business intelligence tool, a pilot project in 2021 saw the successful launch of an innovative, voice-controlled and therefore very intuitive BI tool for laypeople.

Number of sales outlets agencies	
Switzerland	56
Austria	3

"dal 1999"

Italian-themed coffee bar concept with its own locations and an integrated coffee module concept for other Valora formats.

Future strengthening of afternoon business

The drinks and pastry offering was expanded with the aim of further boosting the afternoon business at Caffè Spettacolo in the future. ●

Strict reduction of the cost base

Between December 2020 and May 2021, the COVID-19 restrictions led to the closure of Swiss restaurants and thus the Caffè Spettacolo coffee bars with seating. Due to the specialisation in coffee, which at many locations is not in demand all day, only a handful of the coffee bars were kept open for takeaways during this time.

Therefore, the focus in 2021 fell strictly on reducing the cost base as a cornerstone for future profitability. ●

Number of sales outlets
own outlets

Switzerland	30
Luxembourg	2

"Superlicious food & drinks"

Small, trendsetting snacking concept. The Valora format with a difference for the adventurous, urban commuter.

Number of sales outlets
own outlets

Switzerland	3

Own brands

Valora sees vertical integration as a unique competitive advantage in the emerging foodvenience market. Own brands are a big part of that. Not only are they a distinguishing feature in their segment, they also increase internal added value and earnings potential.

"It's ok.–"

The Valora own brand with the best price/performance ratio is the trend-setting companion of young, mobile people and synonymous with a dynamic, urban lifestyle.

Good for the environment: rPET for all own-brand beverages

In line with the "Avoid, reduce, reuse" approach, Valora launched the trendy ok.– stainless-steel drinking bottles in January 2021, which can be filled by the customer. In addition, the major conversion of ok.– PET beverage bottles took place in 2021. The weight of the bottles was reduced and the material was completely or partially switched from PET to recycled PET. Thanks to the lighter bottles and recycled PET, Valora can reduce its plastic consumption by around 20 tonnes per year. CO_2 emissions are actually reduced by more than 200 tonnes. ●

From earphones to charging data cables

Since 2021, Valora has been offering electronic products under its own brand in its retail sales outlets for the first time, thus meeting increasing customer demand. The five-item line will be further expanded in 2022. ●

Fully organic: biok.–

As part of its sustainability efforts, Valora is also constantly expanding its range of organic drinks, for example, with the launch of apple spritzer in Switzerland for its ok.– own brand in 2021. Valora now also offers sustainable, vegan ok.– goodies. ●

Increased brand presence for Swiss winter sports

ok.– has been a co-sponsor of the Audi Skicross Tour since 2018 and appeals to a young target group with this action-packed sport. Since 2020, ok.– has also sponsored alpine skiing athletes Vanessa Kasper and Daniele Sette as a bottle sponsor, and since 2021 also ski cross athlete Talina Gantenbein. ●

bobfinance

"Financial flexibility for consumers"

The bank-independent financial services provider offers practical financial services tailored to modern and digital requirements at fair conditions.

"PostFinance Privatkredit" launched

Core product of bob Finance are private loans. In April 2021, bob Finance launched the "PostFinance Privatkredit" together with PostFinance. This is an online credit starting from 3.95 % from bob Finance for private loans which supplements the own-brand bob credit service. ●

Right on trend: "Buy now, pay later"

With bob zero, bob Finance in Switzerland offers a digital 0 % financing solution for e-commerce and bricks-and-mortar retail. In 2021, bob Finance strengthened its position in this emerging market and expanded its partner network. New additions include in particular renowned mobility and luxury goods brands.

At the same time, thanks to its strategic cooperation with Glarner Kantonalbank, bob Finance was able to further increase the financing volume for its "Buy now, pay later" products. ●

Production

Valora is one of the world's leading producers of pretzels and benefits from a highly integrated value chain. In 2021, Valora produced around 730 million baked goods with its 16 production lines in Germany, the US and Switzerland.

The company primarily supplies a growing number of food service customers as well as the retail and wholesale markets – in addition to its own Ditsch, BackWerk and Back-Factory sales outlets in Germany, Brezelkönig branches in Switzerland and other Valora formats. Ditsch products are also exported to more than 30 countries.

Total B2B sales in the pretzel business recovered completely in 2021. Valora grew significantly in the US with Ditsch – made possible by the second production line that became operational in 2020. The US in particular offers further growth opportunities.

Existing products from the Oranienbaum production site in Germany were placed and marketed in those channels (bakeries, service stations and general international customers) that were significantly less affected by COVID-19 restrictions than food service channels at transport hubs. Relations with existing customers in the B2B markets in Germany, Switzerland and Austria in particular were strengthened, leading to an increase in market share in the DACH region in addition to the US.

During the crisis, the two new production lines in Oranienbaum enabled the automated filling of pre-baked pretzels, which can also be packaged individually at the customer's request. Oranienbaum was also able to automate the looping of lye braids.

730 million pieces of baked products for 30 countries

The two new production lines also enable the creation of innovative products such as organic pretzels, vegan pizzas and other bakery snacks. They ensured successful additional business. In 2021, the trade magazine tk-Report minus 18 even named the pretzels filled with herb and garlic butter as the most innovative product launch in the bread and baked goods category.

Like the market environment as a whole, the B2B business currently faces inflation. Prices for raw materials such as flour, but also for packaging, energy, logistics and personnel costs are particularly impacted. The management has taken comprehensive measures in the areas of production efficiency, procurement and pricing to successfully manage the situation.

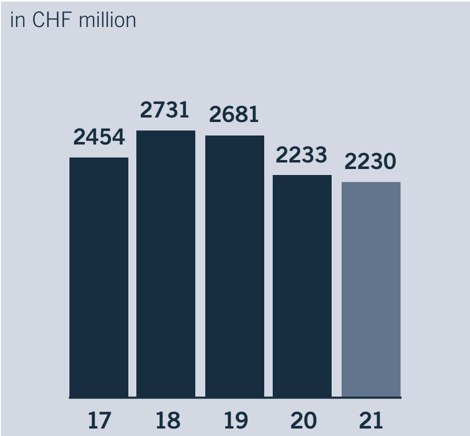
Key financial data

		31.12.2021	31.12.2020	Change
External sales [1]	**CHF million**	**2 230.1**	**2 233.3**	–0.1 %
Net revenue	**CHF million**	**1 749.6**	**1 697.4**	+3.1 %
EBITDA [1]	**CHF million**	**95.5**	**83.4**	+14.4 %
in % of net revenue	%	5.5	4.9	
Operating profit (EBIT)	**CHF million**	**30.3**	**14.1**	+115.5 %
in % of net revenue	%	1.7	0.8	
Net profit from continuing operations	**CHF million**	**8.3**	**–6.2**	n.m.
in % of net revenue	%	0.5	–0.4	
in % of equity	%	1.2	–0.9	
Net cash provided by (used in) [2]				
Operating activities	CHF million	217.5	241.3	–9.9 %
Lease payments, net	CHF million	–155.0	–143.7	+7.8 %
Ordinary investment activities	CHF million	–37.4	–59.5	–37.0 %
Free cash flow [1] [2]	**CHF million**	**25.1**	**38.1**	–34.2 %
Earnings per share [2]	**CHF**	**1.88**	**–1.55**	n.m.
Free cash flow per share [1] [2]	**CHF**	**5.72**	**9.53**	–40.0 %
Number of outlets operated by Valora		**1 795**	**1 827**	–1.8 %
of which agencies		1 173	1 148	+2.2 %
Number of franchise outlets		**929**	**846**	+9.8 %
Net revenues per outlet	CHF 000	975	929	+4.9 %
Share price	**CHF**	**155.80**	**173.80**	–10.4 %
Market capitalisation	**CHF million**	**682**	**762**	–10.5 %
Cash and cash equivalents	**CHF million**	**142.5**	**229.7**	–38.0 %
Interest-bearing debt incl. Lease liabilities	**CHF million**	**1 381.6**	**1 469.2**	–6.0 %
Equity	**CHF million**	**676.7**	**685.0**	–1.2 %
Total liabilities and equity	**CHF million**	**2 321.9**	**2 445.9**	–5.1 %
Number of employees	**FTE**	**3 618**	**3 578**	+1.1 %
Net revenue per employee [2]	CHF 000	484	474	+1.9 %

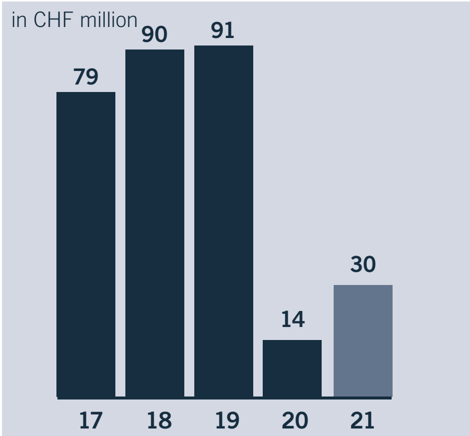
All totals and percentages are based on unrounded figures from the consolidated financial statements.
[1] Definition of alternative performance measures on page 247
[2] From continuing operations

Key financial data

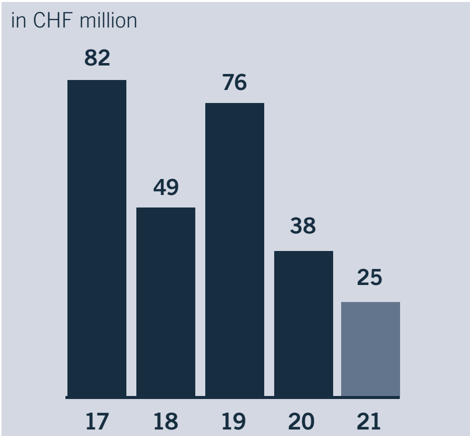
External sales



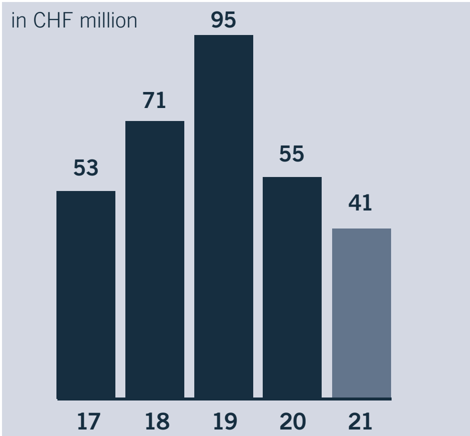
EBIT



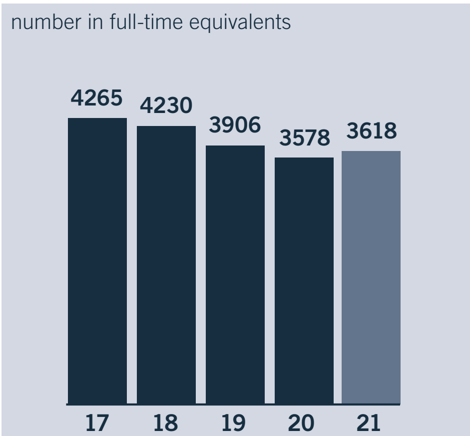
Free cash flow



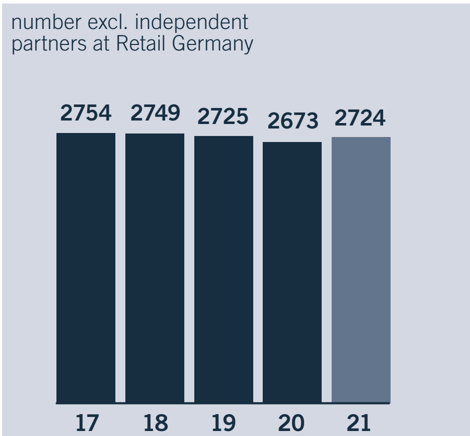
Investments



Valora employees



Outlets



Interview CEO

"Our foodvenience strategy also has high value creation potential in the future."

Michael Mueller
CEO Valora Group

Michael Mueller, what was your experience of 2021?
For me, 2021 saw many promising moments: sales recovered more with each easing measure. The acquisition of Back-Factory in Germany, the expansion of BackWerk to the largest railway stations in the Netherlands and the doubling of the Swiss service station business. The above-average performance of the converted SBB sales outlets and the progress made in the 24/7 availability of our offering – partly due to our entry into the vending machine business. And finally, the outstanding performance of our B2B production business in the US. I was particularly impressed by the unparalleled commitment shown by the employees in our network, even after two years of the pandemic. All of this makes me optimistic.

So things are progressing?
Definitely. This is reflected in the intensity with which we are pressing ahead with the implementation of our foodvenience strategy as well as in the EBIT. In 2021, we achieved EBIT in excess of CHF 30 million – despite renewed restrictions in the fourth quarter due to the Omicron variant. That is more than twice as much as in the first year of the pandemic. We are therefore well in line with our guidance, which we communicated before Omicron.

Why was 2021 better than 2020?
Customer footfall returned with the progress of the vaccination programme and easing of restrictions. The situation relaxed noticeably from March, and the operating units had already returned to a performance close to pre-crisis levels by October. That allowed us to increase the EBIT margin to 2.4% in the second half of 2021. Not even the renewed restrictions from late autumn and the now almost complete SBB rental increase following the successful tendering process in 2019 held us back. We are convinced that our foodvenience strategy also has high value creation potential in the future.

Where was and is the greatest leverage effect?
Food sales were by far the hardest hit during the pandemic. However, we already saw initial signs of recovery in 2021. While external sales increased by +6% between March and December, food sales were up +18%. This, of course, had a positive impact on the gross profit margin. In addition, the Food Service division returned to a positive EBIT in 2021. This is where the operating leverage effect is greatest, as demand at public transport locations declined disproportionately due to the restrictions. It is all the more encouraging that we were able to significantly increase average purchases and absorption in 2021 compared to the pre-crisis years.

“With EBIT of over CHF 30 million, we are well in line with our guidance.”

How did the retail business fare?
The retail business was rock solid and almost always remained profitable throughout the crisis. This was due to the higher location diversification, the broad product portfolio and the resulting considerable mitigation effect on the reduction in sales combined with excellent cost management.

What about the B2B pretzel business?
Pretzel sales recovered completely in 2021. In the US, we actually achieved significant growth with Ditsch – not least due to the second production line that became operational in 2020. The US in particular offers further growth opportunities in an attractive market, so that we will continue to expand our capacities there in 2022. Ditsch also demonstrated its innovative strength in 2021 and was able to respond quickly to new B2B customer requests, including filled, individually packaged pretzels, thanks in part to the two production lines completed in Oranienbaum in 2019. This strengthened ties with DACH customers and enabled us to gain new customers internationally.

Is inflation not an issue there?
It is, the situation is unprecedented. Prices for raw materials such as flour, but also for packaging, energy, logistics and personnel costs are particularly in focus. We are managing this by further diversifying our risks and increasing our production efficiency even more. Unfortunately, price increases are also unavoidable. However, customers accept the situation in light of the overall market development.

How do you generally keep costs under control?
We established an extremely disciplined and flexible company-wide cost management system early on in the crisis and we are staying with it. Thanks to efficiency gains, we were able to keep the cost ratio stable in 2021 in spite of higher expenses related to inflation as well as investments in digital innovation and M&A projects.

To what extent did government COVID-19 contributions boost the result?
Besides short-time working allowances, Valora received additional governmental funds in 2021. However, the overall support was lower than in 2020. COVID-19-related rent concessions decreased especially in 2021.

Working from home seems to be here to stay. Will your business ever fully recover?
We assume that the number of people who will continue to work from home will have only a limited impact on customer frequency at public transport hubs. This is where we generated half of our external sales before the crisis. The locations remain attractive, as this gap is likely to be closed. More than half of passengers in our core markets use the train for reasons other than commuting to work. This travel activity is likely to return to normal quickly. Population growth and growing commuter numbers are also likely to have a strong counterbalancing effect. Furthermore, sustainability considerations and the future expansion of the service range are making public transport more significant. We are convinced that it will recover fully in the medium term.

However, we no longer need 100% of the pre-crisis frequency to achieve the same level of profit. Thanks to improved costs and the pro rata expansion of our higher-margin food offering, we are more profitable at the same sales volume than we were just a few years ago. In addition, our customers are now buying more. The average total purchase sum has risen since 2019.

“We no longer need 100% of the pre-crisis frequency at public transport locations to achieve the same level of profit.”

At the same time, you are diversifying your location portfolio.
Exactly. We acquired other attractive locations away from commuter flows last year, both organically and through mergers and acquisitions, as part of the expansion of our network. The focus was on city centres and service stations.

Are city centres still attractive?
They will always be a hub for sustainable urban development over the long term. Once the COVID-19 situation has calmed, they will regain their appeal. In addition, the crisis is opening up new opportunities for good space. With the acquisition of the snack expert BackFactory with around 80 stores in 2021, we have already managed to increase our presence in German inner-city locations.

"We have opened up further attractive locations at service stations and in city centres."

What makes service stations special?
They are often located on major transport routes and in agglomerations – either on the way or very close to home. So it comes as no surprise that, according to a study by Fuhrer & Hotz, around 80% of customers in Switzerland shop there without refuelling. Accordingly, we have aligned the avec range still more closely to these needs – including a fresh, local offering for consumption at home. We are also all the happier to take over the operation of 39 Moveri shops from January 2022 – with potential for more shops. This will double our Swiss service station business. In 2022, the Moveri shops now under the avec brand stand to generate sales exceeding CHF 60 million.

What about service station shops in Germany?
We have been cultivating that market since 2021 with the k kiosk brand and have so far been able to occupy two locations. With BackWerk and Ditsch, we are also present at first service stations.

In 2021, you equipped a service station shop with 24/7 access. Is that also part of the expansion?
Yes, it is part of our drive to expand our customer reach. We are basically making our opening times comparable to online shopping and adding flexibility to the customer experience. We took the first steps in 2019 with the cashier-free avec box in Switzerland, which we are still testing in different sizes at various locations. These are fully autonomous self-checkout solutions. In 2021, we developed other self-checkout formats based on the relevant avec 24/7 app – such as hybrid solutions with staff during the day and autonomous access at night, as with the aforementioned service station. This will allow us to add locations and extend opening hours in places where we cannot justify deploying staff. We are now implementing this offer at many more locations.

What role do the new vending machines play?
We started using vending machines at the end of December 2021 to support our 24/7 model. The plan is to roll out around 300 k kiosk vending machines throughout Switzerland by the end of 2022. According to current planning, around 60% of the vending machines will be installed at existing avec and k kiosk locations. However, there is even more potential both in Switzerland and abroad.

"We are expanding our customer reach and adding convenience through 24/7 shopping solutions."

What further progress have you made in digitalisation?
We have noticeably increased our development capacities for digital solutions. Today we have a strong team with more than 30 FTEs. Similarly, we have significantly increased our expenditure in digitalisation compared to 2019.

Which projects have you invested in?
In addition to autonomous purchasing solutions, we have also made progress in e-commerce. We have developed our own online tobacco shop as an additional sales channel at tabak.kkiosk.ch. Online tobacco purchases are becoming increasingly popular. This is already reflected on the platform. We also introduced the new Brezelkönig app to offer customers of the format a more attractive loyalty program.

"We were able to significantly increase the number of sales outlets with a strong food focus."

You are pursuing a growth strategy with food. Where are you with that?
It is important that we were able to expand the proportion of sales outlets with a food focus in our network. We have ensured this with the following core initiatives: The conversions resulting from the SBB tender. The conversion of existing avec stores and the expansion of the avec network away from SBB locations, with Moveri for example. And also with the acquisition of Back-Factory and the new franchise partnership with HMSHost International, which brings us via BackWerk to the largest railway stations in the Netherlands.

What does that mean in figures?
If you add the stores to be integrated or converted by the end of 2022 to the number of sales outlets in 2021, we have increased the share of food service and convenience outlets – i.e. outlets with a strong food focus – by more than +20% since 2018. This not only enables us to achieve higher margins, network effects and synergies, but also to strengthen our brand presence – in particular avec and BackWerk. avec will be one of the largest convenience formats in Switzerland. With Back-Factory, which will be incorporated into BackWerk, we are also now one of the five largest catering companies in Germany measured by pre-crisis levels.

And how far along are you with the SBB conversions?
We are systematically pressing ahead with the conversion work and should be ready by around the end of 2022. To achieve this, we have expanded our team and processes. By the end of 2021, we had converted or opened a total of about half of the sales outlets. At k kiosk, we

OUTLET NETWORK

31.12.2021

	Format	Switzerland	Germany	Luxembourg	Austria	Netherlands	TOTAL
RETAIL	k kiosk	850	200	67			1 117
	avec	177	3				180
	Press & Books	22	154	5	9		190
	cigo & sub-formats		395				395
	ServiceStore DB		104				104
	U-Store		25				25
FOOD SERVICE	BackWerk incl. Back-Factory	1	365		24	37	427
	Ditsch		192				192
	Brezelkönig	56			3		59
	Caffè Spettacolo	30		2			32
	SuperGuud	3					3
TOTAL		1 139	1 438	74	36	37	2 724

have completed 80% of the conversions, at avec we are at a quarter.

Are the converted sales outlets performing well?
Food sales in the converted shops grew by almost + 20% year-on-year from March to December 2021, while remaining more or less stable in the shops awaiting renovation. That percentage does not just comprise the now higher number of avec convenience stores, but also includes the higher food component in the new k kiosk concept. Drinks are also important in that regard.

"Valora is identifying measures to decarbonise the entire value chain by 2050."

In other words, the customer is satisfied?
Yes, we also see that in the positive results for k kiosk and avec in the customer survey conducted as part of the Swiss Convenience Retail Monitor 2021. The new avec concept launched in 2018 is proving particularly popular. The assessment has improved significantly compared to 2017. According to the study, the avec stores are now considered the industry benchmark.

How is the integration of Back-Factory going?
With Back-Factory, we have been able to substantially increase purchasing power at Food Service Germany and benefit from significant synergies. As part of the alignment of its product range, Back-Factory will be supplying cold beverages in accordance with the BackWerk standard from March 2022 onwards. We have already transferred some of our 40 or so own stores to the franchise model and are ahead of schedule with the integration of the administrative offices in Essen. We were also able to motivate key experts to accompany the change.

Do you also want to develop BackWerk itself?
The plan is for BackWerk to become a food service bakery also in Germany, offering an attractive, healthy snack range. To this end, we have designed pilot stores in Moers and Neuss based on our Dutch model. They progressed a lot better in 2021 than other BackWerk stores in comparable locations. According to surveys, the new concept is seen to be of a better quality. We will now scale it up with design and range adjustments. At the same time, we opened our Food Service Germany campus in Essen, where we train our operating partners to become successful business people.

“We are consistently pursuing our growth strategy with food as the main driver.”

What about your partner network during the crisis?
We were able to keep our agency and franchise partnerships stable throughout the pandemic. We are doing everything in our power to continue to provide our partners with the best possible protection and to support them financially to the best of our ability. Short-time working also allowed us to avoid extensive lay-offs among our own employees. Our motivated employees and our strong network are our basis for the imminent upswing.

Regarding ecological sustainability: many companies are committed to climate neutrality by 2050. Valora too?
Valora is currently identifying measures to decarbonise the entire value chain by 2050. As part of that, we aim to halve CO_2 emissions in Scope 1 and 2 by 2025. We therefore want to convert the entire Group to 100% renewable electricity during 2022. This will already enable us to significantly reduce our Scope 2 emissions. We also became more sustainable in 2021: we reduced the weight of our own brand ok.– bottles and now use recycled PET. We offer discounts or upgrades across the board for the use of reusable cups. We sold 169000 portions of food at a reduced price through Too Good To Go. We are also optimising our logistics and modernising cooling systems. These are all examples of what we are working towards.

What are your priorities in 2022?
We are systematically pursuing our growth strategy with food as the main driver. In doing so, we also want to profit from market consolidation and strengthen our core business in existing regions through acquisitions when suitable opportunities arise. We will do everything we can to ensure the integration of Back-Factory is successful. We have a proven track record with our previous acquisitions. We also want to complete the SBB conversions on time. Finally, we are continuing to invest in digital convenience solutions and sustainability. This also includes our transparent focus on ESG requirements.

“Valora has a strong balance sheet and is financially stable.”

Will you reach the financial targets communicated for 2022?
Valora has a strong balance sheet and remains financially stable, even in these turbulent times. Despite the rough start into the year due to the Omicron wave, we still expect EBIT of CHF 70 million (+/– ~10%) for 2022. The fast recovery experienced in 2021 is most likely to continue with the lifting of major restrictions. And we expect a rebound to pre-crisis levels during the second half of 2022. Our shareholders are also likely to be pleased with the recovery. We also stick to our longer-term outlook communicated for 2025. However, we expect to reach the operational targets 18 to 24 months later than originally planned due to the pandemic.

“We are perfectly equipped to make the most of the upswing.”

What are you looking forward to?
We are perfectly equipped to make the most of the imminent upswing. It will also provide renewed motivation, especially for the employees. This time has brought us at Valora together as a team that has shown what it can do. As the situation improves we will be able to do even more.


back WERK
Mein
Feel Good
Moment

Organisation

Franz Julen, Sascha Zahnd, Michael Kliger, Insa Klasing, Felix Stinson, Dr Karin Schwab, Markus Bernhard

Board of Directors

Chair

Franz Julen
Chairman

Sascha Zahnd
Vice-Chairman

Audit Committee

Markus Bernhard
Chairman

Dr Karin Schwab
Member

Felix Stinson
Member

Nomination/Compensation Committee

Michael Kliger
Chairman

Insa Klasing
Member

Sascha Zahnd
Member

Governance Board Sustainability: Franz Julen, Felix Stinson

Roger Vogt, Michael Mueller, Thomas Eisele, Beat Fellmann

Watch
the video

Executive Management

Michael Mueller
Group CEO

Beat Fellmann
Group CFO

Thomas Eisele
CEO Food Service

Roger Vogt
CEO Retail

Group of Leaders

Corporate

Adriano Margiotta
Group General Counsel, Corporate Secretary and Head Sustainability

Michael Wirth
Head Digital Product Development

Michael Paulsen
Head Group Controlling

Hilmar Scheel
Managing Director
bob Finance

Christina Wahlstrand
Head Corporate Communications & Branding

Food Service

Karl Brauckmann
Managing Director
Food Service Germany

Sebastian Gooding
Managing Director
Ditsch Production / B2B

Monika Zander
Managing Director
Food Service Switzerland

Retail

Philipp Angehrn
Head Retail Operations

Lars Bauer
Head Retail Sales DE / AT / LUX

Dirk Mühlhäuser
Head Retail IT

Matthias Müller
Head Category Management
Food & Convenience

René Trapp
Head Category
Management Non-Food

As at: February 2022


M1
Mitte
Am Kupfergraben

Sustainability

"With the sustainability strategy, we assume responsibility along the entire value chain. Regarding climate, that means we are looking for ways to eliminate all greenhouse gas emissions from raw material production all the way to disposal by 2050."

Franz Julen
Chairman of the Board of Directors and
Chairman of the Governance Board Sustainability

Franz Julen
Chairman of the Board of Directors
Chairman of the Governance Board Sustainability

Felix Stinson
Member of the Board of Directors
Member of the Governance Board Sustainability

Looking back on 2021: what do you think about Valora's efforts regarding sustainability?
Franz Julen: These are and will remain of the greatest strategic importance to the Board of Directors and Group Executive Management. Our clear commitment to sustainability has not changed in the past year. We assume responsibility along the entire value chain – environmentally and socially, but also in terms of governance. In 2021, we paid particular attention to job security, further training and financial support for employees and partners.

What does that mean exactly?
Felix Stinson: In operational terms, many teams stood out last year: from optimised packaging to new vegan and organically manufactured products and many saved portions in the battle against food waste. At the strategic level, we conducted a footprint analysis to gain a comprehensive understanding of where the major levers are for achieving the greatest ecological as well as social impact. The analysis showed that almost 90 % of the CO_2 emissions in our value chain are caused by agricultural supply chains. In our sustainability strategy, we must therefore also consider the preliminary stages of the core business.

Does climate neutrality play a role?
Felix Stinson: Absolutely. We are embarking on a path towards climate neutrality by 2050. The Board of Directors is currently discussing the stages and specific targets for the coming years with a view to reducing both our own and our supply chain emissions. Together with our suppliers and partners, we want to play our part in limiting global warming to 1.5 °C.

Can we expect pioneering measures as early as 2022?
Felix Stinson: The Group-wide conversion to 100 % renewable electricity will be a milestone and contribute to halving our Scope 1&2 until 2025. We will also cut emissions through measures to reduce food waste, improved energy management in the sales outlets and the expansion of the vegan offering. And we will increasingly involve suppliers in 2022. In addition, we will measure our progress in a standardised way and report more quantitative ESG data.

There's a lot to be done. How can you master this major challenge?
Franz Julen: By seeing sustainability as an opportunity and asking ourselves: where can we fulfil the wishes of our customers? What motivates our employees? Where do we have untapped potential in terms of energy or food waste? What are the advantages of our ESG transparency on the financial market? We will be able to derive many benefits from our commitments, which doesn't mean we underestimate the challenge.

How is Valora organising itself in this regard?
Franz Julen: Sustainability must be integrated into the work of the teams on site and increasingly become part of Valora's DNA. There are committees at several levels for steering purposes. Board of Directors, senior management, and for example the newly created Governance Board Sustainability, in which Board members, the CEO and Sustainability Management meet regularly to discuss targets, progress and orientation. We are addressing the issue together – at the strategic and operational level.

High-lights

169 000

Portions

Last year, Valora sold 169 000 reduced-price food portions through its partnership with Too Good To Go. This was around 19 000 more portions than in the previous year and led to savings of around 425 tonnes of CO_2.

3 119

Umbrellas to rent

Since 2021, sustainably produced umbrellas have been available for hire at the k kiosk, Press & Books and avec sales outlets in Switzerland for return anywhere in Switzerland. This service was used 3 119 times last year.

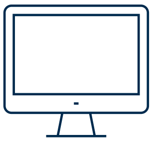
100 %

Fairtrade-coffee

In 2021, all private-label coffee across the Group was again Fairtrade-certified. This guarantees fair working conditions and economic security for farmers.

100 % rPET

Since 2021, the mineral water of Valora's own brand ok.– has been sold in a weight-optimised bottle made from 100 % recycled PET. This saves over 100 tonnes of CO_2 and around 130 tonnes of crude oil per year.

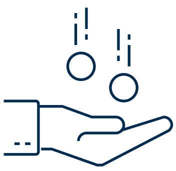


21 000 E-learnings

The newly launched Group-wide learning platform Valora Academy offers access to numerous types of training and compulsory courses. In 2021, a total of around 21 000 e-learning modules were completed.

50 Trainees

From commercial apprenticeships and training in book sales and retail or food technology to dual studying: Valora trained 50 young people up to professional level last year.



1–3 % Salary increase

Despite the economic challenges, Valora has decided to increase the wage total for its own employees from 1 March 2022: by 3 % in Germany and 1 % in Switzerland within the context of the Valora Collective Labour Agreement.

A changing world

«War for Talents»

From the technical expertise of a programmer to the dexterity of a barista: specialists have their own ideas about where to look for work. Other factors such as demographic change, an increasingly dynamic labour market and constantly changing requirements in terms of skills are increasing the onus on Valora to be an attractive employer.

Climate change

The sixth IPCC report issued in August 2021 unequivocally confirmed the urgency of the situation. In order to keep global warming below 1.5 °C, CO_2 emissions must be reduced by around two-thirds from 2020 to 2030. In addition, greenhouse gas emissions must be at net zero by 2050. Valora demands that on two fronts: for its own emissions and the emissions generated in the manufacture of its products.

Plastics and pollutants

The planet's carrying capacity is also being exceeded with regard to material cycles, especially phosphorus and nitrogen, which are used in large quantities in agriculture. Furthermore, plastics are accumulating in the soil and water. That means the agricultural supply chains used for most of the products sold by Valora need to become more compatible with the environment. Plastic packaging needs to be scrutinised.

Human rights

Human rights are universal and immutable. Nevertheless, agricultural and international supply chains are fraught with risk. Following the "UN Guiding Principles on Business and Human Rights", which were adopted in 2011, laws have recently been passed in the two Valora core markets of Germany and Switzerland on the duty of care incumbent on companies with respect to human rights.

Digitalisation

Digitalisation is changing communication, data availability and core processes. This offers companies such as Valora numerous opportunities to become more competitive and sustainable: data enables better planning to reduce food waste. Online purchasing processes increase comparability and selection. International supply chains can be monitored more effectively.

Strategy

Value chain and impacts

From field to customer: the Valora Group follows a sustainability strategy whereby it assumes responsibility along the entire value chain. The upstream value chain ranges from raw material production through to agriculture and several processing steps to wholesalers and logistics. Valora obtains goods, including own brands, through these suppliers and sells them to consumers (B2C). It also supplies items from its own pretzel production facilities to other companies (B2B). The different sales outlet formats are operated by Valora employees or franchise and agency partners with their own employees. They all brighten up their customers' journey, particularly at transport hubs and central urban locations.

Footprint analysis

In 2021, Valora carried out a footprint analysis to better understand the environmental impacts and social risks in its value chain. Based on purchasing data and average values per product group, CO_2 equivalents, pollutants as well as land and water use were modelled. Social risk hours are also included, i.e. hours worked at the risk of human rights violations. The footprint analysis enables Valora to identify levers and hotspots at all levels of the supply chain and address them in a targeted manner.

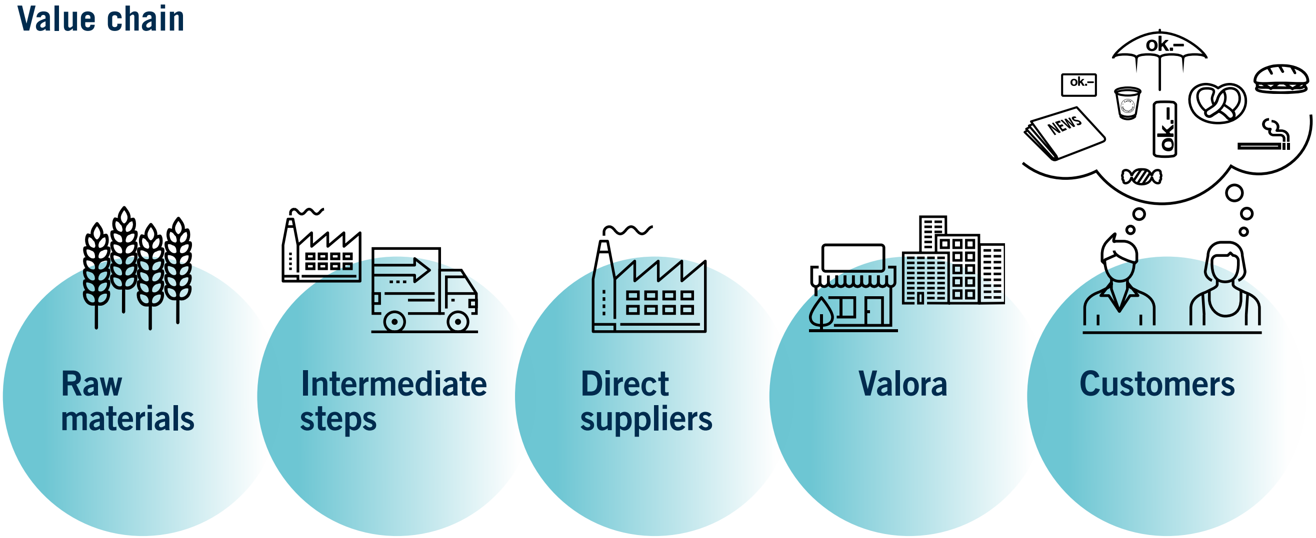
Value chain and impacts

The footprint analysis showed that the majority of modelled CO_2 emissions and social risks arise from raw material production: agricultural processes such as wheat, tobacco or animal feed cultivation have the greatest impact.

The analysis also showed that CO_2 and pollutant emissions are far more significant in environmental terms than water and land use. The social risks, on the other hand, are greatly dependant on the product's country of origin: while the raw materials for baked goods mainly come from Central Europe, the cultivation areas for tobacco, coffee and cocoa are located in the Global South and pose greater human rights violation risks.

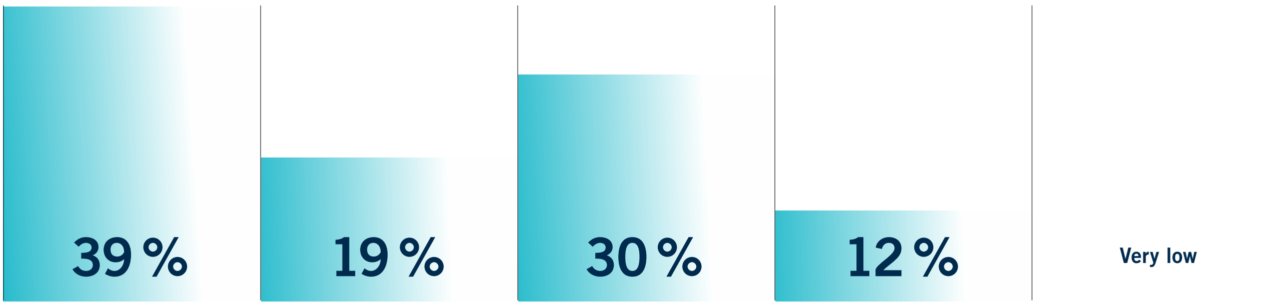
For Valora, these findings mean that the company must also go beyond its core business along its value creation chain to achieve its long-term sustainability goals. Together with the suppliers and partners, Valora Group wants to contribute to limiting global warming to 1.5 °C. That is why the company is working towards climate neutrality by 2050. The Board of Directors is currently discussing the stages and specific objectives for the coming years, to reduce emissions caused directly by Valora and along the supply chains.

Value chain

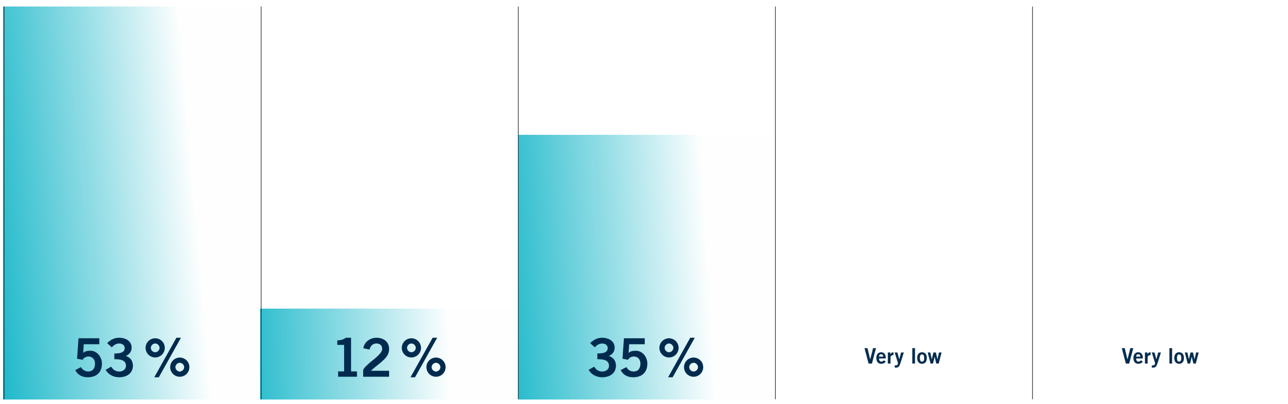


Raw materials	Intermediate steps	Direct suppliers	Valora	Customers
– Agriculture – Animal husbandry – Mining, oil production	– Transport – Pre-products – Mechanical engineering	– Food production – Fruit and vegetable growing – Wholesale trade and logistics	– Pretzel production – Sales and refrigeration – Logistics	– Consumption – Disposal

Percentage distribution of CO_2 equivalents (modelling)



Percentage distribution of social risk hours (modelling)



Stakeholder dialogue

In order to develop its sustainability strategy, Valora analysed the expectations of its stakeholders on the basis of structured interviews in 2019. Since then, Valora has kept abreast of expectations through ongoing dialogue with interest groups. In addition, sustainability topics are explicitly addressed in the day-to-day dialogue with external partners.

If changed stakeholder expectations are repeatedly identified, this leads to adjustments to the sustainability strategy. In 2021, the dialogue with interest groups has confirmed the strategy (see also page 66).

Stakeholder expectations

Customers
Fair working conditions
Sustainably manufactured products
Packaging

Agency and franchise partners and their employees
Fair partnerships
Employee development
Fair working conditions and salaries

Employees
Employee development
Fair working conditions and salaries
Leadership and corporate culture
Job offer

Landlords
Waste and food waste
Sustainably manufactured products

Investors
Fair working conditions
Management and corporate culture
Fair partnerships
Sustainably manufactured products

Environmental organisations
Sustainably manufactured products
Political influence
Packaging
Energy and resource consumption

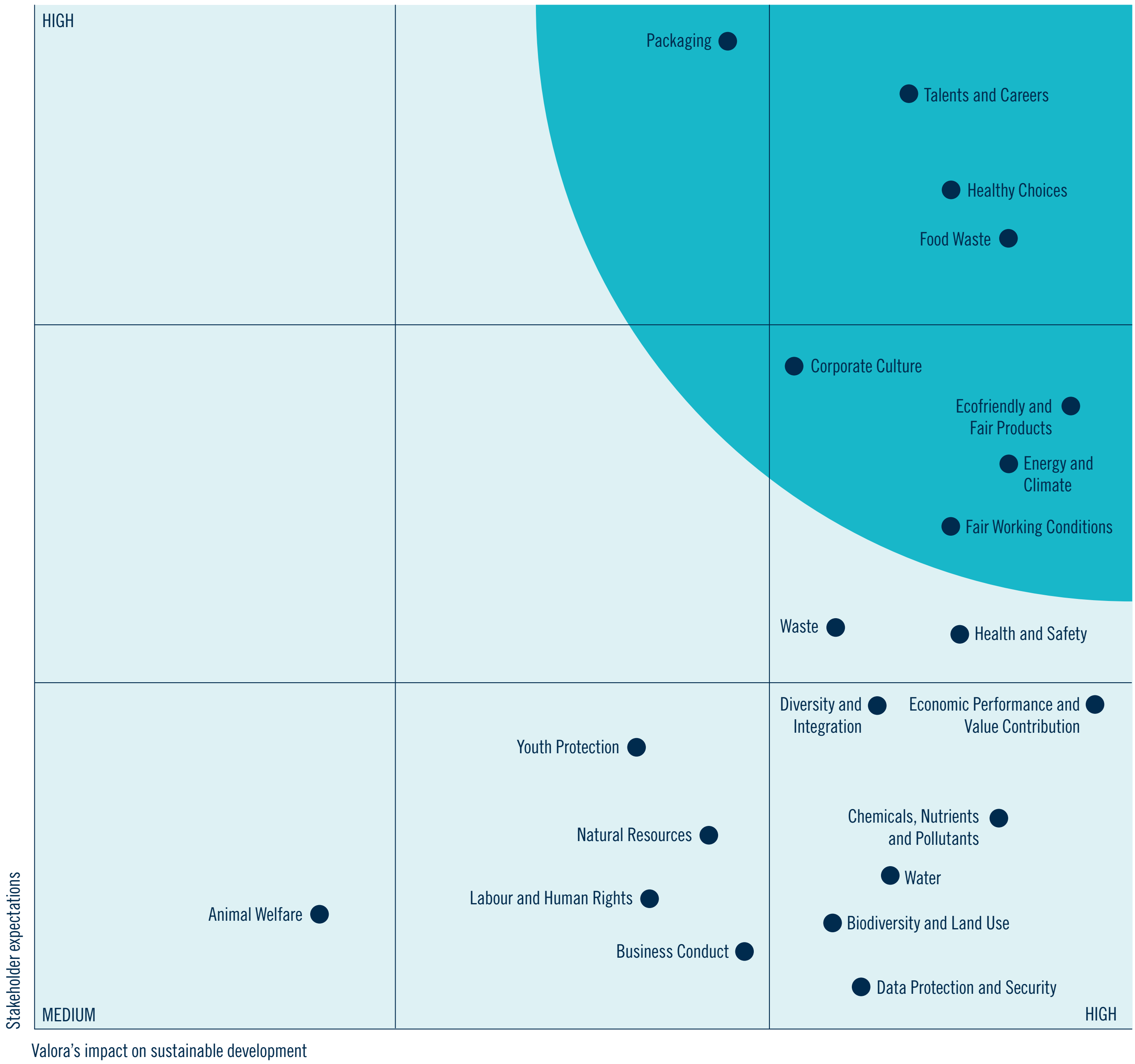
Suppliers
Sustainably manufactured products
Less/sustainable packaging
Employee development

Materiality analysis

The results of the stakeholder interviews were compiled into a materiality matrix (see chart below): The vertical axis shows stakeholder expectations of Valora, while the horizontal axis shows the effects (impact) of Valora's business on sustainable development. The impact axis was supplemented and updated in 2021 with the results of the footprint analysis.

For Valora, the materiality matrix forms the basis for identifying and prioritising its sustainability topics. The eight topics highlighted in dark colour in the top right were classified as material. Further details of the materiality analysis are outlined in the 2019 Sustainability Report.

Materiality matrix
Results from the footprint analysis and stakeholder dialogue



Defining the strategy

Review of topics

In order to define the Valora Group's sustainability strategy from the eight material topics in the matrix, the first step was to consider the topics from an economic perspective and align them with the corporate strategy. Conclusion: Fair working conditions and the promotion of talent contribute to the attractiveness of the workplace. Measures to save energy and combat food waste enable lower costs. Just like more sustainable packaging, sustainable and healthy products are a competitive advantage. The sustainability strategy thus supports the path chosen by Valora Group – the material topics correspond to double materiality.

In a second step, a comparison of the eight material topics with the United Nations' Sustainable Development Goals (SDGs) showed that Valora is actively addressing eight of the 17 goals in its initiatives. There are no other relevant SDGs to which a foodvenience provider could make a relevant contribution. Valora's sustainability strategy therefore aligns with the focus of the goals set by the United Nations.

Strategy development

As a next step, seven of the eight material topics from the materiality matrix were clustered and allocated to three pillars: People, Planet, Products. Measures and key figures were defined for each topic and adapted to the different business areas. For example, depending on the format, the energy management focus is on refrigerators, air-conditioning systems, or ovens.

The eighth main topic, cultural change as an enabler, together with stakeholder engagement and innovation, forms the basis for implementing the sustainability strategy. It is therefore managed as an interdisciplinary topic (see page 68).

Current status

Valora's Board of Directors and Group Executive Management are unwavering in their commitment to sustainable business practices: sustainability is firmly anchored as the fifth pillar in the corporate strategy. The COVID-19 crisis has impacted and delayed individual sustainability projects in some cases. As a result, it has not yet been possible to compile the desired data and some projects have had to be postponed.

These projects will be continued in 2022. At the same time, new, long-term sustainability goals are being defined to decarbonise own activities and the supply chains. Valora is thus on its way to achieving climate neutrality by 2050. Accordingly, sustainability is given greater weight when working with suppliers.

Report structure

In accordance with the GRI reporting standards, a chapter is devoted to all key topics (with the exception of cultural change). The chapters address relevance and progress. A table summarises the measures and implementation status. An evaluation of what has been achieved and an outlook for 2022 round off the topic chapters. The quantitative information is presented in tabular form at the end of each of the three pillar chapters.

Delays due to the COVID-19 crisis are marked with a virus symbol for progress made in 2021. In addition, the implementation of the projects announced for 2022 depends on how the pandemic develops.

People

Becoming an attractive place to work for everyone

– Fair Working Conditions
– Talents and Careers

Planet

Becoming a climate-neutral company

– Food Waste
– Energy and Climate

Products

Becoming the go-to place for sustainable foodvenience

– Ecofriendly and Fair Products
– Healthy Choices
– Packaging

Enablers

Culture and organisation

The goal is clear: sustainability must become part of Valora's corporate DNA. As this is a long-term process, it remains important to continue providing information and promotion events at the 2 724 Valora sales outlets as well as the administration and production sites. The strategic direction of sustainability efforts is determined by the Governance Board Sustainability (details in the Corporate Governance Report on page 91). It consists of members of the Board of Directors, the Group Executive Board and sustainability management, and prepares decisions on sustainability topics for the Board of Directors. Steering committees are responsible for operational implementation in the individual business areas. They also continuously monitor the implementation of the sustainability measures. Selected Valora employees in question were involved in developing the Valora sustainability strategy. Today, they form a group of so-called sustainability champions who take on a professional role within the company and contribute to knowledge dissemination. The social Valora Connect intranet facilitates exchange with sustainability champions and is used to communicate the topic.

Innovation

In addition to continuously improving sustainability throughout the company, Valora also strives for products that go beyond incremental improvements. Valora also tests sustainable innovations with suppliers and other partners: in 2021, for example, a disposable wooden coffee cup and a digital reusable cup system. If such innovations meet the needs of customers, they are added to the product range.

A sustainable innovation gained momentum across the board in 2021: the umbrella-to-rent. After use, customers can return the sustainably produced umbrella to any point of sale. Valora intends to extend use of the sharing platform created for the umbrella to further products in the future.

Stakeholder engagement

Dialogue with stakeholder groups is an important part of sustainability management. The structured interviews conducted as part of the materiality analysis form the basis for this report. This, in turn, is being continuously expanded, supplemented with additional key figures and provided to the stakeholder groups.

Discussions with analysts on ESG topics (environmental social governance) took place in 2021, among other things. Requirements and expectations that are raised, for example, in the context of tenders are documented. They often concern topics relating to the Planet pillar. Additionally, sustainability issues are explicitly addressed in day-to-day discussions with suppliers.

In future, sustainability issues will also be part of customer and employee surveys. Topic-specific inquiries from customers are already being recorded today.

Progress

Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

1 NO POVERTY

People

Fair Working Conditions

The employees not only drive the implementation of the business strategy, but also represent Valora externally – especially in the sales outlets. Accordingly, employee satisfaction is equally important. In addition to motivation, it also shapes loyalty to the company.

In order to maintain satisfaction, Valora provides fair working conditions. The human resources departments in the individual divisions focus on factors such as working hours, work break rules, social benefits, job security, promotion of health, diversity, equality and remuneration. Fair working conditions are also the responsibility and objective of all managers within the Valora network.

Evaluation

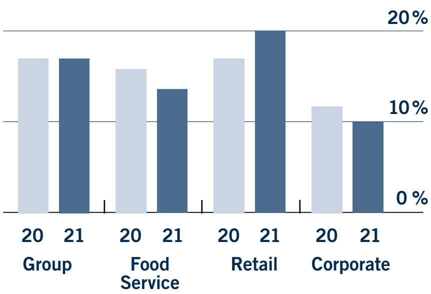
During the COVID-19 crisis, Valora increased salaries for short-time working to 80 % of the lost salary if the short-time remuneration was lower than that, which benefited low-wage earners in particular. Last year, the operating partners were supported with a single-digit million sum in the event of liquidity bottlenecks. Despite the dramatic drop in customer footfall, only a few jobs had to be cut since the start of the pandemic – not least due to government-supported short-time working. At the end of 2021, the Valora Group employed 4 529 own employees – 2.4 % fewer than in 2020.

Net turnover on the basis of notice given by employees stayed at 17 %. The proportion of women is 64 %, the age mix is balanced.

Outlook

Under the Collective Labour Agreement, Valora will increase the wage total by 1 % in Switzerland from 1 March 2022. In Germany, the wage total will be increased by 3 %. An increase in the statutory minimum wage in Germany is also being prepared. Valora is thus continuing to work together with its employees and partners to overcome the crisis.

Net turnover rate*



* The net turnover rate is calculated based on the number of departures following termination by employees in relation to the number of employees at the end of the year. A reorganisation resulted in shifts in personnel from Corporate to Retail and Food Service in 2021, hence values are not directly comparable.

People
Fair Working Conditions

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
Salary increase and top-up of short-time working compensation – in Switzerland, unemployment insurance pays 80 % of the previous salary. In Germany, short-time worker's compensation is initially limited to 60–67 % of lost earnings, and only reaches 80–87 % after seven months.	●●●●●	As in the previous year: increase of loss of earnings in the event of short-time working to 80 % for those receiving less than 80 % of lost earnings, for example in Germany.	Increase in wage total from 1 March 2022 by 3 % in Germany and 1 % in Switzerland under the Valora Collective Labour Agreement. Due to the dynamics of the crisis, a monthly review of additional top-up options in the event of short-time working.
Partner support – Valora supports the operating partners in coping with the COVID-19 crisis so they can maintain their business activities.	●●●●●	Support for operating partners in the event of liquidity shortages caused by COVID-19 amounting to the single-digit millions. Assistance in applying for government subsidies, staff leasing in the event of quarantine cases.	Further support options are reviewed on a monthly basis in response to the crisis.
Internal communication – additional channels help with cross-regional communication within the Valora Group, especially when informal communication is more difficult during pandemic-related home and split office phases.	●●●●○	Valora Connect social intranet (Workplace from Meta) with around 1 100 users across various locations and business areas. Regular digital town hall meetings to ensure the flow of information.	Continuation and establishment of digital communication formats.
Staff discounts – depending on the location, there are different offers for employees – from free pretzels and fruit to coffee and collection points.	●●●●○	Introduction of the digital Valora card in Switzerland, which was already being used by more than 1 000 users in 2021 for discounts in Valora sales outlets.	Review of further discounts.
Social dialogue – discussions and consultations as well as negotiations are held with employee representatives on a regular basis.	●●●●○	Ongoing meetings with a focus on dealing with the crisis.	Continuation of the social dialogue.
Valora Integrity Line – all employees, partners and customers have the opportunity to report grievances anonymously online, which are processed by Valora's compliance officers.	●●●●○	Permanent availability via the Valora website. A total of 19 reported cases (previous year: 34 cases). Conclusion of 18 cases by 31 December 2021.	Ongoing permanent availability and rapid processing of reports. Increase in awareness throughout the Valora network.
Business Partner Code of Conduct – the Code of Conduct is included in contracts with agency and franchise partners.	●●●●○	Inclusion in new contracts and gradual updating of existing contracts.	Inclusion in further contracts in Germany.
Equal pay analysis – equal pay is analysed based on gender. This has been required by law in Switzerland since 2021.	●●●●○	Analysis carried out in Switzerland. Results to date do not require any corrective measures.	Completion of the analysis by external third parties.
Surveys – the satisfaction of employees and business partners is surveyed in order to identify any areas for improvement.	●○○○○	Postponement of the planned staff survey until 2022.	Conducting a Group-wide staff survey.

Delays due to the COVID-19 crisis

Sustainable Development Goals

People

Talents and Careers

The modern working world is in a state of constant flux, which requires flexibility and adaptability from Valora and the employees in its network. At the same time, newly acquired knowledge and skills as well as additional qualifications have a positive effect on performance, motivation and employability.

Valora wants to offer its employees and the agency and franchise staff attractive prospects. An environment to develop in a future-oriented way. The HR departments and the Operations teams are jointly responsible for the further training activities in the different business areas.

Evaluation

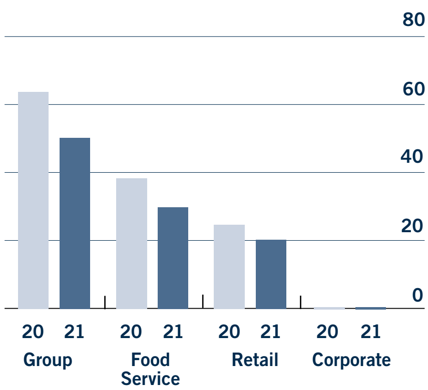
The newly launched Valora Academy e-learning platform efficiently handles compulsory training for all employees on topics such as protection of minors or cyber resilience. Numerous optional training courses and continuing education courses have been added to the range of learning opportunities. One focus area is on format-specific introductory programmes for prospective agency operators and franchisees.

Valora trained 50 young people to professional level with programmes last year as part of dual vocational training and dual study programme. Further training programmes are also being conducted to counter the shortage of skilled workers. However, the recruitment of baristas and managers for the production of baked goods remains challenging.

Outlook

Training and development activities will be further reinforced. One of the focal points in future will be the development of management personnel. In addition, a Group-wide staff survey will be conducted in 2022 to determine additional training needs.

Apprentices & dual students



People
Talents and Careers

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
Training company – Within the framework of the dual vocational training and the dual study programme, apprentices are deployed in various areas. Further trainee programmes and internships prepare young people for entry into professional life. At the same time, Valora benefits from the next generation of qualified employees.	●●●●○	50 apprentices in Germany and Switzerland (previous year: 56), of which 11 dual students (previous year: 11). Development of a new retail vocational training model with rotating stations. Pilot project in Canton Zurich with six agencies and own outlets to facilitate cross-location and cross-format training.	Creation of additional training places in retail and roll-out of the program for trainees in other cantons.
Recruiting – job offers are published on an internal platform and advertised on the Valora Connect social intranet. This promotes transparency and contributes to the visibility of further training opportunities.	●●●●○	Establishment of an internal job platform to promote internal recruitment.	Test at Food Service Switzerland to motivate employees with financial incentives to support external recruitment.
Training of operating partners – new franchisees and agency operators receive format-specific training over several days to facilitate their induction.	●●●●○	Conducting various virtual conferences and workshops. Establishment of the training campus for the BackWerk and Ditsch formats in Essen, which went into operation at the end of 2020. Expansion to include digital courses.	Continuation of the conferences and workshops.
Further training programmes – employees are trained to take on key positions that are difficult to fill via the open labour market. Format-specific programmes are also offered.	●●●●○	Establishment of a further development program at the Oranienbaum production site: 21 unskilled employees underwent training as machine operators, 12 machine operators underwent further training as line managers (previous year: 18 and 6).	Continuation of the program in Oranienbaum.
Valora Academy – all Valora employees (excl. Ditsch USA) and business partners in Switzerland have access to a wide range of training and compulsory training courses online.	●●●○○	Launch of the new Valora Academy e-learning platform in November. Expansion of the offer to include 100 new training courses in seven languages. Over 5000 users have attended over 22000 courses (previous year: 23000).	Development of further training programs. Restructuring of onboarding for new employees on the Valora Academy e-learning platform.
Management training in sales – branch managers study for a SIU diploma in cooperation with the Schweizerisches Institut für Unternehmensführung (Swiss Institute of Management).	●●○○○	Pilot of the new training program at Retail Switzerland: 11 employees and 11 prospective agency partners receive an introduction to sales outlet management by March 2022.	Roll-out of the training program at Retail Switzerland in the event of successful pilot project. The training should become the standard for all sales outlet managers and agency partners.

People

Key figures

EMPLOYEES*

	Group				Food Service				Retail				Corporate*			
	2021		2020		2021		2020		2021		2020		2021		2020	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Employees																
Headcount	**4529**	**100**	**4641**	**100**	**1735**	**38**	**1383**	**30**	**2700**	**60**	**3025**	**65**	**94**	**2**	**233**	**5**
Full-time equivalents (FTE)	3618	100	3578	100	1480	41	1177	33	2053	57	2185	61	85	2	216	6
Employees by age																
Total	**4529**	**100**	**4641**	**100**	**1735**	**100**	**1383**	**100**	**2700**	**100**	**3025**	**100**	**94**	**100**	**233**	**100**
Of 30 or younger	1084	24	1159	25	445	26	366	26	611	23	747	25	28	30	46	20
Between 31 and 40	1079	24	1041	22	486	28	364	26	556	20	606	20	37	39	71	30
Between 41 and 50	914	20	932	20	378	22	301	22	516	19	583	19	20	21	48	21
Over 50	1452	32	1509	33	426	24	352	25	1017	38	1089	36	9	10	68	29
Employees by gender and level of employment																
Total	**4529**	**100**	**4641**	**100**	**1735**	**100**	**1383**	**100**	**2700**	**100**	**3025**	**100**	**94**	**100**	**233**	**100**
0–49 % employment	666	15	690	15	181	10	123	9	481	18	557	18	4	4	10	4
50–79 % employment	998	22	1305	28	240	14	201	15	748	28	1086	36	10	11	18	8
80–99 % employment	712	16	747	16	227	13	364	26	476	17	366	12	9	10	17	7
100 % employment	2153	47	1899	41	1087	63	695	50	995	37	1016	34	71	75	188	81
Women	**2913**	**100**	**3123**	**100**	**942**	**100**	**719**	**100**	**1946**	**100**	**2323**	**100**	**25**	**100**	**81**	**100**
0–49 % employment	501	17	557	18	117	13	87	12	383	20	464	20	1	4	6	7
50–79 % employment	758	26	1038	33	151	16	112	16	602	31	911	39	5	20	15	19
80–99 % employment	518	18	497	16	124	13	186	26	388	20	302	13	6	24	9	11
100 % employment	1136	39	1031	33	550	58	334	46	573	29	646	28	13	52	51	63
Men	**1616**	**100**	**1518**	**100**	**793**	**100**	**664**	**100**	**754**	**100**	**702**	**100**	**69**	**100**	**152**	**100**
0–49 % employment	165	10	133	9	64	8	36	5	98	13	93	13	3	4	4	3
50–79 % employment	240	15	267	18	89	11	89	13	146	19	175	25	5	8	3	2
80–99 % employment	194	12	250	16	103	13	178	27	88	12	64	9	3	4	8	5
100 % employment	1017	63	868	57	537	68	361	55	422	56	370	53	58	84	137	90

* A reorganisation resulted in shifts in personnel from Corporate to Retail and Food Service in 2021, hence values are not directly comparable.

People
Key figures

FAIR WORKING CONDITIONS AND TALENTS AND CAREERS*

	Group				Food Service				Retail				Corporate*			
	2021		2020		2021		2020		2021		2020		2021		2020	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Employee turnover																
Employee total	**4529**	**100**	**4641**	**100**	**1735**	**100**	**1383**	**100**	**2700**	**100**	**3025**	**100**	**94**	**100**	**233**	**100**
Departures following termination by employees, net turnover rate	793	17	768	17	247	14	215	16	537	20	524	17	9	10	29	12
Apprentices																
Total	**50**	**100**	**63**	**100**	**30**	**60**	**39**	**62**	**20**	**40**	**24**	**38**	**0**	**0**	**0**	**0**
Occupational accidents																
Total	**91**	**100**	**122**	**100**	**41**	**45**	**59**	**48**	**50**	**55**	**63**	**52**	**0**	**0**	**0**	**0**

* A reorganisation resulted in shifts in personnel from Corporate to Retail and Food Service in 2021, hence values are not directly comparable.

	Group		Benchmark***
Results of the employee survey (0 –100)*	2018	2016/17**	2018
Commitment	78	79	84
Satisfaction	66	68	74
Attractive employer	65	66	72
Employee development	59	59	67

up to 50: little to no agreement
56–85: medium agreement
from 86: full agreement

* A new employee survey is planned for 2022.
** Limited scope for comparison as more employees were asked in 2018.
*** Sector-specific Swiss Employer Award 2018 for retail business.

Sustainable Development Goals

Planet
Food Waste

According to the experts of foodwaste.ch, approximately a third of foodstuffs worldwide fail to complete the journey from farm to table. This is problematic both ecologically and economically. Even though food waste mainly stems from raw material processing and consumption, the absolute quantities are also relevant for Valora. Responsibility for the topic is divided into category management, production management, sales and sales outlet management.

In the case of the Food Service formats, food waste mainly occurs at the end of the day because products are freshly produced on site and according to demand. In the retail formats, surpluses may occur for pre-produced fresh products such as baked goods and sandwiches. Valora initially intends to reduce such oversupply by improving volume planning. In the second step, unsold goods are sold at discounted prices. The low residual quantities are used in other ways, such as for the production of biogas.

Food waste in Valora's baked goods production can be minimised by continuously improving processes and facilities.

Evaluation

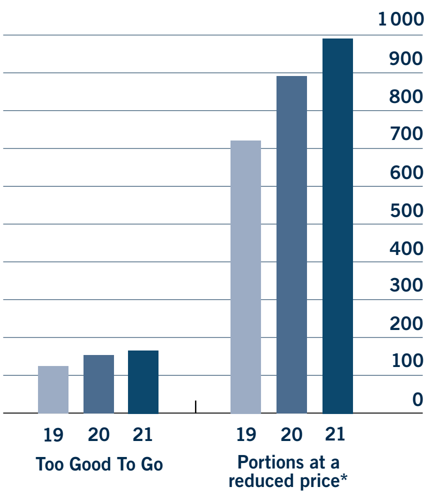
Valora applies the greatest leverage with preventive (redundancy cockpit) and sales-promoting measures (2nd Chance, Too Good To Go) for leftover food. Despite these measures, lower and highly fluctuating frequency during the 2021 COVID-19 crisis led to an increase in the share of food waste at the sales outlets, while absolute volumes fell.

In production, the rejection rate increased due to more frequent plant conversions. This is a temporary effect due to pandemic-induced demand fluctuations.

Outlook

In 2022, cooperation with Too Good To Go and similar operations will be intensified and extended to other formats within the Valora Group. The redundancy cockpit will also be used more widely.

Avoided food waste portions in thousands



* Only Retail Switzerland.

Planet
Food Waste

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
Optimisation of production lines – continuous improvement management at the production lines in the pretzel production facilities in Oranienbaum and Mainz, Emmenbrücke and Cincinnati have reduced the amount of waste.	●●●●●	Increase in plant conversions to improve production capacity utilisation during the COVID-19 pandemic. Result: increase in the average Group-wide rejection rate from 5.4 % to 6.5 % per produced item on a weight basis across all production lines.	Continuous optimisation of production lines.
Food donations – people in need are supported by supplying food from the Ditsch production facilities to charitable aid organisations (e.g. Die Tafeln (foodbanks)).	●●●●●	Weekly distribution to organisations in Mainz and Oranienbaum as well as to helpers during the flooding in summer 2021. A total of 4 800 donated portions (previous year: 14 000).	Continuation of food donations within the existing framework.
2nd Chance – baked goods are offered at discounted prices from the second day until midday: 2nd Chance on day two for CHF 2	●●●●○	Rollout of 2nd Chance in 177 sales outlets in Switzerland, including all avec stores and selected k kiosk sales outlets. Total of 104 000 portions sold (previous year: 7 743).	Onboarding of further k kiosk sales outlets in Switzerland.
Redundancy cockpit – the new controlling tool enables a clear and dynamic overview of excess supply at individual sales outlets. This allows the sales and branch managers to take targeted measures.	●●●○○	Rollout in retail sales outlets with an extensive food offering in Switzerland.	Intensification of work with the data and derivation of corrective measures.
Too Good To Go – customers are offered reduced-price food bags shortly before closing time via the Too Good To Go app, a Europe-wide movement to reduce food waste. These can be collected from the sales outlets.	●●○○○	Sale of over 169 000 portions (previous year: 150 000) in 96 Food Service Switzerland sales outlets and around 100 BackWerk stores in Germany. Expansion to other formats postponed.	Expansion of collaboration with Too Good To Go and comparable companies to other formats.

Delays due to the COVID-19 crisis

Sustainable Development Goals

Planet

Energy and Climate

Energy consumption costs money and produces greenhouse gases that contribute to global warming: these are two important reasons for Valora to minimise energy consumption in pretzel production, sales outlets, logistics and administration.

Baking ovens, air conditioners and cooling devices are the main energy consumers in the stores and production facilities. The refrigerants and the share of fossil energy sources also play a role.[1] Energy consumption is the responsibility of the construction departments of the business units, the operators of the sales outlets and the production management.

Evaluation

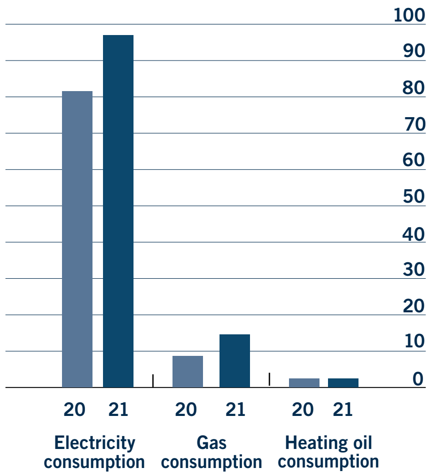
Valora is focusing in particular on the significant savings potential related to cooling devices: modern equipment is consistently used when expanding baked goods production and renovating sales outlets. They improve energy efficiency. Just like the use of doors in refrigeration units with fresh and convenience products as well as in concepts without self-service. Further potential for optimisation consists in systematic management of the equipment and cooling agents.

Group-wide energy consumption rose last year by around 22 % to 112 000 MWh (previous year: 92 000 MWh). This is due to the extended data collection, the expansion of the food offering and the corresponding installation of additional cooling devices as well as the recovery in the context of the pandemic and lockdowns in 2020 (the base year for comparison).

Outlook

In terms of strategy, the path to climate neutrality will be clarified in 2022 and adopted together with specific targets. Operationally, the entire Group will switch to 100 % renewable electricity over the course of 2022, meaning that the main lever will be in Scope 1 and Scope 2. Furthermore, minimum requirements for new cooling devices and lighting as well as the use of timers in retail formats will be developed and introduced. Data collection is also being continuously expanded to exploit further efficiency potential and to establish a company-wide CO_2 balance sheet.

Energy consumption in thousand MWh*



* Electricity values include all production sites and 1 695 (2020: 1 630; 2019: 1 617) of 2 724 (2020: 2 680; 2019: 2 731) sales outlets.
Gas and oil cover all production facilities and 1133 (2020: 1 022; 2019: 974) sales outlets.
Previous year's values adjusted where possible due to extended data collection.

[1] Further climate impacts in the supply chain are addressed by measure within the Products pillar.

Planet
Energy and Climate

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
Energy management system – an ISO 50001-certified energy management system is used in the largest production sites at Mainz and Oranienbaum. The system enables continual data gathering, identification and implementation of improvement measures and monitoring of success.	●●●●●	Successful audit in accordance with the revised version of ISO 50001: 2018. Optimisation of the plants, replacement of the heating system at the headquarters in Mainz. Some delays in the implementation of energy-saving measures due to cost-saving measures.	Planning and implementation of further measures as part of energy management.
Logistics – close cooperation with logistics companies ensures efficient deliveries. At the same time, routes and stops are continuously optimised. Other success factors include increased efficiency, higher vehicle capacity utilisation and improved scheduling at the points of sale.	●●●●●	Saving of over 50 000 stops at Retail Switzerland within two years as part of pandemic-related adjustments. This corresponds to a reduction of more than 20 %. Transition to more efficient logistics in regular operations at BackWerk in Germany.	The reduced number of stops at Retail Switzerland should also be largely maintained during regular operation. Further optimisation to increase efficiency in delivery logistics over the long term.
Low-emission home deliveries – the online store avec now provides home deliveries at selected locations. The use of electric bicycles means that delivery times of under 30 minutes are possible.	●●●○○	Trial run with electric bicycles.	Conversion of all deliveries to electric bicycles. This saves over 1 kg of CO_2 per delivery compared to car delivery.
Modernisation of cooling units – the cooling units in the sales outlets are consistently replaced by more efficient models. Self-service doors are used to further increase efficiency in cooling units with fresh and convenience products as well as in concepts without self-service.	●●○○○	Use of doors according to newly defined specifications.	Ongoing renewal with more efficient cooling units. Development of a cooling strategy to establish minimum standards for refrigerants and energy classes.
Energy consumption analysis in sales outlets – on-site inspections are used to identify main consumers and scalable energy-saving measures.	●●○○○	Inspection of several sales outlets and implementation of the first proposed energy-saving measures.	Further inspections and implementation of the proposed measures.
Data collection – energy consumption at the sales outlets is measured and read in real time to identify potential savings and derive efficiency measures.	●●○○○	Electricity consumption survey in 1 535 of 2 724 sales outlets. Delay in installing measuring systems onsite.	Expansion of data collection in selected sales outlets.
Renewable energies – to minimise the negative impact on the climate, renewable energies are used.	●●○○○	Use of renewable energies at Retail Germany.	Group-wide switch to 100 % renewable electricity.

Delays due to the COVID-19 crisis

Planet
Key figures

FOOD WASTE

	Group					
	2021		2020		2019	
Avoided food waste	Abs.	%	Abs.	%	Abs.	%
Total portions	**1 167 721**	**100**	**1 049 703**	**100**	**825 579**	**100**
Sale through Too Good To Go	169 396	15	152 844	15	118 967	14
Portions at a reduced price*	998 325	85	896 859	85	706 612	86

* Only Retail Switzerland, 2020-values corrected.

	Food Service production*		
	2021	2020	2019
Wastage rate	%	%	%
Waste as a proportion of produced goods (by weight)	6.5	5.4	5.8

* Production covers the Emmenbrücke, Oranienbaum, Mainz and Cincinnati facilities.

Planet
Key figures

ENERGY

Energy consumption*	Group 2021 in MWh	2021 %	2020 in MWh	2020 %	2019 in MWh	2019 %
Total energy consumption	**112 318**	**100**	**92 064**	**100**	**95 428**	**100**
Electricity consumption	97 753	87	82 114	89	84 971	89
Gas consumption	14 231	13	9 593	11	10 168	11
Heating oil consumption	334	0.3	357	0.4	289	0.3

* Electricity values include all production sites and 1 695 (2020: 1 630; 2019: 1 617) of 2 724 (2020: 2 680; 2019: 2 731) sales outlets.
Gas and oil cover all production facilities and 1 133 (2020: 1 022; 2019: 974) sales outlets.
Previous year's values adjusted where possible due to extended data collection.

Energy intensity	Food Service production* 2021 in MWh	2020 in MWh	2019 in MWh
Energy per tonne of produce in MWh	0.498	0.515	0.417

* Production covers the Emmenbrücke, Oranienbaum, Mainz and Cincinnati facilities.

Sustainable Development Goals

Products

Ecological and Fair Products

Valora's greatest sustainability lever is product selection in the sales outlets. This is due to the major ecological and social impact of the production, processing and delivery of raw materials.

Valora wants to make ecological and fair products tasty for its customers without preaching to them. An attractive vegan offering, for example, reduces demand for animal products and the effects of animal husbandry and feed production. In addition, recognised labels and minimum criteria reduce negative environmental and social purchase-related impacts. Product development, category management and purchasing are equally responsible for the attractive range of ecological and fair products. Valora has the most direct influence over its own products and own brands.

Evaluation

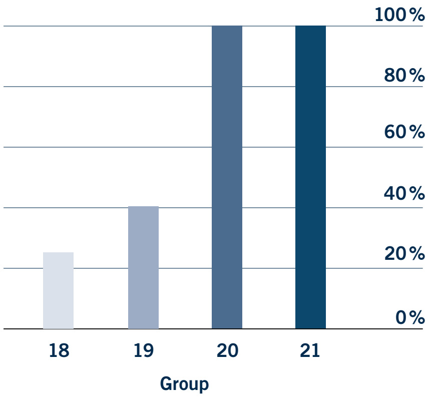
Valora uses 100 % Fairtrade beans for all its own brand coffee, benefiting around 2 000 smallholders. The Food Service formats in particular have also integrated sustainability aspects into product development: they experiment with alternative ingredients and consistently offer vegan options. In the non-food area, Valora sets standards with minimum requirements for the production of the ok.– umbrella and the launch of the umbrella-to-rent.

Nevertheless, changes such as minimum requirements in the supply chain pose a challenge – especially for products from the Global South.

Outlook

New due diligence regulations related to human rights in supply chains set additional minimum requirements and necessitate closer cooperation with suppliers. Valora will accordingly develop specific management approaches in 2022 with its various business units. It will also continue to incorporate sustainable products in the design range and pay particular attention to the vegan range.

Share of Fairtrade coffee cups in total sales with own brand coffee



Products
Ecological and Fair Products

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
Fairtrade coffee – the Fairtrade label protects smallholder cooperatives against market price fluctuations by setting a minimum price and ensures fair working conditions.	●●●●●	100 % Fairtrade beans are used for all own brand coffee (corresponds to almost all coffee sales across the Group*).	Changeover to Fairtrade coffee at Back-Factory, the food service system acquired in 2021, in mid-2022.
Barn or free-range eggs – there is a commitment to the organisation The Humane League to only offer products with eggs if they are made exclusively with free-range or barn eggs.	●●●●●	Product streamlining at Back-Factory after takeover. Obligation met in full since 2020.	Continue to meet obligation in full.
Labels – the use of fish with an MSC label ensures sustainable fishing and prevents oceans from being overfished. The organic label stipulates minimum requirements in areas such as fertilisers, crop protection and ingredients.	●●●●○	MSC certification of all Brezelkönig and Caffè Spettacolo sales outlets in Switzerland renewed. Introduction of an organic apple drink (Apfelschorle) under the ok.– own brand. Dedicated organic shelf in several sales outlets in French-speaking Switzerland.	Switch to exclusively Fairtrade bananas at Retail Switzerland. Review feasibility of converting ok.– nuts to Fairtrade.
Sharing models – a proprietary sharing platform enables products to be hired for a fee, including return to the preferred sales outlet.	●●●●○	3 119 loans of a sustainably produced umbrella from the Swiss retail network. Continued rental of Chimpy power banks for charging mobile phones.	Intensification of marketing measures for the umbrella-to-rent.
Vegan and vegetarian selection – an attractive vegan and vegetarian selection makes it easier for customers to avoid animal products. The needs of customers are thus satisfied, and, at the same time, negative ecological effects of animal husbandry and feed production are avoided.	●●●○○	Wide range at Caffè Spettacolo and BackWerk; naturally vegan unfilled pretzels at Brezelkönig and Ditsch; various creations with meat substitutes at Brezelkönig. Switching the ok.– goodies to a vegan recipe. Participation in Veganuary with avec, Brezelkönig and Caffè Spettacolo. Expansion of meat-free sandwiches and salads on offer at Retail.	Expansion of participation in the Veganuary campaign to Ditsch. Addition of new products at avec in Switzerland during the campaign. Further expansion of the vegan and vegetarian offering in retail formats.
ok.– umbrella – Valora sets minimum production requirements and is developing a more sustainable version of the bestseller.	●●●○○	Valora requires standardised audits (according to amfori BSCI) of umbrella manufacturers.	Introduction of a more sustainable version of the ok.– umbrella made of recycled plastic with PFC-free water repellent.
Supply chain management – Valora anchors sustainability among its suppliers in the Valora Business Partner Code of Conduct and requires evidence of standardised audits for products from Asia. Further criteria are incorporated into purchasing decisions and supply relationships on the basis of a risk-based approach.	●●○○○	Performance of a footprint analysis to identify the ecological and social hotspots in the supply chain. Launch of a target-setting process to reduce climate risks in the supply chain. The Business Partner Code of Conduct is a contractual component of larger new contracts.	Gap analysis of new legislation in the EU and Switzerland. Development of the management approach and minimum criteria. Intensified cooperation with suppliers regarding environmental and social risks.

* Starbucks uses its own C.A.F.É. standards to ensure social and ecological cultivation conditions.
The Starbucks coffee shops in some retail outlets therefore do not have a Fairtrade label.
Back-Factory is not yet part of the survey.

Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Products

Healthy Choices

Valora wants to offer its customers the opportunity to satisfy their hunger with healthy products – even if tobacco and sugary beverages are a lucrative part of its range.

Valora determines its own recipes in the Food Service area and can offer products promoting well-balanced nutrition. In the retail business, the main lever lies in the selection of products, i.e. in category management. In pretzel production, product development and quality management for food safety are key factors.

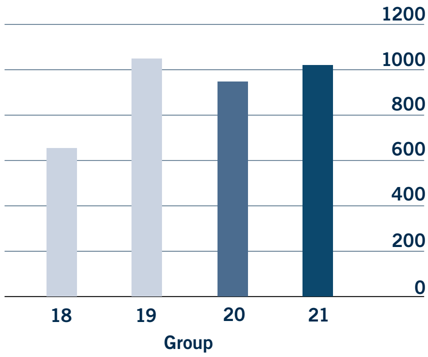
Evaluation

The Food Service formats, in particular, focus intensively on healthy alternatives and adapt products in a targeted manner. The approaches are format-specific and depend on individuals in the design of the product range. The convenience business reflects the Valora Group's new orientation towards more Food and freshness in a growing selection of healthy products for immediate consumption.

Outlook

Valora is stepping up the Group-wide transition to a healthier product offering in the medium term. Cross-format recommendations for handling additives, sugar, fat and salt are also being developed.

Sales outlets with a dedicated healthy offering, e.g. "healthy snacks" or "healthy bars" section*



* Excl. Retail Germany, 2021-data on 1 762 outlets (2019: 1 823; 2020: 1 779).

Products
Healthy Choices

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
Audited food safety – the two largest production facilities Oranienbaum and Mainz are certified according to IFS and BRC standards. The production facility in Cincinnati has been SQF-certified.	●●●●●	Successful announced and unannounced audits; renewal of certifications.	Additional annual audits and optimisation of food safety.
Offer adjustments – Valora continuously reviews the offer and acceptance of healthier alternatives. It also focuses on the available portion sizes.	●●●○○	Expansion of a healthy range of snacks to 567 retail outlets in Switzerland (previous year: 525).	Consistent monitoring of other healthy alternatives.
Fresh product range – freshness is playing an increasingly important role in new format concepts and is being further expanded in the context of adapted offerings.	●●○○○	Expansion of fresh products on offer in salads and sandwiches in Retail Switzerland under the new “Ready to go” label – including the launch of new vegan and protein-rich sandwiches. New BackWerk stores with juice bar and additional juices. Adjustment of the BackWerk range.	New concept for the fruit and vegetable offering in avec sales outlets. Further rollout of the juice bar modules at BackWerk.

Sustainable Development Goals

Products

Packaging

Packaging protects products and helps to avoid food waste. However, it is only used once and quickly becomes waste. Avoid, reduce, reuse is therefore the sustainability approach at Valora. It applies wherever packaging is used – in production, logistics, during sale and consumption. Specifically, purchasing and category management at Valora are focusing increasingly on lighter packaging made from sustainable materials with a high recycling component. Sales and marketing also encourage customers to reduce to-go packaging, such as plastic bags and disposable coffee cups.

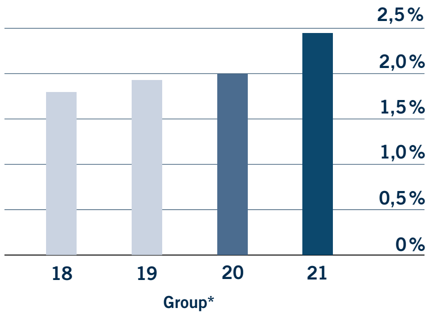
Evaluation

With the changeover to lighter bottles with rPET content in the Valora's own brand ok.–, the company can save almost 80 % CO_2 per plastic bottle and 1.9 kilograms of crude oil per kilogram of PET. Plastic bags – in part due to new regulations – have also been targeted with effective measures. The Valora formats always offer alternatives to disposable cups that are also incentivised. However, the use of reusable cups is currently still low at 2.4 % – the disposable solution is too convenient for many customers. There is also room for improvement in the packaging of third-party products.

Outlook

Existing efforts will be continued and intensified, especially with regard to reusability. Going forward, Valora will decide on the basis of life cycle analyses for which products and packaging plastics may not be fully dispensed with. Test runs with various providers are planned in Germany to prepare for the obligatory offer of reusable products from 1 January 2023.

Share of reusable cups used for all warm drinks to go



* This figure covers about 90 % of group-wide coffee sales.

Products
Packaging

SELECTED MEASURES	STATUS	PROGRESS IN 2021	PLAN FOR 2022
rPET bottles – for its own-brand ok.– bottles, Valora uses recycled PET (rPET) and reduces the weight.	●●●●●	Conversion to 100 % rPET for ok.– mineral water and 30 to 35 % rPET for ok.– iced tea and fruit juice. This measure saves around 200 tonnes of CO_2 per year.	Measure completed.
Plastic bags – a fee is charged for plastic bags at the sales outlets. Where possible, the plastic bags are made from recycled materials. These have a lower environmental impact than paper carrier bags. Customers are also encouraged to use the bags more than once.	●●●●○	Switch to bags made from recycled materials at Retail Switzerland. Change to paper carrier bags at Retail Germany due to regulations in force in Germany.	Switch to recycling bags at Retail Austria as soon as stock has been used up.
Promotion of reusable cups – the Valora formats create incentives to use reusable cups through discounts or free upgrades. Reusable items are offered at the sales outlets and actively promoted. Digitally supported deposit systems enable the return of reusable cups.	●●●●○	Increase of the share of reusable cups used for all warm drinks to go from 2.0 to 2.4 %. After Retail Switzerland and the entire Food Service division: introduction of discounts or upgrades for the use of reusable cups at Retail Germany. Successful pilot of a digital deposit system for reusable cups at Food Service Switzerland and Germany.	Continuous awareness campaigns to motivate people to use reusable cups. Pilot of a digital deposit system at BackWerk Germany. Decision on rollout of a reusable system with decentralised return option for Food Service.
Condiments – the sales outlets are converting to ecologically optimised disposable cups, drink stirrers and disposable cutlery.	●●●●○	Use of single wall disposable cups made from PEFC- or FSC-certified raw materials as well as wooden drink stirrers. Partial conversion of disposable cutlery from plastic to wood.	Establish where the free dispensing of disposable cutlery can be discontinued.
Till receipts – the switch to FSC-certified paper without chemical colour developers enables recycling. The automatic printing of the receipt will also be dispensed with.	●●●○○	New paper successfully tested at Retail Switzerland. Change the default setting for Retail Switzerland to print till receipts only when required.	Rollout of the new paper at Retail Switzerland. Rollout of the digital receipt at Food Service Germany.

Products
Key figures

ECOLOGICAL AND FAIR PRODUCTS

	Group			
	2021	2020	2019	2018
Fairtrade coffee	%	%	%	%
Share of Fairtrade coffees among own brand sales	100	100	40	26

HEALTHY CHOICES

	Group							
	2021		2020		2019		2018	
Sale of healthy products*	Abs.	%	Abs.	%	Abs.	%	Abs.	%
All covered sales outlets	**1 761**	**100**	**1 695**	**100**	**1 823**	**100**	**1 822**	**100**
Sales outlets with a dedicated healthy offering, e.g. “healthy snacks” or “healthy bars” section	1 004	57	966	57	1 026	56	609	33

* Excluding Retail Germany.

PACKAGING

	Group			
	2021	2020	2019	2018
Use of reusable cups*	%	%	%	%
Share of reusable cups used for all warm drinks to go	2.4	2.0	1.9	1.8

Previous year's values corrected through upgraded data collection.
* This figure covers about 90 % of group-wide coffee sales.

About this report

This sustainability report was prepared in accordance with the GRI (Global Reporting Initiative) reporting standards. It covers the activities of the Valora Group with a focus on the largest business areas in Germany and Switzerland. All key staff figures cover the entire Group.

If you have any questions about sustainability at Valora or this report, please do not hesitate to contact Yannic Steffan, Head of Sustainability Management:

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BUSUNTERNEHMEN
AUSFAHRT

Corporate Governance

REPORT ON CORPORATE GOVERNANCE

Valora is fully committed to meeting all its corporate governance obligations. Our objective is to attain the highest levels of transparency commensurate with best practice standards for all stakeholders. We believe that this applies particularly to the structure of our organisation and of the control and management infrastructure we have in place. This transparency should protect shareholder interests and create value for all other stakeholders.

The principles and rules relating to Valora's corporate governance are most notably promulgated in the company's articles of incorporation, its bylaws and the regulations governing the Board committees, all of which are subject to regular review and updated where appropriate. Furthermore, the Board of Directors has approved the Valora Code of Conduct. The scope of this Code, which sets out the types of conduct Valora expects from its employees, goes beyond the simple adherence to applicable laws and directives.

THE CORPORATE GOVERNANCE REPORT FOLLOWS THE STRUCTURE SET OUT IN THE APPLICABLE SIX SWISS EXCHANGE GUIDELINES:

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

1.1.1 OPERATIONAL GROUP STRUCTURE

Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 23 significant unlisted companies, all of which are fully consolidated. The Group's organisation is set out on page 52.

1.1.2 LISTED COMPANIES

The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Muttenz. The company is listed in the main segment of SIX Swiss Exchange (Swiss securities number 208897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 0.24 % of the total of 4 390 000 issued shares. At 31 December 2021, the market capitalisation of Valora Holding AG amounted to CHF 682 million. The company's market capitalisation over the last five years is shown on page 242.

1.1.3 CONSOLIDATED COMPANIES

The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 169 to 226, which list the name, domicile, total share capital, listing and percentage of share capital held by Valora Holding AG, either directly or indirectly. There are no Valora shares held by subsidiaries.

1.2 SIGNIFICANT SHAREHOLDERS

The following shareholders or groups of shareholders have reported holdings of Valora Holding AG shares in excess of the reporting thresholds defined by law:

Significant shareholders	Receipt of report	Holding
Ditsch Ernst Peter [1]	24.11.2018	16.91 %
T. Rowe Price Associates, Inc.	16.02.2022	5.11 %

[1] On 29 November 2017, Valora Holding AG reported, that it held preferential purchasing rights on the shares of Ernst Peter Ditsch covering 15.93% or 635599 of own registered shares. On 24 November 2018 it was reported that Ernst Peter Ditsch holds his shares indirectly through DV Beta GmbH & Co. KGaA. The shareholding of Peter Ditsch of 16.91% represents the current holding as per 31.12.2021 according to the share register.

The shareholdings were disclosed in accordance with Article 120 of the Swiss Financial Market Infrastructure Act (in German "Finanzmarktinfrastrukturgesetz" or "FinfraG"). Further details are available on the web page of SIX Exchange:

https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/

1.3 CROSS SHAREHOLDINGS

There are no reportable cross shareholdings between Valora Holding AG or its subsidiaries and other companies.

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT 31 DECEMBER 2021

The ordinary share capital of Valora Holding AG as of 31 December 2021 amounted to CHF 4 390 000, comprising 4 390 000 single-class registered shares with a nominal value of CHF 1.00 each, each entitled to dividends and votes. All ordinary registered shares of Valora Holding AG are fully paid up and listed in the main segment of the SIX Swiss Exchange.

2.2 CONDITIONAL AND AUTHORISED CAPITAL

At their Ordinary General Meeting held on 31 March 2021, Valora Holding AG shareholders approved the creation of the authorised capital of CHF 439 000 for a period of two years until 31 March 2023. Partial increases are permitted. Subscription to and acquisition of these new shares, as well as any subsequent transfer of their ownership, are subject to the provisions of Art. 4 of the Articles of Incorporation. The Board of Directors shall determine the issue price, the form of payment required for subscription, the date of issue, the conditions governing the exercise of subscription rights and the commencement of dividend entitlement. The Board of Directors may issue new shares which are underwritten by a bank or other third party and subsequently offered to existing shareholders.

At the Ordinary General Meeting held on 31 March 2021, Valora Holding AG shareholders approved the adaption of the provisions on the conditional capital of the Articles of incorporation. Consequently, the share capital of the company may be increased by up to the amount of CHF 439 000 through the exercise of conversion rights and / or option rights granted in connection with the issuance of newly or already issued bonds or other financial market instruments by the company or one of its group companies. As of 31 December 2021, no corresponding shares had been issued.

2.3 CHANGES IN SHARE CAPITAL

On 19 November 2020, Valora Holding AG completed the private placement of 400 000 newly registered shares with a nominal value of CHF 1.00 per share sourced from existing authorised shares. Following the placement the number of Valora shares issued increased from 3 990 000 to 4 390 000.

2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND RIGHT CERTIFICATES

All 4 390 000 single-class registered shares each have a nominal value of CHF 1.00 and are fully paid up. Each share entitles its holder to a dividend, except the shares held in treasury by Valora Holding AG. There are no preferential shares. Valora Holding AG has not issued any participation certificates or dividend right certificates.

2.5 CONVERTIBLE BONDS AND OPTIONS

On 31 December 2021 Valora Holding AG had issued neither convertible bonds nor options.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Details of limitations on transferability and nominee registrations are shown in section 6.1 of this corporate governance report.

3 BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2021, the Board of Directors of Valora Holding AG consists of the following seven members:

Franz Julen, 1958, Swiss citizen, Chairman (since 2017) and Board member (since 2007)
Other main activities in 2021: Member of the Advisory Board of the ALDI Süd Group of Companies, President of the Board of Directors of Zermatt Bergbahnen AG, Member of the Board of Directors of VFS Global AG, Member of the Council of the Kuoni and Hugentobler Foundation.
Career highlights: Since 2017, Franz Julen has been the Chairman of Valora's Board of Directors which he joined in 2007. Furthermore, he has been the President of the Board of Directors of Zermatt Bergbahnen AG since 2018 and Member of the Advisory Board of the ALDI Süd Group of Companies since 2016, Member of the Board of Directors of VFS Global AG and Member of the Council of the Kuoni and Hugentobler Foundation both since 2020. Between 2000 and 2016, he was the CEO of INTERSPORT International Corporation. Under his leadership, INTERSPORT became the world's number 1 and largest sports retailer with activities in 65 countries on all 5 continents and retail sales of EUR 11.5 billion. During his CEO time, retail sales more than doubled and country presence quadrupled. Previously, from 1998 – 2000 he was COO of INTERSPORT International Corporation and from 1993 – 1998 CEO of Völkl International AG. In 1987 and until 1992 he joined Marc Biver Development, a sports marketing company that marketed athletes and sporting events worldwide, as Deputy Managing Director.
Qualifications: Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.
Key attributes for the Board: Franz Julen has extensive expertise in the retail sector, in franchising systems, private label business and in international POS network expansion. He also contributes his broad experience gained over more than two decades as a CEO of internationally active companies.

Sascha Zahnd, 1975, Swiss citizen, Vice-Chairman (since 2020) and Board member (since 2019)
Other main activities in 2021: Member of the Board of Directors of MYT Netherlands Parent B.V. ("Mytheresa"), a NYSE listed company, and since May 2021 President of digitalswitzerland.
Career highlights: Since 2021, Sascha Zahnd has been a member of the board of directors of MYT Netherlands Parent B.V., the NYSE listed parent company of Mytheresa, an online retailer for luxury fashion. He is also president of the digitalswitzerland initiative that aims to strengthen Switzerland as a leading global location for digital innovation. From 2016 to 2021, he was part of the leadership team of Tesla, California. There he was responsible for the global supply chain and for the EMEA region, where, among other duties, he built up the retail business. He also played an active role in shaping future global topics such as mobility, energy, artificial intelligence and Industry 4.0. Previously he worked at ETA SA / Swatch Group for six years where he was responsible for the global supply chain and the component production plants as a member of the Executive Board. From 2001, his various functions at IKEA took him from Switzerland to Sweden, Mexico, the US and China, where he held a number of management positions in retail and the supply chain area.
Qualifications: Qualified forwarding merchant, degree in Business Administration (University of Applied Sciences), Executive Master of Business Administration from the IMD Business School Lausanne.
Key attributes for the Board: Sascha Zahnd boasts a strong track record in the fields of retail, production and supply chain at globally leading companies. He also embodies the digital pioneer, innovation and transformation spirit that is synonymous with Silicon Valley.

Michael Kliger, 1967, German citizen, Board member (since 2017)
Other main activities in 2021: CEO of MYT Netherlands Parent B.V. ("Mytheresa"), a NYSE listed company.
Career highlights: Since 2015, Michael Kliger has been President and CEO of the luxury online women's fashion retailer Mytheresa with its flagship store in Munich. Previously, he was Vice President Europe and APAC at eBay Enterprise (formerly called GSI Commerce) where he managed all commercial and marketing activities in Europe & APAC since 2013. Between 2010 and 2012 he was Executive Director at Accenture specialising in the areas of consulting, systems integration and outsourcing. In 2005 he joined Real Holding AG as Chief Operating Officer and managed the company's hypermarket store operations across Europe. Between 1992 and 2004 he worked at McKinsey where he became a Partner and acted as the leader of the German retail sector.
Qualifications: Degree in business administration from TU Berlin, MBA from Northwestern University (Kellogg School of Management).
Key attributes for the Board: Thanks to a broad range of professional activities, Michael Kliger brings substantial expertise in digitalisation and the retail industry to the Board.

Insa Klasing, 1979, German citizen, Board member (since 2019)
Other main activities in 2021: Co-Founder and CEO of TheNextWe (Uniq Coaching GmbH), member of the Board of Directors of SV Group AG, member of the Supervisory Board of Sausalitos, member of the Senior Advisory Committee of Ergon Capital, author at Campus Verlag.
Career highlights: Since 2017, Insa Klasing has served as CEO of the Berlin-based start-up TheNextWe, a company that she co-founded and which provides support in changing digital mindsets within companies. She is an expert on the future of leadership and her book on the subject, "The two-hour boss", was published in 2019. In 2017, the World Economic Forum named her a Young Global Leader. Insa Klasing held the position of CEO of Kentucky Fried Chicken (KFC) in the DACH region and Denmark for five years after having worked as Supply Chain and Equipment Director and Company Operations Director for KFC UK. Between 2006 and 2009, she was responsible in her role as Country Manager for the launch of the British brand "innocent smoothies" in Germany, which developed into the market leader. She started her career in 2004 as a strategy consultant at Bain & Company in London. Prior to this, she took on a role for the NGO Action Aid! in New Delhi immediately after completing her studies in 2003.

Qualifications: B.A. in Politics, Philosophy and Economics (PPE) from University of Oxford, M.A. in South Asian Area Studies from University of London.
Key attributes for the Board: Insa Klasing contributes her far-reaching international retail experience in the strategically important food, franchising and digital areas.

Markus Bernhard, 1964, Swiss citizen , Board member (since 2020)
Other main activities in 2021: CEO of mobilezone Group, a SIX Swiss Exchange listed company, member of the Board of Directors of NovaStor Software Group and Wickart AG.
Career highlights: Markus Bernhard has been CEO of mobilezone Group since 2014. The mobilezone Group is an independent telecommunications retailer operating in the DACH region, based in Rotkreuz and listed on SIX Swiss Exchange. He joined the company as CFO in 2007. Before that, Markus Bernhard was CFO and Deputy CEO of the international Novavisions AG listed on the Neuer Markt, Frankfurt, for ten years. From 1991 to 1997, Markus Bernhard worked as an auditor at PricewaterhouseCoopers.
Qualifications: Master of Business Administration specialising in Fiduciary & Audit and Corporate Finance from the University of St. Gallen, Swiss Certified Public Accountant.
Key attributes for the Board: Markus Bernhard strengthens the Board of Directors through his expertise in finance, M&A and stationary and digital retail, in addition to other areas.

Dr Karin Schwab, 1972, Swiss and US citizen, Board member (since 2020)
Other main activities in 2021: Vice President and Deputy General Counsel at eBay Inc., a NASDAQ listed company, member of the International Advisory Board of the ZHAW School of Management and Law, Zurich.
Career highlights: Karin Schwab is Vice President and Deputy General Counsel at eBay Inc., one of the world's leading online marketplaces. In this position, she has detailed knowledge of all the legal and operational issues relating to products, technologies, payments and data protection. She joined the eBay head office in San Jose, USA, in 2013 as Deputy General Counsel North and Latin America. Prior to that, she was Associate General Counsel Europe and served as secretary of the Board of eBay International AG. She joined the company in 2005 as Legal Counsel for Austria, Switzerland, Poland and Sweden and was subsequently responsible for intellectual property and litigation in Europe. Karin Schwab started her career as an associate with the Zurich law firm Homburger.
Qualifications: Law degree (lic. iur.) from the University of Fribourg and Ph.D. from the University of Zurich, Master of Laws from the University of London, licensed to practise in Switzerland and California, USA.
Key attributes for the Board: In addition to her international legal experience, Karin Schwab offers Valora expertise in e-commerce, product, technology, payment and data protection issues.

Felix Stinson, 1985, German and US citizen, Board member (since 2021)
Other main activities in 2021: Managing Director of investment management at Ditsch Family Office in Mainz and Zurich, member of the United Chocolate GmbH Advisory Board
Career highlights: Felix Stinson has been in charge of investment management at Ditsch Family Office in Mainz and Zurich since 2017. Before that, he spent over two years at the German branch of BNP Paribas S.A., where he held various positions including portfolio manager for leveraged finance transactions. He was a quantitative analyst in investment banking at Deutsche Bank AG in New York and Frankfurt from 2010 to 2014. During his studies, he also worked at BASF SE/ BASF IT Services GmbH in Germany and the United Kingdom and then at IBM Deutschland GmbH
Qualifications: Master of Science in Finance and Investment from Rotterdam School of Management, Erasmus University. Bachelor in Mathematics from the Technical University of Darmstadt, Diploma in business informatics from Baden-Wuerttemberg Cooperative State University in Mannheim
Key attributes for the Board: Felix Stinson contributes his substantial expertise in finance and investment substantial to the Board.

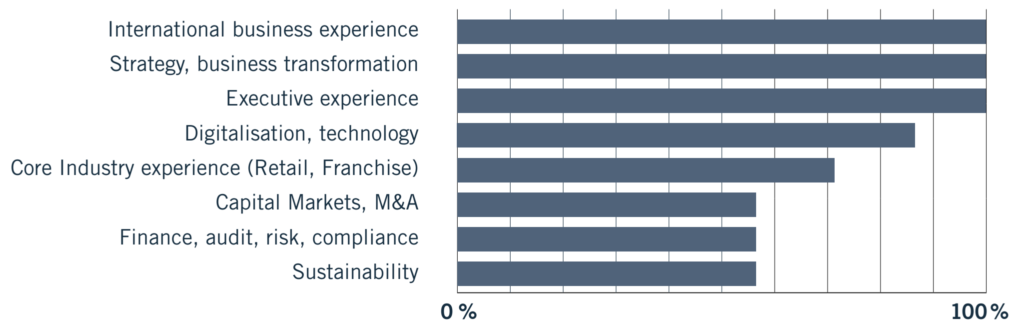
No members of the Board of Directors (i) have any operational management duties within the Valora- Group, or (ii) were a member of the management of Valora Holding AG or one of its subsidiaries in the three financial years preceding 2021. No members of the Board of Directors have significant business connections with Valora Holding AG or one of its subsidiaries. Based on Swiss Code of Best Practice for Corporate Goverance all members of the Board of Directors are independent.

Board changes
At the 2021 Annual General Meeting Suzanne Thoma did not stand for a further term. Felix Stinson was elected as new member to the Board of Directors. He represents Ernst Peter Ditsch, anchor shareholder of Valora, on the Board of Directors and contributes his expertise in finance and investment to it.

Board composition and succession planning
The Nomination and Compensation Committee (NCC) regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The NCC recruits and evaluates candidates for Board membership. The NCC may retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the NCC considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the NCC takes into account skills, management experience, independence and diversity in the context of the needs of the Board to fulfil its responsibilities. The NCC also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group.

Board member experience and expertise

The background, skills and experience of our Board members are diverse and broad and include holding or having held top management positions at retailers and other companies in Switzerland and abroad, as well as leading positions in international organisations. The Board is composed of individuals with wide-ranging professional expertise in key areas including strategy and business information, capital markets, M&A, and retail and franchising, finance and risk management, audit and compliance, innovation, technology and digitalisation, and sustainability. The collective experience and expertise of our Board members as of the end of 2021 across those key areas considered particularly relevant for the Group is illustrated in the following chart.



3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Some Board members engage in other business activities with companies.

3.2.1 SUPERVISORY BOARD ACTIVITIES

Board member	Commercial Companies	Other entities / Charities	Location	Function
Franz Julen	Zermatt Bergbahnen AG		Zermatt	Chairman
	ALDI Süd Group of Companies		Germany	Advisory Board Member
	VFS Global AG		Zurich	Board Member
		Kuoni and Hugentobler-Foundation	Stans	Member of the Council
Insa Klasing	SV Group AG		Dübendorf	Board Member
	Sausalitos Holding GmbH		Germany	Supervisory Board Member
	Ergon Capital		Belgium	Senior Advisory Committee Member
Markus Bernhard	NovaStor Software Group		Zug	Board Member
	Wickart AG		Zug	Board Member
Karin Schwab		ZHAW School of Management and Law	Zurich	International Advisory Board Member
Felix Stinson	United Chocolate GmbH		Germany	Advisory Board Member
Sascha Zahnd	MYT Netherlands Parent B.V.		Netherlands	Board Member
		digitalswitzerland	Zürich	President

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES

- Michael Kliger: CEO of MYT Netherlands Parent B.V. (listed at the NYSE)
- Insa Klasing: CEO of TheNextWe
- Markus Bernhard: CEO of mobilezone Group
- Karin Schwab: Vice President and Deputy General Counsel at eBay Inc.
- Felix Stinson: Managing Director of investment management at Ditsch Family Office

3.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Remuneration, the Articles of Incorporation of Valora Holding AG state that members of the Board of Directors may not simultaneously hold more than ten mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than four such mandates may be exercised for listed legal entities.

3.4 ELECTION AND TERM OF OFFICE

The Board of Directors consists of at least three members. The Chairman and the other Board members are each elected individually by the General Meeting for a term of office of one year until the next Ordinary General Meeting. Re-election is permissible.

Subject to the requirements placed upon it by law and the Articles of Incorporation, the Board of Directors is self-constituting. The Board elects from among its members a Vice-Chairman and appoints a Secretary who need not be a Board member. Should the office of Chairman become vacant, the Board shall appoint one of its members for the remaining duration of the Chairman's term of office as Interim Chairman.

3.5 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES

The Board of Directors assumes the responsibilities required of it by law (Article 716a of the Swiss Code of Obligations). It has supreme managerial responsibility for the company and the supervision of its business administration activities. It is charged with the outward representation of the company and attends to all matters which the law, the company's Articles of Incorporation or the company's bylaws have not assigned to another executive body of the company. The Board of Directors may delegate powers and the management of the company or individual parts thereof to one or more persons, members of the Board or third parties who need not be shareholders, provided such affairs are not inalienably assigned to it by law or the Articles of Incorporation. The Board issues the company's bylaws and regulates the contractual relationships relating to them.

An overview of the Board and the committee membership is shown in the following table.

Board member	Year of first election	Nomination and Compensation Committee	Audit Committee
Franz Julen	2007		
Sascha Zahnd	2019	Member	
Michael Kliger	2017	Chairman	
Insa Klasing	2019	Member	
Markus Bernhard	2020		Chairman
Karin Schwab	2020		Member
Felix Stinson	2021		Member

The Board of Directors held 11 meetings in 2021. The Audit Committee convened for 3 meetings and the Nomination and Compensation Committee for 3 meetings.

Board and Committee attendance	Board	Nomination and Compensation Committee	Audit Committee	Total 2021
Franz Julen	11/11	3/3	2/3	16/17
Sascha Zahnd [1)]	11/11	1/1	1/1	13/13
Michael Kliger	10/11	3/3		13/14
Insa Klasing	10/11	3/3		13/14
Markus Bernhard	11/11		3/3	14/14
Karin Schwab	11/11		3/3	14/14
Felix Stinson [2)]	8/8		1/2	9/10

[1)] Member of the Nomination and Compensation Committee as of the AGM in April 2021, before he was a member of the Audit Committee
[2)] Was elected as of the AGM in April 2021

The Board of Directors and its committees may invite other persons, in particular members of management and representatives of the internal and external auditors, to attend their meetings. The CEO and CFO attended all meetings of the Board of Directors and its committees. The external auditors attended all Audit Committee meetings for specific agenda items. Minutes are kept of Board and Board committees meetings.

3.5.1 AUDIT COMMITTEE DUTIES

The Audit Committee (AC) handles Board of Directors affairs in particular in the areas of accounting, financial reporting, internal control system/risk management, corporate governance, and in decisions with a significant financial scope. In accordance with the requirements placed on it by company's by-laws the Audit Committee primarily carries out the following duties to prepare the decision-making process by the Board of Directors and the decisions it ultimately makes:

a) To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors.
b) To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
c) To assess other financial information which is published or submitted to third parties.
d) To monitor and discuss possible financial risks.
e) To assess risk management principles and activities with regard to financial risk.
f) To formulate and, where appropriate, modify the strategy and concept for ICS (internal control system) processes within the company and to assess their functional viability.
g) To assess and finalise the internal audit function's audit plan, advisory activities and budget.
h) To assess the performance and independence of the internal audit function.
i) To appoint and dismiss the internal auditors.
j) To assess the audit plan, performance and independence of the external auditors and the fees paid to them.
k) To propose nominations for the external audit function (for the financial statements of Valora Holding AG and the Valora Group) to the Board of Directors.
l) To assess audit findings in the internal and external auditors' reports and to monitor the implementation of measures recommended therein.
m) To assess the collaboration between the internal and external auditors.
n) To commission additional and follow-up audits with regard to specific issues or problems as needed.
o) To assess financing and treasury policy.
p) To assess the legal department's annual report on major, potential, pending and resolved legal issues, the financial consequences of which are significant, and to assess the Group's

compliance with required standards.

q) To assess tax planning, tax management and tax audits and their outcomes.
r) To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
s) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), b), c), d), e), f), h), k), l), m), o), p), q) r) and s) above, the Audit Committee exercises a preparatory function. For the duties specified in g), i), j) and n), it exercises a decision-making function.

3.5.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES

The Nomination and Compensation Committee (NCC) addresses matters in the areas of compensation for members of the Board of Directors, the CEO and Group Executive Management, as well as human resources matters at the level of the Board of Directors and Group management (e.g. selection of candidates for election or re-election; laying down of the principles for the selection of candidates). In accordance with the requirements placed on it by the law and the Articles of Incorporation, the NCC primarily carries out the following duties to prepare the decision-making process by the Board of Directors and the decisions it ultimately makes:

(a) To support the Board in determining and assessing the remuneration strategy and guidelines.
(b) To support the Board in determining and assessing the qualitative and quantitative criteria applied to remuneration.
(c) To support the Board in the preparation of recommendations to the General Meeting regarding the remuneration of the Board and of Group Executive Management.
(d) To formulate and submit recommendations to the Board regarding the remuneration of the Board Chairman and the other Board members.
(e) To submit proposals to the Board regarding the remuneration and other terms of employment (employment contracts) of the CEO and the other members of Group Executive Management.
(f) To assess and determine the extent to which the qualitative and quantitative performance criteria set by the Board for determining the variable (short-term and long-term) remuneration paid to Group Executive Management have been met.
(g) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
(h) To assess share, share option and profit-sharing programmes for the Board, Group Executive Management, managers and employees and to make recommendations on these to the Board.
(i) To monitor compliance with the remuneration principles set out in the law, the Articles of Incorporation and company regulations and with the resolutions on remuneration approved by the General Meeting.
(j) To submit an appraisal of the remuneration report to the Board and to submit recommendations regarding the report to the Board.
(k) To prepare proposals for new Board member candidates for submission to the Board.
(l) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and all other Group-level executives (CFO, members of Group Executive Management).
(m) To remain informed of and monitor succession planning for the top two tiers of management.
(n) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
(o) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
(p) To carry out other tasks and projects as instructed by the Board of Directors.

The duties carried out by the Nomination and Compensation Committee regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

3.5.3 GOVERNANCE BOARD SUSTAINBILITY / ESG

Environmental protection, social responsibility and good Corporate Governance, also known as ESG topics (Environmental, Social and Governance), are an integral part of Valora's corporate strategy. Consequently, ESG topics are on top of the Board's agenda.
In the light of the importance of ESG the Board of Directors established a Governance Board Sustainability / ESG (GBS). The GBS comprises two Board Members, Franz Julen and Felix Stinson, the CEO, the Head of Corporate Sustainability, the Head of Sustainability Management and the Head of Communications. The SGB is chaired by the Chairman of the Board. Whereas Corporate Governance topics are dealt with by the Audit Committee, the GBS focuses on sustainability which encompasses environmental and social dimensions. The GBS plays an important role by supporting the Board to set the sustainability strategy and the direction for sustainable development of the Valora Group. The tasks of the GBS in order to support and prepare the decision-making process by the Board of Directors with respect to sustainability include:

(a) To consider and recommend to the Board positioning on relevant emerging sustainability issues, and identify emerging sustainability trends and their implications for the Group and its sustainability strategy.
(b) To prioritise various strategic sustainability issues and goals.
(c) To review and advise on the sustainability roadmap prepared by the sustainability management, and advise on the implementation of the sustainability strategy.
(d) To monitor and evaluate the Group's progress toward implementing the sustainability strategy and achieving sustainable outcomes, as defined by the sustainability strategy.
(e) To evaluate the effectiveness of the Group's strategies, policies and frameworks pertaining to sustainability, and provide advise about any update of such strategies and policies.
(f) To advise on the Group's sustainability report prior to reporting to the Board.
(g) To provide direction and oversight to the internal sustainability functions.
(h) To oversee the stakeholder dialogue process and its outcomes that address social and environmental matters regarding the strategic sustainability goals.
(i) To undertake any such other function as may be determined by the Board with respect to sustainability.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors meets as frequently as business demands but at least four times per year. Board meetings are convened by the Chairman or, in his absence, by the Vice-Chairman or another Board member. The Chairman is also required to call a Board meeting within 30 days of receiving a written request to do so from any of the Board's members. The Board is quorate if a majority of its members are present. No quorum is required for the Board to approve reports on capital increases or on the subsequent paying in of shares not fully paid up, or for any resolutions which require notarisation. Board resolutions are passed and elections decided by a simple majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting and elections are normally conducted by a show of hands, unless a Board member requests a secret ballot. Board resolutions on proposals submitted to the Board can also be passed by video or telephone conference or in writing by circular letter, provided that a majority of Board members vote in favour of the proposal, all members had the opportunity of casting their votes and no member requested that a meeting be held to discuss the proposal. All Board resolutions must be recorded in a set of minutes which the Chairman and Secretary must sign. Each Board member is entitled to information and access to documents within the overall provisions of the law.

The Board of Directors has ultimate responsibility for the management of the Group, in particular determining the key attributes of the company's activities, maintaining an appropriate balance between entrepreneurial objectives and financial resources, and promulgating such directives as this requires. The Board is also responsible for approving corporate strategy and specifying organisational structure, as well as defining the strategy and concept governing the internal control system and for risk assessment and risk management activities. The Board also bears ultimate responsibility for personnel matters and determines the fundamental principles of the company's HR and salary policies. It is responsible for the appointment, dismissal and supervision of those persons charged with the management of the company, the Group and the individual divisions – in particular the CEO, CFO and divisional heads – and for defining their deputising arrangements and signatory powers. The Board also establishes the guidelines for financial and investment policy and approves medium-term planning, annual budgets and investment schedules.

The Board of Directors delegates the entire management of ongoing operations and representation of the company to Group Executive Management under the leadership of the CEO to the extent that the law or the company's Articles of Incorporation or bylaws do not stipulate otherwise. Group Executive Management has the authority to decide on matters relating to the business entrusted to it. Decisions on matters which are beyond the scope of regular business operations or which exceed the thresholds specified in the company's terms of reference (ToR) require approval by the Board of Directors.

In essence, this applies to:
- the commencement of new business activities or the cessation of existing ones.
- the execution of significant contracts relating to areas outside the scope of the Valora Group's normal business activities and the execution of consultancy contracts the costs of which (either aggregate or annual) exceed CHF 2 million.
- the issuance of marketable debt securities or the contracting of long-term borrowing in amounts in excess of CHF 30 million.
- the granting of loans to third parties in excess of CHF 10 million.
- carrying out investments covered by the investment plan for amounts of more than CHF 5 million or carrying out non-budgeted investments for amounts of more than CHF 2 million.
- the granting of sureties or guarantees for amounts in excess of CHF 10 million.
- the acquisition or disposal of equity participations.
- the purchase or sale of real estate properties for amounts in excess of CHF 5 million.
- the initiation or termination of legal disputes, including the agreement to court-ordered or out-of-court settlements for amounts in excess of CHF 2 million.

3.7 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS

The CEO keeps the Chairman of the Board informed about the business performance of the company and the Group. At Board meetings, the CEO informs the Board about the business performance of the company, the Group and the individual divisions and also reports on all major business events. The CEO notifies the Board immediately of any extraordinary events with substantial implications. In addition, the Management Information System provides the Board of Directors with the following information a regular basis: monthly sales figures and monthly divisional and Group reporting based on the budget approved by the Board compared with the current and prior-year figures, information regarding major business events, information on the shareholder structure and the extent to which resolutions approved by the General Meeting or the Board of Directors have been implemented.

The Chairman of the Board of Directors is provided with copies of the minutes of all Group Executive Management meetings.

Each member of the Board of Directors can request information from the management about the course of business and operations and, with the authorisation of the Chairman of the Board, on specific business transactions. Each member may also request that company books and files be made available for said member's inspection.

3.7.1 RISK MANAGEMENT

The Valora Group runs a risk-management system approved by the Board of Directors. The system defines a structured process by which the business risks are systematically managed. In this process, risks are identified, analyzed and evaluated concerning the likelihood of occurrence and magnitude, Based on such assessment risk-control measures are determined. Each member of management is responsible for the implementation of the risk-management measures in his area of responsibility. The Board of Directors, in particular the Audit Committee, is periodically informed about the major changes in risk assessment and about risk-management actions taken. The permanent observation and control of the risks is a management objective. For risks concerning accounting and financial reporting, a special assessment is carried out as part of the risk control process. The Valora internal control system for financial reporting defines in this regard control measures that reduce the related risks.

As part of this risk-management system the Board of Directors and Group Executive Management carry out a risk assessment once a year. The risk assessment is initiated and moderated by the Head of Internal Audit and carried out in collaboration with Group Executive Management and the Board.

The Valora Group adopts a dual approach using “Top-down” and “Bottom-up” assessments. In the “Bottom-up” assessment the catalogue of risks and the methodological parameters are defined, and structured interviews are conducted with the individual members of Group Executive Management and with key Valora employees by Internal Audit. The “Bottom-up” process with its individual interviews results in the aggregation of the individual assessments and the identification of the key risk. Its results are discussed with Group Executive Management. In the “Top-down” process a focused workshop moderated by the Head of Internal Audit is held with the Board of Directors. During this workshop the key risks are analyzed and identified. After such workshop the Head of Internal Audit combines the output of the “Bottom-up” and the “Top-down” assessment and consolidates the findings into a consolidated risk map showing the likelihood of occurrence and magnitude of each key risk. This consolidated risk map is discussed by the Board of Directors together with Group Executive Management. This discussion with respect to the key risks identified, analyzed and evaluated in both assessments (Bottom-up and Top-down) leads to an alignment with respect to the key risks which shall be addressed. Finally, the key findings and potential consequences for each of the key risks identified as well as the measures and mitigation actions which shall be adopted to effectively address them are documented in a risk report which is submitted to the Board of Directors for final approval.

3.7.2 INTERNAL AUDIT

Internal Audit supports the Board of Directors, the Audit Committee and Group Executive Management in carrying out their oversight and controlling duties. The internal audit function’s activities encompass the entire Valora Group and all its subsidiaries in Switzerland and abroad. Internal Audit provides independent and objective audit and advisory services which are designed to generate added value and improve business processes. It supports the Valora Group in achieving its objectives by applying a systematic and targeted approach to evaluating the effectiveness and efficiency of risk management, internal controls, management and monitoring processes and helping to improve them. Internal Audit is independent. It assumes no managerial responsibilities and makes no management decisions. It reports functionally to the Audit Committee and administratively to the Chief Financial Officer of the Valora Group.

Every year, Internal Audit draws up a risk-based annual plan which it submits to the Audit Committee as the basis for determining the key areas of audit examination. The annual audit plan is coordinated with the external auditors. It is adopted by the Audit Committee and communicated to Group Executive Management. In addition, the Chairman of the Board, the Audit Committee or its Chairman can instruct Internal Audit to carry out special assignments. Internal Audit reports its planned audit activities to the Audit Committee and also prepares an annual report documenting its activities during the year.

Internal Audit prepares a written report at the end of each audit and assignment. In addition to its own audit findings and recommendations, this also contains a statement from the management setting out the measures planned and the time required for their implementation. Implementation of these measures is then verified by Internal Audit in a timely fashion. The Chairman of the Board, the members of the Audit Committee, the CEO, the CFO and the external auditors each receive a copy of these reports.

Internal Audit carried out 5 audits in 2021.

4 GROUP EXECUTIVE MANAGEMENT

4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for managing the Group. He coordinates the activities of the individual divisions and chairs the Group Executive Management Committee. The other members of Group Executive Management report to the CEO. The division heads manage their divisions with a view to achieving sustainably profitable performance. They define the specific management tools their divisions require in addition to the Group-wide guidelines in place.

Michael Mueller, 1972, Swiss citizen
Group CEO
Career highlights: Michael Mueller joined Valora on 1 November 2012, initially as CFO of Valora Holding AG and since 1 March 2014 he has been the CEO. In his previous roles, he was the Owner & Managing Director of Rubus Capital Management Ltd. between 2010 and 2012, CEO / Delegate and Member of the Board of Directors of Jelmoli Holding AG between 2007 and 2010 as well as CEO of GVO Asset Management Ltd. between 2007 and 2009. Before this, he was a merger & acquisitions advisor in investment banking at Goldman Sachs and he worked for Bain & Company as a strategy consultant in strategic transformation and restructuring programmes.
Qualifications: Master's degree in Law (lic. iur. HSG) from the University of St. Gallen.

Beat Fellmann, 1964, Swiss citizen
Group CFO
Career highlights: Beat Fellmann has been CFO of the Valora Group and a member of Group Executive Management since 1 July 2020. He was previously CFO and Head Corporate Center at Implenia and a member of the Group Executive Board from 2008 to 2019 before he moved on to Exyte AG in Stuttgart as a member of the Executive Board. He began his career at the international industrial company Bühler, and in 1998 he switched to the Holcim Group. There he was responsible for all the finance and holding companies worldwide. In 2005, he was appointed deputy Group CFO.
Qualifications: Master's degree in Business Economics (lic. oec. HSG) from the University of St.Gallen and Swiss Certified Public Accountant.

Thomas Eisele, 1974, Swiss citizen
CEO of the Food Service division
Career highlights: Thomas Eisele has been CEO of Valora's Food Service division and member of the Group Executive Management since 1 April 2014. He joined Valora in 2008 as Assistant to the Executive Chairman of Valora Holding AG and became Head M&A / Corporate Business Development in 2009. After the acquisition of Ditsch / Brezelkönig in 2012, he was Managing Director of Brezelkönig until 2014 and of Ditsch until 1 January 2019. Previously, he spent two years as the Assistant of the Executive Chairman at Manor Group. In further positions, he was the CFO / COO of itheca Group and worked for Buck Brunner Partner and MCS as a consultant.
Qualifications: Master's degree in Economics (lic. rer. pol.) from the University of Basel.

Roger Vogt, 1977, Swiss citizen
CEO of the Retail division
Career highlights: Roger Vogt joined Valora on 1 January 2018 as CEO Retail Switzerland and member of the extended Group Executive Management. Since 1 January 2019, he has been CEO of the Retail division and member of the Group Executive Management. From 2014, Roger Vogt was Head of Sales Region Northwestern Switzerland, Central Switzerland and Zurich at Coop. He previously managed the Central Switzerland and Zurich sales region for around four years. Before this, he had started out at Coop in 1996 as a butcher. He went on to manage various Coop sales outlets, before assuming the role of sales manager and ultimately heading up the sales area.
Qualifications: Executive MBA at the University of Applied Sciences in Zurich (HWZ).

Changes in the Group Executive Management:
In 2021 there were no changes in the Group Executive Management.

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS

Michael Müller is a member of the Board of Directors of Merbag Holding AG, Cham, of Merbag AG, Schlieren and of Merbag International AG, Schlieren. These mandates are within the same corporate group and therefore considered as one mandate. Beat Fellmann is a member of the Board of Directors of Helvetia Holding AG, St. Gallen, and Vitra Holding AG, Muttenz , and a member of the Swiss Takeover Board. No other member of Group Executive Management currently engages in any other activities on the management or supervisory boards of any companies in Switzerland or abroad. No member of Group Executive Management engages in any ongoing management or consultancy activities for companies outside the Valora Group, nor does any such member hold any public or political office.

4.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Remuneration, the Articles of Incorporation of Valora Holding AG state that members of Group Executive Management may not simultaneously hold more than four mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than one such mandate may be carried out for a listed legal entity. Mandates within the same corporate group and mandates closely linked to the same group (such as pension funds, joint ventures and significant participations) are considered as one mandate. All mandates require prior approval by the Board of Directors.

4.4 MANAGEMENT CONTRACTS

There are no management contracts between Valora Holding AG and any companies or individuals outside the Valora Group.

5 REMUNERATION, SHAREHOLDINGS AND LOANS

Full details of all remuneration, shareholdings and loans (content of remuneration and share programmes, process for determining remuneration under these programmes, general remuneration components and their weightings for members of the Board of Directors and Group Executive Management) are set out in the separate remuneration report on pages 117 to 145 and in the financial report in Note 35 "Transactions and balances outstanding with related parties" to the consolidated financial statements of the Valora Group (pages 162 to 226) and in Note 3.4 "Participations" to the financial statements of Valora Holding AG (page 238).

6 SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHT AND REPRESENTATION RESTRICTIONS

Each share entitles its holder to one vote at the General Meeting. Voting is limited to those individuals entered as shareholders with voting rights in the share register.

The Board of Directors may refuse acknowledgement and entry in the share register as a shareholder with voting rights to shareholders who fail to confirm expressly on request that they have acquired the shares in their own name and for their account. The Board of Directors may also delete – with retroactive effect to the date of original entry – the entry in the share register as a shareholder with voting rights of shareholders who, on subsequent inquiry, are found to have had the voting rights concerned registered by making a false declaration, and have them entered instead as shareholders without voting rights. Any such deletion must be communicated immediately to the shareholder concerned.

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which permit the fiduciary entry of registered shares with voting rights over and above the limits set out in this article for trustees who disclose the nature of their trusteeship (nominees, ADR banks). However, such trustees must be overseen by banking or financial market regulators or otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and must be able to provide the names, addresses and shareholdings of the beneficial owners of the shares concerned.

A shareholder may be represented at a General Meeting only by their legal representative, by another shareholder attending the General Meeting whose name is entered in the share register or by the independent shareholders' representative. The Board of Directors will ensure that shareholders can also grant powers of attorney and issue instructions electronically to the independent shareholders' representative, who can determine the specific arrangements required for this.

Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

6.2 STATUTORY QUORUMS

Unless the law or the Articles of Incorporation stipulate otherwise, the General Meeting passes its resolutions and conducts its elections by a simple majority of the share votes cast, irrespective of the number of shareholders attending or the number of shares represented. Voting abstentions and invalid votes are considered as not submitted. In the event of a tied vote, the Chairman of the Board of Directors has the casting vote.

Under Article 13 of the Articles of Incorporation, the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the shares represented:

- changing the purpose of the company;
- introducing shares with privileged voting rights;
- limiting or facilitating the transferability of registered shares;
- increases in authorised or conditional capital;
- capital increases from shareholders' equity, against contributions in kind or for acquisition purposes, and the granting of special benefits;
- limiting or suspending subscription rights;
- relocating the company's registered office;
- dissolving the company.

6.3 CONVOCATION OF THE GENERAL MEETING

Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the Swiss Official Gazette of Commerce.

The holders of registered shares entered in the share register may also be invited by letter. Such publication and letters of invitation must indicate the venue, date and time of the meeting, the items on the agenda and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convening of a General Meeting or the inclusion of an item on the meeting's agenda.

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request. No resolution may be passed on any matters that are not announced in the way described above, except for a motion to convene an Extraordinary General Meeting or to conduct a special audit.

The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

6.4 ADDITIONAL AGENDA ITEMS

Shareholders who together represent at least 3 % of the company's share capital or shares with a total nominal value of at least CHF 1 million may request that an item be placed on the agenda of a General Meeting provided they submit details thereof to the company in writing at least 50 days in advance of said General Meeting.

6.5 ENTRY IN THE SHARE REGISTER

To attend the 2022 Annual General Meeting, shareholders must submit their requests for entry in the share register to the company no later than 22 March 2022.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER

The company has no "opting out" or "opting up" clauses in its Articles of Incorporation.

7.2 CLAUSES ON CHANGE OF CONTROL

There are no special change of control remuneration agreements in favour of any members of the Board of Directors, Group Executive Management or other members of management. The details of change of control clauses in the share participation program of the Board of Directors and the Long Term Incentive Program (LTIP) of the Group Executive Management are set out in the separate remuneration report on page 129 (Board) and page 130 (Management).

8 AUDITORS

The consolidated and annual financial statements of Valora Holding AG and its subsidiaries are audited by Ernst & Young AG. The General Meeting appoints an individual or corporate body satisfying the relevant legal requirements to act as statutory auditor for a period of one year with the rights and obligations prescribed by law.

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE

The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were reappointed as auditors for a further year at the General Meetings from 2010 until 2021. The lead auditor, André Schaub, took on the mandate in 2016. Regulations on auditor rotation limit the terms which may be served by the same lead auditor to a maximum of seven years.

8.2 AUDIT FEE AND ADDITIONAL FEES

Type of Services (in CHF million)	2021	2020
Audit Services [1]	1.0	1.1
Total audit and audit related services	**1.0**	**1.1**
Other services	0.05	0.0
TOTAL	**1.05**	**1.1**

[1] This amount includes the fees for the individual audits of Group companies carried out by Ernst & Young as well as their fees for auditing the Group financial statements.

8.3 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS

The Board of Directors' Audit Committee defines the audit mandates of the statutory auditors and is responsible for ensuring appropriate controls are carried out.

Internal auditing was carried out by an external audit company in the reporting year. The external and internal auditors were invited to all Audit Committee meetings for specific agenda items, in particular to attend the discussions on auditing matters and any other matter relevant to their audit function, and to comment on their activities and answer questions. The Board of Directors' Audit Committee makes an annual assessment of the performance, fees and independence of the auditors, and supports the Board of Directors in the nomination of the auditor for the attention of the ordinary General Meeting. The assessment of the external auditors takes account of a number of important criteria including deadline discipline, reporting quality, provision of additional information, availability of designated contacts and cost effectiveness. The external auditors submit to the Audit Committee both their report on the financial statements for the year just ended and their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and provide it with a separate report on each audit carried out. Every year, the Audit Committee determines the scope and planning of the internal audit, coordinates them with those of the external audit and discusses the audit results with the external and internal auditors

9 INFORMATION POLICY

Valora Holding AG meets all legal requirements and strives to meet best practice standards. Valora Holding AG uses all appropriate communication channels to maintain close contact with the financial community and the general public. Important news items concerning the company are reported on an ad-hoc basis. In addition, the Valora website provides comprehensive information on a range of topics as well as all matters subject to statutory disclosure.

Investor Relations is responsible for managing all contacts with investors and financial analysts. Regular conferences covering important company topics are held for the media, institutional investors and analysts. Shareholders and other interested parties may dial into these events by telephone or log in via the Valora Holding AG website.

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by observing the relevant directives on ad-hoc publicity and on on blocking periods ahead of the publication of interim and full-year results.

Every spring, the company holds a results press conference for the media and financial analysts. The invitation to the General Meeting sent to all shareholders includes a summary of the key figures of the annual report.

In July the company publishes an unaudited interim report for the first six months of the year on the Valora Group website.

The Investors section of the Valora website contains a variety of information including the corporate governance report, the Articles of Incorporation, a calendar of events, information on General Meetings and on the share and further key figures. Media releases, ad-hoc news and reports on potentially price-sensitive matters can be obtained in a timely manner free of charge by registering on the Valora e-mail distribution list:
http://www.valora.com/en/investors

Ongoing sources of information:
- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media Relations: Christina Wahlstrand
Investor Relations: Annette Carrer
potentially price-sensitive matters can be obtained in a timely manner free of charge by registering on the Valora e-mail distribution list:
http://www.valora.com/en/investors

Ongoing sources of information:
- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media Relations: *Christina Wahlstrand*
Investor Relations: *Annette Carrer*

10 BLOCKING PERIODS AND QUIET PERIODS

Trading in securities of Valora Holding AG is prohibited for bodies and employees during the following blocking periods:

- When a reporting obligation arises in connection with the disclosure of significant holdings in Valora Holding AG and up to 24 hours after notification or publication.

- From the cut-off date of the respective financial statements and up to 24 hours after the announcement of the annual financial statements and the half-yearly financial statements. During the same period, Valora Group is officially in the “quiet period”. In general, no employees are permitted to provide information about business performance to outsiders. During the “quiet period”, this also applies to the regular information offices, Valora Corporate Communications and Investor Relations, and also to the internal flow of information (exception: ad hoc communications).

- 10 trading days before and up to 24 hours after the publication of any other financial results.

These blocking periods also apply to external persons who are involved in the preparation of the semi-annual and / or annual accounts.

The CFO is authorised to define the general blocking periods for each year and can announce further restrictions on tradability at short notice.


ANTIKE

Remuneration Report

INTRODUCTION BY THE CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE

Dear Shareholders

On behalf of the Board of Directors (the "Board") and the Nomination and Compensation Committee (the "NCC"), I am pleased to present the Remuneration Report for 2021. It follows a similar structure to the previous year's report. Additionally, this year's Remuneration Report provides details on Group Executive Management (the "GEM") remuneration decisions related to the ongoing impact of COVID-19 on Valora Group.

In 2021, the continued COVID-19 crisis led to high planning uncertainty. Our financial performance was again negatively impacted by government restrictions which forced temporary closures of point of sales and resulted in significantly reduced mobility in key locations. Despite this, thanks to excellent work by Management, a solid financial performance was achieved.

When evaluating the GEM's short term performance for the Board it was key that the GEM's actions and decisions were clearly aiming to minimise COVID-19 disruptions to our business operations, navigate the pandemic well, and optimally position Valora to quickly benefit from a fast recovery in the interest of the company and all its stakeholders. To achieve this, the Board set challenging financial and non-financial short-term metrics to assess GEM overall performance in the context of the ongoing impact of the pandemic.

Moreover, the Board amended the long-term incentive program for 2021 and onwards to strengthen full alignment of our compensation system with the Company's strategy, culture and shareholder's long-term interest. Consequently, our remuneration system rewards performance in a balanced and sustainable manner (pay for performance) and aligns well with shareholder's interests.

Group Executive Management remuneration – Short-term variable remuneration (STB):

- Valora asserts a strict "pay-for-performance" philosophy for all its remuneration elements. During this time of crisis, short-term financial metrics alone were not adequate anymore to evaluate value creation in the interest of all stakeholders. To assess GEM's performance under the STB in 2021, the Board has therefore established a comprehensive and fact-based performance scorecard also considering ESG criteria. The scorecard consists of three main performance areas that represent key short-term actions in a crisis that drive long-term, sustainable value creation from a business and stakeholder perspective:

Performance areas	
1. Risk & Costs	How well Valora has managed to cope with the crisis through good risk and liquidity management, protection of assets and cost management
2. Market & Strategy	How well Valora has defended its leading position in the out-of-home food service and high frequency retail through development of its formats
3. Profitability & Capital Efficiency	How well Valora has defined a clear path out of the crisis and secured the future viability of the business

- For each performance area, challenging financial and quantitative non-financial performance indicators were assessed. In line with our "pay-for-performance" philosophy, this comprehensive evaluation within the performance scorecard resulted in an STB factor of 98% for the Group Executive Management.

Group Executive Management remuneration – Long-term variable remuneration (LTIP):

- The LTIP rewards Group Executive Management for long-term company performance and therefore reinforces the alignment of their interests with those of the company and our shareholders. In 2020, the LTIP design was amended to further ensure alignment with shareholders' interests and market practice. The first grant under the revised LTIP took place in 2021.
- Under the LTIP, performance share units (PSUs) are granted which are subject to a three-year performance period and based on the performance achievement of two equally weighted group level indicators. The following overview shows the most significant amendments under the revised LTIP. Further details can be found in section 5.4.

	Previous LTIP design	Amended LTIP design
Performance indicators	Return On Capital Employed (ROCE) and Earnings Per Share (EPS)	ROCE and Earnings Before Interests Taxes Depreciation and Amortisation (EBITDA) to put higher emphasis on operational performance
Vesting curve	Threshold at 50 % with a range up to 150 % of target	More robust and symmetrical vesting curve between 0 % and 200 %
Reference price	Volume weighted average of the closing share price on the last 20 trading days preceding the grant date	Fair market value measured at grant date using a fair value simulation adjusted for expected dividends during the performance period
Clawback clause	No clawback clause	Introduction of clawback clause

- To further align with shareholders' interests and incentivise Group Executive Management for a fast re-bound of the business, the LTIP grant 2021 includes the possibility to receive 0.5 matching shares for one PSU at vesting if a total shareholder return (TSR) threshold is achieved. It is important to note that the LTIP grant 2021 stays within the approved budget for the maximum total remuneration of Group Executive Management for 2021.

How our "pay-for-performance" philosophy is applied to the STB and LTIP

In 2020, despite tremendous achievements by the GEM in managing the significant impact of COVID on our business, the STB factor was set at 50% due to reflect the financial consequences of COVID-19 on our business. This reflected the Board's strict approach to pay-for-performance. For 2021, challenging financial and non-financial business metrics were established for the STB to incentivise GEM to clearly focus on sustainable value creation in the interest of all stakeholders. For the LTIP, in line with our "pay-for-performance" philosophy, the performance targets of the existing and outstanding grants 2019 and 2020 were not changed. The negative COVID-19 impact on the financial performance indicators were not mitigated at all and consequently, as designed the LTIP grant 2019 resulted in a zero vesting. That means there will be no payout after the end of the three-year performance period (2019-2021). Based on current projections also for the grant 2020 a zero vesting is expected and therefore another zero payout after the end of the three-year performance period (2020-2022). This is due to the significant negative impact of COVID-19 on the financial years 2020 and 2021 which are both included in the respective performance periods. The above results in significant reductions in future payouts for the Group Executive Management. This accentuates Valora's commitment to align management compensation with our shareholders' long-term interests even though the GEM has achieved excellent results in the face of a severe threat for the business.

- We will continue to assess our remuneration system to ensure that it is appropriate in the evolving context in which Valora operates. This includes rigorously applying our “pay-for-performance” philosophy. Furthermore, environmental protection, social responsibility and good Corporate Governance, also known as ESG topics (Environmental, Social and Governance), will continue to be an integral part of our corporate strategy and operational implementation and therefore an essential element of the overall performance assessment relevant for GEM’s remuneration. With our compensation framework we will carry on supporting our commitment to creating both financial and non-financial value over the long term in the interest of all our stakeholders.
- We will also continue to pursue engagement through an open dialogue with our shareholders and their representatives. As in previous years, shareholders can express their views on the remuneration system by participating in the consultative vote on the 2021 Remuneration Report at the forthcoming AGM. At that meeting, your approval will also be sought for the proposed maximum overall remuneration for the Board during the period from the AGM 2022 to the AGM 2023 and for Group Executive Management for 2022 („Say-on-Pay“).

Yours sincerely

Michael Kliger
Chairman of the NCC

REMUNERATION AT A GLANCE

Remuneration policy and principles

The philosophy behind the remuneration system is based on corporate governance best-practice and three main principles which have the interests of the company and our shareholders at the forefront:

FAIR AND TRANSPARENT

The company aims to ensure an internal and external balance regarding remuneration. Disclosure of remuneration follows governance good practice and rules.

PERFORMANCE DRIVEN

The variable remuneration is based on the achievementof business goals with challenging financial and non financial performance targets. Caps and thresholds are applied to the variable remuneration.

COMPETITIVE

The remuneration system allows the company to attract and retain the talent needed to support its strategy.

Summary of the current remuneration structure for the Board of Directors (AGM 2021–AGM 2022)

In order to ensure the independence in exercising their supervisory function, Board members receive a fixed remuneration only in the form of cash and shares blocked for a period of three years. The remuneration system for the Board does not contain any performance-related components.

FIXED REMUNERATION

Chairman	CHF 490 000
Vice-Chairman	CHF 160 000
Board member	CHF 140 000

COMMITEE FEE	Chairman	Member
NCC	CHF 25 000	CHF 12 500
Audit Committee	CHF 25 000	CHF 12 500

20 % blocked shares — 3-year blocking period

80 % cash

Remuneration in 2021
Board of Directors

The remuneration awarded to the Board in financial year 2021 amounts to CHF 1.5 million.

The remuneration disclosed in the Remuneration Report always includes the respective fiscal year (January to December). However, shareholders approve the remuneration to be paid for the period between Annual General Meetings (March/April to April/Mai). This remuneration is disclosed below, including a comparison with the compensation amount approved by the shareholders. For the term of office from the 2020 Annual General Meeting until the 2021 Annual General Meeting, the remuneration is within the limits approved by the shareholders at the Annual General Meeting (AGM). The remuneration effectively paid for the portion of the term of office included in this Remuneration Report (April 1, 2021, until December 31, 2021) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Remuneration Report 2022:

Remuneration period	Authorised amount (CHF)	Effective amount (CHF)
AGM 2020 – AGM 2021	CHF 1.7 million	CHF 1.5 million
AGM 2021 – AGM 2022	CHF 1.7 million	CHF 1.6 million*

* Expected amount. The effective amount will be disclosed in the Remuneration Report for financial year 2022.

Summary of the current remuneration structure for the Group Executive Management in 2021

The remuneration of Group Executive Management consists of fixed and variable elements:

Base salary	To attract and retain highly qualified talents
STB	To reward for the annual performance of the business
LTIP	To align with shareholders interests and to promote sustainable company performance
Pension & Benefits	To cover retirement, provide for the risks of death and invalidity, to attract and retain

Remuneration in 2021
Group Executive Management

The remuneration awarded to Group Executive Management in fiscal year 2021 is within the limits approved by the shareholders at the AGM:

Remuneration period	Authorised amount (CHF)	Effective amount (CHF)
Financial year 2021	CHF 7.7 million	CHF 6.7 million

Performance in 2021

In 2021, the financial performance of Valora was again negatively impacted by government restrictions which forced temporary closures of point of sales and resulted in a significantly reduced mobility in key locations. To adequately evaluate Group Executive Management's performance in this extraordinary year, a comprehensive and fact-based performance scorecard was developed in line with our "pay-for-performance" philosophy. Within the performance scorecard, special focus was put on three performance areas that represent key topics from a business and stakeholder perspective. These include crisis management, efforts to defend Valora's leading market positioning as well as the establishment of a clear path out of the COVID-19 crisis and securing the future viability of the business. Wherever possible, robust financial metrics were used to assess performance. In other areas, reliable quantitative non-financial metrics were more adequate to capture performance comprehensively in times of crisis remediation. With a fact-based evaluation in the described performance areas, the performance scorecard resulted in an STB factor of 98% for the Group Executive Management.

Regarding the LTIP, in line with our "pay-for-performance" philosophy, the Board did not adjust the performance targets of the outstanding grants 2019 and 2020. This is despite the negative COVID-19 impact and the fact that the LTIP constitutes a material part of total remuneration for Group Executive Management. In consequence, the grant 2019 resulted in a zero vesting, i.e., there will be no payout in 2022. Based on current projections, for the grant 2020 a zero vesting is expected in 2023 as well due to the ongoing COVID-19 impact. In addition, no amendments to the individual LTIP award amounts for the Group Executive Management were made. This accentuates Valora's commitment to align management compensation with long-term shareholder interests.

For the LTIP grant 2021, the Board has decided to further incentivise Group Executive Management regarding a fast rebound of Valora's business and to additionally align their interests with those of our shareholders during and after this crisis. For this purpose, the LTIP grant 2021 includes the possibility to receive 0.5 matching shares for one PSU that vests at the end of the three-year performance period but only if a pre-defined TSR threshold is achieved.

CONTENTS

The Remuneration Report provides information about the Remuneration policy, the Remuneration programs and the process of determination of Remuneration applicable to the Board and to the Group Executive Management. It also includes details on the Remuneration payments related to the 2021 financial year.

The Valora Holding AG Remuneration Report has been prepared in accordance with the Ordinance against Excessive Compensation in stock exchange listed companies (OaEC), the SIX Directive on Corporate Governance (DCG) as well as the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

THE REMUNERATION REPORT IS STRUCTURED AS FOLLOWS:

REMUNERATION GOVERNANCE

1 RULES RELATING TO REMUNERATION IN THE ARTICLES OF INCORPORATION

The Articles of Incorporation of Valora contain provisions regarding the remuneration principles applicable to the Board and to Group Executive Management. Those provisions can be found on Valora's website (https://www.valora.com/media/investors/documents/de/documents/statuten_valora_en.pdf) and include:

	Article
EXTERNAL MANDATES: provisions regarding the maximum permissible number of external mandates for members of the Board (maximum 10 mandates, out of which four in a listed company) and for members of Group Executive Management (maximum four mandates, out of which one in a listed company).	18
EMPLOYMENT AND AGENCY AGREEMENTS: provisions governing agreements with Board members and employment contracts of members of Group Executive Management.	19
REMUNERATION COMMITTEE: definition and responsibilities.	20
PRINCIPLES OF REMUNERATION APPLICABLE TO THE BOARD OF DIRECTORS: Board members receive a fixed remuneration in cash and/or in blocked shares.	24
PRINCIPLES OF REMUNERATION APPLICABLE TO GROUP EXECUTIVE MANAGEMENT: Group Executive Management members receive a fixed annual base and variable remuneration. The variable remuneration is based on performance and generally includes a short-term and a long-term component. The variable remuneration at grant may not exceed 200 % of the fixed annual base remuneration. The Board of Directors may determine that the variable remuneration is to be paid in full or in part in cash, in the form of restricted shares or of reversionary subscription rights to shares.	25
GENERAL PRINCIPLES OF REMUNERATION: provisions on the valuation of equity-based remuneration, payments to Board members or members of Group Executive Management in exchange for services provided to legal entities of Valora, and the indemnification of Board and Group Executive Management.	26
BINDING VOTE BY THE AGM: The AGM annually approves the maximum amount of fixed remuneration for the Board for the period until the next AGM and the maximum amount of total fixed and variable remuneration for members of Group Executive Management for the following financial year. The additional amount for each new member of Group Executive Management appointed subsequently to the AGM's approval amounts to 120 % of the highest remuneration paid to a member of Group Executive Management in the financial year preceding the last AGM. Further, the Remuneration Report is presented to the AGM for a consultative vote.	27

2 NOMINATION AND COMPENSATION COMMITTEE

2.1 RESPONSIBILITIES

The NCC is a permanent committee of the Board of Valora Holding AG. It deals with those matters relating to the remuneration of members of the Board, the CEO and Group Executive Management and to personnel planning at the Board and Group Executive Management level which have been assigned to it by law, the Articles of Incorporation and the current regulations.

The NCC comprises at least three members of the Board who have no management duties in the company and have no material conflicts of interest which would prevent them from exercising their duties with the requisite independence. The members of the NCC are elected by the Annual General Meeting for a one-year term of office, ending at the next AGM. Members of the NCC may be re-elected by the General Meeting. The Board appoints one of the members of the NCC as its Chairman. As of the AGM 2021, the NCC comprised Michael Kliger (Chairman), Insa Klasing and Sascha Zahnd.

The NCC primarily assists in preparing the decision-making process by the Board and the decisions it ultimately makes. In accordance with the requirements imposed on them by law, the Articles of Incorporation and the Organisational Regulations, the NCC and the Board carry out the following duties concerning remuneration issues:

	Proposal	Recommen-dation	Approval
Determining and assessing the remuneration strategy and guidelines		NCC	Board
Determining and assessing the qualitative and quantitative criteria applied to remuneration		NCC	Board
Maximum remuneration for Group Executive Management	NCC	Board	AGM
Remuneration of the CEO and the other members of Group Executive Management		NCC	Board
Assessing the extent to which the qualitative and quantitative performance criteria for determining the variable remuneration of Group Executive Management have been met			NCC
Performance appraisals of the CEO and the other members of Group Executive Management		NCC	Board
Maximum remuneration for the Board of Directors	NCC	Board	AGM
Remuneration of the Board Chairman and the other Board members		NCC	Board
Remuneration Report		NCC	Board
Remuneration recommendations of the Board of Directors and Group Executive Management to the General Meeting		NCC	Board

The NCC meets as often as business requires, but at least three times a year. Meetings are convened by the NCC Chairman or at the request of an NCC member. In exceptional cases, they may also be convened by Board resolution. NCC meetings are generally attended, in an advisory capacity and without voting rights, by the CEO and the CFO and by the Board Secretary, who also takes minutes of the meetings. The CEO and CFO are not present when their own performance is being assessed and their remuneration is being discussed. During the meetings, each Board member refrains from voting on decisions on his own remuneration.

Minutes of the meetings are taken. At Board meetings, the NCC Chairman reports on the activities of the NCC and informs the Board of the NCC's views and recommendations on substantive matters requiring a Board decision. Every Board member receives a copy of the minutes of NCC meetings.

The NCC held three meetings in 2021. All members attended all meetings. This corresponds to an attendance rate of 100%.

2.2 BENCHMARKS AND EXTERNAL ADVISORS

The NCC may call-in external remuneration specialists to obtain independent advice and/or to get benchmarking remuneration data. In the year under review, external remuneration specialists provided advice on executive remuneration matters. These companies have no other mandates with Valora.

While the remuneration structure and levels of the Board and Group Executive Management are reviewed annually, the benchmark analyses are conducted periodically and are tailored to the relevant sectors and labour markets in which Valora competes for talents. For the purpose of comparison, the NCC relies on remuneration surveys published by independent consulting firms and on publicly available information such as the remuneration disclosures of comparable companies. Comparable companies are defined as companies with a comparable size and structure, a comparable mix of business activities, business model and geographical structure or companies of a comparable business complexity and similar size with regard to market capitalisation, sales revenue, or number of employees.

The last review of the remuneration packages of the members of Group Executive Management took place in 2017 based on an executive study carried out in cooperation with an external consulting firm, Mercer. The study showed that the total target and maximum remuneration is competitive, and that Group Executive Management receives remuneration that is in line with the market median if performance objectives are met (100% performance achievement). For the benchmark analysis two sets of data were used:

a) Data for relevant positions of comparable size from selected companies [1] in the retail and consumer goods sector in Western Europe that are relevant/comparable to Valora, and
b) Data for relevant positions of comparable size from Swiss companies (excluding financial services) in Mercer's general industry executive remuneration survey.

In financial year 2022, it is again planned to conduct a review of the remuneration packages of the Group Executive Management to ensure continued competitiveness and alignment with market practice.

The structure and level of the Board remuneration was reviewed in 2020 based on a study completed in cooperation with an external consultant, Agnès Blust Consulting. The benchmarking analysis was based on a peer group of Swiss listed companies of similar size (market capitalisation, revenue, headcount), excluding financial services:

Arbonia	DKSH	Implenia
Aryzta	Dufry	Metall Zug
Autoneum	Galenica	ORIOR
Barry Callebaut	Geberit	Rieter
Bell	Georg Fischer	Sonova
Bossard	Givaudan	Zur Rose

The benchmarking analysis showed that both the remuneration system and the remuneration levels are aligned with the market.

[1] ADEO, Amplifon, Autogrill, Axfood, Booker, Bugaboo International, Bunzl, CIE Financiere Richemont, Circle K, Compass, Coop, Debenhams, Deckers Outdoor Corporation, Diploma, Dixons Carphone, Dufry, Fossil, Greggs, Groupe Casino, ICA Gruppen, IKEA Services, J Sainsbury, Kingfisher, Koninklijke Ahold Delhaize, LVMH, Marks & Spencer, Next, Ocado, Pandora, Pendragon, QVC, Scotch & Soda, Sligro Food Group, Starbucks Corporation, Swatch, Tesco, Travis Perkins, WBA-Global Brands, WM Morrison, and Wolseley

REMUNERATION SYSTEM

3 REMUNERATION PRINCIPLES

Board remuneration: in order to strengthen their independence in exercising their supervisory duties toward Group Executive Management, Board members receive a fixed remuneration only, which is delivered in cash and in shares subject to a three-year blocking period.

Group Executive Management remuneration: the remuneration system is designed to ensure alignment with the corporate strategy, the long-term interests of the shareholders and the sustainable success of the company. It is based on the three following main principles:

FAIR AND TRANSPARENT	PERFORMANCE DRIVEN	COMPETITIVE
The company aims to ensure an internal and external balance regarding remuneration. Disclosure of remunerati-on follows governance good practice and rules.	The variable remunerati-on is based on the achievementof business goals with challenging financial and non finan-cial performance targets. Caps and thresholds are applied to the variable remuneration.	The remuneration system allows the company to at-tractand retain the talent needed to support its strategy.

The remuneration system includes key features that align the interests of executives with those of the company and its shareholders and are in line with good practice in corporate governance:

	WHAT WE DO		WHAT WE DON'T DO
✓	Conduct annual reviews of the remuneration strategy and programs	X	Provide guaranteed or discretionary remuneration payments
✓	Maintain remuneration plans designed to align executive remuneration with long-term company and shareholder interests	X	Reward inappropriate or excessive risk taking or short-term profit maximisation at the expense of the long-term health of the company ("pay for failure")
✓	Maintain remuneration plans with a strong link between pay and performance (short-term perfor-mance and long-term success). The remuneration system allows the company to attract and retain the talent needed to support its strategy	X	Duplicate performance indicators in the short-term bonus and the long-term incentive plans
✓	Conduct a rigorous performance management based on clearly defined, measurable and challenging performance metrics	X	Have prearranged individual severance agreements or special change-in-control remuneration agreements
✓	Apply an upper limit on the variable remuneration		
✓	Require that the CEO and the other members of Group Management own a minimum number of Valora shares in percentage of their annual base salary		

4 REMUNERATION SYSTEM OF THE BOARD OF DIRECTORS

The Board remuneration is reviewed regularly based on competitive market practice. The last benchmarking analysis was conducted in 2020 (as mentioned under paragraph 2.2). The result of this analysis showed that the structure and level of the Board remuneration are aligned with market practice.

4.1 OVERVIEW OF THE REMUNERATION SYSTEM FOR THE BOARD OF DIRECTORS

In order to guarantee the independence of the Board members in executing their supervisory duties, their remuneration is fixed and does not contain any performance-related component. The annual remuneration for each Board member depends on the responsibilities carried out in the year under review and consists of a fixed director fee and additional committee fees paid in cash (80 %) and in shares blocked three years (20 %).

The structure of annual remuneration paid to Board members for the period from AGM to AGM is as follows:

FIXED REMUNERATION

Chairman	CHF 490 000
Vice-Chairman	CHF 160 000
Board member	CHF 140 000

COMMITEE FEE	**Chairman**	**Member**
NCC	CHF 25 000	CHF 12 500
Audit Committee	CHF 25 000	CHF 12 500

20 % blocked shares — 3-year blocking period

80 % cash

While fees are paid quarterly, the share portion of remuneration is fully paid in the quarter following the AGM. The Board remuneration is subject to regular statutory social security contributions; Board members may ask to be granted access in the collective occupational pension plan in order to be insured against risks. However, the company does not pay any contributions for them. Concretely, this means that the Board members pay for the totality of the contributions (employee and employer portion). In 2021, one Board member asked for receiving access to the collective occupational pension plan.

4.2 REGULATIONS GOVERNING THE REMUNERATION PORTION PAID IN SHARES

20% of the total remuneration of the Board members is paid out in blocked registered shares. In justified cases, the Board may decide to pay a higher or lower percentage of the total remuneration in shares. The shares are subject to a blocking period of three years. Regardless of any subsequent transfer of shares, the blocking period commences on the date of the AGM which marks the beginning of the term of office for which the remuneration is awarded. The shares remain in a Valora custody account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares. After the end of the blocking period, members may dispose of the shares freely.

The number of shares paid to each Board member is determined by dividing 20% of the Board member's overall remuneration for the relevant term of office by the volume-weighted average price (VWAP) of Valora registered shares during a period of 20 trading days beginning on the trading day following the AGM.

Based on the requirements of the law, the Articles of Incorporation and the organisational regulations of Valora Holding AG, the Board decides how and on what terms the required shares will be acquired.

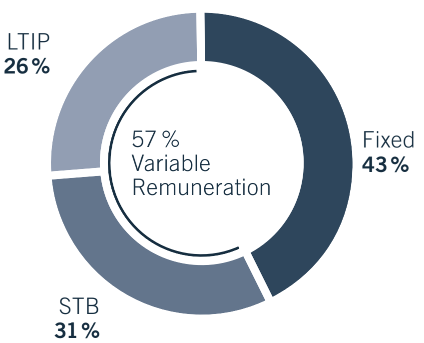
If a Board member resigns, does not stand for re-election or is not re-elected despite having stood for re-election, any pending blocking periods of more than one year's duration are generally reduced to one year. This remaining one-year period begins on the last day of the Board member's term of office. If a Board member leaves the Board because of death, invalidity or comparable circumstances, any blocking periods still in force lapse immediately. In the event of a change of control, a delisting of Valora registered shares or any similar such occurrence, any blocking periods still in force lapse immediately.

5 REMUNERATION SYSTEM OF GROUP EXECUTIVE MANAGEMENT

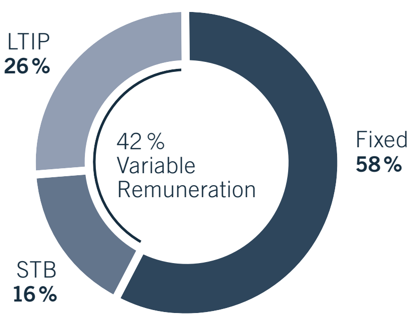
5.1 OVERVIEW

The remuneration of Group Executive Management comprises a fixed component, a performance-based Short-Term Bonus (STB) and a performance-based Long-Term Incentive Plan (LTIP). At target, the overall remuneration structure for financial year 2021 is as follows:

CEO (2021)



OTHER MEMBERS OF GROUP EXECUTIVE MANAGEMENT (2021)



The STB and LTIP are based entirely on business targets and have a defined upper limit for challenging performance criteria. In addition, the total variable remuneration may not exceed 200% of the fixed basic annual salary at time it is granted.

The table below shows the percentages of the overall remuneration paid to Group Executive Management attributable to its individual component elements assuming 100 % performance achievement:

		Fixed remuneration	Short-term bonus	Long-term variable remuneration	Retirement provisions	Additional benefits
Purpose		Attract and retain highly qualified staff	Reward the annual performance of the business	Alignment with shareholder interests, rewards the sustainable company performance	To cover retirement and provide for the risks death and invalidity	Reimbursement of expenses
Plan and form of payment		Annual salary paid in monthly cash installments	STB with annual choice between cash or shares	LTIP as PSU award with three-year performance period	Contributions to pension funds according to regulations and statutory social security contributions	Car allowance or company car, expense allowance defined in company-car regulations and expense guidelines
Performance measures			Comprehensive and fact-based Performance Scorecard	ROCE (50 %) and EBITDA (50 %)		
Percentage of total direct remuneration	**CEO**	43 %	31 %	26 %		
	Other GEM	50–60 %	10–20 %	20–30 %		

5.2 FIXED REMUNERATION

The fixed remuneration comprises a fixed salary. In addition, a car allowance or company car (which can also be used privately) is granted, and the employer's social security and pension fund contributions required by law are paid. The individual fixed salary is established based on the following factors:

- Scope, size, and responsibilities of the role, skills required to perform the role;
- External market value of the role;
- Skills, experience, and performance of the individual in the role.

To ensure market competitiveness, base salaries of the members of Group Executive Management are reviewed every year, taking into consideration market benchmark information, market movement, economic environment and individual performance.

Members of Group Executive Management also participate in benefit programs that are generally available to all Valora employees. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the executives and their dependents with respect to retirement and the risk of disability, death, and illness. All members of Group Executive Management have a Swiss employment contract and participate in the Valora Pension Fund offered to employees in Switzerland, in which base salaries and short-term bonuses are insured up to the maximum amount allowed by law.

5.3 SHORT-TERM BONUS (STB)

The STB is designed to reward the annual business performance of the company and its units. The effective payment factor ranges from 0% to a maximum of 150% of the target STB. The target STB (i.e., bonus at 100% performance achievement) is expressed as a percentage of base salary and applies to the CEO and members of Group Executive Management as follows:

2021 short-term bonus as % of fixed annual salary	Target	Maximum
CEO	70%	105%
Other Group Executive Management	25%–35%	35%–50%

As outlined in the introduction to this Remuneration Report, COVID-19 had a significant impact on our business performance in 2021. Especially, the continuing government restrictions on mobility and sales development at transportation hubs as well as city centres resulted in low commuting in key locations. Nevertheless, Valora is committed to a rigorous “pay-for-performance” philosophy. Therefore, for the performance year 2021, a comprehensive and fact-based performance scorecard to assess Group Executive Management’s performance was established.

Within the performance scorecard, three main areas of performance were evaluated that represent key topics from a business and stakeholder perspective. These include crisis management, efforts to defend Valora’s leading market positioning as well as the establishment of a clear path out of the COVID-19 crisis and securing the future viability of the business. Within each performance area, concrete quantitative performance indicators were assessed to reach a comprehensive representation of Group Executive Management’s performance in 2021. Wherever possible, robust financial metrics were used to assess performance. In other areas, reliable quantitative non-financial metrics were more adequate to capture performance comprehensively in these times of crisis remediation. The respective performance areas are equally weighted and for each one an achievement factor was derived which results in an overall weighted STB factor. In alignment with our sustainability strategy, the Board also put emphasis on our three action areas, people, planet, and products to ensure that Group Executive Management’s performance in those areas is adequately considered in determining the overall scorecard outcome.

The members of Group Executive Management are free to choose the form of payment of the STB – fully or partially as blocked or freely tradable shares or in cash – every year. If the right to choose is not or cannot be exercised (e.g., because the participant qualifies as an insider), the STB is paid out in cash latest in March of the year following the bonus year (i.e., the year to which the bonus relates).

Shares are allocated latest in March of the year following the bonus year and placed in a custody portfolio which is maintained in the Valora share register in the name and for the executive concerned. The number of shares allocated is determined based on the arithmetic average of the daily volume-weighted average prices of the Shares during the ten trading days ending on the grant date, without discount.

For members of Group Executive Management who join or leave the company during a calendar year, the STB is paid out in cash and pro rata based on the period of employment in the relevant financial year.

STB Plan achievement for 2021 and previous years

During the ongoing COVID-19 crisis in 2021, solely short-term financial metrics were not adequate to evaluate value creation in the interest of all our stakeholders. Still, Valora asserts a strict “pay-for-performance” philosophy. To assess GEM’s performance under the STB in 2021, the Board has therefore established a comprehensive and fact-based performance scorecard also considering ESG criteria. The scorecard consists of the following three main performance areas that represent key topics from a business and stakeholder perspective.

1. Risk & Cost

To successfully overcome the second year of the COVID-19 crisis, Group Executive Management ensured adequate risk management. In that respect, a strong liquidity base was maintained due to disciplined cost management across all areas of the business. This was achieved through strict capital expenditure management, a temporary hiring freeze, and appropriate cost control related to inflation. Also, our selling, general, and administration expenses were reduced compared to the pre-COVID-19 level in 2019 by strictly managing store opening hours and staff capacity as well renegotiating partner agreements. Further, assets were protected by developing our outlets and increasing our production capacity as well as increasing the number of our point of sales with food focus by 20% compared to 2018. Our employees continue to be a key priority and their well-being and engagement lie at the heart of our strategy and culture. Therefore, Group Executive Management took all necessary measures to prevent the risk of infections. Additionally, short-time work schemes were employed to retain our esteemed workforce. At the same time, continued financial support was provided to franchise and agency partners to secure their economic viability (churn rate of partners maintained on pre-crisis level). With these tremendous efforts in proper risk management, operations could successfully be maintained all throughout 2021 and employees safeguarded against the risk of infections. Furthermore, a significant reduction of the fixed cost base was achieved in 2021. Based on the assessment of these differentiated performance indicators, an achievement of 110% was reached for the first performance area for the CEO and 89%–142% for other members of the Group Executive Management.

2. Market & Strategy

Valora's leading position was not only defended but further reinforced by gaining significant market share within out-of-home service and high frequency retail through new partnerships, network expansion, superior relative performance and mergers & acquisitions. For example, Group Executive Management achieved to significantly strengthen the service station footprint through a partnership with Moveri with 39 new outlets, expansion into the service station business in Germany at new locations in 2021, expand the BackWerk network in the Netherlands by entering into a franchise partnership with HMSHost International which will allow Valora to convert 12 HMSHost International locations at the largest Dutch train stations into BackWerk stores, and acquire the German-based snack specialist Back-Factory with its more than 80 sales outlets. Especially with the acquisition of Back-Factory, Valora highly strengthened its foodvenience core business. Measured against pre-crisis levels, the acquisition puts Valora among the top five highest-turnover catering companies and food service systems in Germany (previously among the top ten according to foodservice magazine 4/2020). Additionally, several new Press & Books locations were acquired which strengthens the extensive press offering at key locations. Moreover, continued investments in the SBB refurbishment of point of sales were conducted, loyalty programs were established and in-house digital solutions such as the avec box and vending machines in Switzerland were developed to improve customer experience and respond to new customer demands. Therefore, for the second performance area, an achievement of 99% was reached for the CEO and 95%–106% for other members of the Group Executive Management.

3. Profitability & Capital Efficiency

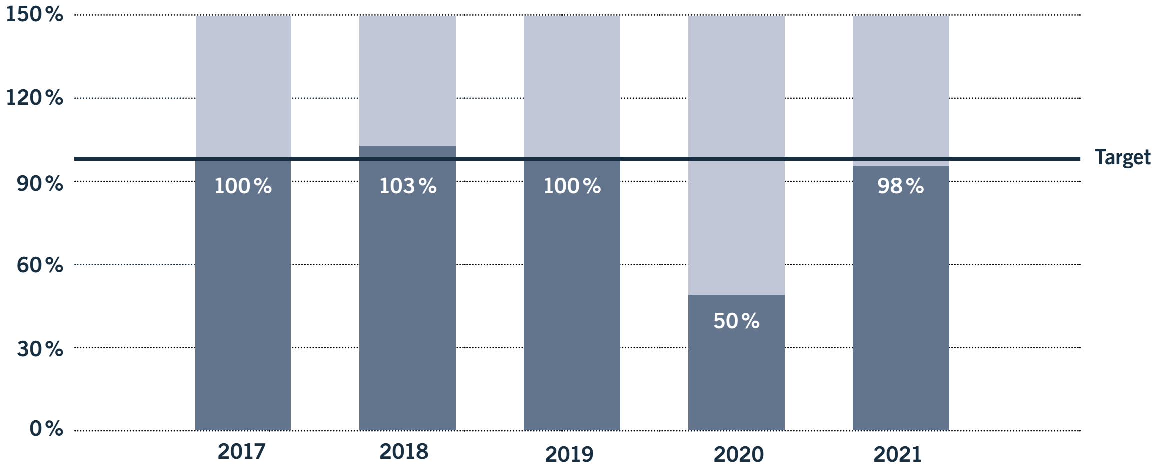
To prepare for a post COVID-19 recovery and secure the future viability of the business, a solid level of revenue generation and profitability was attained despite the continued impact of COVID-19 and low customer frequencies especially in high-traffic locations. EBIT was increased to CHF 30.3 million compared to CHF 14.1 million in 2020 (+115.5%), a strong free cash flow of CHF 25.1 million was generated and net working capital remained solid due to extraordinary strict capital management. Additionally, considerable investments were made to improve our systems, processes, and operations as well as optimally support our employees in order to best capture a post COVID-19 recovery. This also included streamlining part of our organisation and preparational measures with regards to upcoming strategic topics such as inflation impacts, the war for talents, e-commerce, healthy product offerings, and our long-standing strategic ESG commitment. The budget targets for 2021 on a group level were fully achieved although the continued COVID-19 crisis led to high planning uncertainty and to a very difficult and challenging business environment. Moreover, the mid-term revenue and EBITDA targets are confirmed and in-line with pre-pandemic expectations demonstrating a clear path out of the crisis. Based on the evaluation of these performance indicators, an achievement of 86 % was determined for the CEO and 77 %–108 % for other members of the Group Executive Management for the third performance area.

In line with our "pay-for-performance" remuneration philosophy, the rigorous assessment of the financial and quantitative non-financial performance indicators within the performance scorecard resulted in an overall STB factor of 97 % for the CEO and 90 %–114 % for other members of the Group Executive Management.

Performance area		Performance topic*	Key performance indicator*	Achievement CEO	Achievement other GEM members	Weighting
1. Risk & Cost	How well has Valora managed to cope with the crisis through good risk management, protection of assets and cost management	Risk management	Availability of liquidity in 2021	110 %	89 %–142 %	1/3
		Protection of assets	Development of employees, outlets, and production capacity in 2021			
		Cost management	Reduction of fixed cost base in 2021			
2. Market & Strategy	How well has Valora defended its leading position in out-of-home food service and high frequency retail through development of its formats	Position out-of-home service	Market share development	99 %	95 %–106 %	1/3
		Position high frequency retail	Market share development			
		Format development	Expansion with new formats			
3. Profitability & Capital Efficiency	How well has Valora defined a clear path out of the crisis and secured the future viability of the business	Profitability and capital efficiency	Budget achievement incl. EBIT and Net Working Capital (NWC)	86 %	77 %–108 %	1/3
		Clear path out of the crisis	Mid-term plan revenue and EBITDA			
Total STB achievement				97 %	90 %–114 %	

* Version corrected on 16 March 2022 (p.m.) from previous version published on 16 March 2022 (a.m.): One new KPI in the first performance area and one new KPI in the third performance area have been added as the table in the previous version was mistakenly incomplete.

The historical actual attainment of the business targets for the members of Group Executive Management for the past five years is illustrated below:



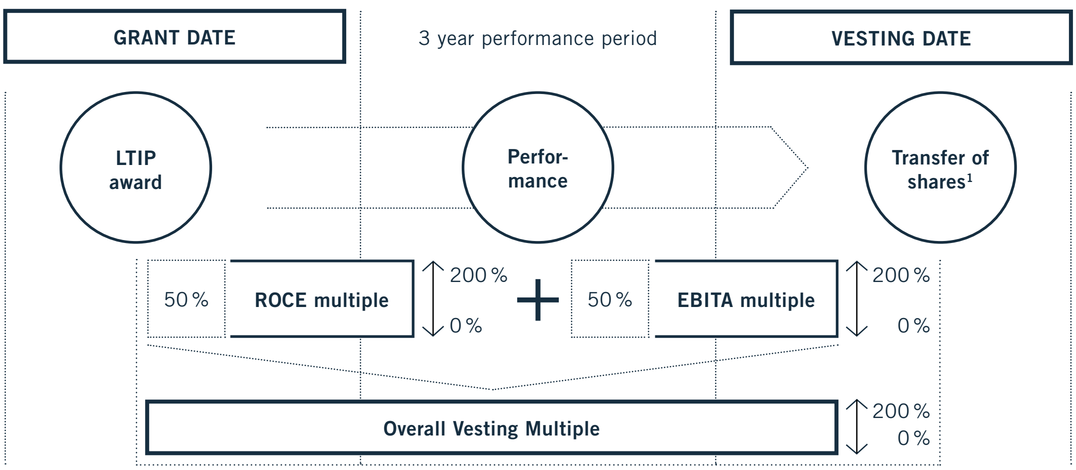
The illustration shows that the design of the STB is structured effectively and follows our strict "pay-for-performance" philosophy: In line with Valora's ambitious target–setting, substantial progress needs to be made to reach the target (100 %).

5.4 LONG-TERM VARIABLE REMUNERATION

To provide for further alignment with shareholders' interests and market practice, The LTIP was revised in 2020. The first grant under the revised LTIP occurred in financial year 2021 (for further details on the previous LTIP design, please refer to the 2020 Remuneration Report https://www.valora.com/media/investors/publications/en/reports/2020/2020_valora_annualreport_en.pdf)

The purpose of the LTIP is to reward for the long-term performance of the company and to align the interests of Group Executive Management to those of the shareholders.

The LTIP is a PSU plan and follows the logic as illustrated below.

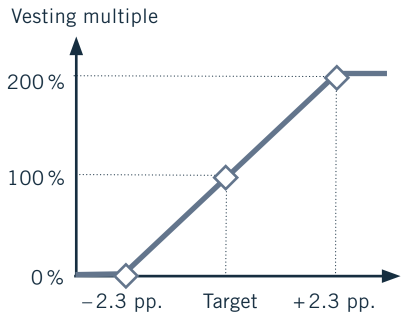


[1] Transfer of shares is dependent on the achievement of the pre-defined performance targets.

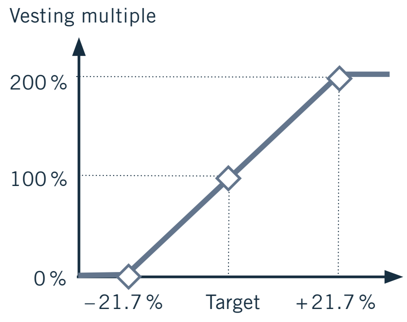
The LTIP target amount is pre-determined in individual contractual agreements. For the CEO, it amounts to 60 % of annual fixed salary and for other members of Group Executive Management, it ranges from 44 % to 50 % of annual fixed salary. The number of PSUs awarded every year equals the LTIP target amount divided by the fair value of the PSU on the grant date. The fair value on the grant date corresponds to the fair market value. The fair market value is measured at grant date and recognised over the period during which the members of the Group Executive Management become unconditionally entitled to the award. It is determined using a fair value simulation and is adjusted for expected dividends during the performance period. The fair market value replaces the previously used volume weighted average of the closing share price on the last 20 trading days preceding the grant date.

The PSUs are subject to a performance period of three years, after which they are converted into shares. In line with market practice, the blocking period of two years was lifted under the revised LTIP plan. The vesting multiple (ratio of conversion of PSU into shares) depends on the achievement of two equally weighted performance conditions, ROCE to focus on capital efficiency and EBITDA which replaces the formerly used EPS metric to put emphasis on Valora's operational performance. The minimum threshold for the ROCE metric is defined at – 2.3 percentage points of target, while the maximum is set at + 2.3 percentage points. For the EBITDA metric, the minimum lies at – 21.7 % and the maximum at + 21.7 % of target. The target and thresholds are based on outside-in calibrations considering risk sensitivity. Both performance metrics are based on a linear vesting curve between 0 % and 200 % which provides for a robust, symmetrical vesting corridor. The maximum overall vesting multiple is 200 %, i.e., no more than 2.0 shares per PSU may be delivered. At the beginning of the performance period, the NCC determines the targets for ROCE and EBITDA based on the mid-term plan. Targets will be disclosed retrospectively at the end of the performance period.

Vesting multiple ROCE (50 %)



Vesting multiple EBITDA (50 %)



			ROCE	EBITDA
Vesting multiple	Min	0 %	– 2.3 pp.	– 21.7 %
	Target	100 %	Target	Target
	Max	200 %	+ 2.3 pp.	+ 21.7 %

After the end of the performance period, the NCC determines whether, and to which extent, the pre-set ROCE and EBITDA targets were achieved. Given the ambitious targets set by Valora, the expected objective attainment of 100 % can only be reached if significant progress is made and can only be exceeded with extraordinary performance. The NCC decides at its discretion to what extent non-budgeted acquisitions, divestments or other unplanned, extraordinary, or unforeseen events will be considered when determining the actual degree of attainment of the performance targets.

The forfeiture provisions were updated in line with market practice and are summarised in the following table:

Termination Reason	Vesting Provisions	Early Vesting	Vesting Level
Good Leaver incl. retirement	Pro-rata vesting for current year, full vesting for all PSUs granted in earlier years	No	Based on actual figures
Termination due to death or disability	Number of unvested PSUs remains unchanged	Yes	At target for all unvested PSUs
Bad Leaver	Full forfeiture	n/a	n/a
Change of control	Pro-rata vesting for current year, full vesting for all PSUs granted in earlier years	Yes	Based on actual figures for all unvested PSUs to extent available for any part of the performance period already lapsed, at target for remaining part

Further, a clawback clause was newly introduced for the LTIP which gives the company the right to revoke granted but unvested PSUs in case of criminal conduct, fraud, or other intentional violation of law which result in material damages to the company or any of its subsidiaries.

As outlined in the introduction to this Remuneration Report, COVID-19 had a negative impact on the two LTIP performance indicators which resulted in a zero vesting for the LTIP grant 2019, i.e., there was no payout in 2022. Nevertheless, the Board has decided not to adjust the ROCE and EBITDA targets for the outstanding grant of 2020, even though the LTIP represents a significant part of total remuneration for Group Executive Management. Therefore, based on current knowledge, also for the LTIP grant 2020 a zero vesting is expected at the end of the performance period (2020–2022).

LTIP Plan achievement for 2021 and previous years

In line with Valora's "pay-for-performance" philosophy, the Board did not adjust the performance targets of the outstanding grants 2019 and 2020 despite the negative COVID-19 impact and the fact that the LTIP constitutes a material part of total remuneration for Group Executive Management. In consequence, based on the performance targets for the performance years 2019–2021, the grant 2019 resulted in a zero vesting, i.e., there was no payout in 2022. The targets for the LTIP grant 2019 are disclosed retrospectively and were defined at 7.9% for the ROCE and CHF 13.40 for the EPS metric.

Further, based on current knowledge, there will also be a zero vesting under the LTIP grant 2020. This is due to the negative impact of COVID-19 on the financial years 2020 and 2021 which both affect the performance years 2020–2022 which are the basis for the LTIP granted in 2020. The concrete vesting- level of the LTIP grant 2020 will be disclosed retrospectively, starting with the Remuneration Report 2022. In addition, no amendments to the individual LTIP award amounts for the Group Executive Management were made.

This accentuates Valora's commitment to align management compensation with long-term shareholder interests. In light of the zero vesting of the LTIP grant 2019 and expected zero vesting of the LTIP grant 2020, the Group Executive Management's realised remuneration from the LTIP will be significantly lower than in previous years due to the significant negative impact of the COVID-19 crisis on the business of Valora in the years 2020 and 2021 (see table below). The alignment between company performance and LTIP vesting levels over the last years shows that Valora's strict approach to "pay-for-performance" is effective.

Plan (CEO)	Period	Plan type	Total value at grant (CHF)	Number of shares / PSUs at grant	Vesting multiple	Total value at vesting (CHF)[1]
LTIP 2019	2019–2022[2]	LTIP (Performance Share Units)	633 000	1 930	0 %[3]	0[3]
LTIP 2020	2020–2023[2]		633 000	3 271	0 %[4]	0[4]
LTIP 2021	2021–2024		633 000	3 448	n/a[5]	n/a[5]

1) Excluded possible dividend payments, Participants are eligible for under LTIP grants 2016–2020.
2) Blocking period of two years applies for LTIP grant 2019 and 2020 after vesting of PSUs.
3) LTIP grant 2019 resulted in a zero vesting in financial year 2022, i.e., there was no payout.
4) Based on current knowledge, expected zero vesting for LTIP grant 2020 due to continued COVID-19 impact.
5) Not available yet.

With regards to the LTIP grant 2021, the Board has decided to further incentivize Group Executive Management regarding a fast rebound of Valora's business and to align the interests of Group Executive Management with those of our shareholders during and after this crisis. For this purpose, the LTIP grant 2021 includes the possibility to receive 0.5 matching shares for one PSU that vests at the end of the three-year performance period but only if a pre-defined Total Shareholder Return (TSR) threshold is achieved. This supports our strategic plan to sustainably overcome the COVID-19 crisis and ensures that the final LTIP payout is in line with shareholder experience.

In total as of December 31, 2021, the equity overhang, defined as the total number of share units (PSU) and blocked shares outstanding divided by the total number of outstanding shares (4390000 registered shares) amounts to 23 126 units, 0.53 %.

5.5 COVID-19 IMPACT ON REALISED REMUNERATION OF THE CEO

To further emphasise Valora's alignment between executive remuneration and shareholders' interests, the multi-year target compared to the realised remuneration is disclosed for the CEO. While target remuneration includes the STB and LTIP grant amount at target without any performance considerations, the realised remuneration includes the actual STB and LTIP payout, based on current knowledge for the LTIP grant 2020. In line with our "pay-for-performance" philosophy, it is shown that in the last four years, realised CEO total remuneration was lower in every year than total target remuneration. Further, it is illustrated that total realised remuneration in financial year 2019 was significantly lower due to a zero vesting of the LTIP grant 2019 related to the COVID-19 impact. Further, also in financial year 2020, the total realised remuneration is well below target due to a significantly lower STB payout than in previous years and an expected zero vesting under the LTIP grant 2020 based on current market knowledge.

CEO (in CHF thousand)	Fixed basic salary	Other fixed remuneration[1]	STB at target	LTIP grant value	Total remuneration[2]	STB payout	LTIP vested value[3]	Total realised remuneration as of 31 December [4]
FY 2018	1 180.0	305.1	280.0	956.5	2 721.6	311.0	657.0[6]	2453.1
FY 2019	867.2[7]	317.4	611.1	633.0	2428.7	640.2	0[8]	1824.8
FY 2020	1 050.0	301.5	733.0	633.0	2 717.5	366.5	0[9]	1718.0
FY 2021	1 050.0	359.9	733.0	633.0	2 775.9	711.0	n/a[10]	n/a[10]

1) Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
2) Includes fixed basic salary, other fixed remuneration, STB value at target and LTIP value at target.
3) Excludes possible dividend payments Participants are eligible for under LTIP grants 2018–2020.
4) Includes fixed basic salary, other fixed remuneration, STB payout and LTIP value at vesting (if available).
5) Grant of blocked shares under the Share Participation Program (SPP)
6) Actual attainment after three-year lock-up period.
7) The CEO took a two-month unpaid sabbatical in 2019.
8) LTIP grant 2019 resulted in a zero vesting in financial year 2021, i.e., there was no payout.
9) Based on current knowledge, expected zero vesting for LTIP grant 2020 due to continued COVID-19 impact.
10) Not available yet.

5.6 SHARE OWNERSHIP GUIDELINES

Since the implementation of Valora's shareholding ownership guideline in 2019, the members of Group Executive Management are required to hold at least the amount of one fixed annual salary in Valora shares within five years of their appointment to Group Executive Management or within five years of the implementation of the guidelines.

In the event of a substantial increase or decrease in the share price, the Board may amend that time period accordingly. The NCC reviews compliance with the share ownership guideline on an annual basis.

5.7 EMPLOYMENT CONTRACTS OF GROUP EXECUTIVE MANAGEMENT

Employment contracts of Group Executive Management comply with the provisions of the OaEC and can be for a fixed or indefinite term. The maximum duration of a fixed-term contract is one year. The employment contracts for Group Executive Management stipulate a 12-month notice period and a non-competition provision which applies throughout the notice period.
No severance pay may be awarded.

REMUNERATION (AUDITED) AND SHAREHOLDINGS IN 2021/2020

6 REMUNERATION FOR THE BOARD OF DIRECTORS

This section is audited according to Article 17 of the OaEC.

The remuneration paid to the Board of Directors for the year 2021 in line with the remuneration system amounted to TCHF 1 513 (previous year TCHF 1 498), of which TCHF 1 103 were paid in cash (previous year TCHF 1 009), TCHF 290 in shares (previous year TCHF 290) and TCHF 120 in form of social security contributions (previous year TCHF 199). Given the COVID-19 impact on our business and stakeholders, the Board has decided on a temporary reduction of 15 % of all cash Board fees for the period from AGM 2020 to AGM 2021. Otherwise, the remuneration system for the Board remained unchanged since 2014.

At the AGM 2020, shareholders approved a maximum overall remuneration amount of TCHF 1 700 for the Board for the remuneration period from the AGM 2020 until the AGM 2021. For this period, the effective remuneration amounted to TCHF 1 571 and is thus within the approved limits.

At the AGM 2021, shareholders approved a maximum aggregate remuneration amount of TCHF 1 700 for the Board for the remuneration period from the AGM 2021 until the AGM 2022. This remuneration period is not yet completed but aggregate remuneration stays within the approved limits for such term of office. A conclusive assessment will be provided in the 2022 Remuneration Report. In the reporting year, no further remuneration was paid to members of the Board of Directors and no remuneration was paid to parties closely related to members of the Board.

Table 1
Board of Directors 2021

in CHF thousand	Fixed fee (cash) [3]	Committee fee	Portion paid in blocked shares [1]	Other remuneration [2]	Total 2021
Franz Julen Chairman	377.3	–	98.0	39.1	514.4
Sascha Zahnd Vice-Chairman	123.2	9.6	34.5	14.5	181.8
Michael Kliger Member and Chairman of Nomination and Compensation Committee	107.8	19.3	33.0	13.9	174.0
Markus Bernhard Member and Chairman of Audit Committee	107.8	19.3	33.0	13.9	174.0
Insa Klasing Member	107.8	9.6	30.5	12.8	160.7
Karin Schwab Member	107.8	9.6	30.5	12.8	160.7
Suzanne Thoma until AGM 2020	16.7	3.1	7.6	4.4	31.8
Felix Stinson Member	77.0	6.9	22.9	8.5	115.3
Total remuneration paid to Board of Directors	**1 025.4**	**77.4**	**290.0**	**119.9**	**1 512.7**

[1] In 2021, Board members received 20 % of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
[2] These amounts include employer contributions required by law.
[3] The Board has decided to reduce its cash fees by 15 % for the period from AGM 2020 to AGM 2021.

Table 2
Board of Directors 2020

in CHF thousand	Fixed fee (cash) [4]	Committee fee [4]	Portion paid in blocked shares [1]	Other remuneration [2]	Total 2020
Franz Julen Chairman	350.4	–	98.0	66.0	514.4
Sascha Zahnd Vice-Chairman	105.0	13.1	34.5	23.6	176.2
Michael Kliger Member and Chairman of Nomination and Compensation Committee	92.2	22.5	33.0	23.0	170.7
Markus Bernhard Member and Chairman of Audit Committee	57.2	18.8	33.0	17.3	126.3
Cornelia Ritz Bossicard until AGM 2020	35.0	7.5	–	6.4	48.9
Markus Fiechter until AGM 2020	50.0	7.5	–	8.7	66.2
Insa Klasing Member	95.8	13.1	30.5	21.9	161.3
Karin Schwab Member	60.8	9.4	30.5	16.2	116.9
Suzanne Thoma Member	60.8	9.4	30.5	16.2	116.9
Ernst Peter Ditsch [3] until AGM 2020	–	–	–	–	–
Total remuneration paid to Board of Directors	**907.2**	**101.3**	**290.0**	**199.3**	**1 497.8**

[1] In 2020, Board members received 20 % of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
[2] These amounts include employer contributions required by law.
[3] Ernst Peter Ditsch waived his Board Director's fee in 2020.
[4] The Board has decided to reduce its cash fees by 15 % for the period from AGM 2020 to AGM 2021.

7 REMUNERATION FOR GROUP EXECUTIVE MANAGEMENT

This section is audited according to Article 17 of the OaEC.
The remuneration paid to Group Executive Management for the year 2021 amounted to TCHF 6691 (previous year TCHF 6354), of which TCHF 2894 were paid as fixed salary (previous year TCHF 3052), TCHF 1250 as STB (previous year TCHF 710) and TCHF 1080 in form of other remuneration (previous year TCHF 1010). TCHF 1467 were granted as performance share units (PSUs) (previous year TCHF 1582) The maximum overall remuneration for members of Group Executive Management in financial year 2021 approved by shareholders at the AGM 2020 was CHF 7.7 million. The overall remuneration effectively paid to actual and former members of Group Executive Management in 2021 amounted to TCHF 6691 and is therefore within the approved limits.

In light of the fact that (i) based on current knowledge a zero vesting of the LTIP grant 2020 will most probably take place in 2022 (due to the significant negative impact of the COVID-19 crisis on the business of Valora in the years 2020 and 2021 which are part of the three-year performance period of the LTIP 2020), and (ii) only an overall STB factor of 50% was paid out in the financial year 2020, the Group Executive Management's effectively realised overall remuneration for 2020 was significantly lower than in previous years. Compared to preceding years (before COVID-19 pandemic), this resulted in a reduction of compensation of more than 40% for the CEO and of approximately 35% for the other GEM members (at target). Further, despite the high business performance in 2019, the LTIP granted in this year also resulted in a zero vesting due to the COVID-19 impact on the performance years 2020 and 2021.

Table 3
Group Executive Management 2021

in CHF thousand	Fixed basic salary	Short Term Bonus (STB) [1]	Long-term variable remuneration (LTIP) [2]	Other fixed remuneration [3]	Total 2021
Michael Mueller CEO and highest-paid member	1 050.0	711.0	633.0	359.9	2 753.9
Other members	1 844.3	538.9	834.0	719.6	3 936.8
Total Group Executive Management remuneration	**2 894.3**	**1 249.9**	**1 467.0**	**1 079.5**	**6 690.7**

[1] These figures relate to the effective cost of the bonuses granted in respect of financial year 2021, which will be paid out in cash in 2022.
[2] The valuation of the PSUs allocated under the LTIP in 2021 complies with IFRS rules and reflects the value at grant date.
[3] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.

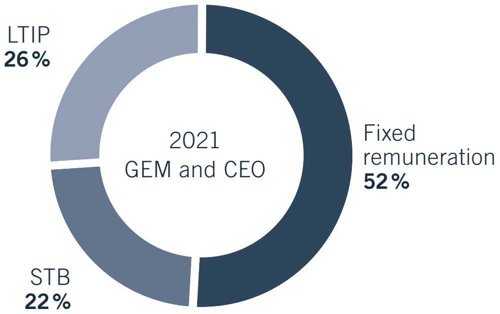
Table 4
Group Executive Management 2020

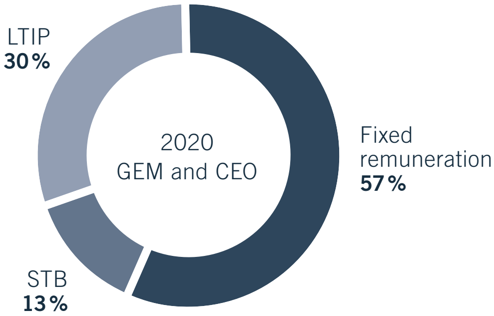
in CHF thousand	Fixed basic salary	Short Term Bonus (STB) [1]	Long-term variable remuneration (LTIP) [2]	Other fixed remuneration [3]	Total 2020
Michael Mueller CEO and highest-paid member	1 050.0	366.5	633.0	301.5	2 351.0
Other members	1 434.4	196.7	648.5	497.4	2 777.0
Actual Group Executive Management remuneration	**2 484.4**	**563.2**	**1 281.5**	**798.9**	**5 128.0**
Former members	568.0	147.0	300.0	211.4	1 226.4
Total Group Executive Management remuneration	**3 052.4**	**710.2**	**1 581.5**	**1 010.3**	**6 354.4**

[1] These figures relate to the effective cost of the bonuses granted in respect of financial year 2020, which will be paid out in cash in 2021.
[2] The valuation of the PSUs allocated under the LTIP in 2020 complies with IFRS rules.
[3] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.

Explanatory comments to the remuneration table:

- The fixed base salaries have decreased by 4 % compared to the previous year. This is mainly due to the fact that the CFO position has only been filled since July 2020 and not for the whole financial year 2020. On a like-for-like basis, the CEO's fixed base salary has not increased compared to the previous year, as he was on an unpaid sabbatical during 2019.
- The "other" fixed remuneration payments have decreased by 13 % compared to the previous year. This is mainly due to the fact that the position of CFO was not filled until the second half of the year.
- The performance achievement under the STB was lower in 2020 than in 2019. Further details are provided below.
- The grant value of the LTIP has decreased by 9 % compared to previous year. This is because the CFO position has not been filled for the whole financial year 2020.
- The ratio of the fixed versus variable remuneration amounts to 51 % fixed versus 49 % variable for the CEO and to 63 % (fixed) versus 37 % (variable) for the other members of Group Executive Management on average.





8 LOANS AND CREDITS

As of 31 December 2021 and 2020, there were no outstanding loans or credits to members of the Board or Group Executive Management or to related parties. Valora Holding AG does not grant any loans or credits and therefore does not have any regulations in its Articles of Incorporation on such matters.

9 SHAREHOLDINGS

Valora carefully monitors the dilution of the share capital. As of 31 December 2021, the company's "burn rate", defined as the number of shares (1 515) and share units (7 991) granted in 2021 divided by the total number of shares outstanding was 0.22 %.

As of 31 December 2021, the members of the Board who were in office at that time and Group Executive Management held a total of 21 731 registered shares (previous year 20 247) of Valora Holding AG, which equals 0.50 % (previous year 0.46 %) of the share capital). As of 31 December 2021 and 2020, the individual members of the Board and Group Executive Management (including related parties) held the following number of shares of Valora Holding AG:

Table 5

Board of Directors	**2021 Number of shares**	**2021 Share of total voting rights in %**	**2021 of which subject to a blocking period**	2020 Number of shares	2020 Share of total voting rights in %	2020 of which subject to a blocking period
Franz Julen Chairman	4 501	0.10	1 434	4 000	0.09	1 328
Sascha Zahnd Vice-Chairman	490	0.01	490	313	0.01	313
Michael Kliger Member and Chairman of Nomination and Compensation Committee	731	0.02	474	562	0.02	424
Markus Bernhard Member and Chairman of Audit Committee since AGM 2020	551	0.01	351	382	0.01	182
Insa Klasing Member	447	0.01	447	291	0.01	291
Karin Schwab Member since AGM 2020	324	0.01	324	168	–	168
Felix Stinson Member since AGM 2021	156	–	156	n/a	n/a	n/a
Total Board of Directors	**7 200**	**0.16**	**3 676**	**5 716**	**0.14**	**2 706**

Table 6

Group Executive Management	2021 Number of shares	2021 Share of total voting rights in %	2021 of which subject to a lock-up period	2021 Number of unvested target PSUs	2021 Number of total shares and unvested target PSUs
Michael Mueller CEO	11 826	0.27	898	8 649	20 475
Beat Fellmann CFO	450	0.01	–	2 409	2 859
Thomas Eisele Head Food Service	1 570	0.04	–	3 787	5 357
Roger Vogt Head Retail	685	0.02	255	3 452	4 137
Total Group Executive Management	**14 531**	**0.34**	**1 153**	**18 297**	**32 828**

Table 7

Group Executive Management	2020 Number of shares	2020 Share of total voting rights in %	2020 of which subject to a lock-up period	2020 Number of unvested target PSUs	2020 Number of total shares and unvested target PSUs
Michael Mueller CEO	11 826	0.27	4 731	5 201	17 027
Beat Fellmann CFO since Juli 2020	450	0.01	–	775	1 225
Thomas Eisele Head Food Service	1 570	0.03	1 456	2 294	3 864
Roger Vogt Head Retail	685	0.02	685	2 036	2 721
Total Group Executive Management	**14 531**	**0.33**	**6 872**	**10 306**	**24 837**

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

We have audited the remuneration report of Valora Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables 1–4 and section 8 on pages 140, 141, 142, 143 and 144 of the remuneration report.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility. Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance. An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion. In our opinion, the remuneration report for the year ended 31 December 2021 of Valora Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

André Schaub Licensed audit expert (Auditor in charge)	Michel Wälchli Licensed audit expert

Basel, 22 February 2022

Financial Report

VALORA FINANCIAL REPORT 2021

REVIEW OF GROUP RESULTS

With EBIT of CHF 30.3 million, the Valora Group concluded the 2021 financial year well in line with its communicated guidance. This corresponds to a year-on-year increase of +115.5 % or CHF +16.2 million. In addition, Valora returned to a positive Group net profit of CHF 8.3 million after a negative CHF –6.2 million in the prior year. The Group generated a free cash flow of CHF 25.1 million and underlined its strong balance sheet with an improved equity ratio of 51.0 % (2020: 47.3 %) and a leverage ratio of 2.2x EBITDA (2020: 2.5x EBITDA).

Particularly at the beginning of the year 2021, Valora's business was again strongly impacted by governmental restrictions to contain the COVID-19 virus in Valora's geographies. The Group was therefore forced to maintain reduced opening hours and keep some of its outlets closed. In the period March to June, recovery gained traction thanks to the easing of governmental orders and vaccination progress. During the second half of the year, recovery progressed further, most notably in the food category. While food net revenue had remained –26 % below its pre-crisis level of 2019 in the first half of the year, it rebounded to –5 % in the second half of 2021. The most pronounced catch-up effect was realised in the Food Service division with a substantial operating leverage effect on profitability and EBIT clearly above break even again. As a result, in the second half of 2021, Food Service EBITDA margin rebounded to 76 % of its pre-crisis level.

As of November 2021, the acquired German-based snack specialist Back-Factory was consolidated to the Group's results and contributed with a small positive EBIT, offset by related transaction costs.

For the 2021 financial year as a whole, including the two additional COVID-19-affected months of January and February, net revenue increased by +3.1 % while external sales remained fairly stable. For March to December – the comparable period that was impacted by the COVID-19 crisis in both years – year-on-year growth was +8.9 % in net revenue and +6.0 % in external sales, while food sales showed an even accelerated increase during that period of +22.7 % and +18.1 %, respectively. Particularly thanks to the increased share of food sales, the gross profit margin rose by +0.8 percentage points from 43.8 % to 44.6 % in the 2021 financial year.

Valora further pursued its disciplined and flexible cost management across all units while at the same time continuing to support its franchise and agency partners in securing their economic viability. The Group also made use of governmental short-time-working programmes as well as COVID-19 related support funds. However, in a year-on-year view, COVID-19 related support was lower than in 2020 as increased COVID-19 related governmental support funds were compensated by lower COVID-19 related rent concessions. Compared to pre-crisis levels of 2019, 55 % of the gross profit decline was offset by lower costs.

While the Retail division had shown a high resilience throughout the whole COVID-19 pandemic, Food Service demonstrated in the second half of 2021 its ability to translate incremental sales recovery into significant leverage on profitability – even though frequencies were still negatively impacted by COVID-19 related constraints.

Beyond that, Valora realised major steps in line with its foodvenience strategy in 2021, the most notable being the Back-Factory acquisition of Food Service DE and the Moveri partnership of Retail CH, in operation as of January 2022. Both cases provide Valora with access to attractive convenience locations and create significant synergy potential in operations. In addition, the Group continued to increase its customer reach through the further rollout of its autonomous store concepts and by entering into the vending machine business.

After two years of pandemic, Valora is strongly positioned financially and in terms of business. Based on the business performance in the second half of 2021, the Group is confident about the value-creation potential of its foodvenience strategy and continues to invest along all strategic priorities while the incremental capacity from the Group’s CHF 70 million capital increase in November 2020 continues to be available in full for strategic projects.

A NET REVENUE

Net revenue (NR) in CHF million	**2021**	**2021 share in %**	2020	2020 share in %	Change (abs.)	in local currency
Retail CH	1 082.1	61.8 %	1 066.6	62.8 %	+ 1.4 %	+ 1.4 %
Retail DE / LU / AT	368.6	21.1 %	373.5	22.0 %	– 1.3 %	– 2.3 %
Retail Division	1 450.7	82.9 %	1 440.1	84.8 %	+ 0.7 %	+ 0.5 %
Food Service Division	277.5	15.9 %	245.7	14.5 %	+ 13.0 %	+ 12.3 %
Other	21.4	1.2 %	11.7	0.7 %	+ 82.3 %	+ 82.3 %
Total Group	**1 749.6**	**100.0 %**	**1 697.4**	**100.0 %**	**+ 3.1 %**	**+ 2.8 %**
Switzerland	1 173.2	67.1 %	1 147.8	67.6 %	+ 2.2 %	+ 2.2 %
Elsewhere	576.4	32.9 %	549.7	32.4 %	+ 4.9 %	+ 3.9 %

In the 2021 financial year, Valora generated net revenue of CHF 1,749.6 million compared to CHF 1,697.4 million in the prior year and external sales amounted to CHF 2,230.1 million compared to CHF 2,233.3 million in 2020. For the 2021 financial year as a whole, including the two additional COVID-19-affected months of January and February, net revenue increased by +3.1 % while external sales remained fairly stable at –0.1 %. For the period March to December year-on-year growth was +8.9 % in net revenue and +6.0 % in external sales, while food sales showed an even accelerated increase during that period of +22.7 % and +18.1 %, respectively.

Retail CH generated net revenue of CHF 1,082.1 million compared to CHF 1,066.6 million in 2020, a year-on-year increase of +1.4 %. From March to December, net revenue was up by +4.7 % with positive sales development in most categories. In the food category, the unit achieved +14.7 % growth during that period. In external sales, net of effects from changes in operating models (conversion of franchise stores to agencies), the food category showed an increase of +9.9 % from March to December.

Retail DE / LU / AT posted net revenue of CHF 368.6 million compared to CHF 373.5 million in the prior-year period, corresponding to a sales decrease of –2.3 % in local currency. From March to December, the unit increased its net revenue by +3.3 % in local currency. In terms of external sales, this corresponds to a slight decline of –2.2 % in local currency.

Food Service net revenue of CHF 277.5 million came in above its previous year's level of CHF 245.7 million, a year-on-year increase of +12.3 % in local currency. From March to December, net revenue increased by +31.6 % in local currency. In the division's B2C formats, net revenue increased by +18.6 % at Food Service CH and by +12.3 % in local currency at Food Service DE in the respective period, the latter excluding the effects from the consolidation of Back-Factory. The out-of-home food market in Germany was clearly more affected by government restrictions than in Switzerland in the reporting period. With +41.3 % in local currency, Food Service B2B achieved the strongest sales growth within the Group from March to December, whereby Ditsch USA almost doubled its revenue compared to the prior-year period.

Net revenue in the **Other** segment increased thanks to bob Finance.

B GROSS PROFIT

Gross profit in CHF million	**2021**	**2021 share in %**	**2021 % of NR**	2020	2020 share in %	2020 % of NR	Change (abs.)	Change in local currency
Retail CH	440.4	56.4 %	40.7 %	423.7	57.0 %	39.7 %	+3.9 %	+3.9 %
Retail DE / LU / AT	130.1	16.7 %	35.3 %	127.1	17.1 %	34.0 %	+2.4 %	+1.3 %
Retail Division	570.5	73.1 %	39.3 %	550.8	74.1 %	38.2 %	+3.6 %	+3.3 %
Food Service Division	201.1	25.8 %	72.5 %	184.1	24.8 %	74.9 %	+9.2 %	+8.7 %
Other	8.5	1.1 %	39.9 %	8.5	1.1 %	72.2 %	+0.8 %	+0.8 %
Total Group	**780.2**	**100.0 %**	**44.6 %**	**743.3**	**100.0 %**	**43.8 %**	**+5.0 %**	**+4.6 %**

Particularly thanks to the increased share of food sales, the gross profit margin rose by +0.8 percentage points from 43.8 % to 44.6 % in the 2021 financial year. Gross profit increased from CHF 743.3 million in 2020 to CHF 780.2 million.

Gross profit of **Retail CH** increased by +3.9 % from CHF 423.7 million in 2020 to CHF 440.4 million in the 2021 financial year. The unit's margin improved by +1.0 percentage points to 40.7 %, driven by positive sales-mix effects, particularly a higher share of food sales.

Retail DE / LU / AT gross profit amounted to CHF 130.1 million compared to CHF 127.1 million in the prior year. The margin rose by +1.3 percentage-points from 34.0 % to 35.3 % also based on a better inventory management.

Food Service recorded gross profit of CHF 201.1 million in the 2021 reporting period compared to CHF 184.1 million in the prior year, an increase of +9.2 %. The gross profit margin amounted to 72.5 % compared to 74.9 % in 2020. This reduction was particularly due to portfolio mix effects, basically a higher share of B2B sales and a lower gross profit margin of Back-Factory in relation to the existing business.

C OPERATING COSTS, NET

Net operating costs in CHF million	**2021**	**2021 share in %**	**2021 % of NR**	2020	2020 share in %	2020 % of NR	Change (abs.)	in local currency
Retail CH	–422.3	56.3 %	–39.0 %	–407.0	55.8 %	–38.2 %	+3.8 %	+3.8 %
Retail DE / LU / AT	–113.6	15.1 %	–30.8 %	–116.5	16.0 %	–31.2 %	–2.5 %	–3.5 %
Retail Division	–535.9	71.5 %	–36.9 %	–523.5	71.8 %	–36.4 %	+2.4 %	+2.1 %
Food Service Division	–193.9	25.9 %	–69.9 %	–192.6	26.4 %	–78.4 %	+0.7 %	+0.1 %
Other	–20.1	2.7 %	n.m.	–13.2	1.8 %	n.m.	+52.7 %	+52.7 %
Total Group	**–749.9**	**100.0 %**	**–42.9 %**	**–729.3**	**100.0 %**	**–43.0 %**	**+2.8 %**	**+2.5 %**

Valora further pursued its disciplined and flexible cost management across all units while at the same time continuing to support its franchise and agency partners in securing their economic viability. The Group also made use of governmental short-time-working programmes as well as COVID-19 related support funds. However, in a year-on-year view, COVID-19 related support was lower than in 2020 as increased COVID-19 related governmental support funds were compensated by lower COVID-19 related rent concessions. The cost ratio remained fairly stable at –42.9 % (2020: –43.0 %) in spite of higher expenses related to digital innovations and merger & acquisitions projects, as a result of operational efficiency gains.

Retail CH recorded net operating costs of CHF –422.3 million compared to CHF –407.0 million in 2020, an increase of CHF –15.3 million. The cost increase was due to substantially lower rent concessions (CHF –13.7 million). As a result, the cost ratio in percent of net revenue amounted to –39.0 % (2021: –38.2 %).

Net operating costs for **Retail DE / LU / AT** amounted to CHF –113.6 million compared to CHF –116.5 million in 2020, a year-on-year reduction CHF +3.0 million or of –3.5 % in local currency. Major effects resulted from decreased personnel expenses and higher governmental support. The unit's cost ratio slightly improved by +0.4 percentage points to –30.8 %.

In spite of its growth in net revenue and gross profit, **Food Service** held its net operating costs fairly stable at CHF –193.9 million compared to CHF –192.6 million in the prior year. Higher variable costs as a result of the sales recovery and inflation-related increases were largely offset by governmental support and efficiency improvements as well as tight cost control in general. The cost ratio amounted to –69.9 % compared to –78.4 % in 2020, an improvement of +8.5 percentage points.

Higher costs in the **Other** segment are particularly attributable to increased expenses related to digital innovations and M&A projects.

D OPERATING PROFIT (EBIT)

Operating profit (EBIT) in CHF million	**2021**	**2021 share in %**	**2021 % of NR**	2020	2020 share in %	2020 % of NR	Change (abs.)	in local currency
Retail CH	18.1	59.7 %	1.7 %	16.7	118.9 %	1.6 %	+ 8.2 %	+ 8.2 %
Retail DE / LU / AT	16.6	54.8 %	4.5 %	10.6	75.3 %	2.8 %	+ 56.9 %	+ 54.6 %
Retail Division	34.7	114.5 %	2.4 %	27.3	194.2 %	1.9 %	+ 27.1 %	+ 26.4 %
Food Service Division	7.2	23.7 %	2.6 %	– 8.5	– 60.7 %	– 3.5 %	n.m.	n.m.
Other	– 11.6	– 38.2 %	n.m.	– 4.7	– 33.4 %	n.m.	n.m.	n.m.
Total Group	**30.3**	**100.0 %**	**1.7 %**	**14.1**	**100.0 %**	**0.8 %**	**+ 115.5 %**	**+ 115.6 %**

Group EBIT amounted to CHF 30.3 million, an increase of +115.5 % or CHF +16.2 million.

Retail CH increased EBIT from CHF 16.7 million in 2020 to CHF 18.1 million in 2021, in spite of substantially higher rent. The EBIT margin remained fairly stable at 1.7 % (2020: 1.6 %). The unit's EBITDA contribution was CHF 40.0 million corresponding to an EBITDA margin of 3.7 % (2020: CHF 44.1 million and 4.1 %, respectively).

Retail DE / LU / AT recorded EBIT growth from CHF 10.6 million in the 2020 financial year to CHF 16.6 million, a year-on-year increase of +54.6 % in local currency. For the 2021 financial year, the EBIT margin amounted to 4.5 % compared to 2.8 % in 2020. In EBITDA, the unit contributed CHF 30.6 million to the Group's results at an EBITDA margin of 8.3 % (2020: CHF 23.7 million and 6.4 %, respectively).

In 2021, **Food Service** returned to a positive EBIT of CHF 7.2 million compared to CHF –8.5 million in the prior year, also supported by COVID-19 related governmental support funds. Based on higher sales levels during the second half of 2021, Food Service demonstrated its substantial operating leverage potential. Food Service EBITDA amounted to CHF 34.6 million at an EBITDA margin of 12.5 % (2020: CHF 18.7 million and 7.6 %, respectively).

E FINANCIAL RESULT, TAXES AND GROUP NET PROFIT

Valora returned to a positive Group net profit of CHF 8.3 million after a negative CHF –6.2 million in the prior year.

The **net financial result** of CHF –21.6 million improved compared to its previous year's figure of CHF –24.3 million. Lower IFRS 16 related interest and lower interest bearing debt contributed in particular to the positive development, partly offset by a slightly negative EUR-CHF exchange rate impact.

Tax expenses amounted to CHF –0.4 million compared to tax income of CHF 4.1 million in 2020. Income taxes were impacted by deferred taxes in both reporting years and in 2020 as well by the release of a tax provision.

These effects, added to the EBIT outlined above, led to a **Group net profit** of CHF 8.3 million for 2021 compared to CHF –6.2 million in 2020. EPS amounted to CHF 1.88.

F LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data in CHF million	2021	2020
EBITDA	**95.5**	**83.4**
Free cash flow / before purchase/sale of subsidiaries	**25.1**	**38.1**
Free cash flow per share in CHF	5.72	9.53
Group net profit	**8.3**	**–6.2**
Earnings per share in CHF	1.88	–1.55
Shareholder's equity	676.7	685.0
Equity ratio [1]	51.0%	47.3%
Net debt	209.3	211.8

[1] Definition of alternative performance measures on page 247.

Based on a solid EBITDA and a focussed NWC and capex management, free cash flow amounted to CHF 25.1 million (2020: CHF 38.1 million). The Group underlined its strong balance sheet with an improved equity ratio before lease liabilities of 51.0%, +3.6 percentage-points higher than at year-end 2020. Net debt of CHF 209.3 million compared to CHF 211.8 million as at 31 December 2020 remained fairly stable. As a result, the leverage ratio amounted to 2.2x EBITDA and remained below its previous year's level (2020: 2.5x) and well below the covenant ceiling.

In the 2021 financial year, Valora generated free cash flow of CHF 25.1 million (2020: CHF 38.1 million). The Group's EBITDA amounted to CHF 95.5 million and came in above its previous year's level of CHF 83.4 million (+14.4%). Cash flow from operating activities came to CHF 62.5 million compared to CHF 97.5 million in 2020. The decrease was particularly resulting from the normalisation of NWC management. Prioritisation of capex lead to a reduced cash flow from investing activities before M&A (CHF –37.4 million, 2020: CHF –59.5 million).

Net debt as of 31 December 2021 of CHF 209.3 million remained fairly stable compared to its level of 31 December 2020 (CHF 211.8 million), also supported by the waiver of the dividend for the 2020 financial year. Cash and cash equivalents amounted to CHF 142.5 million as of 31 December 2021 and remained below their levels of 31 December 2020 (CHF 229.7 million) after the repayment of the EUR 72 million Schuldscheindarlehen II in April 2021 and the purchase-price payment for the Back-Factory acquisition. The leverage ratio was 2.2x EBITDA and remained below its previous year's level (2020: 2.5x) and well below the covenant ceiling. Including lease liabilities, net debt amounted to CHF 1,239.1 million compared to CHF 1,239.5 million at year-end 2020.

The **equity ratio** before lease liabilities improved from 47.3% as at 31 December 2020 to 51.0% as at 31 December 2021 particularly thanks to the reduced liabilities after the repayment of the Schuldscheindarlehen II in April 2021. Including lease liabilities, the equity ratio was 29.1% (28.0% as at 31 December 2020).

With the results of the 2021 financial year, Valora has again preserved its strong balance sheet and the leverage capacity substantially increased after the Group's capital increase in November 2020 that remains fully available for strategic projects.

G RETURN ON CAPITAL EMPLOYED

ROCE [1] in %	2021	2021 without Goodwill	2020	Percentage-point change	2021 Capital employed	2020 Capital employed	Change
Retail CH	14.3 %	24.8 %	11.2 %	3.0 %	126.5	151.8	–16.7 %
Retail DE / LU / AT	11.2 %	27.3 %	6.9 %	4.3 %	148.1	152.0	–2.6 %
Retail Division	12.6 %	26.0 %	9.1 %	3.5 %	274.6	303.8	–9.6 %
Food Service Division	1.1 %	2.7 %	n.m.	n.m.	660.4	665.7	–0.8 %
Total Group [2]	**3.0 %**	**6.2 %**	**1.3 %**	**1.6 %**	**1 024.9**	**1 056.7**	**–3.0 %**

[1] Capital employed is the average measured over the preceding 13 months. EBIT is the aggregate operating profit for the preceding 12 months.
[2] Consolidated EBIT includes corporate costs and consolidated capital employed includes operating cash and cash equivalents relating to continuing operations.

Still impacted by the crisis, return on capital employed (ROCE) increased by +1.6 percentage-points to 3.0 % as at 31 December 2021 (2020: 1.3 %). Excluding goodwill, the Group's ROCE was 6.2 %. For the Retail division, ROCE amounted to 12.6 % and to 26.0 % excluding goodwill.

The return on capital employed (ROCE) is the ratio of the EBIT generated over the past 12 months to the average capital invested (including goodwill). As at 31 December 2021, the Group's ROCE amounted to 3.0 %.

ROCE for **Retail CH** increased from 11.2 % to 14.3 % as at 31 December 2021. The improvement was both attributable to the higher EBIT and the reduced capital employed supported by NWC improvements. Excluding goodwill, the unit's ROCE reached 24.8 %.

Retail DE / LU / AT improved ROCE from 6.9 % in 2020 to 11.2 % as at 31 December 2021, basically as a result of the unit's EBIT growth. Excluding goodwill, ROCE amounted to 27.3 %.

Having returned to positive EBIT, the **Food Service** division recorded ROCE of 1.1 % as at 31.12.2021 while ROCE excluding goodwill reached 2.7 %. This indicates the division's rising profitability during the recovery in the second half of 2021 while at the same time it shows the high potential in case of further increasing sales.

CONSOLIDATED INCOME STATEMENT

1 January to 31 December, in CHF 000 (except per share amounts)	**Notes**	**2021**	%	2020	%
Net revenue	**8**	**1 749 577**	**100.0**	**1 697 448**	**100.0**
Cost of goods and materials		–969 419	–55.4	–954 111	–56.2
Personnel expenses	9	–212 774	–12.2	–203 900	–12.0
Other operating expenses	10	–368 372	–21.1	–353 903	–20.8
Depreciation and impairments right-of-use assets	21	–160 075	–9.1	–156 248	–9.2
Depreciation, amortisation and impairments PPE and intangible assets	20, 23	–65 170	–3.7	–69 378	–4.1
Other income	11	57 800	3.3	56 224	3.3
Other expenses	11	–1 285	–0.1	–2 081	–0.1
Operating profit (EBIT)	**7**	**30 282**	**1.7**	**14 051**	**0.8**
Financial expenses	12	–23 795	–1.4	–26 433	–1.6
Financial income	13	2 178	0.1	2 093	0.1
Earnings before income taxes		**8 665**	**0.5**	**–10 289**	**–0.6**
Income taxes	14	–408	–0.0	4 087	0.2
Net profit/(loss) attributable to shareholders of Valora Holding AG		**8 257**	**0.5**	**–6 202**	**–0.4**
Earnings per share					
diluted and undiluted (in CHF)	**15**	**1.88**		**–1.55**	

The accompanying notes from page 169 to page 226 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December, in CHF 000	Notes	2021	2020
Net profit/(loss)		**8 257**	**–6 202**
Remeasurements of defined benefit liability/asset	29	–561	1 310
Income tax effect	29	112	–262
Items that will not be reclassified to profit or loss		**–449**	**1 048**
Currency translation adjustments		–15 077	–4 004
Items that may be reclassified to profit or loss		**–15 077**	**–4 004**
Other comprehensive income for the period		**–15 526**	**–2 956**
Total comprehensive income for the period		**–7 268**	**–9 159**
Attributable to shareholders of Valora Holding AG		–7 268	–9 159

The accompanying notes from page 169 to page 226 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Notes	31.12.2021	%	31.12.2020	%
Current assets					
Cash and cash equivalents	16	142 502		229 727	
Trade accounts receivable	17	56 180		58 397	
Inventories	18	133 924		143 168	
Current income tax receivable		3 858		2 508	
Current lease receivable	22	27 397		22 517	
Other current receivable	19	65 014		81 239	
Total current assets		**428 875**	**18.5%**	**537 557**	**22.0%**
Non-current assets					
Property, plant and equipment	20	246 830		261 787	
Right-of-use assets	21	892 341		909 802	
Goodwill, software and other intangible assets	23	653 195		643 643	
Investment in associates and joint ventures		0		25	
Financial assets	24	4 787		6 387	
Non-current lease receivable	22	73 935		66 170	
Deferred income tax assets	14	21 920		20 512	
Total non-current assets		**1 893 008**	**81.5%**	**1 908 327**	**78.0%**
Total assets		**2 321 883**	**100.0%**	**2 445 884**	**100.0%**

LIABILITIES AND EQUITY

in CHF 000	Notes	31.12.2021	%	31.12.2020	%
Current liabilities					
Current financial liabilities	25	0		77 839	
Current lease liabilities	21	185 688		170 017	
Trade accounts payable	26	149 036		186 617	
Current income tax liabilities		2 769		6 677	
Other current liabilities	27	87 690		82 518	
Total current liabilities		**425 183**	**18.3 %**	**523 667**	**21.4 %**
Non-current liabilities					
Other non-current liabilities	25	355 235		366 917	
Non-current lease liabilities	21	844 125		857 699	
Non-current pension obligations	29	162		168	
Non-current provisions	28	470		0	
Deferred income tax liabilities	14	19 973		12 388	
Total non-current liabilities		**1 219 965**	**52.5 %**	**1 237 172**	**50.6 %**
Total liabilities		**1 645 148**	**70.9 %**	**1 760 839**	**72.0 %**
Equity					
Share capital	36	4 390		4 390	
Treasury shares		–1 912		–1 002	
Retained earnings		780 661		772 984	
Cumulative translation adjustments		–106 404		–91 328	
Total equity attributable to shareholders of Valora Holding AG		**676 735**	**29.1 %**	**685 045**	**28.0 %**
Total liabilities and equity		**2 321 883**	**100.0 %**	**2 445 884**	**100.0 %**

The accompanying notes from page 169 to page 226 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

1 January to 31 December, in CHF 000	**Notes**	**2021**	2020
Net profit / (loss)		**8 257**	**–6 202**
Elimination of non-cash transactions in net profit / (loss)			
Income tax expense		408	–4 087
Financial expense		23 795	26 433
Financial income		–2 178	–2 093
Depreciation and impairments of property, plant, equipment	20	48 613	52 819
Depreciation and impairments of right-of-use assets	21	160 075	156 248
Amortisation and impairment of intangible assets	23	16 557	16 559
Loss on sales of fixed assets, net	11	392	56
Share-based remuneration	30	2 096	2 348
Other non-cash transactions		–653	703
Change in other non-current liabilities		–73	–536
Change in net working capital, excluding the effects of the purchase and sale of business units			
Change in trade accounts receivable		2 224	18 287
Change in inventories		7 896	–129
Change in other current assets		15 391	–15 671
Change in trade accounts payable		–38 594	41 456
Change in other liabilities		107	–17 913
Cash flows from operating activities before interest and tax		**244 313**	**268 279**
Interest paid on financial liabilities		–5 808	–5 823
Interest paid on lease liabilities	21	–17 567	–20 311
Income taxes paid		–6 248	–2 933
Interest received from lease receivables	22	1 663	1 783
Other interest received		1 099	131
Dividends received		26	132
Cash flows from operating activities		**217 479**	**241 258**
Cash flow from investing activities			
Investment in property, plant and equipment	20	–32 975	–54 355
Proceeds from the sale of property, plant and equipment	20	1 192	1 069
Acquisitions, net of cash and cash equivalents acquired	6	–30 116	0
Investment in financial assets		–440	–599
Proceeds from the sale of financial assets		1 933	4 437
Lease payments received from finance leases	22	23 589	22 671
Acquisition of other intangible assets	23	–6 006	–6 273
Proceeds from the sale of other intangible assets	23	356	104
Cash flows used in investing activities		**–42 467**	**–32 946**

1 January to 31 December, in CHF 000	Notes	2021	2020
Cash flow from financing activities			
Repayment of current financial liabilities	25	–81 805	–44
Proceeds from non-current financial liabilities	25	372	215
Repayment of non-current financial liabilities	25	–847	–1 920
Repayment of lease liabilities	21	–178 579	–166 412
Purchase of treasury shares		–10 391	–13 595
Sale of treasury shares		9 359	20 047
Share-capital increase of Valora Holding AG		0	61 635
Cash flows used in financing activities		**–261 891**	**–100 075**
Net (decrease)/increase in cash and cash equivalents		**–86 880**	**108 236**
Exchange rate effect on cash and cash equivalents		–346	–1 160
Cash and cash equivalents at the beginning of year		229 727	122 651
Cash and cash equivalents at year-end	16	**142 502**	**229 727**

The accompanying notes from page 169 to page 226 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

in CHF 000	Share capital	Treasury shares	Retained earnings	Cumulative translation differences	Total equity attributable to shareholders of Valora Holding AG
Balance on 1 January 2020	**3 990**	**–12 849**	**722 300**	**–87 322**	**626 119**
Net loss			–6 202		–6 202
Other comprehensive income			1 048	–4 005	–2 957
Total comprehensive income	**0**	**0**	**–5 154**	**–4 005**	**–9 159**
Share-based remuneration			2 348		2 348
Purchase of treasury shares		–13 595			–13 595
Sale of treasury shares		25 442	–7 743		17 699
Increase of share capital	400		61 235		61 635
Balance on 31 December 2020	**4 390**	**–1 002**	**772 984**	**–91 327**	**685 045**
Net profit			8 257		8 257
Other comprehensive income			–449	–15 077	–15 526
Total comprehensive income	**0**	**0**	**7 809**	**–15 077**	**–7 268**
Share-based remuneration			2 096		2 096
Purchase of treasury shares		–10 391			–10 391
Sale of treasury shares		9 481	–2 221		7 260
Balance on 31 December 2021	**4 390**	**–1 912**	**780 661**	**–106 404**	**676 735**

The accompanying notes from page 169 to page 226 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION ABOUT THE GROUP

Valora Holding AG ("Valora") is a publicly listed company on SIX Swiss Exchange with headquarters in 4132 Muttenz, Hofackerstrasse 40, Switzerland. Valora is a leading small-scale retailer in the convenience and food service sector. The Retail business segment of Valora Group operates small-outlet convenience retail units in high-frequency locations. Its Food Service segment maintains an integrated value chain covering all phases from lye bread production to wholesaling (B2B) and the operation of takeaway concepts (B2C).

The consolidated financial statements for Valora for the 2021 financial year were approved by the Board of Directors on 22 February 2022. They are subject to approval by the Ordinary General Meeting on 6 April 2022.

2 BASIS OF ACCOUNTING

Basis of preparation. The financial statements have been prepared in accordance with IFRS as issued by the IFRS Accounting Standards Board. The consolidated financial statements have been prepared on the historical cost basis, except for other non-current financial assets, equity instruments measured at fair value and contingent consideration liabilities. Consolidation is based on the individual Group companies' financial statements, which are prepared according to a uniform set of accounting principles. The Group presents its accounts in Swiss francs (CHF). Unless otherwise stated, all values are stated in thousands of Swiss francs (CHF 000).

Impact of COVID-19 on these financial statements. Particularly at the beginning of the year 2021, Valora's business was again strongly impacted by governmental restrictions to contain the COVID-19 virus in all geographies. The Group was therefore forced to maintain reduced opening hours and keep some of its outlets closed. Further, the mask and home office obligation contributed to this development. From March to June, recovery increasingly gained traction thanks to the easing of governmental orders and vaccination progress. During the second half of the year, recovery progressed further, most notably in the food segment. Valora further pursued its highly disciplined and flexible cost management across all units while at the same time continuing to support its franchise and agency partners in securing their economic viability.
In 2021, the Group also made use of governmental short-time-working programmes as well as COVID-19 related support funds. Rent concessions received from various landlords were recognised in accordance with IFRS 16 directly in the income statement at the time the concessions were granted (see notes 7 and 11). Government grants received from the short-time working programme were directly offset against personnel expenses (see note 9). Further, the Group has received funds related to governmental COVID-19 support programmes. These funds have been recognised in other income (see note 11).

Compliance with IFRS and the Swiss Code of Obligations. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal provisions of the Swiss Code of Obligations.

Principles of consolidation. In addition to the accounts of Valora, Valora's consolidated financial statements also comprise those of its Group companies as follows:

Consolidated companies. Group companies controlled by Valora Holding AG are fully consolidated. In determining whether control exists, Valora also considers contractual agreements and other rights it may have. Group companies acquired are consolidated from the date Valora obtains control and deconsolidated on the date control is lost.

Consolidation method. All intra-Group assets, liabilities, income and expenses, and all unrealised gains or losses from intra-Group transactions, are fully eliminated. When companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised at fair value at the acquisition date, and the difference between the consideration paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill.

Associated companies and joint ventures. Associates and joint ventures are accounted for using the equity method. Associates are companies over which Valora has significant influence, but that it does not control. Significant influence is assumed to exist when Valora holds between 20% and 50% of the voting shares. A joint venture is an entity over which Valora has joint control.

Following the derecognition of the shares in Vitertia AG in Otelfingen in 2021, there are no longer any associated companies or joint ventures in the Valora Group.

Scope of consolidation. Note 38 provides an overview of Valora's significant Group companies.

Changes in consolidation scope. Valora acquired 100% of the shares of Back-Factory GmbH, based in Hamburg, Germany, as of 1 November 2021.

On 21 July 2021 Valora announced that it will take over the operation of 39 Moveri service station stores in Switzerland in an asset deal. One service store was transferred to Valora in 2021 while the remaining stores will be taken over in 2022.

Valora acquired Bahnhofsbuchhandlung Wuttke based in Bayreuth, Germany, in an asset deal on 1 September 2021.

Additional information concerning these transactions can be found in note 6.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS) and Interpretations thereof.

On 31 March 2021, the International Accounting Standards Board (IASB) has extended by one year up to 30 June 2022 the application period of the practical expedient in IFRS 16 Leases to help lessees accounting for COVID-19-related rent concessions.

The amendment permits lessees, as a practical expedient, not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. Valora continues to apply the practical expedient as from 1 January 2021. Consequently, the Group presented rent concessions due to COVID-19 in other income (see note 11). The full amount of the rent concessions was recognised at the time it was granted.

Other amendments to existing IFRS adopted on 1 January 2021 had no material impact on these financial statements.

Standards issued but not yet effective.

None of the interpretations and new or amended standards to existing International Financial Reporting Standards (IFRS) effective 1 January 2022, or later, is of material relevance to the Group's consolidated financial statements:

- Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements Process (AIP): 2018–2022 cycle
- IFRS 17 Insurance Contracts
- Classification of Liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

4 GENERAL ACCOUNTING POLICIES

Translation of foreign currencies. Transactions in foreign currencies are translated into the functional currency at the prevailing exchange rate on the date of the transaction. On the balance sheet date, assets and liabilities in foreign currencies are translated using the exchange rates at the balance sheet date and the resulting exchange differences are recognised in profit or loss. The assets and liabilities of Group companies whose functional currency is not the Swiss franc are translated into Swiss francs on the balance sheet date. The income statement, cash flow statement and items of other comprehensive income are translated using the average exchange rate for the reporting period, provided this results in a reasonable approximation of the results that would be obtained when applying the transaction rates. Otherwise the items are translated using the transaction rates. Translation differences resulting from the translation of the financial statements of Group companies are recognised in the statement of comprehensive income (other comprehensive income) and reported separately.

Translation rates used for Valora's major foreign currencies

	Average rate for 2021	**Closing rate on 31.12.2021**	Average rate for 2020	Closing rate on 31.12.2020
Euro, EUR 1	1.081	1.038	1.070	1.081
US dollar, USD 1	0.914	0.913	0.939	0.885

Net revenue and revenue recognition. Valora sells goods and services in sales outlets, operates franchise concepts and produces goods for wholesale customers. Net revenue presented in the income statement comprises both revenue from contracts with customers (IFRS 15) and other sources of revenue.

Net revenue from contracts with customers (IFRS 15) includes all proceeds from the sale of goods (including goods produced by Valora) and services, net of any deductions.

Revenue from products and services sold in sales outlets represents the cash payments received and is recognised when the payment is made in cash or charged to a credit card. Customer loyalty programmes are estimated on the basis of empirical values.

Revenue from goods produced and sold by Valora is recognised when the goods are transferred to the customer according to the terms of the contract. The revenue that is recognised is the consideration that Valora expects to be entitled to in exchange for these goods and falls within the scope of IFRS 15.

Valora provides franchisees with access to the Valora network including access to the relevant formats and brands and know-how. Valora recognises the related franchise fees over time as the franchisees receive the benefits of the services performed. Franchisees generally purchase goods on their own behalf and these are therefore not reported within revenues and costs of goods and materials of Valora. In cases franchisees purchase goods via Valora those are reported within revenues and cost of goods and materials. Revenue is recognised when franchisees obtain control of the goods at the sales outlet. Franchise fees are recognised as revenues and qualify as net revenue according to IFRS 15.

Commissions that Valora receives from its suppliers when acting as an agent are also reported as net revenue. These do not, however, fall within the scope of IFRS 15 Revenue from Contracts with Customers.

Cost of goods and materials. The cost of goods and materials includes the acquisition or production costs of the goods and the materials. It contains valuation allowances for non or slow moving goods, but also reimbursements from suppliers for the achievement of certain purchase quantities or reference values, which are recognised as a reduction in expenses. Payments received from suppliers for advertising services and promotional activities are recognised as a reduction of the cost of goods and materials.

Share-based remuneration. The Valora Group settles part of its employee remuneration in Valora shares. The expense recognised in the income statement as a result of share-based remuneration is calculated by multiplying the number of shares expected to vest by the grant date fair value of the Valora equity instruments granted (net of any amounts to be paid by the recipients of the equity instruments). The expense for plans that are settled in Valora shares (equity settled) is recognised in equity. If the vesting conditions extend over several periods, the expense is spread over the vesting period taking into account the expected achievement of targets.

Financial result. Net gains and losses on financial instruments at fair value through profit or loss do not include any dividend or interest payments. Dividend and interest income is reported separately (see note 13).

Income taxes. Income tax is calculated on the basis of the applicable tax laws in each tax jurisdiction and charged to the income statement for the accounting period in which the net income is recognised. The effective tax rate is applied to the annual profit.
Deferred income taxes that arise as a result of temporary differences between the values of assets and liabilities reported in the consolidated balance sheet and their tax values are recognised as deferred tax assets or deferred tax liabilities. Deferred tax assets are capitalised when it is probable that there will be sufficient taxable income against which the deductible differences can be utilised. The assessment relates to the period for which planning data is available.

Deferred income taxes are calculated on the basis of the tax rates that are expected to apply during the period when the deferred tax asset is realised or the liability is settled. Deferred tax liabilities for temporary differences are generally recognised. Tax receivables and tax liabilities are offset against one another if they are for the same taxable entity and there is an enforceable right to offset them. Changes to deferred tax assets and deferred tax liabilities are recognised as a tax expense/income in the income statement, except when the underlying transaction is recognised outside profit or loss in other comprehensive income or directly in equity.

Earnings per share. Earnings per share are calculated by dividing the net profit/loss attributable to Valora Holding AG shareholders by the average number of outstanding shares of Valora Holding AG. For diluted earnings per share, any potentially dilutive effects on the number of outstanding shares are taken into account and the net profit is adjusted, if necessary.

Financial Assets. Financial assets are classified at initial recognition at amortised cost or fair value through profit and loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Valora's business model for managing them. With the exception of trade receivables Valora measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Purchases or sales on financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.
For subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments) They are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Valora's financial assets at amortised cost include cash and cash equivalents, trade accounts receivable, receivables from finance leases and other financial receivables.
- Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value such as contingent consideration arrangements entered into as part of business combinations. Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Valora's financial assets at fair value through profit or loss include from time to time receivables from contingent consideration arrangements, derivatives and equity investments (unlisted equity interests with a shareholding of less than 20 %).

Financial assets are classified as current unless the due date is more than 12 months after the balance sheet date.

Valora uses the simplified approach when measuring the expected credit loss allowance of trade accounts receivable that do not contain any significant financing components. Under this approach, an impairment loss is recognised at each balance sheet date in the amount of the expected credit losses over the entire term (lifetime expected loss), rather than the change in the default risk. The impairment is determined by using historically observable data as well as forward-looking information. Depending on the credit rating of the customer cluster, the ageing structure of the receivables and historical default rates the expected credit losses are determined.

For lease receivables the expected credit loss allowance is determined by using the general approach so that the 12 month expected credit loss will be recognised, unless a significant change is observable which requires the recognition of the lifetime expected credit loss allowance.

For all other financial assets measured at amortised costs impairments on expected losses are determined according to the general approach.

Cash and cash equivalents. Cash and cash equivalents include cash on hand, demand deposits with banks and short-term money market investments with a maximum term of three months from their date of acquisition which are readily convertible to cash and cash equivalents and are subject to insignificant fluctuations in value. Under IFRS 9, demand deposits are measured at amortised cost.

Trade accounts receivable. Trade accounts receivable are largely attributable to the franchise business, the wholesale business and other deliveries of goods, as well as the provision of services.

Loans, receivables from finance leases and other receivables. Loans, receivables from finance leases and other receivables are classified as current unless the due date is more than 12 months after the balance sheet date.

One Valora Group company sells its accounts receivables to a bank. As risks from the receivables are transferred to the bank upon sale, the corresponding assets and liabilities are derecognised. In certain defined cases the bank would be entitled to reverse transactions or to adjust the risk transfer. In these cases, the risk is limited to the value of the receivables.

Financial liabilities. Financial liabilities are classified, at initial recognition, as subsequently measured at fair value through profit and loss.

Financial liabilities at amortised costs are initially measured at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. Valora's financial liabilities at amortised cost include current financial liabilities, trade accounts payable, other financial payables and interest bearing debt (non-current financial liabilities). Valora classifies financial liabilities as non-current if it has the unconditional right at the balance sheet date to defer their repayment until at least twelve months after the balance sheet date.

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss, or financial liabilities mandatorily required to be measured at fair value. Derivatives fall under this category unless they are designated as effective hedging instruments. Valora's financial liabilities at fair value through profit or loss include financial liabilities from contingent consideration arrangements agreed as part of business combination and derivatives with a negative fair value.

Inventories. Inventories are measured at the lower of acquisition/production cost and net realisable value. At Ditsch/Brezelkönig, semi-finished and finished goods are initially valued at production cost. The other inventories of Ditsch/Brezelkönig and the inventories of all other business units are initially measured at weighted average cost. Inventories that cannot be sold or that have a low turnover are partially or fully written off.

Property, plant and equipment. Property, plant and equipment is recognised at cost, less accumulated depreciation. Subsequent expenditure for refurbishments is capitalised only if the costs can be determined reliably and the work results in an increase of the value of the asset. Repair and maintenance expense is charged directly to the income statement.

Capitalised leasehold improvements of rented premises are depreciated over their estimated useful lives or shorter lease term.

Depreciation is calculated using the straight-line method based on the estimated useful lives:

	Years
Land	no depreciation
Building	20–40
Machinery and equipment	6–10
Production facilities	15–20
Vehicles	5
IT hardware	3–5

Leases – Valora as a lessee. Valora assesses whether a contract is or contains a lease at inception of the contract.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for short-term leases up to 12 months or leases of low value assets, which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted by using the incremental borrowing rate specific to the country, term and currency of the contract. The Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. Lease payments include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date and extension option payments, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in the event of renegotiation, changes of an index or rate or in the event of reassessment of options (lease modification relating to an existing rental area).

At inception, the right-of-use asset comprises the initial lease liability and initial direct costs, less any incentives granted by the lessors. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense when incurred and are included in 'other operating expenses' (see note 10) in the income statement.

Leases – Valora as a lessor. Where Valora acts as an intermediate lessor, i.e. enters into a head lease and subleases the right-of-use asset to a third party, the sublease is classified as either a finance or operating lease. A finance lease transfers substantially all the risks and rewards of the right-of-use asset to the sub-lessee, which is deemed to be the case when the lease term and present value of the lease payments are substantially the same as those of the head lease agreement. For those subleases qualifying as a finance lease, the right-of-use asset from the head lease is derecognised and a lease receivable is recognised. A difference between the carrying amount of the right-of-use assets and the lease receivable is shown as other income or other expense. As required by IFRS 9, an expected credit loss allowance for lease receivables is recognised. For those subleases classified as operating leases the rental income is recognised in other income.

Intangible assets. Intangible assets are classified as software, intangible assets with finite useful lives and intangible assets with indefinite useful lives.

Software and intangible assets with finite useful lives are recognised at acquisition or production cost, less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful lives of the assets.

Intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives are not amortised on a systematic basis, instead they are tested for impairment at least once a year.

Amortisation is calculated using the straight-line method based on the following estimated useful lives:

	Years
Software	3 – 5
Intangible assets with finite useful lives	3 – 20
Intangible assets with indefinite useful lives	No amortisation

Goodwill. Goodwill is the amount the Group pays in excess of the fair value of the identifiable net assets of an acquired business. Goodwill is capitalised and allocated to the cash-generating unit ("CGU") that is expected to benefit from the business combination. Goodwill is subject to an annual impairment test, or whenever there are indications of a possible impairment. For this purpose, the carrying amount of the cash-generating unit to which the goodwill was allocated is compared to its recoverable amount. The recoverable amount represents the higher of the fair value, less costs of disposal, of the cash-generating unit and its value in use. The fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. If the carrying amount of the cash-generating unit exceeds the recoverable amount, an impairment loss is recognised. Reversals of goodwill impairment are prohibited.

Impairment of property, plant and equipment, right-of-use assets and intangibles with finite lives. The recoverability of property, plant and equipment, right-of-use assets and intangible assets with finite lives is reviewed whenever there are indications that the carrying amounts may be overstated. The impairment test is carried out at the level of the cash generating unit to which the asset belongs. If the carrying amount exceeds the recoverable amount, which is the higher of fair value less costs of disposal and value in use, the carrying amount is reduced to the recoverable amount. A previously recognised impairment is reversed only if there has been a change in the estimates used to determine the recoverable amount since the recognition of the last impairment. In this case, the carrying amount of the asset is increased to its recoverable amount. However, this amount may not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in previous years. A reversal is immediately recognised through profit or loss.

For point-of-sales equipment and right-of-use assets at shop locations, CGUs are defined as single sales outlets or as a group of sales outlets when single sales outlets do not generate largely independent cash inflows due to contractual or factual interdependence with other sales outlets leased from the same lessor.

Triggering events are identified based on backward- and forward-looking considerations, focusing on historical earnings and sales outlets with remaining lease terms of less than two years. The analysis is carried out at least annually, as part of the multi-year planning process. The recoverable amount is based on future operations of certain sales outlets (continued operation, change in operating model, extension options).

Pension obligations. Valora pays its pension contributions to various pension schemes established in accordance with local regulations. For defined benefit pension plans, the present value of the defined benefit obligation is determined on the basis of annual actuarial reports using the "projected unit credit" method. This takes account of the years of service, benefits that accrue to employees at the balance sheet date as well as expected future changes in salary. The employer's pension expenses and the net interest expense or income for the net pension liability or asset are recognised in the income statement during the period in which they occur. The actuarial gains and losses as well as the effect of any limit on the pension assets (IFRIC 14) are recognised in other comprehensive income. The expense for defined contribution plans is recognised in the income statement on an accrual basis.

5 MANAGEMENT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Key judgements when applying accounting principles. The application of accounting policies for the Group requires the exercise of significant judgements by management that can have a material impact on the amounts reported in the consolidated financial statements.
Significant estimates. The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates that relate to the future and affect the presentation of certain items in the income statement, statement of comprehensive income, balance sheet, cash flow statement and related notes. The estimates underlying the values in the consolidated financial statements are based on experience and the information available at the time of preparation.

Given the ongoing pandemic there is more uncertainty than under normal market conditions. However Valora's Management assumes that the impact of COVID-19 will not have a long-term impact on its business. Estimates and assumptions are reviewed regularly and adjusted if necessary. However, actual outcomes may deviate from the estimates. Changes in estimates are included in the consolidated financial statements in the year when the adjustment is made. Estimates and assumptions that involve a significant risk regarding future material adjustments to carrying amounts are explained below:

Property, plant and equipment. The useful lives of property, plant and equipment are determined on historical evidence, taking account of current technical conditions (see note 4). The actual useful lives may differ from the originally determined useful lives as a result of technological changes and changed market conditions. In the event of such deviations, the remaining useful lives are adjusted. The recoverability of property, plant and equipment is always reviewed if it seems possible that the carrying amounts have been overstated due to changed circumstances. Recoverability is determined on the basis of management's estimates and assumptions regarding the economic benefits of these assets. The recoverable amount is mainly affected by estimated net revenue or the expected resale value of the associated assets. The actual values obtained in the future may differ from these estimates. The Group also applies judgments in determining cash generating units (individual sales outlets versus group of sales outlets from the same lessor) when carrying out impairment tests for right-of-use assets.

Goodwill, trademark rights and other intangible assets (Franchises). Goodwill, trademark rights and other intangible assets are tested for impairment if there are indications of a lower recoverable amount or at least annually.

The recoverable amount is based on the estimated future free cash flows (DCF valuation method) of the respective units (CGUs). The recoverable amount is mainly affected by estimated net revenue, the estimated operating profit margin and the applied discount rate.

Intangible assets with indefinite useful lives are tested for impairment when there are indications for impairment.

Pension assets and long-term pension obligations. The Group has pension schemes whose benefits are considered defined benefits under IFRS. As a result, the fair value of plan assets is compared annually with the dynamically calculated present value of the benefit obligations. The resulting net pension asset (in case of a surplus that is available to the Group) is capitalised or the net pension liability (in case of a plan deficit) is recognised in the consolidated balance sheet. These calculations depend on different assumptions. The most important are the discount rate used to discount future benefits and the changes in the salaries of the beneficiaries (see note 29). The actual change may differ significantly from the assumptions.

Deferred tax assets. Deferred tax assets are recognised for tax loss carry forwards in an amount equal to the amount of expected future tax savings (see note 14). The amount of future tax benefits depends on the amount of future profits earned within the period until expiry of the tax loss carry forwards. Accordingly, future results may be adversely affected by write-offs on tax assets if future results are below expectation or may be positively impacted if unrecognised losses of prior periods can be utilised.

Leases. The Group makes judgments that affect the valuation of the right-of-use assets and the lease liabilities. These include determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.
The Group has a large number of lease contracts that include extension and termination options. Evaluating at commencement date whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease requires a certain degree of judgement.

6 ACQUISITIONS AND DISPOSAL OF BUSINESS UNITS

Transactions in 2021

Acquisition of Back-Factory. Valora acquired 100 % of the shares of Back-Factory GmbH, based in Hamburg, Germany, on 1 November 2021. The company, which was allocated to the Food Service segment, operates a franchise and own outlets network of over 80 outlets in Germany. This transaction will enable Valora to benefit from new growth potential in its core markets through significant sales and margin synergies and to significantly expand its presence in the German out-of-home market. Given the recent acquisition date, the purchase price allocation is provisional.

Acquired net assets, payment of the purchase price, cash outflow

in CHF 000	Fair value of Back-Factory
Current assets	5 151
Intangible assets	22 531
Other non-current assets	32 985
Current liabilities	–4 713
Other non-current liabilities	–31 979
Deferred tax liabilities	–6 467
= Acquired net assets	**17 509**
Goodwill	13 987
= Purchase price	**31 495**
Cash and cash equivalents acquired	3 049
= Total Cash outflow from the acquisition of subsidiaries	**28 447**

The fair value of the intangible assets in the amount of CHF 22.5 million relates mainly to franchise agreements in the amount of CHF 20.7 million and the brand in the amount of CHF 1.5 million and was determined using the multi-period excess earnings method. The intangible assets are amortised on straight-line basis over the estimated useful lives (12.5 years for the franchise agreements and 5 years for the brand).

The fair value of the other non-current asset in the amount of CHF 33.0 million relates mainly to property, plant and equipment in the amount of CHF 5.1 million, right-of-use assets in the amount of CHF 13.5 million and lease receivables in the amount of CHF 14.4 million.

The fair value of the other non-current liabilities in the amount of CHF 32.0 million relates mainly to lease liabilities in the amount of CHF 30.6 million.

Goodwill of CHF 14.0 million represents expected sales and margin synergies from the acquisition and the acquired work force. The reported goodwill is not tax-deductible.

From the acquisition date, Back-Factory contributed net revenues of CHF 7.2 million with no material impact on net profit. If the acquisition had taken place on 1 January 2021, management estimates the impact on net revenues would have been CHF 41.3 million with no material impact on net profit.
Goodwill was allocated to the cash generating unit Food Service Europe.

The transaction costs directly attributable to the acquisition amounted to a total of CHF 0.9 million and are included in other operating expenses.

The purchase price for the acquisition was CHF 31.5 million and was paid in cash.

Acquisition of Moveri service station stores. On 21 July 2021 Valora announced that it will take over the operation of 39 Moveri service station stores in Switzerland in an asset deal. One service store was transferred to Valora in 2021 while the remaining stores will be taken over in 2022.

Acquisition of Bahnhofsbuchhandlung Wuttke. Valora acquired Bahnhofsbuchhandlung Wuttke, based in Bayreuth, Germany, in an asset deal on 1 September 2021.

The cash flow from acquisitions, net of cash and cash equivalents acquired in the amount of CHF –30.1 million.

7 SEGMENT REPORTING

The Valora Group is an international retail group whose business activities are divided into the following reportable segments:

Retail: Retail operates small sales outlets at heavily frequented locations in Switzerland, Germany, Luxembourg and Austria. The division operates country-wide marketing and distribution systems for press products, tobacco and consumer products for everyday needs as well as impulse purchases. Retail's brands include the k kiosk, avec, Press & Books, ServiceStore DB and cigo formats, among other brands.

Food Service: Food Service has an integrated value chain covering all phases from the production of lye bread to sales to wholesalers (B2B) and the operation of takeaway concepts (B2C). Lye pretzels and other bakery goods are produced by Ditsch / Brezelkönig in Germany and Switzerland as well as in the USA (Ditsch USA). They are sold at Ditsch's, Brezelkönig's and BackWerk's own sales outlets and via the wholesale distribution channel in Switzerland, Germany, Netherlands and Austria. The segment also includes Back-Factory and Caffè Spettacolo, one of Switzerland's leading coffee-bar chains.

Other: The Group support functions Finance, Human Resources, Business Development, Digital Product Development, Legal Services and Communications as well as bob Finance are combined in "Other".

The reportable segments include various formats and geographic regions. The net revenue for the reportable segments mainly relates to the sale of goods. Non-current assets comprise property, plant and equipment, right-of-use assets, lease receivables and intangible assets (additions without changes to the scope of consolidation). The internal and external reporting is based on the same measurement principles.

Management has decided to include External Sales and EBITDA indicators in internal reporting as these numbers enable a better understanding of the business development, independently of the format of the different point of sales. This information has been included in 2020 segment reporting as well.

External Sales are defined as Valora's net revenue plus the sales generated by its contracted sales outlets. External Sales, on the other hand, do not include deliveries to these points of sale, franchise fees and other income from operating agreements. This indicator ensures that sales can be compared despite changing distribution models.

EBITDA stands for earnings before interest, taxes, depreciation and impairment of property, plant and equipment, impairment of goodwill, and amortisation and impairment of other intangible assets. EBITDA is EBIT plus the amortisation of intangible assets and the depreciation of property, plant and equipment, plus impairment losses and minus impairment loss reversals, recognised in profit or loss during the reporting period. Valora uses an EBITDA not considering depreciation on right-of-use assets arising from lease agreements.

Segment data

2021 in CHF 000	Retail	Food Service	Other	Elimination	Group total
External Sales [1]					
Total	**1 808 119**	**400 565**	**21 392**	**0**	**2 230 075**
Sales franchisees and other contractual bounded partners [2]	357 420	123 078	0	0	480 498
Net revenue					
Total (from third parties)	**1 450 698**	**277 487**	**21 392**	**0**	**1 749 577**
EBITDA [1]					
Total	**70 510**	**34 623**	**–9 680**	**0**	**95 453**
Depreciation and impairment of property, plant and equipment	29 880	17 780	954	0	48 614
Amortisation and impairment of intangible assets	5 962	9 667	928	0	16 557
Operating profit (EBIT)					
Total	**34 668**	**7 177**	**–11 562**	**0**	**30 282**
Additional Segment Data					
Depreciation, amortisation and impairments	161 168	59 497	4 580	0	225 245
thereof right-of-use assets	125 326	32 050	2 698	0	160 075
Rent concessions	8 216	4 646	0	0	12 862
Interest expense on lease liabilities	13 705	3 782	80	0	17 567
Interest income from lease receivables	654	1 009	0	0	1 663
Additions to non-current assets					
Total	**193 408**	**44 227**	**2 150**	**0**	**239 786**
thereof right-of-use assets	162 103	36 381	14	0	198 498
thereof lease receivables	20 108	16 940	0	0	37 048
Segment assets					
Total	**1 405 065**	**938 940**	**451 633**	**–473 755**	**2 321 883**
thereof right-of-use assets	750 160	139 975	2 206	0	892 341
Segment liabilities					
Total	**902 268**	**534 288**	**682 347**	**–473 755**	**1 645 148**
thereof lease liabilities	817 670	209 866	2 277	0	1 029 813

[1] unaudited

[2] Net of deliveries from Valora to franchise points of sale, franchise fees and other income from operating agreements

There are no significant intersegment transactions impacting net revenue.
Depreciation, amortisation and impairments include impairments of CHF 1.2 million in the Retail segment, impairments in the segment Food Service of CHF 0.2 million and no impairments in the segment Other and represent mainly impairments on point-of-sale equipment.

2020

in CHF 000	Retail	Food Service	Other	Elimination	Group total
External Sales [1]					
Total	**1 846 065**	**375 468**	**11 751**	**0**	**2 233 283**
Sales franchisees and other contractual bounded partners [2]	406 038	129 798	0	0	535 836
Net revenue					
Total (from third parties)	**1 440 027**	**245 670**	**11 751**	**0**	**1 697 448**
EBITDA [1]					
Total	**66 293**	**18 711**	**–1 575**	**0**	**83 429**
Depreciation and impairment of property, plant and equipment	34 873	17 386	560	0	52 819
Amortisation and impairment of intangible assets	3 791	9 861	2 907	0	16 559
Operating profit (EBIT)					
Total	**27 628**	**–8 535**	**–5 042**	**0**	**14 051**
Additional Segment Data					
Depreciation, amortisation and impairments	162 028	59 768	3 830	0	225 626
thereof right-of-use assets	123 363	32 522	363	0	156 248
Rent concessions	21 726	1 589	0	0	23 315
Interest expense on lease liabilities	16 072	4 224	15	0	20 311
Interest income from lease receivables	760	1 023	0	0	1 783
Additions to non-current assets					
Total	**155 455**	**80 469**	**2 689**	**0**	**238 612**
thereof right-of-use assets	122 511	60 557	103	0	183 171
thereof lease receivables	14 417	21 854	0	0	36 270
Segment assets					
Total	**1 477 257**	**946 356**	**699 975**	**–677 704**	**2 445 884**
thereof right-of-use assets	758 398	150 592	812	0	909 802
Segment liabilities					
Total	**1 024 294**	**609 546**	**804 703**	**–677 704**	**1 760 839**
thereof lease liabilities	820 383	206 513	820	0	1 027 716

[1] unaudited
[2] Net of deliveries from Valora to franchise points of sale, franchise fees and other income from operating agreements

There are no significant intersegment transactions impacting net revenue.
Depreciation, amortisation and impairments include impairments of CHF 6.0 million in the Retail segment, impairments in the segment Food Service of CHF 0.6 million and impairments in the segment Other of CHF 0.2 million and represent mainly impairments on point-of-sale equipment.

Segment information by countries

2021

in CHF 000	Switzerland	Germany	Other countries	Group total
Net revenue from third parties	**1 173 170**	**457 441**	**118 966**	**1 749 577**
thereof revenue from contracts with customers (according to IFRS 15)	1 173 170	420 413	117 900	1 711 483
thereof other revenues	0	37 028	1 066	38 094
Non-current assets	967 978	766 160	58 228	1 792 366

2020

in CHF 000	Switzerland	Germany	Other countries	Group total
Net revenue from third parties	**1 147 794**	**447 399**	**102 255**	**1 697 448**
thereof revenue from contracts with customers (according to IFRS 15)	1 147 794	409 713	101 220	1 658 726
thereof other revenues	0	37 686	1 036	38 722
Non-current assets	979 811	770 252	65 168	1 815 231

Information about revenues and non-current assets (property, plant and equipment, intangible assets and right-of-use assets) is based on the location of the Group company. No external customer accounts for more than 10% of net revenue from third parties.

8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of sales

2021

in CHF 000	Retail	Food Service	Others	Group total
Revenue from sale of goods [1]	1 319 602	257 425	11	1 577 038
Income from services	103 142	9 923	21 380	134 445
Total revenue from contracts with customers (according to IFRS 15)	**1 422 744**	**267 348**	**21 391**	**1 711 483**
Commission income	27 955	10 139	0	38 094
Total net revenue	**1 450 699**	**277 487**	**21 391**	**1 749 577**

[1] Includes wholesale revenue of CHF 136.2 million, which can be attributed to the segment Food Service.

2020

in CHF 000	Retail	Food Service	Others	Group total
Revenue from sale of goods [1]	1 313 138	224 673	2 208	1 540 018
Income from services	99 083	10 082	9 543	118 708
Total revenue from contracts with customers (according to IFRS 15)	**1 412 221**	**234 755**	**11 751**	**1 658 726**
Commission income	27 806	10 916	0	38 722
Total net revenue	**1 440 027**	**245 671**	**11 751**	**1 697 448**

[1] Includes wholesale revenue of CHF 109.6 million, which can be attributed to the segment Food Service.

9 PERSONNEL EXPENSES

in CHF 000	**2021**	2020
Wages and salaries	168 712	165 493
Social security expenses	31 033	28 182
Share-based remuneration	2 096	2 348
Other personnel expenses	10 933	7 876
Total personnel expenses	**212 774**	**203 900**
Headcount in full-time equivalents as at 31 December	3 618	3 578

The Group received financial support from governments for employees on short-time work. The compensation received of CHF 6.5 million was offset against salaries (2020: CHF 16.2 million).

Social security expenses include expenses for defined contribution plans of TCHF 124 (2020: TCHF 120). Other personnel expenses include, in particular, compensation paid to recruiters or temporary staff and expenses for training and staff recruitment.

10 OTHER OPERATING EXPENSES

in CHF 000	2021	2020
Agency fee expenses	179 265	171 189
Lease expenses	21 663	19 170
Ancillary rental costs and property expenses	38 708	35 320
Shipping	34 353	32 981
Management and administration	26 650	24 612
Communication and IT	23 808	24 712
Advertising and sales	10 574	10 464
Impairment losses on accounts receivables	2 045	6 938
Other	31 306	28 517
Total other operating expenses	**368 372**	**353 903**

11 OTHER INCOME AND OTHER EXPENSES

in CHF 000	2021	2020
Lease income	20 743	23 634
Gain on derecognition of right-of-use asset subject to lease	406	1 198
Gain from disposal of non-current assets	613	669
Rent concessions	12 862	23 315
Government support programmes (related to COVID-19)	17 939	0
Other	5 237	7 408
Total other income	**57 800**	**56 224**

in CHF 000	2021	2020
Loss on lease	–234	–635
Selling loss from the disposal of non-current assets	–1 005	–725
Other	–46	–720
Total other expenses	**–1 285**	**–2 081**

12 FINANCIAL EXPENSE

in CHF 000	2021	2020
Interest expenses on bank loans and liabilities	5 456	6 121
Interest expense on lease liabilities	17 567	20 311
Foreign exchange losses, net	772	0
Total financial expense	**23 795**	**26 433**

13 FINANCIAL INCOME

in CHF 000	2021	2020
Interest income from cash and cash equivalents, loans and receivables	98	110
Interest income from lease receivables	1 663	1 783
Dividend income from other non-current financial assets	417	132
Foreign exchange gains, net	0	67
Total financial income	**2 178**	**2 093**

14 INCOME TAXES

Income tax is broken down as follows:

in CHF 000	2021	2020
Current tax	928	–2 554
Deferred tax	–520	–1 533
Total income tax expenses/(income)	**408**	**–4 087**

The reconciliation of income taxes at the expected Group tax rate with the reported income tax can be reconciled as follows:

in CHF 000	2021	2020
Earnings before income taxes	8 665	–10 289
Expected average Group tax rate	25.5%	34.9%
Income taxes at the expected Group tax rate	**2 208**	**–3 593**
Expenses not recognised for tax purposes/non-taxable income	1 569	1 575
Utilisation of previously unrecognised tax loss carryforwards	–644	–4 068
Effects on current income taxes from prior periods	–1 106	–2 564
Recognition of valuation allowances for deferred tax assets	1 066	3 441
Reversal of valuation allowances for deferred tax assets	–2 960	0
Changes in tax rates	310	580
Other effects	–35	541
Total reported income taxes	**408**	**–4 087**
Effective tax rate	4.7 %	39.7 %

In calculating the expected Group tax rate, the individual tax rates for the taxable entities are taken into account on a weighted basis. For the calculation of the tax rate of 4.7%, profits and losses of the subsidiaries have been included. Compared to the previous year, the expected average Group tax rate decreased as the tax rate applicable to profitable entities is inferior to the tax rate applicable to loss making entities.

Following the completion of tax audits in 2021, valuation allowances for deferred tax assets were reversed which had a positive impact on income taxes of CHF 3 million.

The change in deferred income taxes is as follows:

Change in deferred tax assets / liabilities in CHF 000	Deferred tax assets	Deferred tax liabilities	Net assets / (net liabilities)
Balance on 1 January 2020	**17 838**	**– 11 049**	**6 788**
Deferred taxes recognised in the income statement	3 524	– 1 990	1 533
Deferred taxes recognised in other comprehensive income	0	– 262	– 262
Currency translation differences	– 199	264	65
Offsetting	– 650	650	0
Balance on 31 December 2020	**20 512**	**– 12 388**	**8 124**
Deferred taxes recognised in the income statement	1 296	– 776	520
Deferred taxes recognised in other comprehensive income	0	112	112
Change in consolidation scope	0	– 6 467	– 6 467
Currency translation differences	– 720	378	– 342
Offsetting	832	– 832	0
Balance on 31 December 2021	**21 920**	**– 19 973**	**1 947**

The deferred tax assets and liabilities recognised in the balance sheet are as follows:

Deferred tax assets by origin of the difference in CHF 000	**2021**	2020
Current assets	2 463	925
Property, plant and equipment	1 502	990
Goodwill, software and other intangible assets	7 539	11 457
Non-current lease receivables	5	0
Current lease liabilities	41 735	38 321
Non-current lease liabilities	176 776	179 865
Other liabilities	4 634	881
Tax loss carryforwards	18 486	16 172
Total	**253 140**	**248 611**
Deferred tax liabilities by origin of the difference		
Current assets	– 5 415	– 3 739
Current lease receivables	– 8 411	– 3 362
Property, plant and equipment	– 4 405	– 3 914
Right-of-use assets	– 181 275	– 185 584
Goodwill, software and other intangible assets	– 28 024	– 21 526
Non-current lease receivables	– 22 656	– 20 499
Other liabilities	– 1 005	– 1 860
Total	**– 251 191**	**– 240 484**
Reported in the balance sheet		
Deferred tax assets	21 920	20 512
Deferred tax liabilities	– 19 973	– 12 388
Total deferred tax assets, net	**1 947**	**8 126**

Tax loss carryforwards total to an amount of CHF 405 million (2020: CHF 348.9 million). Utilisation of CHF 337.8 million (2020: CHF 283.9 million) of these tax losses is not considered probable and therefore no deferred taxes have been recognised. The predominant part of these tax loss carryforwards does not expire or has an expiration date in more than 5 years.

The Group recognised deferred tax assets (net) of CHF 5.7 million (2020: CHF 1.4 million) regarding entities recording a net loss in current and previous periods. The Group expects to recover the deferred tax assets (net) in future periods.

Deferred tax liabilities on temporary differences related to investments in subsidiaries are not recognised to the extent that Valora Holding AG as the parent company is able to control the timing of the reversal of temporary differences and it is not probable that these differences will reverse in the foreseeable future (e.g. through the sale of the investment). Since a reversal is not expected at present, no deferred tax liabilities are recognised for the outside basis difference.

15 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to the shareholders of Valora Holding AG by the weighted average number of outstanding shares.

in CHF 000	**2021**	2020
Net profit/(loss) attributable to Valora Holding AG shareholders	**8 257**	**–6 202**
Average number of outstanding shares	4 381 535	3 992 578
Earnings per share from continuing operations (in CHF)	1.88	–1.55
Earnings per share (in CHF)	**1.88**	**–1.55**

In 2021 and 2020 there were no dilutive effects.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2021**	2020
Cash on hand and sight deposits	142 502	229 727
Total cash and cash equivalents	**142 502**	**229 727**
of which restricted cash	1 256	1 394

Valora places significant sight deposits with banks that have an investment grade or higher rating according to the rating methodologies of recognised rating agencies or with banks that are considered system-relevant.

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	**2021**	2020
Trade accounts receivable, gross	62 034	63 953
Allowance for expected credit loss and specific allowances	–5 854	–5 556
Total trade accounts receivable, net	**56 180**	**58 397**

Trade accounts receivable are non-interest bearing.

The following table shows the change in loss allowances for trade accounts receivable:

in CHF 000	**2021**	2020
Balance on 1 January	**5 556**	**4 109**
Recognition of loss allowances through profit or loss	1 274	3 388
Reversal of loss allowances through profit or loss	–2 565	–1 312
Utilisation of loss allowances	185	–622
Currency translation differences	1 404	–7
Balance on 31 December	**5 854**	**5 556**

The trade accounts receivable have been impaired by using a provision matrix. The calculation of the expected credit loss allowance is based on the amount of overdue trade accounts receivable and the relevant percentages for the respective category.

Total impairments (including reversals of impairment losses) amounted to CHF 7.2 million (2020: CHF 6.9 million). Impairment losses were charged to trade accounts receivable and other current receivables.

As of the balance sheet date, the ageing structure of trade accounts receivable is as follows:

2021

in CHF 000	Not due	1–30 days	31–60 days	61–120 days	> 120 days	**Trade accounts receivable**
Gross amount incl. specific allowances	46 265	8 023	1 100	269	927	56 584
Expected credit loss	–258	–72	–8	–4	–62	–404
Net amount	**46 007**	**7 951**	**1 092**	**265**	**865**	**56 180**

2020

in CHF 000	Not due	1–30 days	31–60 days	61–120 days	> 120 days	**Trade accounts receivable**
Gross amount incl. specific allowances	44 226	12 537	799	154	1 661	59 376
Expected credit loss	–453	–110	–17	–4	–395	–979
Net amount	**43 774**	**12 427**	**782**	**149**	**1 266**	**58 397**

The payment terms for trade accounts receivable are 30 to 90 days. The underlying contracts have no significant financing components and the amount of the consideration is essentially not determined on the basis of variable external factors. No significant components are based on estimates.

The Group considers trade accounts receivable in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amount in full. The impairment loss is recognised taking into account any existing collaterals for this contractual amount.

Trade accounts receivable were allocated to different clusters. The expected credit losses on trade accounts receivable not yet due and less than one month overdue were derived from the credit rating of these clusters (0.3 % to 1.3 % of the relevant outstanding amount). Additional expected credit losses were recognised depending on the expected default rate of the ageing bucket of the outstanding amount (more than one month but less than two months overdue: 1.3 % to 2.3 %; more than two months but less than four months overdue: 33 %; more than four months overdue: 66 %).

The trade accounts receivable, net, are in the following currencies:

in CHF 000	**2021**	2020
CHF	17 489	21 059
EUR	36 205	35 367
USD	2 486	1 973
Total trade accounts receivable, net	**56 180**	**58 397**

18 INVENTORIES

in CHF 000	**2021**	2020
Merchandise	124 080	135 570
Semi-finished and finished products	6 454	4 753
Other inventories	3 390	2 845
Total inventories	**133 924**	**143 168**

During the financial year, write-downs on inventories of CHF 11.9 million (2020: CHF 11.5 million) were charged to the cost of goods and materials.

19 OTHER CURRENT RECEIVABLES

in CHF 000	**2021**	2020
Value-added taxes and withholding tax receivables	430	817
Prepaid expenses and accrued income	40 012	37 724
Other receivables	24 572	42 699
Total other current receivables	**65 014**	**81 239**

In particular, other receivables include claims for short-time work as well as receivables due from social security and insurance companies.

All other receivables (financial instruments) measured at amortised cost had good credit ratings. The default risk, which in this case is derived from the credit rating, is not material.

20 PROPERTY, PLANT AND EQUIPMENT

in CHF 000	Land	Building	Machinery and equipment	Projects in progress	Total
Acquisition costs					
Balance on 1 January 2020	**8 451**	**57 129**	**515 468**	**25 808**	**606 857**
Additions	0	3 948	41 585	4 614	50 148
Disposals	– 2	– 11	– 29 300	– 137	– 29 450
Reclassifications	0	240	18 516	– 18 757	0
Currency translation differences	– 56	– 328	– 1 999	– 358	– 2 740
Balance on 31 December 2020	**8 393**	**60 978**	**544 271**	**11 172**	**624 813**
Consolidation scope additions	0	0	5 316	0	5 316
Additions	0	245	31 660	3 071	34 976
Disposals	0	0	– 27 324	– 181	– 27 505
Reclassifications	0	47	5 843	– 5 890	0
Currency translation differences	– 142	– 1 513	– 9 192	– 118	– 10 965
Balance on 31 December 2021	**8 251**	**59 757**	**550 573**	**8 054**	**626 635**
Accumulated depreciation / impairments					
Balance on 1 January 2020	**0**	**– 13 175**	**– 325 757**	**0**	**– 338 932**
Additions	0	– 2 770	– 43 459	0	– 46 229
Impairments	0	0	– 6 590	0	– 6 590
Disposals	0	8	28 317	0	28 325
Currency translation differences	0	24	374	0	398
Balance on 31 December 2020	**0**	**– 15 913**	**– 347 113**	**0**	**– 363 027**
Additions	0	– 2 805	– 44 394	0	– 47 199
Impairments	0	0	– 1 415	0	– 1 415
Disposals	0	0	25 965	0	25 965
Currency translation differences	0	293	5 577	0	5 871
Balance on 31 December 2021	**0**	**– 18 425**	**– 361 380**	**0**	**– 379 805**
Carrying amount					
On 31 December 2020	8 393	45 065	197 157	11 172	261 787
On 31 December 2021	**8 251**	**41 332**	**189 193**	**8 054**	**246 830**

Impairments on machinery and equipment mainly relate to point-of-sale equipment in both years.

21 VALORA AS A LESSEE

A) LEASE ACTIVITIES

Sales outlets. Valora holds around 2800 lease contracts, mainly for sales outlets, comprising both fixed and variable sales-based lease payments. Lease terms contain a wide range of different terms and conditions and are negotiated either for individual sales outlets or group of sales outlets. Leases are typically made for a fixed period of 5–10 years and may include extension and termination options which provide operational flexibility.

The Group negotiated rent concessions with its landlords for some of its sales outlets leases as a result of the impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its sales outlets leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is CHF 12.9 million (2020: CHF 23.3 million).

Vehicles leases. The Group leases cars for management and sales functions. The average lease term is 3–4 years.

B) RIGHT-OF-USE ASSETS

in CHF 000	**2021**	2020
At cost		
Balance on 1 January	**1 191 885**	**1 074 856**
Additions to the scope of consolidation	14 343	0
Additions	198 498	183 424
Disposals	–91 115	–65 509
Currency translation differences	–14 831	–886
Balance on 31 December	**1 298 780**	**1 191 885**
Accumulated depreciation		
Balance on 1 January	**–282 083**	**–135 858**
Additions	–160 634	–154 805
Reversal of impairments/(impairments)	560	–1 443
Disposals	30 467	10 258
Currency translation differences	5 251	–235
Balance on 31 December	**–406 439**	**–282 083**
Carrying amount		
On 31 December	**892 341**	**909 802**

The right-of-use assets include buildings and vehicles. The majority of the right-of-use assets concern buildings, while the share of vehicles is not significant.

C) LEASE LIABILITIES

in CHF 000	2021	2020
Balance on 1 January	**1 027 716**	**1 048 240**
Additions to the scope of consolidation	31 454	0
Additions	188 854	173 756
Interest on lease liabilities	17 567	20 311
Lease payments	–196 146	–186 723
Early termination of contracts	–25 457	–26 327
Currency translation differences	–14 175	–1 542
Balance on 31 December	**1 029 813**	**1 027 716**
Thereof current portion	185 688	170 017
Thereof non-current portion	844 125	857 699

Maturity analysis - contractual undiscounted cash flows in CHF 000	2021	2020
Within one year	202 147	187 047
Within 1 – 5 years	598 250	566 650
More than 5 years	290 911	350 215
Total undiscounted lease liabilities	**1 091 308**	**1 103 912**
Effect of discounting	–61 495	–76 194
Total lease liabilities included in the balance sheet	**1 029 813**	**1 027 718**

Variable lease payments based on sales. Some leases of sales outlets contain variable lease payments that are based on sales generated from the store. Variable payment terms are used to link rental payments to store cash flows and minimise fixed costs. Fixed and variable lease payments are summarised below.

in CHF 000, expect no. of leases	2021	2020
No. of Leases	2 835	2 818
Fixed lease payments	206 921	191 589
Variable lease payments	10 889	14 304
Total	**217 810**	**205 893**

The Group is operating within the minimum rent for most leases, which is why a 3 % increase in sales would result in virtually no increase in the variable rent component. In the previous year, a 3 % increase in sales would not have led to an increase of total lease payments.

Extension options. Some leases of sales outlets contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, Valora seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Valora and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The impact of exercised extension options in 2021 amounted to CHF 30.8 million (2020: CHF 18.8 million) of additional lease liabilities. The table below shows the potential future lease payments due to exercised extension options.

2021

Segment	Number of leases with options due to exercise in the current year	Total lease liability due to extension options in the current year	Number of extension options recognised in the current year	Total lease liability recognised due to extension options in the current year (NPV)	Number of leases with extension options due in future periods	Total lease liability due to extension options in future periods (NPV)
Retail	72	21 129	62	16 003	280	83 919
Food Service	53	16 942	18	6 862	383	128 798
Other	0	0	0	0	0	0
Total	**125**	**38 071**	**80**	**22 865**	**663**	**212 717**

2020

Segment	Number of leases with options due to exercise in the current year	Total lease liability due to extension options in the current year	Number of extension options recognised in the current year	Total lease liability recognised due to extension options in the current year (NPV)	Number of leases with extension options due in future periods	Total lease liability due to extension options in future periods (NPV)
Retail	82	19 421	29	5 321	330	81 412
Food Service	59	20 272	35	13 475	400	133 715
Other	0	0	0	0	1	22 621
Total	**141**	**39 694**	**64**	**18 796**	**731**	**237 747**

If Valora exercised all extension options not currently included in the lease liabilities, the additional discounted payments would amount to CHF 212.7 million at 31 December 2021 (2020: CHF 237.7 million).

D) OTHER DISCLOSURES

Lease expenses:

in CHF 000	2021	2020
Variable lease payments	10 889	14 304
Lease expenses short term leases	10 302	4 353
Lease expenses low value assets	472	513
Total lease expenses presented within operating expenses	**21 663**	**19 170**

in CHF 000	2021	2020
Interest expense on lease liabilities	17 567	20 311
Total cash outflow for leases	217 647	205 893
Lease commitment for short-term leases	2 323	1 248

The lease commitments for leases not commenced at year-end amount to CHF 114 million and relate to concluded contracts for new rental spaces as part of the Moveri acquisition (2020: CHF 54 million, relate to concluded contracts for new rental spaces with Swiss Federal Railways).

22 VALORA AS A LESSOR

A) LEASE RECEIVABLES

in CHF 000	2021	2020
Balance on 1 January	**88 687**	**91 613**
Additions to the scope of consolidation	14 771	0
Additions	37 048	36 270
Interest on lease receivables	1 663	1 784
Repayments	–25 252	–24 454
Early termination of contracts	–11 325	–16 131
Currency translation differences	–4 260	–394
Balance on 31 December	**101 332**	**88 687**
Thereof current portion	27 397	22 517
Thereof non-current portion	73 935	66 170

Maturity analysis of lease payment receivable in CHF 000	**2021**	2020
Within one year	29 079	24 056
Within 1–2 years	25 692	20 659
Within 2–3 years	20 902	16 887
Within 3–4 years	13 581	12 715
Within 4–5 years	7 077	8 835
After more than 5 years	9 345	10 262
Total undiscounted lease payments to be received	**105 677**	**93 414**
Unearned finance income	–4 345	–4 728
Total lease receivables	**101 332**	**88 687**

B) OPERATING LEASES

Subleases not qualifying as finance lease. Subleases are classified as operating lease when not substantially all of the risks and rewards of ownership are transferred.

The following table shows the future minimum lease payments under non-cancellable operating subleases as at 31 December:

Payments from operating subleases in CHF 000	**2021**	2020
Income from subleases recognised during the reporting period	14 769	13 359
Due dates of future payments		
Within one year	6 427	5 207
Within 1–2 years	4 406	3 471
Within 2–3 years	1 665	2 706
Within 3–4 years	359	1 415
Within 4–5 years	121	377
After more than 5 years	104	437
Total undiscounted payments to be received	**13 082**	**13 612**

Other operating leases. The Group leases out some facilities, machinery and equipment to franchisees predominantly in Germany. These leases have been classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table shows the undiscounted lease payments to be received after the reporting date.

Payments from other operating leases in CHF 000	**2021**	2020
Income recognised during the reporting period	5 974	10 275
Due dates of future payments		
Within one year	7 031	7 153
Within 1–2 years	6 913	7 029
Within 2–3 years	5 444	5 085
Within 3–4 years	4 570	4 113
Within 4–5 years	3 537	2 966
After more than 5 years	4 634	3 834
Total undiscounted future payments from other operating leases	**32 129**	**30 179**

C) OTHER DISCLOSURES

The Group has a finance income on lease receivables of CHF 1.7 million (2020: CHF 1.8 million). Selling profit or loss resulting from sublease arrangements is disclosed in other income or expense.

23 GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

in CHF 000	Goodwill	Intangible assets with indefinite useful lives	Software and intangible assets with finite useful lives	Projects in progress	Total
Acquisition costs					
Balance on 1 January 2020	**535 761**	**46 249**	**214 169**	**7 560**	**803 738**
Additions	0	0	2 695	2 599	5 294
Disposals	0	0	– 66	– 638	– 705
Reclassifications	0	0	5 706	– 5 706	0
Currency translation differences	– 1 715	– 90	– 388	– 50	– 2 242
Balance on 31 December 2020	**534 046**	**46 159**	**222 115**	**3 765**	**806 084**
Additions to the scope of consolidation	13 987	0	22 531	0	36 518
Additions	0	0	4 025	2 286	6 312
Disposals	0	0	– 1 440	– 284	– 1 724
Reclassifications	0	0	2 208	– 2 208	0
Currency translation differences	– 14 442	– 896	– 3 992	– 17	– 19 347
Balance on 31 December 2021	**533 592**	**45 263**	**245 447**	**3 541**	**827 843**
Accumulated amortisation / impairments					
Balance on 1 January 2020	**– 1 192**	**0**	**– 145 385**	**0**	**– 146 577**
Additions	0	0	– 16 397	0	– 16 397
Impairments	0	0	– 162	0	– 162
Disposals	0	0	601	0	601
Currency translation differences	5	0	91	0	96
Balance on 31 December 2020	**– 1 187**	**0**	**– 161 254**	**0**	**– 162 441**
Additions	0	0	– 16 569	0	– 16 569
Impairments	0	0	12	0	12
Disposals	0	0	1 350	0	1 350
Currency translation differences	48	0	2 952	0	3 000
Balance on 31 December 2021	**– 1 139**	**0**	**– 173 509**	**0**	**– 174 648**
Carrying amount					
On 31 December 2020	532 859	46 159	60 861	3 765	643 643
On 31 December 2021	**532 453**	**45 263**	**71 938**	**3 541**	**653 195**

Intangible assets with indefinite useful lives. The intangible assets with indefinite useful lives include the brands Ditsch (CHF 21.3 million) and Brezelkönig (CHF 24.0 million). The trademarks were tested for impairment by calculating the value in use of the cash-generating unit Food Service Europe. The revenues used in this calculation are based on three-year business plans. A long-term growth rate of 1.1 % was assumed (2020: 0.1 %). The pre-tax discount rate applied is 7.9 % (2020: 6.5 %). For 2021, the long-term growth rate on the one hand and the risk-free rate on the other hand, which is part of the pre-tax discount rate, include an additional 1 % for all cash-generating units in order to reflect the expected inflation.

Software and intangible assets with finite useful lives. Software and intangible assets with finite useful lives include CHF 12.5 million (2020: CHF 12.5 million) for software and CHF 59.5 million (2020: CHF 48.4 million) for intangible assets with finite useful lives, of which CHF 2.6 million (2020: CHF 6.1 million) relate to Ditsch / Brezelkönig customer relationships, CHF 31.2 million (2020: CHF 37.8 million) to BackWerk franchise contracts, CHF 20.6 million to Back-Factory franchise contracts (2020: none) and CHF 1.5 million to Back-Factory brand (2020: none).

Goodwill impairment test. Goodwill is allocated to the following cash-generating units:

Cash-generating units in CHF 000	**2021**	2020
Retail Switzerland	53 730	53 730
Retail Germany	84 016	87 553
Food Service Europe	391 579	388 543
Ditsch USA	3 128	3 032
Total carrying amount as at 31 December	**532 453**	**532 859**

Goodwill is tested for impairment based on the estimated future free cash flows (DCF method) taken from the respective business plan of the cash-generating units. These business plans were approved by the Board of Directors and reflect the management's assumptions. For cash flows arising after this period a terminal value derived from the third planning year is used.

The following key assumptions were used:

Cash-generating units in CHF 000	Planning horizon	long-term growth rate 2021 1) 2)	long-term growth rate 2020 1)	Pre-tax discount rate 2021 2)	Pre-tax discount rate 2020	Net Revenue trend	Margin Trend
Retail Switzerland	3 years	1.0 %	0.0 %	7.3 %	5.8 %	rising	rising
Retail Germany 3)	3 years	1.2 %	0.2 %	8.7 %	7.3 %	falling	rising
Food Service Europe	3 years	1.1 %	0.1 %	7.9 %	6.5 %	rising	stable
Ditsch USA	3 years	2.8 %	2.0 %	11.1 %	9.4 %	rising	stable

1) Beyond the planning horizon
2) Including inflation rate adjustment of 1 %
3) The impairment test assumes falling revenues but increased margin as a result of the increased focus on franchise model in the business plan.

The calculation of value-in-use is most sensitive to following assumptions: revenue growth as well as the discount rate. The discount rates are set based on the Group's weighted cost of capital, reflecting country and currency-specific risks affecting the cash flows.

For 2021, the long-term growth rate on the one hand and the risk-free rate on the other hand, which is part of the pre-tax discount rate, include an additional 1 % for all cash-generating units in order to reflect the expected inflation.

Results and sensitivity of impairment tests

Retail Switzerland
As of the measurement date, the impairment test for Retail Switzerland shows that even in the event of an increase in the discount rate of 8.4 percentage points (2020: 4.4 percentage points), or assuming EBIT is 50 % lower (2020: 39 %), the resulting values in use equal the carrying amounts.

Retail Germany
As of the measurement date, the impairment test for Retail Germany shows that even in the event of an increase in the discount rate of 6.7 percentage points (2020: 1.4 percentage points), or assuming EBIT is 34 % lower (2020: 13 %), the resulting values in use equal the carrying amounts.

Food Service Europe
The recoverable amount exceeded the carrying amount by CHF 302 million. In the prior year, the difference amounted to CHF 167 million. As of the measurement date, the impairment test for Food Service Europe shows that even in the event of an increase in the discount rate of 2.9 percentage points (2020: 1.4 percentage points), or assuming EBIT is 27 % lower (2020: 17 %), the resulting values in use equal the carrying amounts.

Ditsch USA
As of the measurement date, the impairment test for Ditsch USA shows that even in the event of an increase in the discount rate of 6.2 percentage points (2020: 4.5 percentage points), or assuming EBIT is 27 % lower (2020: 25 %), the resulting values in use equal the carrying amounts.

24 FINANCIAL ASSETS

in CHF 000	**2021**	2020
Loans	3 063	3 876
Other non-current receivables	1 075	1 862
Other non-current financial assets	649	649
Total financial assets	**4 787**	**6 387**

Other non-current financial assets comprise unlisted equity securities measured at fair value through profit or loss.

25 CURRENT FINANCIAL LIABILITIES AND OTHER NON-CURRENT LIABILITIES

Current financial liabilities in CHF 000	**2021**	2020
Current bank debt and current portion of long-term debt	0	77 839
Total current financial liabilities	**0**	**77 839**

Other non-current liabilities in CHF 000	**2021**	2020
Promissory notes	343 246	355 040
Other non-current liabilities	11 989	11 877
Total other non-current liabilities	**355 235**	**366 917**

The Group used the proceeds from the Share Placement from November 2020 to repay the EUR 72 million (CHF 79.4 million) promissory note on 29 April 2021.
The syndicated loan facility of CHF 150 million is currently not being utilised.

The promissory notes are structured as follows:

in CHF 000	**Maturity**	**31.12.2021**	31.12.2020
EUR 72 million	29.04.2021	0	77 832
EUR 170 million	11.01.2023	176 494	183 920
EUR 100 million	11.01.2024	103 752	108 120
CHF 63 million	11.01.2024	63 000	63 000

Other non-current liabilities include financial liabilities (mainly deposits) in the amount of CHF 8.5 million (2020: CHF 8.6 million) and other liabilities (jubilee benefits and others) in the amount of CHF 3.5 million (2020: CHF 3.2 million).

Maturities at year end are as follows in CHF 000	**2021**	2020
Within one year	0	77 839
Within 1 – 2 years	178 729	1 270
Within 2 – 3 years	168 894	184 592
Within 3 – 4 years	2 104	172 013
Within 4 – 5 years	0	1 326
After more than 5 years	2 062	4 478
Total financial liabilities	**351 789**	**441 518**
Current portion of financial liabilities	0	–77 839
Total non-current portion of financial liabilities	**351 789**	**363 679**

The interest rates on financial liabilities ranged between 0.1 % and 1.2 % (2020: between 0.0 % and 1.8 %). The weighted average interest rate on financial liabilities was 1.1 % (2020: 1.4 %). Non-current financial liabilities are denominated in the following currencies:

in CHF 000	**2021**	2020
CHF	39 998	63 610
EUR	308 197	296 584
USD	3 594	3 485
Total non-current financial liabilities	**351 789**	**363 679**
Other non-current liabilities	3 446	3 238
Total other non-current liabilities	**355 235**	**366 917**

Financing activities

in CHF 000	Current bank debt	Current portion of long-term debt	Current portion of lease liabilities	**Total current financial liabilities**	Promissory notes	Other non-current financial liabilities	Non-current portion of lease liabilities	**Total non-current financial liabilities**
Balance on 1 January 2020	**153**	**0**	**160 749**	**160 903**	**433 644**	**9 733**	**887 491**	**1 330 868**
Lease liability additions	0	0	0	0	0	0	194 068	194 068
Financing cash inflow	0	0	0	0	0	215	0	215
Financing cash outflow	–44	0	–166 412	–166 456	–960	–960	0	–1 920
Other cash flows	0	0	–20 311	–20 311	0	0	0	0
Reclass	0	78 106	196 289	274 395	–78 106	0	–196 289	–274 395
Non-cash transactions	0	42	0	42	1 647	0	–26 327	–24 680
Currency translation differences	–101	–316	–298	–715	–1 185	–349	–1 244	–2 778
Balance on 31 December 2020	**8**	**77 832**	**170 017**	**247 857**	**355 040**	**8 639**	**857 699**	**1 221 378**
Additions to scope of consolidation	0	0	157	157	0	450	31 297	31 747
Lease liability additions	0	0	0	0	0	0	206 421	206 421
Financing cash inflow	0	0	0	0	0	372	0	372
Financing cash outflow	–2 382	–79 423	–178 579	–260 384	0	–847	0	–847
Other cash flows	0	0	–17 567	–17 567	0	0	0	0
Reclass	0	0	214 936	214 936	0	0	–214 936	–214 936
Non-cash transactions	0	14	0	14	0	0	–25 458	–25 458
Currency translation differences	2 374	1 577	–3 276	675	–11 794	–71	–10 899	–22 763
Balance on 31 December 2021	**0**	**0**	**185 688**	**185 688**	**343 246**	**8 543**	**844 125**	**1 195 913**

26 TRADE ACCOUNTS PAYABLE

Trade accounts payable are denominated in the following currencies:

in CHF 000	**2021**	2020
CHF	115 100	144 242
EUR	33 255	42 159
Other	681	216
Total trade accounts payable	**149 036**	**186 617**

27 OTHER CURRENT LIABILITIES

in CHF 000	**2021**	2020
Value-added tax and other taxes	2 496	3 940
Personnel and social security	618	1 341
Accruals for overtime, vacation and variable salary components	10 692	7 701
Liabilities to pension funds	1 407	1 564
Accrued expenses and prepaid income	46 316	41 760
Liabilities for investments in property, plant and equipment and intangible assets	10 872	8 617
Other current liabilities	15 289	17 595
Total other current liabilities	**87 690**	**82 518**

Accrued expenses primarily include accruals for agency fees, goods and services purchased as well as accrued interest. Other current liabilities mainly comprise liabilities in regard to variable lease payments and ancillary lease costs.

28 PROVISIONS

Non-current provisions of CHF 0.5 million relate to additional risks resulting from the changes in consolidation in 2021.

29 PENSION OBLIGATIONS

In line with statutory requirements, most employees are insured by pension schemes that are funded by the Valora Group and its employees. These institutions include state or self-funded insurance, private insurance companies, independent foundations and pension funds. The benefits provided by these institutions vary according to the legal and economic conditions in each country, but they are mainly based on length of service and the employee's average salary and they generally cover the risks of old age, death and disability in line with statutory provisions on occupational benefits.

Most Valora employees in Switzerland are insured by the autonomous Valora pension fund against the risks of old age, death and disability. Ordinary employer contributions include age-related risk premiums of 1.0 – 3.0 % as well as savings contributions of 4.0 – 12.0 % of the insured salary in credits to individual saving accounts. Benefits are defined in the pension fund regulations of the Valora Pension Fund, with minimum benefits defined by law. The ordinary retirement age is 65 for men and 64 for women. After they turn 58, Valora employees have the right to early retirement, with the conversion rate being reduced in line with the longer expected pension period. The amount of the pension that is paid out is based on the conversion rate applied to the individual beneficiary's accumulated saving accounts when they retire. For ordinary retirement after reaching age 65 or 64, the conversion rate is currently 5.50 % (2020: 5.70 %). The conversion rate will be reduced by 0.20 % to 5.30 % in 2022 and by 0.20 % to 5.1 % in 2023. The accumulated saving accounts are made up of savings contributions from employers and employees as well as interest credited to the saving accounts. The interest rate is set annually by the Board of Trustees of the Valora Pension Fund. The legal form of the Valora Pension Fund is a foundation. The Board of Trustees, which is comprised of an equal number of employer and employee representatives, is responsible for managing the foundation. The duties of the Board of Trustees are defined in the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and the pension fund regulations of the Valora Pension Fund. A temporary shortfall is permitted under the BVG. In order to remedy a shortfall within a reasonable period of time, the Board of Trustees is obliged to initiate remedial measures. If there is a significant shortfall, additional employer and employee contributions may be imposed under the BVG.

Day-to-day business is managed by the plan administrator under the supervision of the Board of Trustees. The plan administrator periodically informs the Board of Trustees about developments. The foundation bears all actuarial risks. These are divided into demographic (in particular, changes in mortality) and financial risks (in particular, changes to the discount rate, changes to wages and the return on plan assets). The Board of Trustees assesses the risks on a regular basis. To this end, an actuarial report is prepared once a year in accordance with the provisions of the BVG. This report is not prepared using the projected unit credit method. The Board of Trustees is responsible for investments. If necessary, it redefines the investment strategy, particularly in the event of significant changes on the market or to the structure of plan participants. The investment strategy takes account of the foundation's risk capacity as well as the plan's benefit obligations and is set out in the form of a target long-term asset structure (investment policy). The aim is to achieve a medium- and long-term balance of plan assets and obligations under the pension plan.

The last actuarial evaluation was prepared as at 31 December 2021. The assets of the pension schemes are invested in accordance with local investment regulations. Valora pays its contributions to pension schemes on the basis of the rules specified by the pension scheme.

Other employees in Germany and Austria are also insured by various, smaller unfunded pension plans.

Change in liabilities and assets

in CHF 000	**2021**	2020
Present value of defined benefit obligation at the beginning of the year	487 399	492 325
Service cost	6 605	6 559
Employee contributions	4 511	2 709
Interest costs	838	1 210
Plan amendments, curtailments, settlements	–5 050	–3 085
Additions to the scope of consolidation	987	2 225
Benefits paid	–28 108	–25 336
Actuarial (gains)/losses from obligations	–24 371	10 793
Currency translation differences	–7	–1
Present value of defined benefit obligation at year-end	**442 804**	**487 399**
Market value of pension assets at the beginning of the year	567 157	572 957
Interest income	998	1 395
Employer contributions	6 112	3 657
Employee contributions	4 511	2 709
Plan amendments, curtailments, settlements	–3 366	–799
Additions to the scope of consolidation	1 084	2 183
Benefits paid	–28 094	–25 288
Actuarial gains from assets	58 478	10 997
Other pension costs	–630	–654
Market value of pension assets at year-end	**606 250**	**567 157**

Additions to the scope of consolidation relate to changes from agencies to own outlets.
The pension assets calculated at fair value all relate to the Swiss pension schemes.
The Group expects to pay employer contributions of CHF 6.1 million in 2022.

Balance sheet values in CHF 000	**2021**	2020
Present value of funded pension obligations	–442 642	–487 231
Fair value of pension assets	606 250	567 157
Excess/(shortfall) of fund-financed plans	**163 608**	**79 926**
Asset ceiling effect	–163 608	–79 926
Present value of unfunded pension obligations	–162	–168
Total net pension obligation	**–162**	**–168**

The weighted average duration of the defined benefit obligation is 11.8 years (2020: 12.6 years).

The net pension obligation developed as follows:

in CHF 000	**2021**	2020
1 January	**–168**	**–215**
Additions to the scope of consolidation	97	–42
Pension expense, net in profit or loss	–5 566	–4 969
Employer contributions	6 126	3 705
Actuarial (losses)/gains in other comprehensive income	–658	1 352
Currency translation differences	7	1
31 December	**–162**	**–168**

Income statement in CHF 000	**2021**	2020
Service cost	–6 605	–6 559
Interest costs	–838	–1 210
Plan amendments, curtailments, settlements	1 684	2 286
Interest on effect of asset ceiling	–175	–227
Interest income	998	1 395
Other pension costs	–630	–654
Actuarial net pension expense	**–5 566**	**–4 969**

Income from plan amendments in the amount of CHF 1.7 million are primarily due to the reduction in the conversion rate.

Actuarial gains / losses in CHF 000	**2021**	2020
Changes in demographic assumptions	16 094	0
Changes in financial assumptions	9 619	– 5 711
Experience adjustment on defined benefit obligation	– 1 245	– 5 124
Gain on pension assets (excluding interest based on the discount rate)	58 478	10 997
Asset ceiling effect	– 83 507	1 148
Actuarial (losses) / gains of the period	**– 561**	**1 310**

Total actuarial gains / losses recognised in other comprehensive income in CHF 000	**2021**	2020
1 January	**– 92 315**	**– 93 363**
Actuarial (losses) / gains	– 561	1 310
Deferred taxes	112	– 262
31 December	**– 92 764**	**– 92 315**

Significant actuarial assumptions in CHF 000	**2021**	2020
Discount rate (Switzerland only)	0.35 %	0.10 %
Future salary increases (Switzerland only)	1.00 %	1.00 %

Calculations in Switzerland were carried out using the BVG 2020 mortality table (generation table) for 2021 (BVG 2015 mortality tables in 2020).

Sensitivity analysis in CHF 000	**2021**	2020
Discount rate (+ 0.25 %)	– 11 909	– 15 449
Discount rate (–0.25 %)	11 292	13 853
Change in salaries (+ 0.50 %)	431	616
Change in salaries (–0.50 %)	– 450	– 643

Only one of the assumptions is adjusted in the analysis while all other parameters remain unchanged.

Asset allocation in CHF 000	**2021**	2020
Cash and cash equivalents	3.3 %	6.0 %
Bonds	31.2 %	32.7 %
Equities	31.6 %	27.0 %
Real estate	29.6 %	30.8 %
Other	4.3 %	3.5 %
Total	**100.0 %**	**100.0 %**

With the exception of real estate and cash and cash equivalents, all assets have quoted prices in active markets.

The effective income from plan assets is CHF 58.8 million (2020: CHF 11.7 million). The effective return for 2021 was 10.4 % (2020: 2.0 %). The pension schemes do not hold any Valora Holding AG securities and do not let significant portions of their real estate to the Valora Group.

30 SHARE-BASED REMUNERATION

The following share-based remuneration programmes are available for the Board of Directors, management and employees:

Share participation programme for the Board of Directors. Generally, 20 % of the individual total compensation of members of the Board of Directors is paid out in blocked registered shares. In justified cases, the Board of Directors may decide to pay a higher or lower percentage of the total compensation in shares. The shares are subject to a blocking period of three years. The shares remain in a Valora custody account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares during this blocking period. After the end of the blocking period, members can freely dispose of the shares.
During the reporting year, the members of the Board of Directors received 20 % of their total compensation in shares in the quarter following the Ordinary General Meeting.

Long term incentive plan (LTIP) for Group Executive Management. To provide for further alignment with shareholders' interests and market practice, the LTIP, which is a performance share unit plan, was revised in 2020. The first grant under the revised LTIP occurred in financial year 2021. The number of PSUs awarded every year equals the LTIP target amount divided by the fair value of the PSU on the grant date. The fair value on the grant date corresponds to the fair market value and is measured at grant date and recognised over the period during which the members of the Group Executive Management become unconditionally entitled to the award. It is determined using a fair value simulation and is adjusted for expected dividends during the performance period. The fair market value replaces the previously used volume weighted average of the closing share price on the last 20 trading days preceding the grant date.
The PSUs are subject to a performance period of three years, after which they are converted into shares. In line with market practice, the blocking period of two years was lifted under the revised LTIP plan. The vesting multiple (ratio of conversion of PSU into shares) depends on the achievement of two equally weighted performance conditions, ROCE and EBITDA which replaces the formerly used EPS metric.
In the current year for the Group Executive Management, 6 782 PSUs were granted at a fair value of CHF 216.41. In 2021, CHF 1.5 million personnel expense was recognised in the income statement (2020: CHF 1.3 million).

Share participation programme for employees. Employees in Switzerland (members of Group Executive Management are excluded from the programme) are entitled to acquire shares of Valora Holding AG at a preferential price at the beginning of the following year based on certain criteria and function/management level. The price is 60% of the average market price in November of the previous year. The shares are acquired with all rights, but subject to a blocking period of three years. In 2021, total 2254 shares are acquired from this participation programme (2020: 2159).

The proceeds of these sales to employees are credited directly to equity.

Recognised personnel expense for share-based remuneration for personnel and the Board of Directors in CHF 000	**2021**	2020
Expenses for Valora Group employees and management share participation plans (equity settled)	2 096	2 348
Total expense recognised for share-based remuneration	**2 096**	**2 348**

31 CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

Contingent liabilities in CHF 000	**2021**	2020
Guarantees	2 906	3 417
Total contingent liabilities	**2 906**	**3 417**

Valora's contingent liabilities primarily relate to outstanding guarantees (tender guarantees, warranties and performance bonds) and tax disputes/litigation.

In 2020, the Swiss Competition Commission (ComCo) has started the investigations in the regional market for food services against Valora and many other retail companies. The Secretariat of ComCo has not yet issued a statement of objections. At this stage it is not possible to give an assessment on the outcome of the investigation. In particular, it is unclear whether Valora Schweiz AG might be fined and if it was fined in what amount. Valora does not believe, however, that the investigation will have an outcome that is material for Valora Schweiz AG.

Future obligations from other agreements

in CHF 000	**2021**	2020
Due dates of future obligations from other agreements		
Within one year	14 281	20 595
Within 1–2 years	4 841	4 848
Within 2–3 years	3 772	4 062
Within 3–4 years	1 021	2 834
Within 4–5 years	0	984
After more than 5 years	0	0
Total future obligations from other agreements	**23 915**	**33 323**

The future obligations from other agreements relate to commodity contracts and IT outsourcing agreements.

32 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

By virtue of the nature of its business operations and its financing structure, the Valora Group is exposed to financial risks. These not only include market risks such as foreign exchange risks, interest rate risks and equity price risk, but also liquidity and credit risks. Valora's financial risk management activities aim to limit these risks. The financial risk policy is determined by Group Executive Management and monitored by the Board of Directors. Responsibility for implementation of the financial policy as well as for financial risk management rests with the central Corporate Treasury.

Sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings before income taxes and other comprehensive income are used to present market risks. These effects are determined by assuming hypothetical changes in the risk variables and assessing their impact on their financial instruments. The hypothetical changes in interest rates relate to the differences between the expected one year interest rates at the end of the following year and the balance sheet date. The hypothetical changes in currencies correspond to the one-year volatility as at the balance sheet date.

Foreign currency risks. Transaction risks arise when the value of foreign currency transactions fluctuates as a result of changes in the exchange rate of the functional currency. For Valora, transaction risks arise when it obtains goods and services in a currency other than the functional currency and as a result of intra-group transactions. Most Group companies mainly carry out the transactions in their functional currency. According to IFRS currency risks do not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency. In order to limit the transaction risks, currency derivatives are used selectively.

Translation risks arise when translating the balance sheets and income of foreign Group companies as part of consolidation and the resulting change in equity.

Net investments in foreign Group companies are from time to time analysed. These analyses show that the translation risks are acceptable compared to consolidated equity. The translation risks are not hedged and are not included in the currency sensitivities presented below.

The following table shows the material effects on earnings before income taxes and other comprehensive income as a result of hypothetical changes to the relevant foreign exchange rates of the financial instruments.

Thereby, the hypothetical percentage change (in percentage points) is based on the historic annualised EURCHF volatility per 31.12.21 and per 31.12.20, respectively.

Currency sensitivity analysis in CHF 000	**Hypothetical change (percent) 2021**	**Impact on earnings before income tax 2021**	**Impact on other comprehensive income 2021**	Hypothetical change (percent) 2020	Impact on earnings before income tax 2020	Impact on other comprehensive income 2020
CHF/EUR	+/– 3.9%	+/– 102	+/– 8 729	+/– 3.7%	+/– 1 108	+/– 7 121

Interest rate risks. Due to the variable (mostly negative) interest rates on cash and cash equivalents, the amount of income is influenced by the development of market interest rates. The Group's interest rate risk normally arises in connection with financial liabilities. Financial liabilities with variable interest rates result in a cash flow interest rate risk for the Group. The financing strategy targets a sound balance of fixed and variable interest rates. Where needed the Group enters from time to time into interest rate hedges. Interest-bearing liabilities consist mainly of promissory notes (see note 25).

The sensitivity analysis of the interest rate risk only includes items with variable interest rates. The following table shows the material effects on earnings before income taxes as a result of hypothetical changes to the relevant market interest rates.

Thereby, the hypothetical percentage change (in percentage points) is based on the difference between the spot level of the 1 year CHF Swap curve per 31.12.21 and the forward level per 31.12.22 (spot 31.12.20, forward 31.12.21 for 2020 respectively).

Interest rate sensitivity analysis in CHF 000	**Hypothetical change (basis points) 2021**	**Impact on earnings before income tax 2021**	Hypothetical change (basis points) 2020	Impact on earnings before income tax 2020
CHF	+/– 27	+/– 34	+/– 3	+/– 171
EUR	+/– 37	+/– 1 142	+/– 2	+/– 64

Liquidity risk. Liquidity risk management refers to the Group's ability to meet its payment obligations in full and in a timely manner at all times. Valora's Group liquidity is monitored on an ongoing basis and optimised through cash pool arrangements. Liquidity reserves in the form of credit limits and cash are designed to ensure constant solvency and financial flexibility.

The following table shows the undiscounted interest and principal payments of the Group's non-derivative financial liabilities. All instruments in the portfolio at the end of the year are included. The closing interest rates are used to calculate variable interest payments.

in CHF 000	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Carrying amount (undiscounted)
As at 31 December 2021						
Current financial liabilities	0	0	0	0	0	0
Current lease liabilities	13 198	45 475	134 722	0	0	193 395
Trade accounts payable	109 039	37 134	2 861	0	0	149 035
Other current liabilities (financial instruments only)	33 511	25 343	8 198	0	0	67 052
Non-current lease liabilities	707	2 120	5 653	600 709	256 217	865 406
Non-current financial liabilities	2 892	3	1 168	377 586	12 340	393 989
Total	**159 348**	**110 074**	**152 603**	**978 295**	**268 556**	**1 668 877**
As at 31 December 2020						
Current financial liabilities	5	0	78 600	0	0	78 605
Current lease liabilities	14 584	45 646	126 817	0	0	187 047
Trade accounts payable	142 221	41 599	2 797	0	0	186 617
Other current liabilities (financial instruments only)	37 426	15 829	10 554	0	0	63 809
Non-current lease liabilities	0	0	0	566 650	350 215	916 865
Non-current financial liabilities	3 049	14	1 386	397 788	15 377	417 614
Total	**197 284**	**103 088**	**220 154**	**964 439**	**365 592**	**1 850 557**

In order to optimise its ability to manage liquidity, the Valora Group has several different credit facilities in place, both at fixed and floating rates of interests, which have not been fully drawn.

Credit risks. Credit risks arise when contractual parties are unable to fulfil their obligations as agreed. Valora's receivables are reviewed on an ongoing basis and managed so that no significant credit and concentration risks arise. As at the end of 2021 and 2020, the Valora Group had no receivables from individual customers representing more than 6 % of total trade accounts receivable.

The Group works with a selected number of reputable banking institutions. Specific situations may require subsidiaries to transact business with other banks. Corporate Treasury reviews the bank counterparty risks on a regular basis using a rating model to define credit limits for all bank counterparties.

The maximum default risk of the financial assets of CHF 354.8 million (2020: CHF 450.5 million) corresponds to its carrying amounts (see note 33).

In addition, there is a default risk in connection with accounts receivables sold to a bank (note 4), the maximum default risk corresponds to the entire amount derecognised.

The following table shows the Group's demand deposits and fixed term deposits with maturities of 3 months or less by bank counterparty rating. The table uses Standard & Poor's rating codes.

Demand deposits and fixed term deposits with maturities of less than three months in CHF 000	**2021**	2020
AAA and / or state guarantee (AAA countries)	48	4
AA	46 635	23 931
A	64 283	169 169
BBB	10 023	9 097
No Rating	1 411	1 407
Total demand deposits and fixed term deposits with maturities of less than three months [1]	**122 400**	**203 608**

[1] The other components of the balance sheet item "cash and cash equivalents" include additionally cash in transit and cash on hands.

Risk management instruments (hedging). From time to time Valora Group uses forward contracts to mitigate foreign currency risks. In addition, interest rate swaps are sometimes used to hedge interest rate risks. Exposure arising from existing asset and liability items, as well as from future commitments, is managed centrally.

Capital management. The primary goal of capital management at the Valora Group is to achieve a sound credit rating and a good equity ratio. This serves to support the Group's business activities and to maximise shareholder value.

The Valora Group manages its capital structure and makes adjustments in response to changes in the economic circumstances. The Valora Group can undertake various measures to maintain or adjust its capital structure, such as modifying dividend payments to shareholders, repaying capital to shareholders or issuing new shares.

Capital is monitored with the help of the equity ratio, which is calculated as the percentage of equity to total assets (including right-of-use assets and lease liabilities based on IFRS 16). The Group's capital and equity ratio are listed in the following table:

in CHF 000	**2021**	2020
Total assets	2 321 883	2 445 884
Total equity	**676 735**	**685 045**
Equity ratio	**29.1%**	**28.0%**

With the exception of bob Finance, a branch of Valora Schweiz AG, Muttenz, the Valora Group is not subject to external capital requirements, such as those that apply in the financial services sector. The minimum equity ratio requirements are based on the financial covenants in the promissory notes contracts.

bob Finance is subject to the shareholders' equity requirements set out in Art. 5 of Switzerland's Ordinance relative to the Federal Law on Consumer Credit (VKKG). The equity of bob Finance must amount to at least CHF 250000 or 8% of outstanding consumer loans.

33 FINANCIAL INSTRUMENTS

Carrying amounts, fair value and measurement categories under IFRS 9 in CHF 000	Measurement category IFRS 9	**Carrying amount 2021**	**Fair Value 2021**	Carrying amount 2020	Fair Value 2020
Assets					
Cash and cash equivalents	At amortised cost	142 502	142 502	229 727	229 727
Trade accounts receivable	At amortised cost	56 180	56 180	58 397	58 397
Current lease receivables	At amortised cost	27 397	n.a.	22 517	n.a.
Other current receivables (financial instruments only)	At amortised cost	49 465	49 465	67 305	67 305
Non-current lease receivables	At amortised cost	73 935	n.a.	66 170	n.a.
Non-current interest-bearing financial assets	At amortised cost	3 063	3 063	3 876	3 876
Other non-current receivables	At amortised cost	1 075	1 075	1 862	1 862
Total at amortised cost		**353 618**	**n.a.**	**449 855**	**n.a.**
Other non-current financial assets (hierarchy level 3)	**At fair value through profit or loss**	**649**	**649**	**649**	**649**
Liabilities					
Current financial liabilities	At amortised cost	0	0	77 839	77 839
Current lease liabilities	At amortised cost	185 688	n.a.	170 017	n.a.
Trade accounts payable	At amortised cost	149 036	149 036	186 617	186 617
Other current liabilities (financial instruments only)	At amortised cost	67 025	67 025	63 801	63 801
Non-current financial liabilities	At amortised cost	351 789	351 789	363 679	363 679
Non-current lease liabilities	At amortised cost	844 125	n.a.	857 699	n.a.
Total at amortised cost		**1 597 662**	**n.a.**	**1 719 652**	**n.a.**

For all current financial instruments measured at amortised cost, the carrying amounts represent a reasonable approximation of their fair value. Any discounting effects are immaterial. Information on the measurement of other non-current financial assets can be found in notes 4, 24 and 34. The fair values of other non-current fixed-income financial instruments were determined by discounting the expected future cash flows using standard market interest rates.

34 FAIR VALUES

Hierarchy levels applied to fair values. Fair values are allocated to one of the following three hierarchy levels:

- Level 1: Price quotations on active markets for identical assets and liabilities;
- Level 2: Fair values determined on the basis of observable market data. For this purpose, either quoted prices on non-active markets or unquoted prices are used. These fair values can also be derived indirectly from prices;
- Level 3: Fair values determined on the basis of unobservable inputs and thus based on estimates.

Level 3 fair value. The following table shows the change in level 3 fair values from the opening balances to the closing balances:

in CHF 000	**2021**	2020
Other non-current financial assets – Asset		
Balance on 1 January	**649**	**649**
Balance on 31 December	**649**	**649**

Other non-current financial assets. Other non-current financial assets comprise unlisted equity securities measured at fair value through profit or loss.

35 TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES

The consolidated financial statements comprise Valora Holding AG as the parent company and the Group companies controlled by it, either directly or indirectly, which are listed in note 38.

Transactions. The following transactions were conducted with related parties:

Goods and services sold to related parties in CHF 000	**2021**	2020
Services sold to		
Associates and joint ventures	0	44
Other related parties	0	0
Total goods and services sold	**0**	**44**

In 2020, services were sold to Vitertia AG.

Goods and services purchased from related parties in CHF 000	**2021**	2020
Services purchased from		
Associates and joint ventures	0	19
Other related parties	114	205
Total goods and services purchased	**114**	**224**

In 2020, services were purchased from Vitertia AG.
Services purchased from other related parties relate mainly to lease of outlets and other outlet services from family members of local management.

Remuneration to management and the Board of Directors. Remuneration to management and the Board of Directors includes all expenses recognised in the consolidated financial statements which are directly connected with members of Group Executive Management and the Board of Directors (see note 30).

Remuneration to management and the Board of Directors in CHF 000	**2021**	2020
Salaries and other short-term benefits	5 963	5 420
Pension plans	524	560
Share participation plans	1 757	1 872
Total remuneration to management and the Board of Directors	**8 244**	**7 852**

Receivables and liabilities. The terms for receivables and liabilities are in line with the standard terms for transactions by the relevant companies. The Valora Group has not received any collateral for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties in CHF 000	**2021**	2020
Receivables from associates and joint ventures	0	3
Total receivables	**0**	**3**

In 2020, receivables towards Vitertia AG.

Liabilities to related parties in CHF 000	**2021**	2020
Liabilities towards other related parties	1 211	1 496
Total liabilities	**1 211**	**1 496**

Liabilities towards Valora pension fund.

Contingent liabilities and guarantees. All outstanding balances with these related parties are priced on an arm's length basis. None of the balances is secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

36 EQUITY

Outstanding shares in number of shares	**2021**	2020
Total registered shares	**4 390 000**	**4 390 000**
Of which treasury shares		
Position as at 1 January	5 638	47 462
Additions	53 800	72 360
Disposals	–48 900	–114 184
Total treasury shares as at 31 December	**10 538**	**5 638**
Total outstanding shares (after deduction of treasury shares) as at 31 December	**4 379 462**	**4 384 362**
Average number of outstanding shares (after deduction of treasury shares)	**4 381 535**	**3 992 578**

In 2021, no dividend was paid for the financial year 2020 (2020: no dividend paid for financial year 2019). The dividend distribution is usually based on the annual profit and the profit carried forward of Valora Holding AG.

The share capital comprises 4 390 000 shares with a par value of CHF 1.00 each.

On 19 November 2020, Valora Holding AG completed the private placement of 400 000 newly registered shares with a nominal value of CHF 1.00 per share sourced from existing authorised shares. Following the placement, the number of Valora shares issued increased from 3 990 000 to 4 390 000.

37 SUBSEQUENT EVENTS

There are no subsequent events after the balance sheet date to disclose.

38 KEY COMPANIES OF THE VALORA GROUP

	Currency	Share capital in million	Share-holding in %	Corporate	Valora Retail	Food Service
Switzerland						
Valora Management AG, Muttenz	CHF	0.5	100.0	•		
Valora International AG, Muttenz	CHF	20.0	100.0	•		
Valora Schweiz AG, Muttenz [1]	CHF	5.2	100.0	•	•	•
Brezelkönig AG, Emmen	CHF	1.0	100.0			•
Alimarca AG, Muttenz	CHF	0.1	100.0			•
Valora Digital AG, Muttenz	CHF	0.1	100.0	•		
Brezelkönig International AG, Muttenz	CHF	0.1	100.0			•
Valora Food Service Schweiz AG, Emmen	CHF	1.0	100.0			•
Germany						
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•	•	
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•	
Convenience Concept GmbH, Hamburg	EUR	0.1	100.0		•	
Brezelbäckerei Ditsch GmbH, Mainz	EUR	0.1	100.0			•
Prisma Backwaren GmbH, Oranienbaum-Wörlitz	EUR	0.1	100.0			•
Valora Food Service Deutschland GmbH, Essen	EUR	0.1	100.0			•
Back-Factory GmbH, Hamburg	EUR	0.1	100.0			•
Luxembourg						
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•		
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•	

[1] Including the business of former bob finance AG, Muttenz

	Currency	Share capital in million	Share-holding in %	Corporate	Valora Retail	Food Service
Austria						
Valora Holding Austria AG, Linz	EUR	1.1	100.0	•		
Valora Retail Austria GmbH + Co. KG, St. Pölten	EUR	0.1	100.0		•	
BackWerk AT GmbH, Baden	EUR	0.1	100.0			•
The Netherlands						
BackWerk NL B.V., Huizen	EUR	0.1	100.0			•
USA						
Valora Holding USA Inc., Wilmington, Delaware	USD	0.1	100.0	•		
Ditsch USA LLC, Cincinnati, Ohio	USD	–	100.0			•

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

STATUTORY AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion. We have audited the consolidated financial statements of Valora Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements (pages 162-226), including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion. We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

VALUATION OF GOODWILL AND OTHER INTANGIBLES WITH INDEFINITE USEFUL LIVES

Area of focus. As of the balance sheet date, goodwill and other intangible assets with indefinite useful lives represented 25 % of Valora Group's total assets and 85 % of Valora Group's total equity. Key assumptions for the impairment test and identified cash generating units are disclosed in notes (notes 5 and 23). Due to the significance of the carrying amounts and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response. We examined Valora Group's valuation model and analysed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the assumptions based on historical data and considered Valora's ability to produce accurate mid- and long-term forecasts by evaluating the Group's budgeting process and considering the impact of the COVID-19 pandemic. To assess estimates of future net cash flows, we reconciled approved budgets with the valuations provided to us. Further, we evaluated the sensitivity in the valuations resulting from changes to the key assumptions applied and compared these assumptions to corroborating information such as analyst reports. We involved valuation specialists to assist in examining the Group's valuation model and analysing the underlying key assumptions, including future long-term growth and discount rates. We compared identified cash generating units to how management reviews the company's operations. Our audit procedures did not lead to reservations concerning the valuation of goodwill and other intangibles with indefinite useful lives.

VALUATION OF POINT-OF-SALES EQUIPMENT AND RIGHT-OF-USE ASSETS AT SALES OUTLETS

Area of focus. The recoverability of point-of-sales equipment and right-of-use assets at sales outlets is reviewed for triggering events of impairment at least annually at the level of cash-generating units (CGUs). CGUs are defined as single sales outlets or a group of sales outlets, when single sales outlets do not generate largely independent cash inflows due to contractual or factual interdependencies with other sales outlets leased from the same lessor. See note 4 for Valora's definition of a CGU. To determine the recoverable amount of a CGU, the Group applies judgment when assessing future revenues and margins as well as the future operations of sales outlets, including extension options under current lease contracts, where applicable. As disclosed in notes 20 and 21, Valora recognised impairment charges of CHF 1.4 million for point-of-sales equipment and impairment reversals of CHF 0.6 million for right-of-use assets in the current year. Due to the significance of the carrying values of point-of-sales equipment and right-of-use assets at sales outlets and the level of judgment involved in determining the recoverable amounts, this matter was considered significant to our audit.

Our audit response. We examined Valora's process for defining CGUs, identifying triggering events and conducting the impairment tests. We assessed the Group's documentation of legal or factual interdependencies of sales outlets when defining the CGUs. We agreed the carrying values of the point-of-sales equipment and right-of-use assets at sales outlets included in the assessment of triggering events to subledger data and tested other data points used on a sample basis. We recalculated the Group's assessment of triggering events and analyzed Valora's backward- and forward-looking considerations, focusing on sales outlets with remaining lease terms of less than two years. We inquired with management about the future operations of certain sales outlets (continued operation, change in operating model, extension options) and compared their responses to corroborating information, where applicable. Considering the impairment charges referred to above, our audit procedures did not lead to reservations concerning the valuation of point-of-sales equipment and right-of-use assets at sales outlets.

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

André Schaub	Michel Wälchli
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Basle, 22 February 2022

BALANCE SHEET

ASSETS

As at 31 December, in CHF 000	Note	2021	2020
Current assets			
Cash and cash equivalents		57 310	168 779
Securities		18	18
Other current receivables			
Third parties		222	163
Group companies	2.2	393 161	287 068
Accruals			
Third parties		8	139
Total current assets		**450 719**	**456 167**
Non-current assets			
Loans to Group companies		730 495	755 526
Investments	2.1	233 337	224 982
Discount / issuance costs for syndicated loans / bonds		920	1 324
Total non-current assets		**964 752**	**981 832**
Total assets		**1 415 471**	**1 437 999**

LIABILITIES AND EQUITY

As at 31 December, in CHF 000	Note	2021	2020
Liabilities			
Current interest-bearing liabilities			
Promissory notes	2.3	-	79 200
Other current liabilities			
Third parties		441	782
Group companies	2.2	411 750	363 893
Accruals			
Third parties		3 703	4 846
Total current liabilities		**415 894**	**448 721**
Non-current interest-bearing liabilities			
Promissory notes	2.3	374 982	374 982
Total non-current liabilities		**374 982**	**374 982**
Total liabilities		**790 876**	**823 703**
Equity			
Share capital	2.4	4 390	4 390
Statutory capital reserves			
General statutory reserves		878	798
Reserves from capital contributions	2.5	130 100	130 100
Unrestricted reserves		201 303	201 426
Retained earnings available for distribution			
Retained earnings carried forward		278 505	257 670
Net profit for the year		11 331	20 914
Treasury shares	2.6	–1 912	–1 002
Total equity		**624 595**	**614 296**
Total liabilities and equity		**1 415 471**	**1 437 999**

INCOME STATEMENT

1 January to 31 December, in CHF 000	Note	2021	2020
Income			
Investment income	2.7	30 100	30 100
Financial income	2.8	4 527	8 115
Reversal of valuation allowance on loans		5 500	-
Total income		**40 127**	**38 215**
Expenses			
Financial expenses	2.9	–24 537	–7 282
Remuneration of the Board of Directors		–1 512	–1 493
Other operating expenses	2.10	–2 311	–2 622
Valuation allowance on loans		-	–5 500
Direct taxes		–436	–404
Total expenses		**–28 796**	**–17 301**
Net profit for the year		**11 331**	**20 914**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

1.1 GENERAL. The annual financial statements for Valora Holding AG, based in Muttenz, have been prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations).
The material accounting principles which have been applied and which are not required by law are described below.

1.2 NON-INCLUSION OF THE CASH FLOW STATEMENT AND OTHER INFORMATION IN THE NOTES. Valora Holding AG prepares its consolidated financial statements in accordance with IFRS. For this reason, it has not included information about interest-bearing liabilities and audit fees or its cash flow statement in these annual financial statements.

1.3 LOANS TO GROUP COMPANIES. Loans granted in a foreign currency are measured at the current exchange rate on the reporting date, with unrealised losses recognised, but unrealised gains not reported (imparity principle).

1.4 TREASURY SHARES. Treasury shares are recognised at acquisition cost with no subsequent valuation. Upon resale, the profit or loss is recognised directly in the unrestricted reserves.

1.5 SHARE-BASED COMPENSATION. If treasury shares are used for share-based compensation paid to board members or the Group Executive Management, the fair value at grant date is recognised as a personnel expense.

1.6 NON-CURRENT INTEREST-BEARING LIABILITIES. Interest-bearing liabilities are recognised at their nominal value. A discount and the issuance costs of bonds are recognised under assets and amortised on a straight-line basis over the term of the bond. A premium (less issuance costs) is recognised as accrued liabilities and amortised on a straight-line basis over the term of the bond. Interest-bearing liabilities in a foreign currency are measured at the current exchange rate on the reporting date, with unrealised losses recognised, but unrealised gains not reported.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT POSITIONS

2.1 INVESTMENTS

	Currency	31.12.2021 Capital in TCHF	31.12.2021 Holding in %	31.12.2020 Capital in TCHF	31.12.2020 Holding in %
Switzerland					
Valora International AG, Muttenz	CHF	20 000	100.0	20 000	100.0
Valora Management AG, Muttenz	CHF	500	100.0	500	100.0
Brezelkönig AG, Emmen	CHF	1 000	100.0	1 000	100.0
Alimarca AG, Muttenz	CHF	100	100.0	100	100.0
k Kiosk AG, Muttenz	CHF	50	100.0	50	100.0
Valora Digital AG	CHF	100	100.0	100	100.0
bob Finance AG, Muttenz	CHF	100	100.0	100	100.0
Germany					
Valora Holding Germany GmbH, Hamburg	EUR	400	5.1	400	5.1
Zweite Brezelkönig Verwaltungs GmbH, Mainz	EUR	30	100	30	100
Luxembourg					
Valora Europe Holding S.A., Luxembourg	EUR	31	100.0	31	100.0

Significant direct and indirect investments in Group companies by Valora Holding AG are detailed in note 38 of the consolidated financial statements. The participation percentage listed in the table also corresponds to the number of shares in these companies with voting rights.

2.2 OTHER CURRENT RECEIVABLES AND LIABILITIES. Other current receivables and liabilities to Group companies primarily involve receivables and liabilities to subsidiaries which are affiliated with the Valora Holding AG cash pool.

2.3 PROMISSORY NOTES

in CHF 000	Coupon	Maturity	31.12.2021	31.12.2020
EUR 72 million[1)]	fixed/variable	29.04.2021	-	79 200
EUR 170 million	fixed/variable	11.01.2023	199 238	199 238
EUR 100 million	fixed/variable	11.01.2024	112 744	112 744
CHF 63 million	fixed/variable	11.01.2024	63 000	63 000

1) The promissory note with maturity date 29 April 2021 was reported in 2020 under current interest-bearing liabilities.

2.4 SHARE CAPITAL. The share capital of TCHF 4390 (2020: 4390) is comprised of 4390000 (2020: 4390000) registered shares with a par value of CHF 1.00 each.

Authorised capital: At the Ordinary General Meeting held on 11 June 2020, Valora Holding AG shareholders approved the renewal of the authorised capital of CHF 400000 for a further two years until 11 June 2022.

Changes in share capital: On 19 November 2020, Valora Holding AG completed the private placement of 400000 newly registered shares with a nominal value of CHF 1.00 per share sourced from existing authorised shares. Following the placement, the number of Valora shares issued increased from 3990000 to 4390000.

Conditional capital: According to the Articles of Incorporation of Valora Holding, the financial structure compromises conditional share capital of CHF 439'000 compromising 439'000 registered shares with a nominal value of CHF 1.00. The conditional capital would allow Valora to issue financial market instruments such as convertible bonds, thereby benefiting from attractive options to procure capital on the market.

At the Ordinary General Meeting of Valora Holding AG on 31 March 2021, shareholders approved the creation of authorised share capital of up to CHF 439'000 by issuing a maximum of 439'000 registered shares with a nominal value of CHF 1.00 by no later than 31 March 2023.

Non-Swiss shareholders are registered in the share register in the same way as Swiss shareholders.

2.5 RESERVES FROM CAPITAL CONTRIBUTIONS. The statutory reserves from capital contributions include the premium from the capital increases since 1 January 2000, reduced by the previous dividend distributions.

2.6 TREASURY SHARES

	2021 Number of shares	**2021 Carrying amount in CHF 000**	2020 Number of shares	2020 Carrying amount in CHF 000
Opening balance (1 January)	**5 638**	**1 002**	**47 462**	**12 849**
Sales	–48 900	–9 481	–114 184	–20 047
Purchases	53 800	10 391	72 360	13 595
Closing balance (31 December)	**10 538**	**1 912**	**5 638**	**1 002**

In 2021, Valora Holding AG purchased 53 800 shares at CHF 193.15 and sold 48 900 shares at 193.89 (average prices).

As of 31 December 2021, the number of treasury shares as a percentage of total share capital was 0.2% (2020: 0.1%).

2.7 INVESTMENT INCOME

1 January to 31 December, in CHF 000	**2021**	2020
Valora International AG	30 000	30 000
Valora Management AG	100	100
Total investment income	**30 100**	**30 100**

2.8 FINANCIAL INCOME

1 January to 31 December, in CHF 000	**2021**	2020
Interest income on loans to Group companies	3 831	5 563
Other financial income	526	2 377
Currency translation gains	170	175
Total financial income	**4 527**	**8 115**

2.9 FINANCIAL EXPENSES

1 January to 31 December, in CHF 000	**2021**	2020
Interest expense on bonds and syndicated loans	3 904	4 458
Discount (bond, hybrid, syndicated loan)	404	379
Bank interest and fees	916	680
Currency translation losses	19 313	1 765
Total financial expenses	**24 537**	**7 282**

2.10 OTHER OPERATING EXPENSES

1 January to 31 December, in CHF 000	**2021**	2020
Audit expenses	234	190
Other advisory fees	326	416
Management fees	1 000	1 000
Other administrative costs	751	1 016
Total other operating expenses	**2 311**	**2 622**

3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS. Valora Holding AG does not have any employees.

3.2 COLLATERAL PROVIDED FOR THIRD-PARTY LIABILITIES. On 31 December 2021, contingent liabilities – comprised of guarantees, letters of subordination and comfort, as well as warranty and other contingent liabilities – to subsidiaries totalled CHF 102.6 million (2020: CHF 108.8 million), with none to third parties (2020: none).

3.3 SIGNIFICANT SHAREHOLDERS. The statutory registration restriction of 5% set out in the Articles of Incorporation (restricted transferability) was abolished at the 2010 Ordinary General Meeting.

As of 31 December 2021, 5% of registered shares equalled 219500 registered shares.

According to the share register, as of 31 December 2021, Ernst Peter Ditsch held 742 197 registered shares, which represented 16.91% (2020: 16.91%) of the shares issued.

As of 16 February 2022, T. Rowe Price Associates, Inc. held 224 439 registered shares representing 5.11% of the shares issued.

3.4 PARTICIPATIONS. As of 31 December 2021 and 2020, the individual members of the Board of Directors and the Group Executive Management (including related parties) held the following number of shares of Valora Holding AG:

	2021 Number of shares	**2021 Share of total voting rights in %**	**2021 of which subject to a lock-up period**	2020 Number of shares	2020 Share of total voting rights in %	2020 of which subject to a lock-up period
Board of Directors						
Franz Julen Chairman	4 501	0.10	1 434	4 000	0.09	1 328
Sascha Zahnd Vice-Chairman	490	0.01	490	313	0.01	313
Michael Kliger Member and Chairman of Nomination and Compensation Committee	731	0.02	474	562	0.02	424
Markus Bernhard Member and Chairman of Audit Committee since AGM 2020	551	0.01	351	382	0.01	182
Insa Klasing Member	447	0.01	447	291	0.01	291
Karin Schwab Member since AGM 2020	324	0.01	324	168	–	168
Felix Stinson Member since AGM 2021	156	–	156	n/a	n/a	n/a
Total Board of Directors	**7 200**	**0.16**	**3 676**	**5 716**	**0.14**	**2 706**
Group Executive Management						
Michael Mueller CEO	11 826	0.27	898	11 826	0.27	4 731
Beat Fellmann CFO since Juli 2020	450	0.01	0	450	0.01	0
Thomas Eisele Head Food Service	1 570	0.04	0	1 570	0.03	1 456
Roger Vogt Head Retail	685	0.02	255	685	0.02	685
Total Group Executive Management	**14 531**	**0.34**		**14 531**	**0.33**	
Total Board of Directors and Group Executive Management	**21 731**	**0.50**		**20 247**	**0.47**	

3.5 LOANS. As of 31 December 2021 and 2020, there were no loans to members of the Board of Directors or Group Executive Management or to related parties.

3.6 PARTICIPATION RIGHTS FOR MEMBERS OF THE BOARD OF DIRECTORS. 20% of the individual total compensation of the members of the Board of Directors, is generally paid out in the form of blocked registered shares. The number of registered shares allocated to the members of the Board of Directors is calculated on the basis of the volume-weighted average price of Valora registered shares for the 20 trading days prior to the allocation. No discount is granted blocked shares.

3.7 NET RELEASE OF HIDDEN RESERVES. In financial year 2021, no hidden reserves were released (2020: nil).

3.8 SUBSEQUENT EVENTS. There are no subsequent events after the balance sheet date.

APPROPRIATION OF NET PROFIT AND CAPITAL DISTRIBUTION

Proposed appropriation of net profit

in CHF 000	**2021**	2020
Net profit for the year	**11 331**	**20 914**
Retained earnings carried forward from the previous year	278 504	257 670
Allocation from reserves from capital contributions	6 585	-
Earnings available for distribution by the Annual General Meeting	**296 420**	**278 584**
The Board of Directors proposes the following appropriation		
Allocation to the general statutory reserves	-	– 80
Dividend payable on shares entitled to dividend	– 13 170	-
Balance to be carried forward	**283 250**	**278 504**

Half of the dividend distribution will come from retained earnings and half from the reserves from capital contributions. Dividend distribution from the reserves from capital contributions is exempt from withholding tax.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Valora Holding AG, which comprise the balance sheet, income statement and notes (pages 230 to 239), for the year ended 31 December 2021.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF INVESTMENTS IN AND LOANS TO SUBSIDIARIES

Risk. As of 31 December 2021, investments in and loans to Group companies represented 68% of the Company's total assets and amounted to CHF 964 million. Valora generally assesses the valuation of its investments and loans on an individual basis in accordance with the Swiss Code of Obligations. Under specific circumstances, certain investments in and loans to Group companies are combined for this assessment to the extent deemed appropriate.

Due to the significance of the carrying amount of the investments in and loans to Group companies and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.

Our audit response. We examined the Company's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We also assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. Further, we evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth. Our audit procedures did not lead to any reservation concerning the valuation of investments in and loans to subsidiaries.

Report on other legal requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

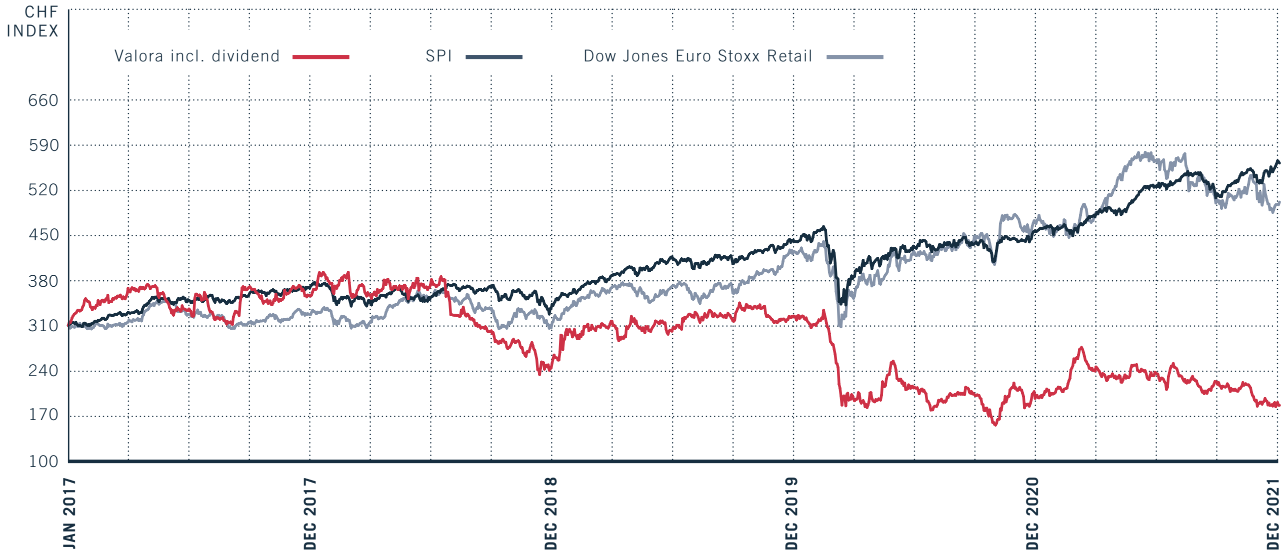
André Schaub Licensed audit expert (Auditor in charge)	Michel Wälchli Licensed audit expert

Basle, 22 February 2022

VALORA SHARE

1 5-YEAR SHARE PRICE TREND

VALORA SHARE PERFORMANCE TREND 2017 – 2021

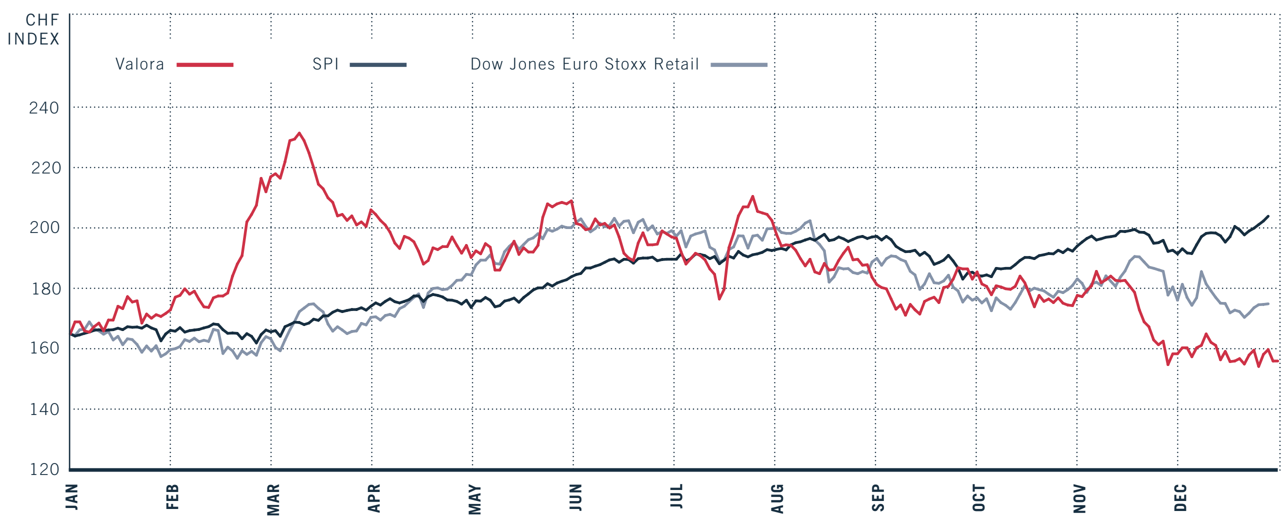


2 SHARE PERFORMANCE 2021

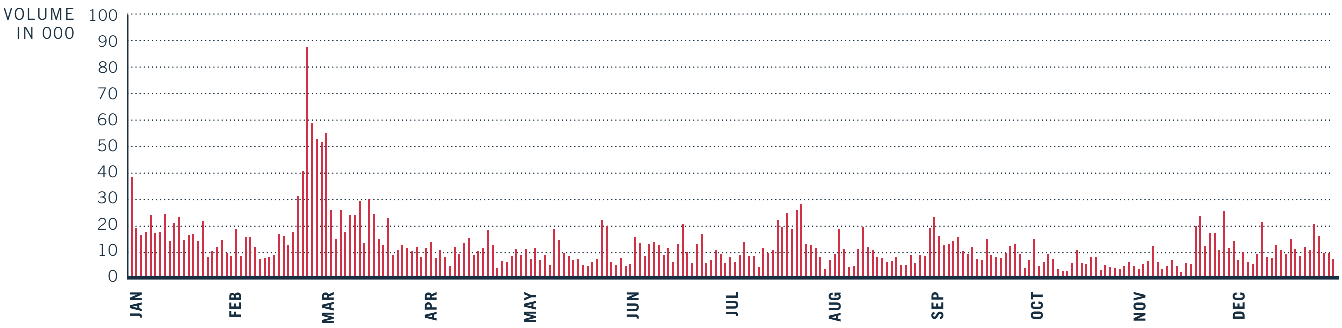
The Valora share reached its highest closing price of CHF 231.50 on 11 March 2021, backed by better than expected 2020 annual results and first easing of COVID-19 restrictions. Thereafter, the Delta variant of COVID-19 was becoming the dominant strain globally, leading to a third wave of the pandemic and renewed uncertainty which dragged down the Valora share substantially. There was a sideways movement during early summer which was followed by the publishing of positive 2021 half-year results and additional relaxation of COVID-19 measures. News around the emergence of the new Omicron variant led to a renewed tightening of governmental restrictions, which once again adversely impacted mobility and out-of-home consumption.

On 23 December 2021, the Valora share reached the year's lowest closing level of CHF 154. Compared to the broad-based Swiss Performance Index "SPI" (+23.4 %) and the Dow Jones Euro Stoxx Retail index (+4.1 %), the Valora share closed the year 2021 with a negative performance of –10.4 %.

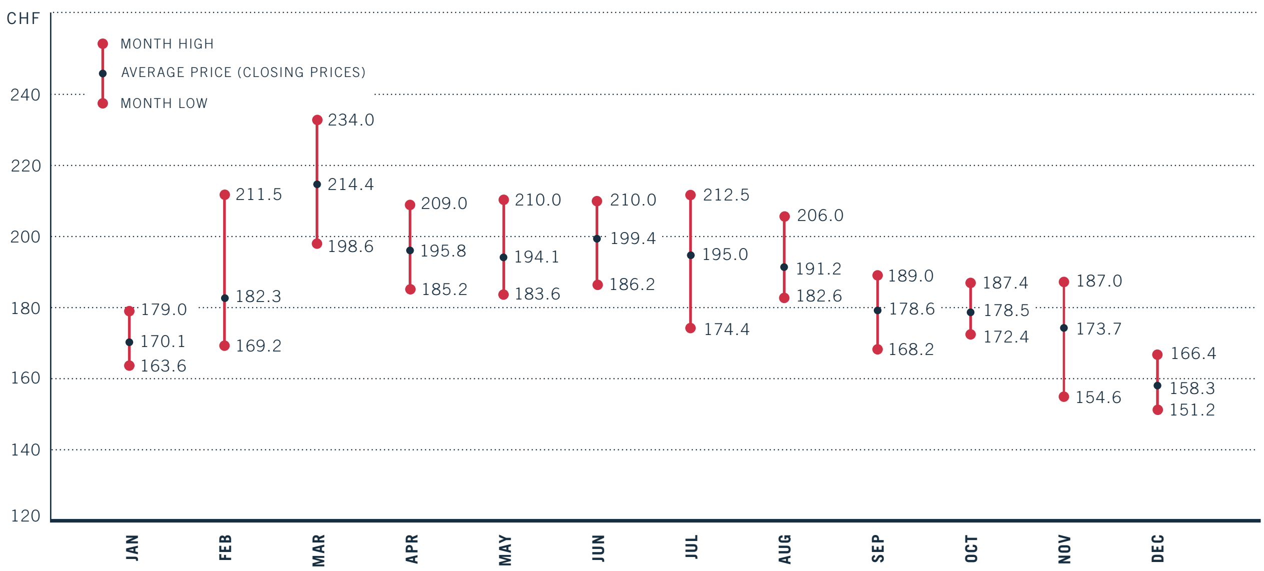
VALORA SHARE PERFORMANCE TREND 2021



VALORA SHARE VOLUME 2021



MONTH HIGHS/LOWS IN 2021



3 SHAREHOLDER RETURNS

		2021	2020	2019	2018	2017
Share price						
Year-end	CHF	155.80	173.80	270.00	215.00	325.00
Distributions to shareholders						
Dividends	CHF	[1] 3.00	0.00	0.00	12.50	12.50
Dividend yield	%	1.9%	0.0%	0.0%	5.8%	3.8%
Annual return						
excluding dividend	%	–10.4%	–35.6%	25.6%	–33.8%	12.4%
including dividend	%	–10.4%	–35.6%	31.5%	–30.0%	16.7%
Average return		2021 1 year	2020 - 2021 2 years	2019 - 2021 3 years	2018 - 2021 4 years	2017 - 2021 5 years
excluding dividend	%	–10.4%	–21.1%	–9.2%	–13.0%	–9.2%
including dividend	%	–10.4%	–21.1%	–8.0%	–12.0%	–7.8%

[1] Proposed

4 KEY SHARE DATA

		2021	2020	2019	2018	2017
Operating profit (EBIT) per share [1] [2]	CHF	6.91	3.52	23.21	22.84	23.05
Free cash flow per share [1] [2] [3]	CHF	5.72	9.53	19.30	12.47	21.18
Earnings per share [1] [2]	CHF	1.88	–1.55	18.68	15.28	15.26
Equity per share [1]	CHF	154.45	171.58	158.90	156.07	215.27
P / E Ratio [1] [2]	31.12.	82.67	n.a.	14.46	14.07	21.29

[1] Based on average number of shares outstanding
[2] Continuing operations
[3] Free cash flow: net cash provided by operating activities less net cash used in ordinary investing activities

5 SHAREHOLDER DATA AND CAPITAL STRUCTURE

Registered shareholder data		**31.12.2021**	31.12.2020
Composition	Significant shareholders > 5 %	23.9 % of shares	22.2 % of shares
	10 largest shareholders	31.7 % of shares	32.1 % of shares
	100 largest shareholders	40.2 % of shares	41.2 % of shares
Origin	Switzerland	85.6 % of shares	67.9 % of shares
	Elsewhere	14.4 % of shares	32.1 % of shares

The share capital of Valora Holding AG in the amount of CHF 4.39 million is divided in the form of registered shares with a nominal value of CHF 1.00 each.

According to the Articles of Incorporation of Valora Holding AG, the financial structure comprises conditional share capital of CHF 439 000 comprising 439 000 registered shares with a nominal value of CHF 1.00. The conditional capital allows Valora to issue convertible bonds and other financial market instruments in order to procure capital on the market.

At the Ordinary General Meeting of Valora Holding AG on 31 March 2021, shareholders approved the creation of authorised share capital of up to CHF 439 000 by issuing a maximum of 439 000 registered shares with a nominal value of CHF 1.00 by no later than 31 March 2023.

Non-Swiss shareholders are registered in the share register in the same way as Swiss shareholders.

The substantial shift in shareholders' origin is due to changes in residencies of major shareholders.

6 SHARE CAPITAL

		2021	2020	2019	2018	2017
Total registered shares [1]	Shares	4 390 000	4 390 000	3 990 000	3 990 000	3 990 000
Number of treasury shares [1]	Shares	10 538	5 638	47 462	53 615	61 495
Number of shares outstanding [1]	Shares	4 379 462	4 384 362	3 942 538	3 936 385	3 928 505
Market capitalisation [1] [2]	CHF million	682	762	1 064	846	1 277
Average number of shares outstanding	Shares	4 381 535	3 992 578	3 940 440	3 932 706	3 427 949
Number of registered shareholders [1]		11 735	11 951	10 551	8 713	7 470

[1] As at 31 December
[2] Based on the number of shares outstanding as at 31 December

7 TAX VALUES

	Securities no.	**Per 31.12.2021**	As at 31.12.2020	As at 31.12.2019	As at 31.12.2018	As at 31.12.2017
Registered shares of CHF 1.00	208 897	155.80	173.80	270.00	215.00	325.00
2.5 % bond 2012 – 2018	14 903 902	–	–	–	–	102.41%
4.0% hybrid bond	21 128 255	–	–	–	–	102.85%

8 ANALYST COVERAGE

Broker / Bank	**Rating**
Baader Bank	Add
Credit Suisse	Coverage suspended
Kepler Cheuvreux	Buy
Research Partner	Hold
Stifel	Hold
Vontobel	Hold
Zürcher Kantonalbank	Market perform

Status: 31.12.2021

At the end of December 2021, the average target price was CHF 206.00.

FIVE-YEAR SUMMARY

		31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Net revenue [1] [2]	**CHF million**	**1 749.6**	**1 697.4**	**2 029.7**	**2 074.9**	**2 001.6**
Change	%	+3.1	–16.4	–2.2	+3.7	–4.5
EBITDA [1] [3]	**CHF million**	**95.5**	**83.4**	**157.4**	**156.0**	**133.7**
Change	%	+14.4	–47.0	+0.9	+16.7	+4.8
in % of net revenue	%	5.5	4.9	7.8	7.5	6.7
Operating profit (EBIT) [1]	**CHF million**	**30.3**	**14.1**	**91.5**	**89.8**	**79.0**
in % of net revenue	%	1.7	0.8	4.5	4.3	3.9
Change	%	+115.5	–84.6	+1.8	+13.7	+9.3
Net profit from continuing operations	**CHF million**	**8.3**	**–6.2**	**73.6**	**64.1**	**57.1**
Change	%	n.m	n.m	+14.8	+12.2	–8.6
in % of net revenue	%	0.5	–0.4	3.6	3.1	2.9
in % of equity	%	1.2	–0.9	11.8	10.4	7.7
Net cash provided by (used in) [1]						
Operating activities	CHF million	217.5	241.3	290.3	116.0	114.2
Lease payments, net	CHF million	–155.0	–143.7	–128.2	n.a.	n.a.
Ordinary investment activities	CHF million	–37.4	–59.5	–86.1	–67.0	–32.1
Free cash flow [1] [3]	**CHF million**	**25.1**	**38.1**	**76.0**	**49.0**	**82.0**
Earnings per share [1]	**CHF**	**1.88**	**–1.55**	**18.68**	**15.28**	**15.26**
Change	%	n.m	n.m	+22.3	+0.1	–11.6
Free cash flow per share [1] [3]	**CHF**	**5.72**	**9.53**	**19.30**	**12.47**	**23.93**
Change	%	–40.0	–50.6	+54.8	–47.9	+10.1
Cash and cash equivalents	**CHF million**	**142.5**	**229.7**	**122.7**	**104.8**	**152.5**
Equity	**CHF million**	**676.7**	**685.0**	**626.1**	**613.8**	**737.9**
Equity ratio	%	29.1	28.0	26.2	46.3	52.4
Number of employees at December 31	**FTE**	**3 618**	**3 578**	**3 906**	**4 230**	**4 265**
Change	%	+1.1	–8.4	–7.7	–0.8	+0.9
Net revenue per employee [2]	**CHF 000**	**484**	**474**	**520**	**490**	**469**
Change	%	+1.9	–8.7	+5.9	+4.5	–5.3
Number of outlets operated by Valora		**1 795**	**1 827**	**1 796**	**1 868**	**1 882**
of which agencies		1 173	1 148	1 133	1 105	1 031
Number of franchise outlets		**929**	**846**	**929**	**881**	**872**

All totals and percentages are based on unrounded figures from the consolidated financial statements.
[1] From continuing operations
[2] 2017 and 2018 revised according to IFRS 15
[3] Definition of alternative performance measures on page 247

ALTERNATIVE PERFORMANCE MEASURES

Valora's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In addition to the information and figures required by these standards, Valora publishes alternative performance measures (APMs) that are not defined or specified in these standards and for which there are no generally accepted reporting formats. Valora determines the APMs with the aim of making it possible to compare the performance indicators over time and across sectors. This is achieved by making certain adjustments to the balance sheet, income statement and cash flow statement items prepared in accordance with the applicable accounting standards. Such adjustments may result from different calculation and valuation methods as well as special effects that affect the meaningfulness of these items. The APMs determined in this way apply to all periods and are used both internally for business management purposes and externally to assess the company's performance by analysts, investors and rating agencies.

This document has been prepared in conformity with the Directive on the Use of Alternative Performance Measures issued by SIX Exchange Regulation Ltd.
The main alternative performance measures used by the Group are explained in this document.

- External sales
- Change in sales – FX- and POS-adjusted (same store)
- Gross profit (margin)
- EBITDA
- EBIT
- Free Cash Flow
- Net financial debt
- Leverage Ratio
- Return on Capital Employed (ROCE)
- Equity ratio
- Net Working Capital

External sales [1]

External sales are defined as Valora's net revenue plus the sales generated by its contracted sales outlets. External sales, on the other hand, do not include deliveries to these points of sale, franchise fees and other income from operating agreements. This indicator ensures that sales can be compared despite changing distribution models.

Change in net revenue – FX- and POS-adjusted (same store)

The currency-adjusted change in net revenue shows the percentage change in net revenue excluding the impact of exchange rate effects. The POS-adjusted change is calculated for the respective business unit on the basis of unchanged POS, i.e. without openings and closings. In the case of exchange rate effects, the functional currency valid in the respective country is used for the calculation.

Gross profit (margin) [1]

Gross profit is calculated as net revenue less cost of goods and materials.
The gross profit margin is the gross profit as a % of net revenue.

[1] See reconciliations for calculation

EBITDA [1]

EBITDA stands for earnings before interest, taxes, depreciation and impairment of property, plant and equipment, impairment of goodwill, and amortisation and impairment of other intangible assets. EBITDA is EBIT plus the amortisation of intangible assets and the depreciation of property, plant and equipment, plus impairment losses and minus impairment loss reversals, recognised in profit or loss during the reporting period. Valora uses an EBITDA not considering depreciation on right-of-use assets arising from lease agreements.

Free Cash Flow [1]

Valora uses cash flow before acquisitions and dividends as a free cash flow measure. Cash flow before acquisitions and dividends is calculated as cash flow from operating activities less net capital expenditure (investments in property, plant, equipment and intangible assets less proceeds from the sale of property, plant, equipment and intangible assets), less repayments of lease liabilities, adding lease payments received from finance leases.

Net financial debt [1]

Net financial debt is used both internally and externally in assessing Valora's liquidity, capital structure and financial flexibility. Cash, cash equivalents and derivate assets, less financial liabilities (current and non-current) and derivative liabilities.

Net debt II [1]

Net debt II additionally takes into account the current and non-current lease liabilities but does not include lease receivables.

Leverage Ratio [1]

The leverage ratio puts EBITDA in relation to net debt. This ratio indicates how many years the company needs to pay off its current net debt. Valora uses this indicator in connection with financing instruments.

Return on Capital Employed (ROCE) [1]

Valora uses ROCE as a key performance indicator. It combines the view on business profitability and capital efficiency. ROCE is the ratio of the EBIT generated by the Group over the last twelve months to its average capital employed during the same period. Capital employed is defined as non-current assets excluding right-of-use assets and lease receivables less deferred tax assets plus net working capital plus operating cash.

Equity Ratio [1]

The equity ratio shows the ratio of equity to total assets excluding right-of-use assets and lease receivables.

Net Working Capital [1]

Net working capital is capital invested in the Group's operating activities. Net working capital equals trade accounts receivable, other current receivables and inventories less trade accounts payable and other current liabilities.

[1] See reconciliations for calculation

RECONCILIATIONS

External Sales

in CHF 000	2021	2020
Net revenue	1 749 577	1 697 448
Sales franchisees and other contractual bounded partners [1]	480 498	535 836
External sales	**2 230 075**	**2 233 283**

[1] Net of deliveries from Valora to franchise points of sale, franchise fees and other income from operating agreements

Gross profit (margin)

in CHF 000	2021	2020
Net revenue	1 749 577	1 697 448
Cost of goods and materials	–969 419	–954 111
Gross Profit	**780 158**	**743 337**
Gross Profit Margin	**44.6%**	**43.8%**

EBITDA

in CHF 000	2021	2020
EBIT	**30 282**	**14 051**
Depreciation and impairment of property, plant and equipment	48 614	52 819
Amortisation and impairment of intangible assets	16 557	16 559
EBITDA	**95 453**	**83 429**

Free Cash Flow

in CHF 000	2021	2020
Cash Flow from operating activities	**217 479**	**241 258**
Investments in property, plant and equipment	–32 975	–54 355
Proceeds from the sale of property, plant and equipment	1 192	1 069
Investments in intangible assets	–6 006	–6 273
Proceeds from the sale of intangible assets	356	103
Repayments of lease liabilities	–178 579	–166 412
Lease payments received from finance leases	23 589	22 671
Free Cash Flow	**25 055**	**38 061**

Net financial debt

in CHF 000	**2021**	2020
Cash and cash equivalents	142 502	229 727
Current financial and derivative liabilities	–0	–77 839
Non-current financial liabilities	–351 789	–363 679
Net financial debt	**–209 286**	**–211 791**

Net debt II

in CHF 000	**2021**	2020
Net financial debt	**–209 286**	**–211 791**
Current lease liabilities	–185 688	–170 017
Non-current lease liabilities	–844 125	–857 699
Net debt II	**–1 239 099**	**–1 239 507**

Leverage Ratio

in CHF 000	**2021**	2020
Net financial debt	**209 286**	**211 791**
EBITDA	95 453	83 429
Normalisation for acquisitions/divestitures	0	0
Relevant EBITDA for the Group	**95 453**	**83 429**
Leverage ratio	**2.19x**	**2.54x**

Return on Capital Employed (ROCE)

in CHF 000	2021	2020	2019
Non-current assets	1 893 008	1 908 325	1 960 383
Right-of-use assets	–892 341	–909 802	–938 997
Non-current lease receivables	–73 935	–66 170	–68 207
Deferred tax assets	–21 920	–20 512	–17 838
Trade accounts receivable	56 180	58 397	77 080
Inventories	133 925	143 168	143 393
Other current receivables	65 012	81 239	65 635
Trade accounts payable	–149 036	–186 617	–145 387
Other current liabilities	–87 690	–82 518	–104 469
Operating cash [1]	85 000	85 000	85 000
Capital Employed	**1 008 204**	**1 010 513**	**1 056 593**
Average on a monthly basis [2]	**1 024 869**	**1 056 744**	
EBIT	**30 282**	**14 051**	
ROCE	**3.0%**	**1.3%**	

[1] Operating cash means the least amount of available cash to maintain in cash planning and is only considered on Group level.
[2] Capital employed is the average measured over the preceding 13 months.

Equity Ratio

in CHF 000	2021	2020
Total Equity	676 735	685 045
Total assets excluding right-of-use assets and lease receivables	1 328 210	1 447 396
Equity Ratio	**51.0%**	**47.3%**

Net Working Capital

in CHF 000	2021	2020
Trade accounts receivables	56 180	58 397
Inventories	133 925	143 168
Other current receivables	65 014	81 239
Trade accounts payable	–149 036	–186 617
Other current liabilities	–87 690	–82 518
Net Working Capital	**18 393**	**13 669**

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