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.)	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 4390000 shares with a par value of CHF 1.00 each.

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.

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	20000	100.0	20000	100.0
Valora Management AG, Muttenz	CHF	500	100.0	500	100.0
Brezelkönig AG, Emmen	CHF	1000	100.0	1000	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	-	79200
EUR 170 million	fixed/variable	11.01.2023	199238	199238
EUR 100 million	fixed/variable	11.01.2024	112744	112744
CHF 63 million	fixed/variable	11.01.2024	63000	63000

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 219 500 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

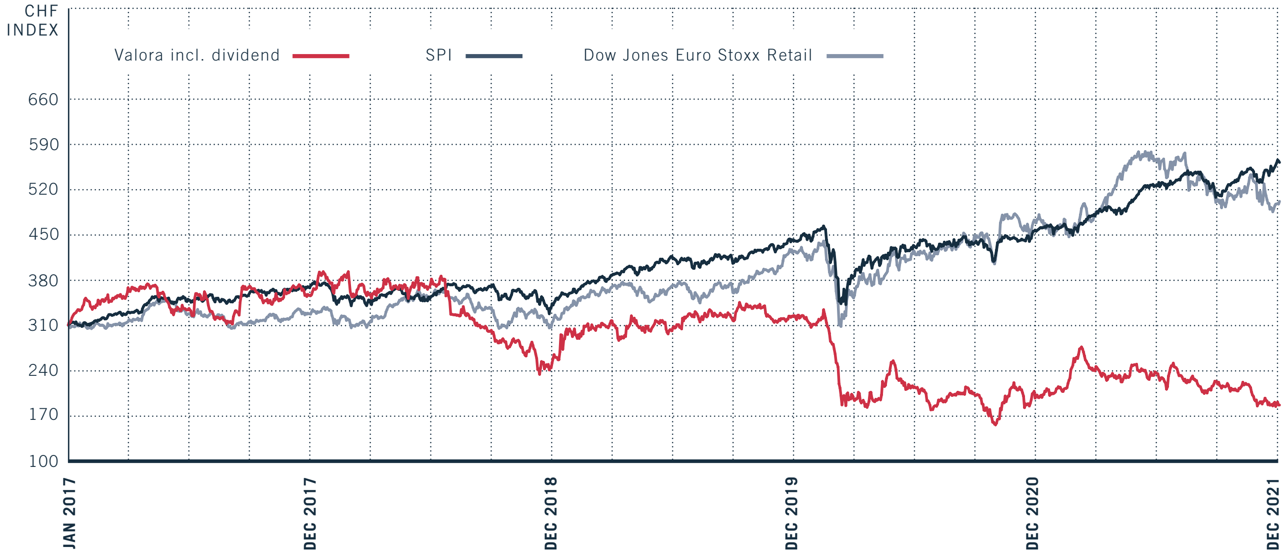
André Schaub Licensed audit expert (Auditor in charge)	Michel Wälchli Licensed audit expert

Basle, 22 February 2022

VALORA SHARE

1 5-YEAR SHARE PRICE TREND

VALORA SHARE PERFORMANCE TREND 2017 – 2021

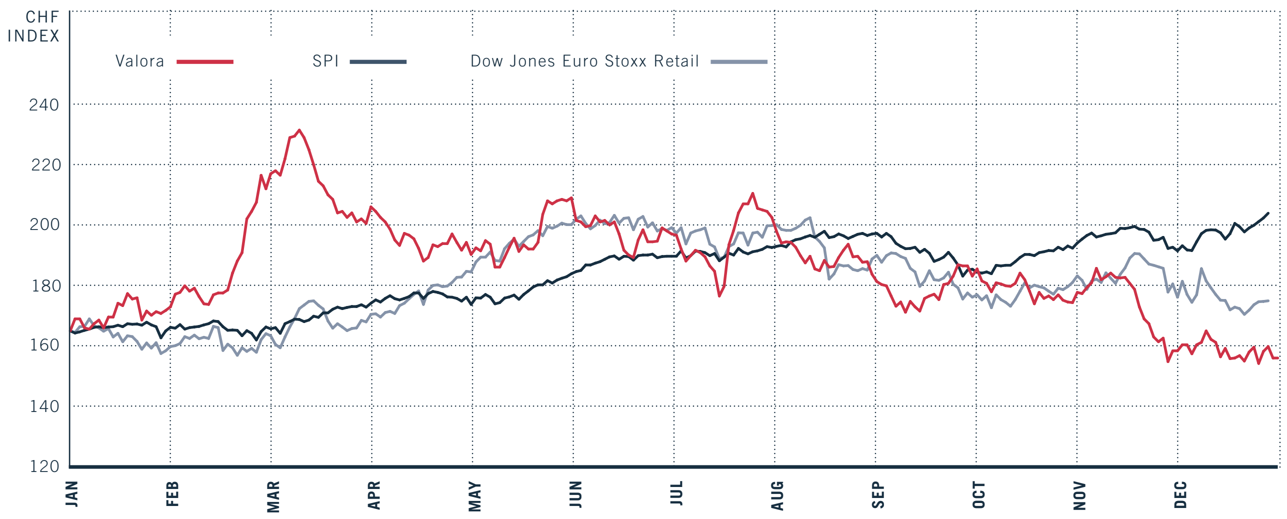


2 SHARE PERFORMANCE 2021

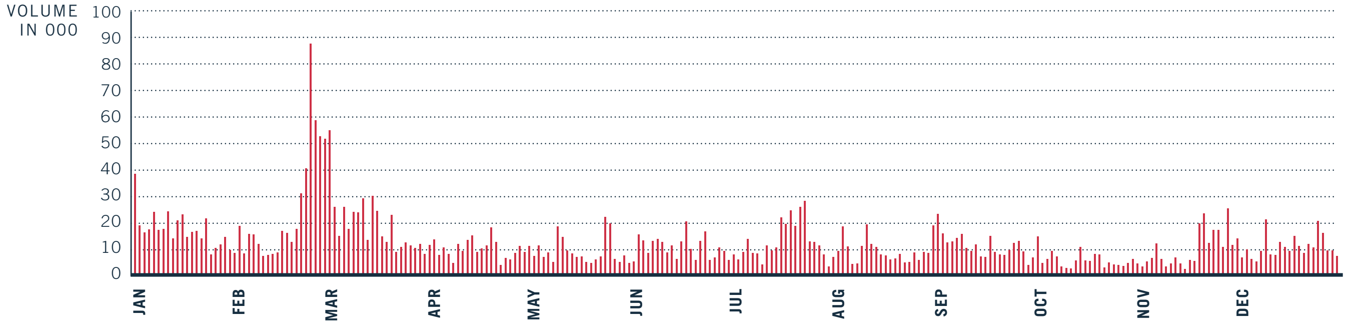
The Valora share reached its highest closing price of CHF 231.50 on 11 March 2021, backed by better than expected 2020 annual results and first easing of COVID-19 restrictions. Thereafter, the Delta variant of COVID-19 was becoming the dominant strain globally, leading to a third wave of the pandemic 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 %.

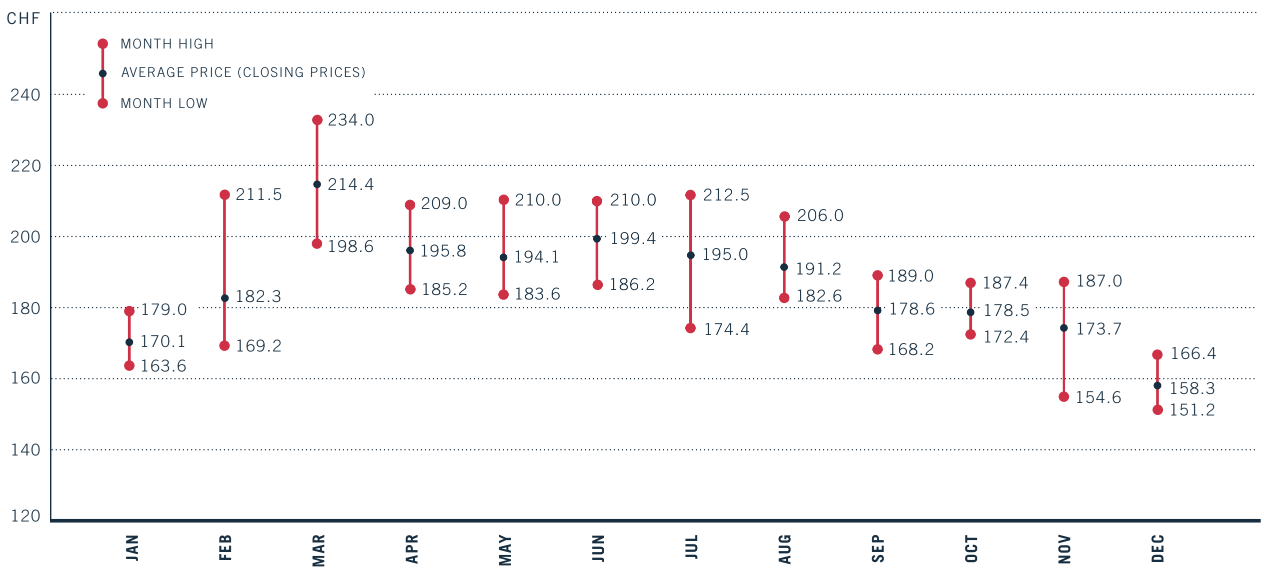
VALORA SHARE PERFORMANCE TREND 2021



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**

MAIN ADDRESSES

VALORA GROUP

VALORA HOLDING AG
Hofackerstrasse 40
4132 Muttenz, Switzerland
Fon +41 61 467 20 20
www.valora.com
info@valora.com

VALORA CORPORATE COMMUNICATIONS
Hofackerstrasse 40
4132 Muttenz, Switzerland
Fon +41 61 467 24 53
media@valora.com

VALORA CORPORATE INVESTOR RELATIONS
Hofackerstrasse 40
4132 Muttenz, Switzerland
Fon +41 61 467 21 23
ir@valora.com

ADDRESSES

RETAIL

VALORA RETAIL SWITZERLAND
Hofackerstrasse 40
4132 Muttenz, Switzerland
www.kkiosk.ch
www.avec.ch
www.pressbooks.ch
www.okpunktstrich.ch

VALORA RETAIL GERMANY
Danziger Strasse 35a
20099 Hamburg, Germany
www.pressandbooks.de
www.okpunktstrich.de

VALORA RETAIL LUXEMBOURG
24, rue de Strasbourg
2560 Luxembourg, Luxembourg
www.okpunktstrich.lu

VALORA RETAIL AUSTRIA
Daniel-Gran-Strasse 48 / EG
3100 St. Pölten, Austria
www.okpunktstrich.at
www.pressbooks.at

FURTHER

BOB FINANCE
Branch of Valora Schweiz AG
Hardturmstrasse 161
8005 Zurich, Switzerland
www.bob.ch

FOOD SERVICE

VALORA FOOD SERVICE GERMANY
Limbecker Strasse 25 – 37
45127 Essen, Germany
www.back-werk.de
www.back-factory.de
www.ditsch.de

BACKWERK NETHERLANDS
Oude Utrechtseweg 20
3743 KN Baarn, Netherlands
www.back-werk.nl

BACKWERK AUSTRIA
Josefsplatz 12, Top 122
2500 Baden, Austria
www.back-werk.de

VALORA FOOD SERVICE SWITZERLAND
Neuenkirchstrasse 91
6020 Emmenbrücke, Switzerland
www.brezelkoenig.ch
www.spettacolo.ch
www.back-werk.de

DITSCH PRODUCTION / B2B

BREZELBÄCKEREI DITSCH
Robert-Bosch-Strasse 44
55129 Mainz, Germany
www.ditsch.de

DITSCH USA
311 Northland Boulevard
Cincinnati, Ohio 45246, USA
www.ditsch.com

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