Annual Report 2020

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

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Dear shareholders

The global COVID-19 pandemic and the official restrictions imposed also had a massive impact on Valora, resulting in a marked decline in customer frequencies and lower demand, especially for food to go. Nevertheless, Valora managed to achieve positive EBIT of CHF 14.1 million in 2020, which was at the upper end of the guidance. This was in spite of external sales falling by –16.7% year on year due to the drastic COVID-19 measures in the spring and the renewed imposition of more stringent measures from late autumn. On the positive side, there was a good start to the year, sustainable cost management and an interim recovery in sales prompted by the official easing measures in the summer.

We also achieved strong free cash flow of CHF 38.1 million on the back of solid EBITDA of CHF 83.4 million, the consistent management of net working capital and focused investment decisions. In addition, we reduced the Group's net debt (31.12.2020: CHF 211.8 million), further strengthening the balance sheet in the process.

We owe you, dear shareholders, a great deal of gratitude for this. You contributed a good CHF 100 million to the strong balance sheet during a time of major uncertainty and helped to create a solid basis for future investments. This contribution was made possible by the waiving of the dividend in 2020 as well as the successful capital increase in November. This also helped us improve our extra COVID-19 headroom for the leverage ratio covenant of our syndicated loan facility, which we extended to the end of June 2022.

The crisis did not prevent us from also investing in the future in 2020. The expansion of our pretzel production capacties was completed according to plan. The conversion of the spaces secured in the SBB tender into avec convenience stores and k kiosk sales outlets with an increased food offering is progressing well following a brief COVID-19-induced break. We are also moving forward with our development of digital convenience solutions. This can be seen, for example, with the new online store avec now, which delivers within the hour, as well as the new avec 24/7 store, which in addition to its normal opening hours also operates autonomously on Sundays, with this soon also to be the case during the night, just like the avec box.

The fact that we are able to look to the future with confidence despite the crisis is especially thanks to the people in our network. Our employees showed immense commitment in contributing to ensuring the provision of basic supplies to the public and further developing the company. Our staff also displayed great solidarity in undertaking short-time working, which affected more than half the workforce at times. We would like to say a wholehearted thank you to all our employees for their valuable commitment during this turbulent time.

In return, Valora stepped up to support its employees' and partners' health and financial security. Moreover, the Board of Directors took the decision to show its appreciation by giving all employees who are part of the "short-term bonus" plan half of their bonus for the 2020 financial year despite not achieving the financial targets.

The Board of Directors would like to thank the Group Executive Management and the wider management team for their strong crisis management and the management foresight they demonstrated. Since 1 July 2020, the Group Executive Management has been strengthened by the addition of Beat Fellmann as new CFO. In June, Markus Bernhard, Dr Karin Schwab and Dr Suzanne Thoma also joined the Valora Board of Directors.

We are convinced that the foodvenience business will remain attractive and recover with the easing of the official restrictions. We are thus staying true to our strategy. Nevertheless, we are currently experiencing the second wave of the virus and have yet to come through this. The start of the current business year was difficult and the situation remains challenging. However, business should recover significantly in the second half of 2021. By the end of the year, we expect to return to a monthly profitability comparable to the time before the COVID-19 crisis.

Unfortunately, the 2021 Annual General Meeting will once again have to take place without shareholders in attendance. As was the case last year, you will have the opportunity to exercise your vote via the independent proxy. In view of the still high level of uncertainty and in order to protect Valora's strategic freedom of action, the Board of Directors proposes to the Annual General Meeting that the 2020 dividend be waived. We are convinced that the prudent approach to the company's financial resources is not only in the interest of the company, but of all its stakeholders.

We greatly value being able to count on your active support during this crisis. We are convinced that thanks to your contribution, to all the extra measures taken and, above all, the commitment shown by our employees we will be able to overcome the crisis successfully and build on our achievements. We would like to express our great gratitude for this.

Best wishes

Franz Julen
Chairman of the Board of Directors

Michael Mueller
CEO

COVID-19 pandemic

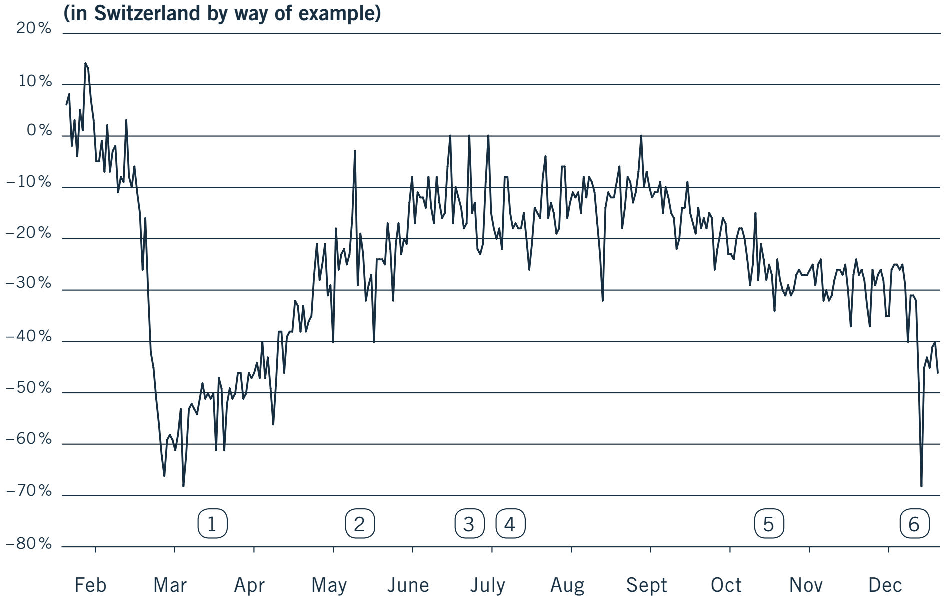
The global coronavirus pandemic defined 2020. From February, the coronavirus (COVID-19) spread everywhere including throughout Europe and North America – directly impacting the core Valora markets of Switzerland and Germany, plus Austria, Luxembourg, the Netherlands and the USA. The authorities responded with rigorous measures to contain the virus.

These restrictions and the resulting fall in customer frequency obliged Valora to reduce opening times significantly and even close some sales outlets entirely. The lower customer footfall also led to a marked decrease in out-of-home consumption. These developments had a considerable impact on the Valora Group's external sales, especially in the food category.

Nevertheless, the foodvenience provider managed, even under the most stringent restrictions, to help provide the public with basic supplies and it experienced a recovery in sales during the interim phase from spring to the second wave starting in late autumn. Combined with a good start to the year in January and February, with strict cost and prudent crisis management and with very committed employees this led to Valora closing the year with positive EBIT of CHF 14.1 million.

Mobility at transport hubs in 2020

(in Switzerland by way of example)



Note: Baseline = Median of 5-week period (Jan 3 – Feb 6, 2020)

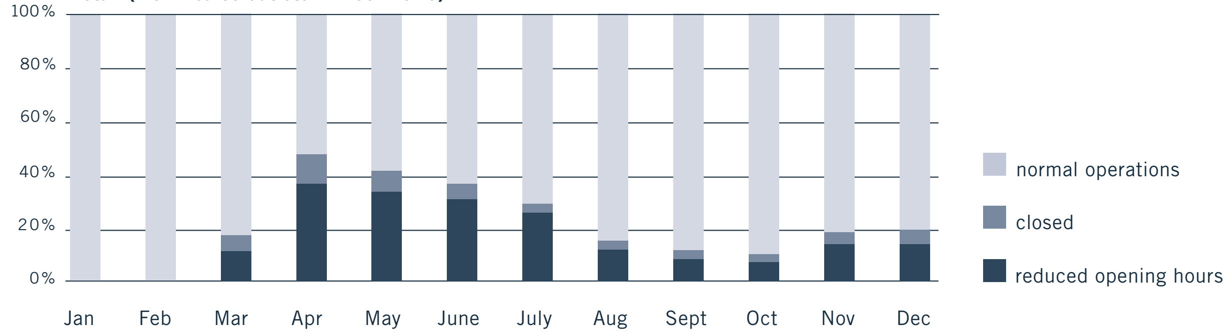
Official measures (some examples):

(1) Tightened restrictions with school closures, a recommendation to avoid public transport and to work from home (13 March) and the closure of borders, shops, restaurants and leisure facilities (16 March)
(2) Opening of schools, shops and catering establishments (11 May)
(3) Opening of borders (15 June) and significant easing of measures (22 June)
(4) Masks obligatory on public transport (6 July)
(5) Tightened restrictions with extended obligatory mask-wearing and a recommendation to work from home (19 October)
(6) Obligatory shop closing from 7:00 p.m. and closure on Sundays and public holidays (11 December) as well as closure of restaurants and leisure facilities (22 December)

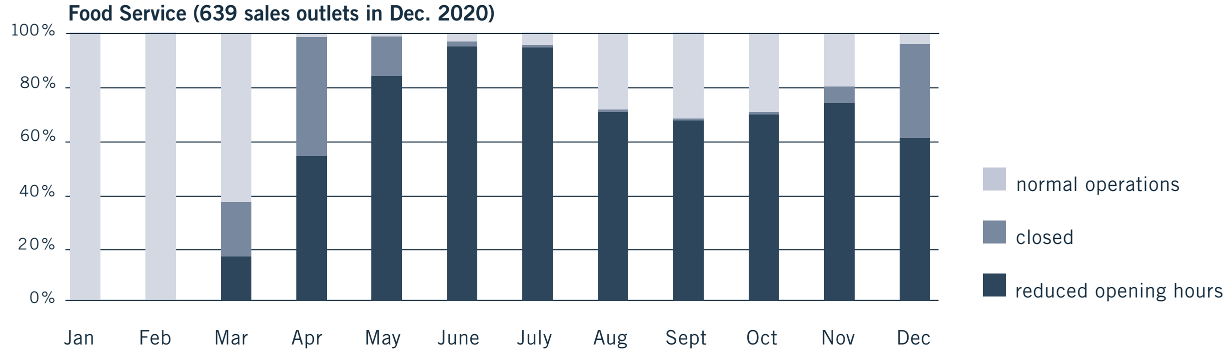
Sources: Google and the Federal Office of Public Health, 2020

Valora Group opening times due to official COVID-19 restrictions

Retail (2 041 sales outlets in Dec. 2020)

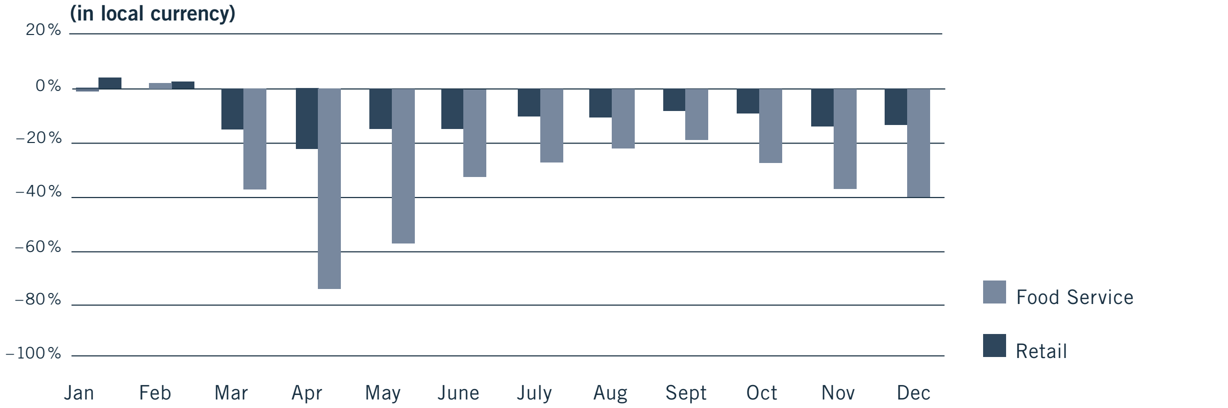


Food Service (639 sales outlets in Dec. 2020)



External sales in the Valora divisions: Deviation 2020 vs. 2019

(in local currency)



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

Food-venience*

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

[* = Food + Convenience]

Market environment

Developments in recent years show that consumers were increasingly demanding foodvenience until the COVID-19 crisis. The convenience markets in Switzerland and Germany experienced substantial growth rates. This trend corresponded to Valora Group's growth in the foodvenience categories food, non-food (excluding press, books, tobacco) and services. Food accounted for the biggest share of foodvenience external sales. Besides highly frequented locations in the inner city and agglomerations, shopping centres and service stations, transport hubs are particularly ideal foodvenience locations.

From March 2020, however, the COVID-19 pandemic started to impact the foodvenience business significantly. The official measures taken to contain the virus massively impacted customer footfall, particularly at usually well frequented public transport locations in all of Valora's markets. Demand for snacks when on the move fell in parallel. On the other hand, Valora's high level of competence in the tobacco and press categories emerged as a strength in the crisis. Increased mobility and the concomitant growth in customer frequency resulting from the easing of restrictions following the first lockdown up to the second wave in late autumn/winter made their presence felt in the out-of-home market.

Valora is confident that out-of-home consumption at high-footfall locations will recover post-crisis and that the foodvenience market will remain attractive going forward.

Trends

Three social macrotrends determine what Valora customers need: Increasing mobility, the changing lifestyles towards smaller households and a more flexible daily routine and rapid growth of digitalisation in all areas of life. As a clearly positioned foodvenience provider, Valora systematically aligns its business and offering with these trends and their resulting customer needs. Valora is where its customers want it to be, providing them with what they want whenever they want it.

The COVID-19 pandemic has caused people to practise social distancing and wear masks to ward off infection. They also work or study from home and travel less. In tandem, people are relying more on new technologies and digital shopping solutions. These developments are currently having an impact, some of it temporary, on the macrotrends and Valora's business.

Health preservation measures – temporary by nature

Official COVID-19 containment measures, for example mandatory mask-wearing in public transport areas, as well as social distancing rules are affecting people's appetite for on-the-go food products. Nonetheless, there is no reason to believe this situation will persist after the COVID-19 crisis. Demand for food-to-go will rise again.

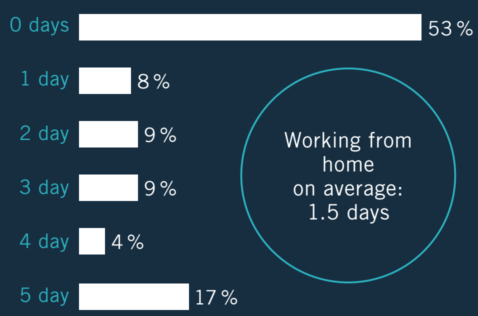
Mobility – set to return once the situation calms

Since the onset of the COVID-19 pandemic, measures imposed by the authorities have resulted in fewer people commuting to work or to school. They are also travelling less. There is still no sign of an upturn in air traffic. However, after local public transport was shunned during the first lockdown, the easing of the restrictions – particularly between June and October 2020 – saw people return in droves to the train, bus and tram. During the second wave, the tightening of restrictions did not impact mobility as much as it had done in the spring. Even if private transport remains the preferred mode of travel in the short term, mobility, including public transport, will grow again once the epidemiological situation calms.

Working from home – limited impact on mobility

Before the COVID-19 crisis, about one-in-four Swiss professionals worked at least partly from home, that number has now risen to almost half (Deloitte, 2020). Government decrees in all of Valora's markets to work

More office than home
The number of days spent by office staff working from home in Germany in October 2020 (Morgan Stanley / Handelsblatt, 2020)



from home and teach remotely to contain the virus have caused a perceptible fall in the customer flow, especially at highly frequented public transport hubs. As a result, flexible refreshment in the form of a snack on-the-go or impulse buy is out of favour for now. However, at the same time local sales outlets, in the agglomerations or nearby shopping centres for example, have become more popular. Valora is also well positioned in these locations.

People may well opt to continue working from home more after the crisis. Nonetheless, this is unlikely to significantly impact the number of people on the move, especially as it is at best an inconvenient, if not impossible, working method for many people. There is also the work from home fatigue and the desire to move and be active. Finally, the growing population and increasing importance of the agglomerations will offset the trend to an extent.

Digitalisation – promising progress

The most irreversible and, at the same time, the most promising pandemic-induced change for consumers will most likely be the enormous growth of online grocery shopping, plus other virtual activities. Digitalisation in Europe progressed by three to four years during the initial months of the pandemic (Bain, 2020). This change is also shaping the shopping expectations of stationary retailing. At the same time, consumers in Switzerland and Germany have increasingly resorted to digital and less tactile activities during the crisis. They have shopping, snacks and meals delivered to their front door and use the self-checkout in shops. Many consumers intend to maintain these habits when the crisis is over (McKinsey, 2020). That is conducive to the introduction of digital innovations and new technologies.

Strategy

Positioning

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

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

Five strategic pillars

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

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

Growth

Expansion of the sales outlet network

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

Increasing the offering's attractiveness

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

Stronger position as a promotion platform

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

Expansion of market position with pretzels

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

• Efficiency

Strengthening vertical integration

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

More efficiency to improve profitability

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

• Innovation

New food and technology concepts

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

● Performance-oriented culture

More entrepreneurship, customer focus and employer appeal

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

● Sustainability

For people and the environment

Stakeholders rightly expect Valora to contribute to sustainable development as a responsible company. Valora pursues a comprehensive approach to sustainability – based on the three action areas of People, Planet and Products – and is careful with its resources. The priority is fair employment conditions for all employees in the network and the promotion of talent and careers. Valora wants to offer attractive prospects and to become a great place to work for everybody. Valora also implements measures to avoid food waste, reduce energy consumption and protect the climate. Finally, Valora aspires to offer environmentally friendly, fair products and healthy alternatives while also paying attention to the issue of sustainable packaging.

Operational financial targets

In 2019, the Valora Group set long-term operational targets up to 2025 with its new corporate strategy. These targets remain in force. Minor deviations in the timing may arise, however, depending on how quickly the foodvenience business recovers from the COVID-19 crisis, which began in spring 2020. That will depend on the easing of the official restrictions on work and mobility. The situation is likely to gradually improve with the success of the national vaccination campaigns started at the end of 2020 and the beginning of 2021, which will initiate a recovery in consumer demand for food-to-go. Valora expects that mainly the food category will profit disproportionately from the recovery with a positive influence on foodvenience turnover and thus on the gross profit margin.

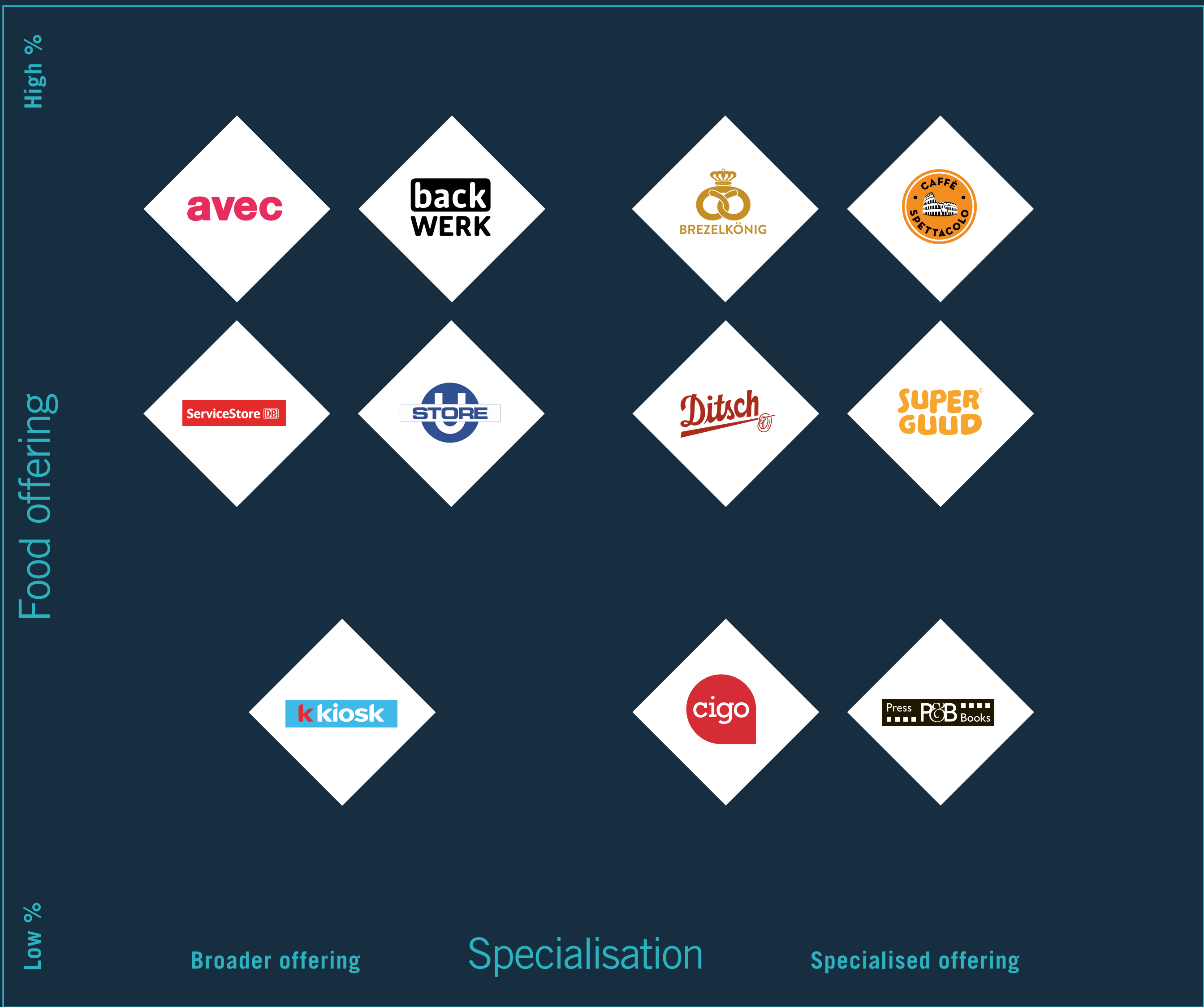
Currently, the crisis is ongoing and Valora is thus still feeling the effects of the uncertainty in sales growth. It is still not possible today to predict when the COVID-19 pandemic will be overcome. The renewed massive restrictions imposed by the authorities as a result of the second wave of the virus again hit Valora hard in the first two months of 2021. A gradual relaxation is expected from March 2021, but it can be assumed that this process will take more time than previously thought. Customer frequency will thus not significantly increase before June 2021. On this basis, the ongoing COVID-19 crisis will continue to severely impact the business in the first half of 2021. However, a marked recovery is expected in the second half of the year with business developing better than in the previous year.

Today, Valora assumes there will be a monthly profitability comparable to the time before the COVID-19 crisis by the end of 2021. This is supported by a continued strict cost management which can now benefit from the sustainable measures implemented and the experiences made last year. The conversion of the SBB locations will continue at a pace adapted to the current situation. Moreover, no compromises ought to be made in the development of digital competencies and convenience solutions. Even though the turnaround is expected to be achieved in 2021, uncertainty on the timing and extent of the relaxation of governmental restrictions remains high.

Sales formats

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

MULTIFORMAT APPROACH



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

Platform for many formats

"Treat yourself"

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

k kiosk provides a personal guarantee of immediate gratification located close by, providing small everyday treats quickly and simply. As market leader in the kiosk business, k kiosk wins customers over through its compact transparency, efficient process flow and long opening hours. The k kiosk app allows customers to benefit from a digital loyalty programme.

k kiosk began in 1934 with the founding of Kiosk AG. It was acquired in the 1990s together with Schmidt-Agence by Merkur AG, which is now known as the Valora Group. In 2004, the kiosks were redesigned under the k kiosk brand. The k kiosk sales outlets at the SBB locations are currently being fully modernised with a new shopping concept with a still larger food component.

Number of sales outlets
own outlets, agencies, franchise stores

Switzerland	868
Germany	211
Luxembourg	68

avec

"Handmade with Love"

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

The avec convenience stores add to the offering at highly frequented locations such as train and service stations. With its extensive range, the convenience format offers fresh products for immediate consumption, from early until late, 365 days a year. The offering is adjusted to customers' needs depending on the time of day.

The innovative, cashier-free avec box provides added convenience with customers getting a comfortable shopping experience at their own pace – including outside normal business hours. Orders can even be delivered to the home within an hour through the online store www.avecnow.ch.

The avec story goes back to the founding of Cevanova AG by Migros, SBB and Valora in 2000. The SBB provided the sales outlets, Valora supplied the stores with kiosk articles, Migros delivered groceries. In 2005, Valora acquired some of the stores and assumed managerial responsibility for them. The brand and shopping concept were fully revised in 2018. Currently there are over 200 SBB outlets and service station shops being converted into new avec stores in Switzerland.

Number of sales outlets
own outlets, agencies, franchise stores

Switzerland	164
Germany	4

“Read & experience”

Specialist in delivering a wealth of reading. Extensive press offering complemented by selected book titles and a range of services for people on the move.

Press & Books is a focal point for information and stories to accompany people on the move or for those whose final destination is the written word as well as many other interested customers. The Press & Books sales outlets are open 365 days a year from early until late.

Besides books, the offering includes 11 000 newspapers and magazines from over 30 countries in 21 languages. Press & Books offers over a million books and products, such as audio books, e-books, calendars, films and games in its online store including delivery to numerous Valora sales outlets along the way.

In 2009, Valora in Switzerland opened its first stores according to this independently developed concept. One year later, the first shops were opened in Germany. Press & Books is now market leader in German railway station bookstores, after Valora entered the segment with the acquisition of Fa. Stilke GmbH in 1997.

Number of sales outlets
own outlets, agencies

Switzerland	24
Germany	155
Luxembourg	2
Austria	10

"My moment"

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

cigo specialises in tobacco products. cigo enables freedom-loving creatures of habit to enjoy stress-free moments and self-determined pleasure every day in a relaxed atmosphere. The stores are located mainly in shopping centres or before the checkout at grocery retailers.

Besides the usual cigarette brands, cigo offers cigars, cigarillos, rarities and smoking accessories. Its range also covers alternative tobacco products, for example e-cigarettes, tobacco heating systems and chewing tobacco. The customer also has an extensive offering of press products plus the usual peripheral assortment to browse through. Some stores also have service points for lottery or postal services.

Valora acquired the cigo format, that stands for "Cigarettes and more" when it purchased Convenience Concept in 2012, since when it has further developed the brand.

Number of sales outlets
own outlets, franchise stores

Germany (incl. sub-formats) 402

*“For now.
For later.
For me.”*

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

Through its operation of ServiceStore DB, Valora is adapting to a growing market segment and rising demand for unplanned and convenient purchases of products for immediate consumption. The locations at smaller and average-sized Deutsche Bahn stations thus observe long and flexible opening hours. The classic ServiceStore DB convenience offering targets commuters, travellers, students, school-age pupils and residents.

The convenience stores keep an extensive selection of oven-fresh baked goods, sandwiches and small snacks. In addition, the stores offer coffee specialities, cool drinks, sweets, tobacco and press products as well as services, for example tickets for sale.

ServiceStore DB is a Deutsche Bahn brand and concept. Valora has been an operating partner since 2012.

Number of sales outlets
franchise stores

Germany	105

“Supplies for on the move”

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

The concept developed in cooperation with the Hamburger Hochbahn targets commuters, travellers, students, school-age pupils and residents. It includes fresh snacks, baked products and hot beverages to take away as well as refreshing drinks, press and tobacco products, ice cream, services and tickets.

U-Store was launched in 2003. The format has been part of Valora Group since the acquisition of the Lekkerland subsidiary Convenience Concept in 2012.

Number of sales outlets
franchise stores

Germany	24

"Fresh & tasty"

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

BackWerk is the first self-service bakery and European market leader in this area with its modern and varied snack and catering range.

The assortment is consistently adjusted to customers' regional and seasonal requirements and produced fresh in BackWerk's premises. It comprises sandwiches, hot snacks, pastries and baked items. A growing number of BackWerk stores have a juice bar with fresh smoothies and fruit juices as well as a soup bar.

Many independent tests and studies confirm the high quality and extensive variety of the products: the food service bakery has repeatedly been voted best retailer for bread and baked items by its customers and was also nominated as their favourite place "Kundenliebling" in 2018.

Number of sales outlets
franchise stores (majority)

Switzerland	1
Germany	286
Austria	24
Netherlands	31

“Pretzels since 1919”

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

Ditsch can look back on a long tradition in the baking business: Ditsch has been providing pretzel-induced enjoyment to customers since it was founded in 1919. The aroma of warm Ditsch pretzels is a staple feature of stations and other highly-frequented locations in Germany.

In addition to classic pretzels, the sales outlets offer other lye bread products, pizza snacks and croissant specialities both as a snack or in more substantial form as well as hot and cold drinks. Moreover, Ditsch is always on the lookout for new varieties and seasonal products. The baked goods come from Ditsch’s own facilities and are freshly warmed up on location.

Ditsch has been part of Valora Group since 2012.

Number of sales outlets
agencies

Germany	198

"The finest"

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

The pretzel specialist applies the highest standards of quality and freshness. The pretzels are made by hand in Emmenbrücke near Lucerne with Swiss ingredients and then freshly warmed up at the over 50 Brezelkönig shops and partly made into delicious sandwiches and hot dogs.

Brezelkönig goes back to the "Brezeli-Beck" which opened its first outlet in Zurich in 1985. In 2000, the company (since renamed Brezelkönig) was acquired by Brezelbäckerei Ditsch, which was bought by Valora Group in 2012.

Number of sales outlets
agencies

Switzerland	62
Austria	3

"dal 1999"

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

Caffè Spettacolo is Switzerland's largest Italian coffee bar chain. It combines exclusive roasts with Barista skills and Italian flair.

Only high-quality fair trade and organic coffee beans are used in the unique roasts. Besides coffee, there is a select range of cornetti, warm focaccia and sweet bakery products. Caffè Spettacolo coffee is also available through the more than 600 coffee machines installed at k kiosk, Press & Books and avec.

Valora founded the format in 1999 and conducted a complete brand relaunch in 2016.

Number of sales outlets
own outlets

Switzerland	31
Luxembourg	4

"Superlicious Food & Drinks"

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

The offer includes high-quality and fairly priced snacks. SuperGuud combines fun catering and good humour true to the motto "Superlicious Food & Drinks… made with love… always".

The three SuperGuud sales outlets at Zurich and Basel stations are new, bold and trendy as well as an oasis of contended enjoyment. A perennially fresh assortment of sandwiches, salads, hot dogs plus warm and cold drinks has something for everyone.

SuperGuud has been part of Valora Group since February 2019 when the format was acquired from fangene GmbH.

Number of sales outlets own outlets	
Switzerland	3

Own brands

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

"It's ok.–"

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

ok.– products stand out through their good quality and fair pricing, they also come in modern and appealing packaging. The range includes drinks, snacks and non-food articles, such as umbrellas and is on offer at k kiosk, cigo, Press & Books, avec, U-Store, ServiceStore DB and some BackWerk stores. The own brand constitutes an important differentiation factor for Valora sales outlets, as they are the exclusive retailers of the brand.

The own brand first appeared in 1999 with the ok.– energy drink classic, which is still its most popular product. The range now comprises about 30 food and non-food articles for daily consumption and use.

bob

"Financial flexibility for consumers"

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

bob Finance is a branch of Valora Switzerland AG and combines reliability with modern technical convenience to make the customer's life easier. The committed bob team comprising finance and technology experts, develops innovative and simple ways of allowing clients to pay conveniently and remain financially flexible.

The portfolio includes several financing solutions for trade besides the private credit option bob credit: customers can shop online with bob pay partners and pay offline at Valora sales outlets. bob invoice enables purchases on account. bob zero offers a digital 0% financing solution for e-commerce and stationary retailing.

The fintech company was founded by Valora in 2015 with the aim of expanding the convenience aspect to payment and financing solutions.

Digital

New shopping experiences

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

Valora has developed additional self-checkout solutions based on the avec app, which has enabled access, purchase and payment at the cashier-free avec box since April 2019. These solutions include 24/7 access to a standard avec store. Valora has also launched an online delivery service within an hour for smaller purchases called avec now. The k kiosk Loyalty app offers awards in the form of individual coupons and stamp cards in recognition of customer loyalty. You can also order coffee when on the move with the Caffè Spettacolo app. And a redundancy cockpit was developed for Retail Switzerland, which enables targeted measures to be taken against food waste in sales outlets with a large proportion of food.


NO VACANCY
avec box
Eintritt
und
Einkauf
mit der
avec
App
MILCHDRINKS
SÄFTE
EISTEE
LIMONADE

Production

600 million baked items for 30 countries

Valora is one of the world's leading producers of pretzels and benefits from a well-integrated bakery products value chain. Every year, Valora produces around 600 million baked items through Brezelbäckerei Ditsch, founded in 1919, and Brezelkönig, which currently operate 16 proprietary production lines in Germany (Mainz and Oranienbaum), the US (Cincinnati, Ohio) and Switzerland (Emmenbrücke). In addition to the 200 Ditsch sales outlets in Germany, Brezelkönig shops in Switzerland and other Valora formats, deliveries are made to a growing number of clients in the retail and wholesale market. The frozen goods are exported to 30 countries – including Japan, China, Israel, Canada and Australia. There is growth potential especially in the core pretzel markets of Germany and the US.

External sales in CHF million

2 233

EBIT in CHF million

14.1

Sales outlets

2 680

Employees in the network

~15 000

Bakery products per year

~600 Mio.


ok.–

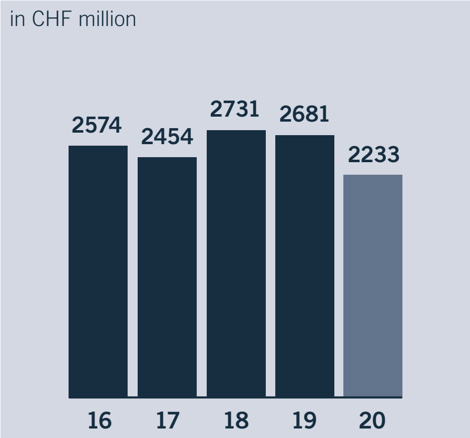
Key financial data

		31.12.2020	31.12.2019	Change
External sales [1]	**CHF million**	**2 233.3**	**2 680.6**	– 16.7%
Net revenue	**CHF million**	**1 697.4**	**2 029.7**	– 16.4%
EBITDA [1]	**CHF million**	**83.4**	**157.4**	– 47.0%
in % of net revenue	%	4.9	7.8	
Operating profit (EBIT)	**CHF million**	**14.1**	**91.5**	– 84.6%
in % of net revenue	%	0.8	4.5	
Net profit from continuing operations	**CHF million**	**– 6.2**	**73.6**	– 108.4%
in % of net revenue	%	– 0.4	3.6	
in % of equity	%	– 0.9	11.8	
Net cash provided by (used in) [2]				
Operating activities	CHF million	241.3	290.3	– 16.9%
Lease payments, net	CHF million	– 143.7	– 128.2	n.a.
Ordinary investment activities	CHF million	– 59.5	– 86.1	– 30.9%
Free cash flow [1] [2]	**CHF million**	**38.1**	**76.0**	– 49.9%
Earnings per share [2]	**CHF**	**– 1.55**	**18.68**	– 108.3%
Free cash flow per share [1] [2]	**CHF**	**9.53**	**19.30**	– 50.6%
Number of outlets operated by Valora		**1 827**	**1 796**	+ 1.7%
of which agencies		1 148	1 133	+ 1.3%
Number of franchise outlets		**846**	**929**	– 8.9%
Net revenues per outlet	CHF 000	929	1 130	– 17.8%
Share price	**CHF**	**173.80**	**270.00**	– 35.6%
Market capitalisation	**CHF million**	**762**	**1 064**	– 28.4%
Cash and cash equivalents	**CHF million**	**229.7**	**122.7**	+ 87.3%
Interest-bearing debt	**CHF million**	**1 469.2**	**1 491.8**	– 1.5%
Equity	**CHF million**	**685.0**	**626.1**	+ 9.4%
Total liabilities and equity	**CHF million**	**2 445.9**	**2 392.8**	+ 2.2%
Number of employees	**FTE**	**3 578**	**3 906**	– 8.4%
Net revenue per employee [2]	CHF 000	474	520	– 8.7%

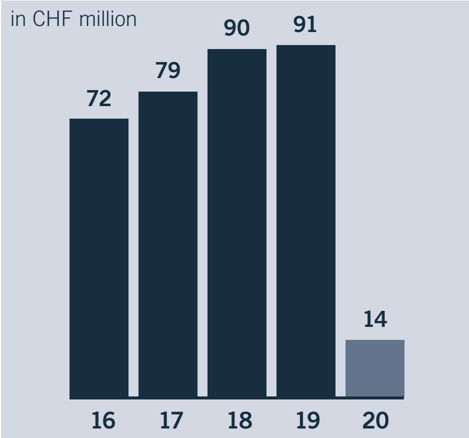
All totals and percentages are based on unrounded figures from the consolidated financial statements.
[1] Definition of alternative performance measures on page 225
[2] From continuing operations

Key financial data

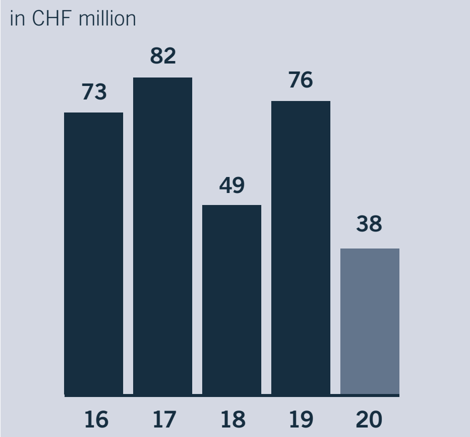
External sales



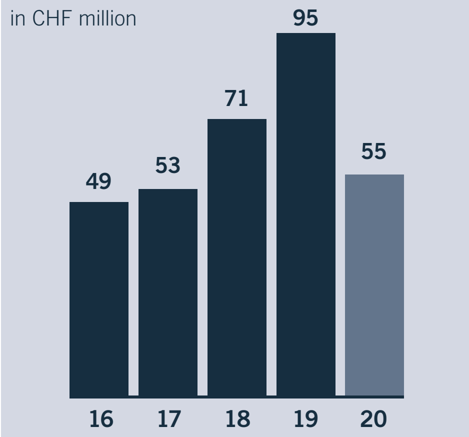
EBIT



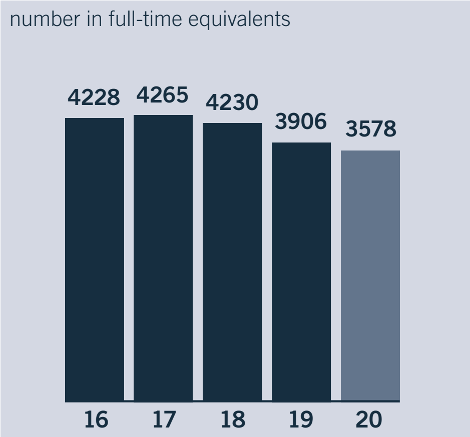
Free cash flow



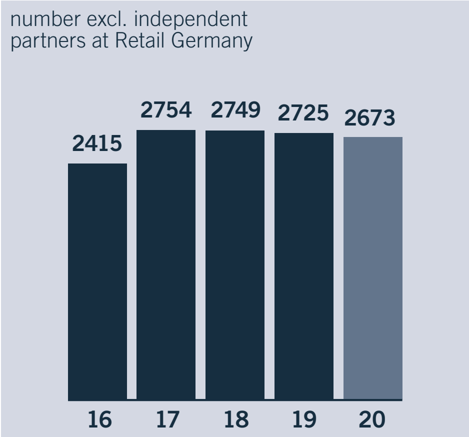
Investments



Employees



Outlets



Interview CEO

"Thanks to its resilient business model, Valora is holding its own even during the COVID-19 crisis."

Michael Mueller
CEO Valora Group

Michael Mueller, how did you experience 2020?
Nobody would have thought at the start of 2020 that a pandemic would have such a drastic impact on all our lives. The COVID-19 crisis also had a major impact on Valora's business development in 2020. The official restrictions brought in to contain the virus led to a collapse in customer footfall, with figures down by as much as –80% at highly frequented locations during the first lockdown. As a result, our sales fell by –17%. And nevertheless, we proved that Valora can withstand even the most adverse situations thanks to its resilient business model.

"We finished 2020 with positive EBIT and strong free cash flow."

How satisfied are you with Valora's operating result?
I am pleased that, in spite of everything, we achieved a positive operating profit of CHF 14 million in 2020 and strong free cash flow of CHF 38 million – EBIT was at the upper end of our financial outlook despite the second wave of the virus from late autumn and the renewed introduction of more stringent restrictions. The good start to the year, an uptick in sales between the phased lifting of the first lockdown from the end of April and the start of the second wave, a relatively stable gross profit margin and consistent cost controlling helped us to achieve this result. However, this was primarily thanks to the service provided by our staff and operating partners. They went the extra mile for our customers and Valora during this period, which has been tough at both a personal and professional level. They deserve all my respect and gratitude.

"The employees deserve all my respect and gratitude."

What were the main pillars of your crisis strategy?
In recent years, we have established a strong position in our markets as a focused foodvenience provider. Even during the lockdown, we were able to maintain business continuity and contribute to ensuring that the population was provided with basic supplies. We ensured the safety of both our customers and staff through the introduction of comprehensive protection concepts. From a financial perspective, we were extremely strict with our net working capital from an early stage of the crisis and deferred or prioritised investments. First and foremost, we moved quickly to take holistic measures to lower our cost base. And we will continue to do this moving forwards.

In 2020, you offset more than half of the reduction in gross profit through saving measures. How did you achieve this?
We cut costs by almost 12% compared to 2019 by prioritising projects in a targeted manner, optimising our sales outlet network and further reducing our central costs. We claimed short-time working for our staff – for over half the workforce at times. As a result, we thankfully only had to cut a small number of jobs.

Did you do anything extra for employees placed on short-time working?
We made up their salary shortfall during the initial stage of the crisis, meaning they were paid in full. We then ensured that any shortfall would not exceed 20% in those instances where the government paid out less than 80% of salaries, as is the case in Germany. We also subsidised our franchise and agency partners and helped them when faced with liquidity bottlenecks with a sum in the low double-digit millions. In addition, we cooperated closely with them when applying for government support.

To what extent did you optimise your sales outlet network?
The development in customer footfall varied depending on the stringency of the official measures in place. We continually changed our opening times to reflect what was happening on the ground, meaning it was a dynamic process. At the height of the lockdown in April 2020, we operated about 40% of our sales outlets with reduced opening hours, while around 20% were closed – some of the closings were by official decree. In spite of the restrictions tightening again, these numbers dropped to about 25% and 15%, respectively, at year-end. We only had to close about 40 of a good 2700 sales outlets due to the pandemic.

Where did the crisis have the greatest impact?
The restrictions meant that there was less opportunity to purchase comestibles for consumption when on the move, while the level of need and desire for such purchases also declined. This impacted our food category as a whole and especially the Food Service formats BackWerk, Ditsch, Caffè Spettacolo and Brezelkönig. They are particularly exposed, not just because they sell food, but also because they are primarily located at public transport hubs. Overall, sales in the high-margin food category fell by –28% in local currency, having grown by almost 3% in January and February.

In what ways did the retail business benefit?
On the one hand, the retail formats are also located in the agglomeration, at service stations and shopping centres – areas that were relatively well frequented. Our retail business also has a broader product range than the Food Service. Our high competence in the tobacco and press categories proved to be a strength during the crisis. In spite of a fall in external sales of –13%, Retail thus achieved an EBIT margin of almost 2%.

And what about the margin for Food Service?
Discounting depreciation, the Food Service margin at EBITDA level was actually about 8% and thus above that of Retail. That is evidence of solid profitability, even if external sales fell by almost a third in 2020.

How did the B2B pretzel business perform?
We also felt the impact of the sharp downturn in the out-of-home and food service market in this area, albeit not to the same extent as in our Food Service formats. Our very international portfolio of food service customers, who are not only active in high-frequency locations, has certainly contributed to this. Thanks to innovative product creations, we not only received new orders from existing customers, but also gained new customers, for example from the retail sector. Moreover, the situation in Europe was different to that in the US where our B2B business continued to grow. We were also helped by the fact that we can now package products in line with customer preferences at our Cincinnati facility thanks to the new production line – the timing during the pandemic couldn't have been better.

Have you done anything else to enhance your food offering?
We certainly have. For example, in response to the trend towards higher nutritional awareness, we launched innovative products with plant-based meat substitutes at Brezelkönig. We expanded our fresh vegan and vegetarian product offering at avec. And we further developed our entire range of filled products at BackWerk.

Were there also opportunities for you to exploit in 2020 in spite of the crisis?
Yes, absolutely. Changing customer behaviour and the COVID-19 pandemic are adding impetus to digital, low-

contact convenience solutions. We therefore systematically pushed ahead with their development and expanded our own expertise.

“Changing customer behaviour is adding impetus to digital convenience solutions.”

Can you give an example?
The automated self-checkout is a good example here. Due to the big customer response, we extended the contract term again for the cashier-free, 24/7 avec box at ETH Zurich Hönggerberg until the end of May 2021. Since December 2020, we have been testing a self-checkout solution via the avec app at the two avec stores in Zurich Oerlikon in parallel with staffed checkouts. We also launched a hybrid model at the end of January 2021 in the form of avec 24/7. While the avec store is a regular shop with staff during the week, on Sundays it turns into an autonomous operation. Once the COVID-19-induced ban on night-time shopping is lifted in Zurich, people will also be able to use the app to go shopping at night.

Demand keeps rising for e-commerce, delivery services and loyalty programmes.
Yes, that’s why we introduced the pilot version of our online store www.avecnow.ch in the middle of the first lockdown. Smaller convenience purchases are delivered within an hour or so. We are offering it in Zurich for the time being. We also brought all of our Swiss Food Service formats onto the delivery platforms of third-party providers. Moreover, we now have an optimised version of the Caffè Spettacolo Loyalty app with a new online solution for pre-ordering coffee anywhere in Switzerland.

Have you had any more successes in the area of digitalisation?
As regards process efficiency, in 2020 we were able to complete the final component of the rollout of a shared, future-oriented ERP platform in the Retail division. The sales outlets in Switzerland, Luxembourg and now in Germany too are all working on the same IT platform with a common goods management system.

Did you also invest elsewhere in implementing your strategy in 2020?
In spite of the pandemic, we invested CHF 55 million in 2020. The investments correspond to a good 60% of what we did the year before. In the first quarter, we concluded the expansion of the pretzel production facilities in Germany and the US in full and according to plan. We also invested further into the conversion of the locations secured until 2030 through the SBB tender into avec convenience stores and modernised k kiosk sales outlets with more food.

“Valora is investing in the future.”

Are you progressing with the SBB conversions?
The conversion work was on track at the start of the year. We then had to stop construction until the end of June due to COVID-19. We have made good progress once more since then. Among others, we have converted several former Migrolino sites at very attractive locations. We have only had to push back 30 conversions and we expect the project to be completed in 2022.

What do the customers say about the new avec stores?
The initial signs with respect to the performance of the new avec stores are very promising. The converted sales outlets at SBB locations and service stations where we are also expanding with avec are performing at an above-average level when compared to the existing shops. We are also encouraged by the customer feedback. We have experienced the same for our two German BackWerk sites in Moers und Neuss, both of which we modernised in a pilot on the basis of the successful Dutch concept.

Valora also wants to be more sustainable. Have you made progress?
We demonstrated our reliability as an employer last year, especially with the short-time working arrangement and partner support. Wherever possible, we also adjusted our range quickly and efficiently in line with the prevailing situation in order to avoid food being wasted. We are also working with organisations like Too Good To Go, with which we have saved over 270000 food portions since 2019. On the other hand, we successfully concluded other initiatives unrelated to the crisis, for example the launch of a new job platform and the switch to 100% fair trade coffee for all own brands. Nonetheless, it is true that we were held back by the COVID-19 crisis. But our commitment remains: sustainability will become part of our daily operations.

“We have a strong balance sheet and are financially stable and flexibly positioned.”

Valora increased its capital at the end of the year. What was the decisive factor behind this move?
We successfully placed 440000 shares in November 2020 and generated a gross return of CHF 70 million. This ultimately led to a higher cash holding and lower net debt (CHF 212 million as at the end of 2020). On that basis, we were able to improve our COVID-19 headroom for the leverage ratio covenant of the syndicated loan facility negotiated in April for

OUTLET NETWORK
31.12.2020

		Format	Switzerland	Germany	Luxembourg	Austria	Netherlands	TOTAL
RETAIL		k kiosk	868	211	68			1 147
		avec	164	4				168
		Press & Books	24	155	2	10		191
		cigo & sub-formats		402				402
		ServiceStore DB		105				105
		U-Store		24				24
FOOD SERVICE		BackWerk	1	286		24	31	342
		Ditsch		198				198
		Brezelkönig	62			3		65
		Caffè Spettacolo	31		4			35
		SuperGuud	3					3
TOTAL			1 153	1 385	74	37	31	2 680

CHF 150 million and extend it by a year to the end of June 2022. Valora thus has a strong balance sheet and good debt maturity profile, meaning we are financially stable and flexible even during these turbulent times.

“The foodvenience business will also remain attractive in future.”

Does this mean acquisitions are still on the agenda?
Yes. We don’t want to restrict ourselves to investing in our core business. We also want to benefit from a possible market consolidation owing to the crisis.

Is the foodvenience business still attractive at all?
We are convinced that out-of-home consumption will recover at highly frequented locations once the restrictions are relaxed. There were indications of this with the easing of measures following the spring lockdown. The foodvenience market will also remain attractive in the future.

Half of Valora’s points of sale are situated at highly frequented public transport locations. Will mobility return?
People will start moving more again. Presumably, however, some people may work from home more in future. According to our projections, the impact on mobility numbers compared to the pre-crisis year should be in the –5 to –10% range. It’s important for us that the rents reflect this new economic reality with respect to where the stores are located.

What is the latest in the negotiations with your landlords?
In spite of the enduring nature of the decline in footfall, rents for our entire portfolio were only reduced by slightly over –10% in 2020 – and that was only for the lockdown periods in most cases. The high minimum rents in the revenue-dependent leases prevented us from balancing out the risk distribution with the landlords. Negotiations for 2021 and beyond are continuing unabated. Notwithstanding that, we assume that the crisis will lead to vacancies and thus more competitive new rental rates, including at attractive locations.

"Out-of-home consumption will recover when the time comes to ease the restrictions."

Are you making any adjustments to your 2025 strategy?
The strategy as communicated in 2019 remains valid. We have planned investments of about CHF 60 million for 2021 – primarily for the further SBB conversion work. Growth, innovation, efficiency, a performance-oriented culture and sustainability are indispensable to our long-term success. We also consider the operational financial targets to be realistic. There may be minor deviations from the schedule, depending on how quickly we overcome the crisis.

What awaits us in 2021?
We currently find ourselves fully in the second wave of the pandemic. The impact has been stronger than we anticipated. Despite gradual relaxation of the government restrictions from March 2021, customer frequency is likely to remain comparably low until the middle of the year. However, we expect the business to develop above the previous year in the second half of 2021. It has to be assumed that demand for food-to-go will recover more slowly than the other categories due to the persistent restrictions. Nevertheless, food remains the main driver of our growth. The food category is also likely to benefit disproportionately from the recovery later on. Our investment focus is currently the conversion of the SBB sites. We are also moving forward with the development of new, digital convenience solutions.

What do you expect in terms of the 2021 result?
It is also primarily thanks to the retail business that our business model has proven resilient during this crisis. It is important to keep our cost base under control. In 2020, we adjusted our costs sustainably and across the board. We can now reap the rewards of this. Today, we expect to be comparably profitable on a monthly basis by the end of the year as we were in the time before the crisis. However, it is still uncertain, when and to what extent governments will ease their restrictions. It is therefore not yet possible to provide a guidance on the 2021 result. With the publication of our half-year results 2021 we will carry out a renewed assessment.

What is your biggest challenge?
It appears that the epidemiological situation will calm down as vaccines become more widely available. However, it will still take some time before the vaccination programme yields success. This will once more demand a lot from all employees in our network, who have been in crisis mode for a year already. We must make every effort to support our employees to the best of our ability.

"Food remains the main driver of our growth."

How are the employees doing?
The commitment we have been able to rely on is nothing short of incredible. Our employees made last year work by demonstrating perseverance, assuming individual responsibility and showing foresight. The Group Executive Management and I also continue to be greatly impressed at how they are coping with the situation and we are convinced that Valora and its employees will emerge strengthened from the crisis.

"Together, we will emerge strengthened from the crisis."

What is your basic personal outlook going into 2021?
In 2020, we all created a strong foundation for investing in the future through our good work and strict cost discipline. We have therefore not stood still despite the crisis. Instead, we have equipped ourselves for further growth. We will do more of the same in 2021. Together, we will manage the fallout from the pandemic. We need the support and solidarity of everyone to achieve this.

Corporate structure

Board of Directors

Franz Julen
Chairman

Sascha Zahnd
Vice-Chairman

Audit Committee

Markus Bernhard
Chairman

Dr Karin Schwab
Member

Sascha Zahnd
Member

Nomination/Compensation Committee

Michael Kliger
Chairman

Insa Klasing
Member

Dr Suzanne Thoma
Member

Group Executive Management

Michael Mueller
Group CEO

Beat Fellmann
Group CFO

Thomas Eisele
CEO Food Service

Roger Vogt
CEO Retail

Group of Leaders

Corporate

Adriano Margiotta
Group General Counsel, Corporate Secretary and Head Sustainability

Michael Wirth
Head Digital Product Development

Michael Paulsen
Head Group Controlling

Hilmar Scheel
Managing Director bob Finance

Christina Wahlstrand
Head Corporate Communications & Branding

Food Service

Karl Brauckmann
Managing Director Food Service Germany

Sebastian Gooding
Managing Director Ditsch Produktion/B2B

Monika Zander
Managing Director Food Service Switzerland

Retail

Philipp Angehrn
Head Retail Operations

Lars Bauer
Head Retail Sales DE/AT/LUX

Matthias Müller
Head Category Management Food & Convenience

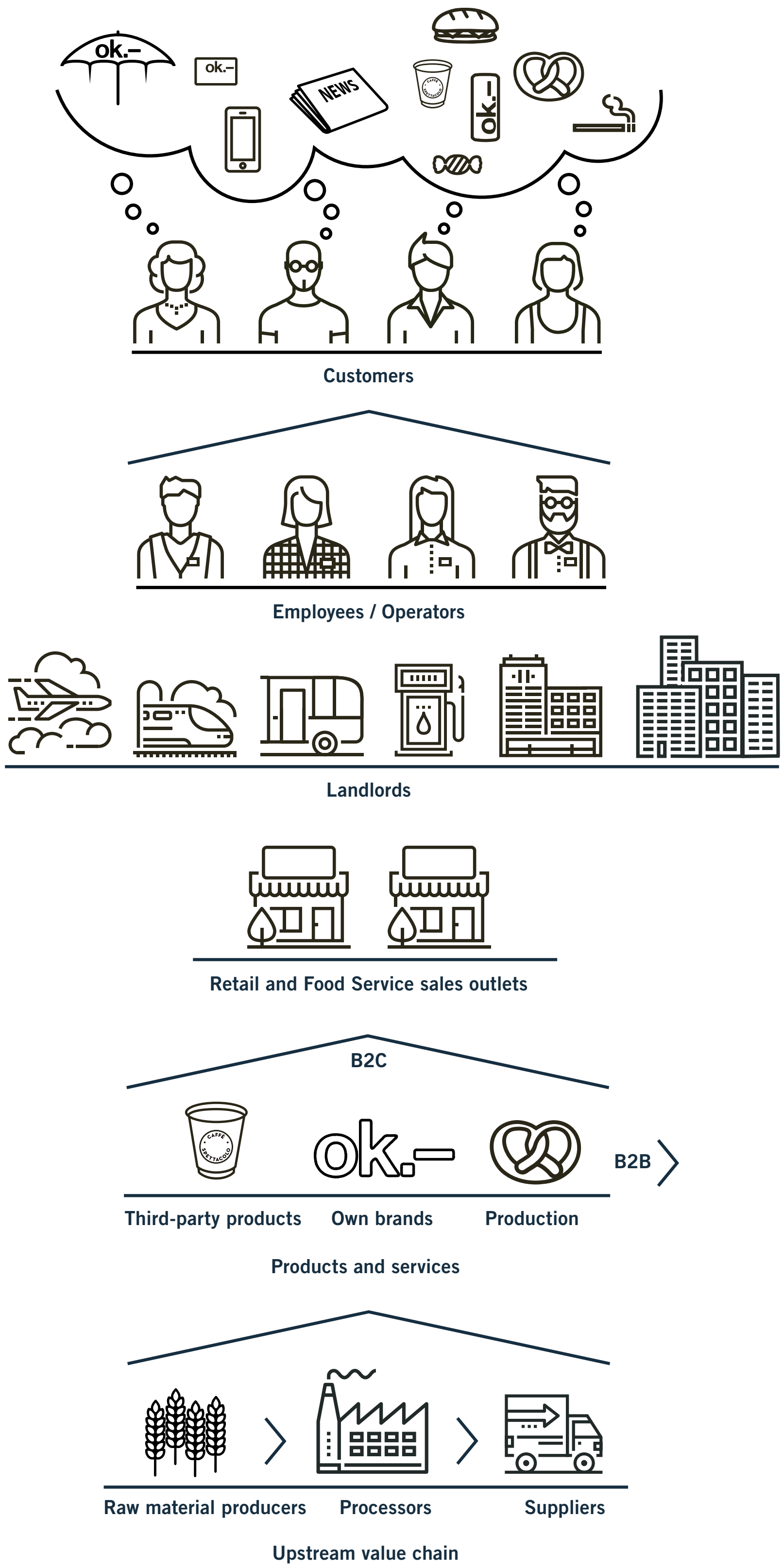
René Trapp
Head Category Management Non-Food

As at: February 2021

Sustainability

VALUE CHAIN

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



VALORA SUSTAINABILITY STRATEGY

"Our internal and external stakeholder groups are growing increasingly aware of global ecological and social challenges. As a result, they are expecting more from Valora Group. And rightly so. We assume responsibility through our sustainability strategy for our business conduct along the entire value chain. Sustainability is one of the five pillars of Valora's business strategy and is to become part of our everyday business", says Franz Julen, Chairman of the Valora Board of Directors.

APPROACH TO SUSTAINABILITY

SUSTAINABILITY AT VALORA

The growing world population, an ever bigger global middle class, urbanisation, climate change and the accelerating effect of digitalisation: these drastic developments impact the Valora Group along its entire value chain. They offer opportunities as well as challenges while, at the same time, contributing to further rein force the company's sustainability endeavours.

As a responsible company, Valora Group looks after its employees and protects the environment. Valora wants to exceed the expectations of its customers with excellent products and generate an attractive return in the process. To achieve these goals, Valora is pursuing a sustainability strategy based on three pillars: People, Planet and Products.

MATERIALITY ANALYSIS

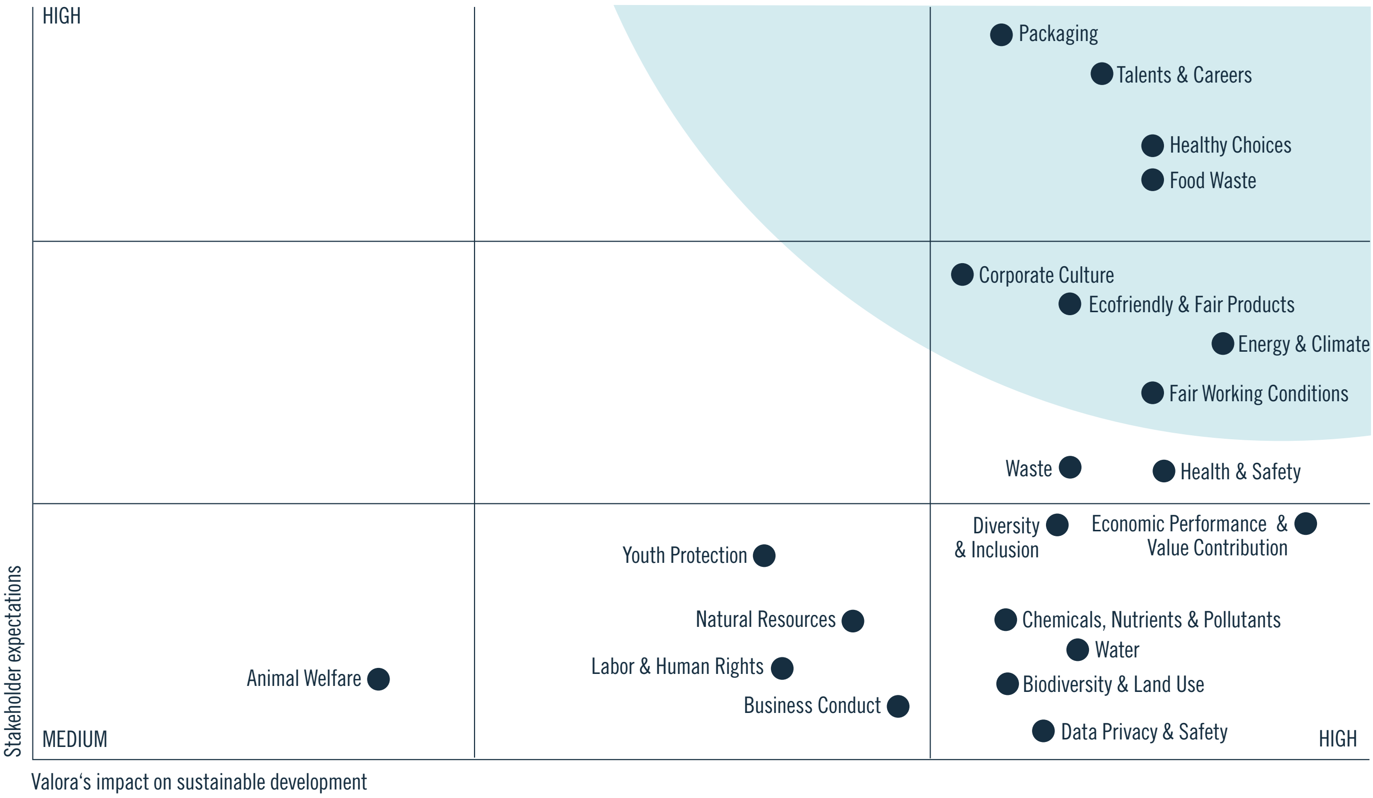
The materiality analysis serves as the basis of Valora's sustainability strategy: in 2019, the relevant sustainability issues were identified, prioritised and validated as part of a multi-step process. Central elements include the impact analysis and stakeholder engagement.

Initially, experts assessed the impact of Valora's business activity on sustainable development along the value chain (impact analysis). In a next step, stakeholders including customers, partners, landlords and environmental organisations expressed their expectations of Valora Group in interviews. The chart on page 51 summarises these stakeholder expectations.

MATERIALITY MATRIX

The impact analysis and stakeholder engagement results were summarised in a materiality matrix (see page 52). The vertical axis shows stakeholder expectations of Valora, while the horizontal axis shows the consequences (impact) of Valora on sustainable development along the value chain. The eight topics highlighted in colour in the top right were classified as material. Further details of the materiality analysis are outlined in the 2019 Sustainability Report.

MEGATRENDS AND EXPECTATIONS OF KEY STAKEHOLDER GROUPS
*Sustainable Development Goals = SDG



Materiality matrix with the results from the impact analysis and stakeholder engagement

STRATEGIC DEVELOPMENT

The results of the materiality analysis were then assessed from an economic perspective and compared with the corporate strategy. Results: Fair working conditions and the promotion of talent contribute to increasing attractiveness as an employer. Costs can be reduced through measures aimed at saving energy and preventing food waste. Sustainable and healthy products can become a competitive advantage over competitors.

In the final step, the material topics from the materiality matrix (see chart above) were consolidated and assigned to three pillars: People, Planet, Products. Measures and key figures were defined for seven of the total of eight topics. Together with stakeholder engagement and innovation, the eighth topic, namely cultural change, forms the basis for the implementation of the sustainability strategy as an "enabler". It is therefore being managed as a cross-cutting topic (see page 68).

STATUS AND FUTURE

The short-time working necessitated by the COVID-19 pandemic has impacted and delayed several sustainability projects. The strategic development of various product ranges has also had to be delayed.

The Valora Group Executive Management and Board of Directors nonetheless still identify strongly with sustainability. It is also anchored in the business strategy, where it forms the fifth pillar. In 2021, the expansion of the key figures and the definition of further quantitative goals are on the agenda. Moreover, Valora will increase its communication of the sustainability strategy within and outside the company.

REPORT STRUCTURE

All the material topics (apart from cultural change) are allocated their own chapter each, as with the GRI standards. The chapters address relevance, measures and progress. An evaluation of what has been achieved thus far, plus a look ahead to 2021 rounds off each chapter. Pages 69-72 present all quantitative data in tabular form.

Delays caused by the COVID-19 pandemic are marked with a virus symbol when reporting on progress made in 2020. Furthermore, announcements for 2021 depend on dynamic developments related to COVID-19.

SUSTAINABILITY THREE ACTION AREAS

PEOPLE

Becoming a great place to work for everybody

Priorities:
- Fair Working Conditions
- Talents & Careers

PLANET

Reducing our own environmental impact

Priorities:
- Food Waste
- Energy & Climate

PRODUCTS

Becoming the go-to place for sustainable foodvenience

Priorities:
- Ecofriendly & Fair Products
- Healthy Choices
- Packaging

SUSTAINABILITY

ENABLERS

Innovation

Stakeholder Engagement

Culture

PEOPLE
FAIR WORKING CONDITIONS

SDG

Employees not only drive the implementation of the business strategy; they also represent the company externally. This is especially true for foodvenience provider Valora, whose employees shape the shopping experience of customers through direct, daily contact. Accordingly, employee satisfaction is equally important for Valora. It increases motivation and loyalty to the company.

Valora ensures fair working conditions to maintain employee satisfaction at a high level. Work satisfaction depends on different factors, such as working hours, work break rules, social benefits, job security, promotion of health, diversity, equality and remuneration. Many of these topics come under the remit of the HR departments in the individual business areas. At the same time, fair working conditions are a universal issue and the responsibility of all managers within the Valora network.

EVALUATION AND OUTLOOK

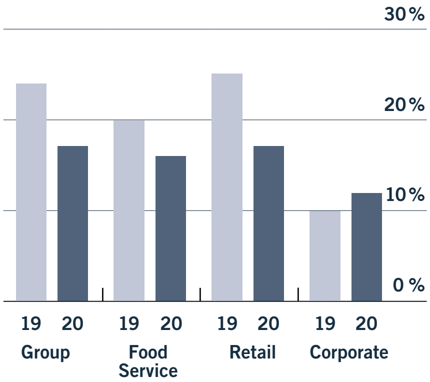
During the crisis, Valora Group made a big statement regarding its reliability as an employer, among other things by topping up employees' salaries during short-time working, which particularly benefited low-wage earners. Despite the unprecedented decline in customer footfall, only a small number of jobs had to be cut. Valora is counting on mastering the crisis together with its employees and partners.

At the end of 2020, Valora Group employed 4 641 own staff, – 6.3 % fewer than in 2019. This decrease is partly due to the conversion of own outlets into franchise stores and agencies. The staff are now employed at the sales partners. Net turnover also fell on the basis of termination by employees: from 24 % (2019) to 17 % (2020).

The franchise and agency partners were also hard hit by the pandemic. Valora was able to alleviate its partners' worst afflictions through maintaining close contact and providing targeted financial support for cases of hardship caused by the virus. Valora also passed on rent reductions, initiated liquidity-supporting measures and assisted with requests for state subsidies.

The COVID-19 pandemic continues to restrict the scope for action in 2021 as well. Nonetheless, Valora will analyse measures to improve working conditions at its sales outlets. The systematic agency support in the Retail division will also be expanded by means of further training programmes.

Net turnover rate*



* The net turnover rate is calculated based on the number of departures following termination by employees in relation to the number of employees at the end of the year.

PEOPLE
FAIR
WORKING CONDITIONS

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Top up the short-time working compensation for Valora employees – unemployment insurance in Switzerland equates to 80 % of the previous salary. In Germany, short-time worker's compensation is initially equivalent to 60 to 67 % of lost earnings, only rising to 80 to 87 % after seven months of short-time working. Valora tops up short-time allowances in certain cases.	●●●●●	Compensation for lost earnings through short-time working of 100 % in April and 90 % in May. Subsequent top-up to 80 % for short-time compensation amounting to under 80 % of lost earnings (e.g. in Germany).	Monthly review of further topping up opportunities in response to the crisis.
Partner support – the operating partners are supported in their business activities.	●●●●●	Subsidising franchise and agency partners and supporting when they faced liquidity bottlenecks with a sum in the low double-digit millions. Passing on of rent reductions and close support with applications for government support.	Monthly review of further topping up opportunities in response to the crisis.
Social dialogue – regular conversations and consultations with employee representatives are proposed and negotiations are conducted with them.	●●●●○	Focus on employee training at the 2020 meetings.	Continuation of social dialogue.
Valora Integrity Line – all network employees, partners and customers have the opportunity to report grievances anonymously online. The reports are processed by Valora's compliance officer.	●●●●○	Permanent availability via the Valora website. Notices in Swiss sales outlets. Delay in having notices at German sales outlets. Total of 34 reported cases (previous year: 43 cases). Conclusion of all 34 cases by 31 December 2020.	Ongoing permanent availability and rapid processing of reports. Increase in awareness of the Integrity Line through notices and references in the entire Valora network.
Business Partner Code of Conduct – The Code of Conduct is included in contracts with agency and franchise partners.	●●●●○	Inclusion in new contracts and incremental updating of all current contracts.	Inclusion in still pending partner contracts.
Equal pay analysis – statistical pay analysis to check for gender-based discrimination This is a legal requirement in Switzerland from 2021.	●●○○○	Project start in Switzerland and planning of data collection.	Swiss-wide data-collection and analysis of equal pay.
Surveys – surveys are conducted to measure employee and business partner satisfaction and identify areas for improvement.	●○○○○	Postponement of planned employee survey to 2021.	Performance of a Group-wide employee survey depending on the development of COVID-19.

PEOPLE
TALENTS AND CAREERS

SDG

The modern working world is in a state of constant flux, which requires employees to be flexible and continually upskilling. In tandem, new knowledge, fresh skills and extra qualifications are good for employee performance, motivation and employability.

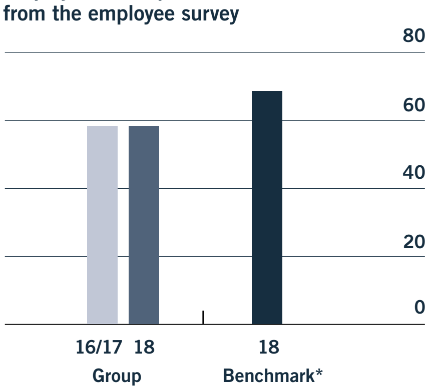
That's why Valora wants to offer attractive prospects to its employees as well as to its agency and franchise partners' employees. A working environment where they can develop by applying future-oriented competencies. The company leverages its internal development measures and coaching programmes accordingly for partners.

EVALUATION AND OUTLOOK

Mandatory courses for all employees in the extended Valora network (for example regarding youth protection) can be efficiently managed through the e-learning platform. Many obligatory and optional attendance-based courses and programmes complement this offer. Agency and franchise partners also benefit especially from the format-specific induction programmes that prepare them for their role as independent entrepreneurs. This approach is being developed further, notably in the Retail division.

Valora trains up its next generation of qualified employees with dual training programmes. The skills shortage at the Oranienbaum production facility is being addressed through an in-house training programme. A survey will be conducted in 2021 to determine whether these measures are sufficient for the staff.

Employee development score from the employee survey



The next employee survey will be in 2021.
Legend:
up to 55: little to no agreement
56 - 85: medium agreement
from 86: full agreement

* Sector-specific Swiss Employer Award 2018 for retail business

PEOPLE
TALENTS AND CAREERS

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Internal job market – job offers are initially advertised in-house. This promotes transparency and contributes to the visibility of further development opportunities within the company.	●●●●●	Launch of a new job platform for the entire Valora network (excl. BackWerk and Ditsch USA), marked increase in internal recruitment. Temporary placement of over 60 employees in own network during short-time working.	Further increase in visibility of the job platform.
Apprenticeship organisation – trainees are deployed in different areas in the context of dual vocational training or dual university education. This is their platform into professional life, while Valora also benefits from the up-and-coming qualified professionals.	●●●●●	56 trainees in Germany and Switzerland, including 15 dual students.	Creation of additional training places, centralisation of training programme in the Swiss retail network.
Training of operating partners – entry of new franchise and agency partners is facilitated by a format-specific training course of several days.	●●●●○	Various virtual meetings and workshops. Opening of training campus for the BackWerk and Ditsch formats in Essen.	Continuation of meetings and workshops. Development of a further training programme for Retail Switzerland to prepare employees for managing sales outlets.
Further training programme – employees are trained in the production sites to assume key functions in the production process that are hard to fill from the free labour market. In addition, other format-specific programmes are offered.	●●●●○	Development and establishing of a programme in Oranienbaum: 18 untrained employees underwent instruction on becoming machine operators, six machine operators were upskilled to stock managers.	Continuation and expansion of the programme scheduled.
E-learning platform – employees and operators have access to a broad online offering of training courses and mandatory training (excl. BackWerk).	●●●●○	Over 23 000 completed e-learning courses (previous year: 65 000). Delay in the introduction of a new platform.	Introduction of new e-learning platform and development of new, structured onboarding and training programmes.

PLANET
FOOD WASTE

SDG

According to foodwaste.ch, approximately a third of foodstuffs worldwide fail to complete the journey from farm to table. That is problematic economically as well as ecologically. Most of the food waste stems from commodity processing and consumption. In absolute terms, the quantities are also relevant for Valora, especially with fresh products such as sandwiches or salads. Food waste affects not only Valora's sales outlets, but also its in-house production of pretzels.

To prevent food waste while at the same time saving costs, Valora's efforts will initially comprise improved volume planning to reduce oversupply. The next step is to sell any remaining stock at a discount or put it to alternative use, for example in the production of biogas. Continual improvement of processes and facilities is of central importance to Valora's production plants.

EVALUATION AND OUTLOOK

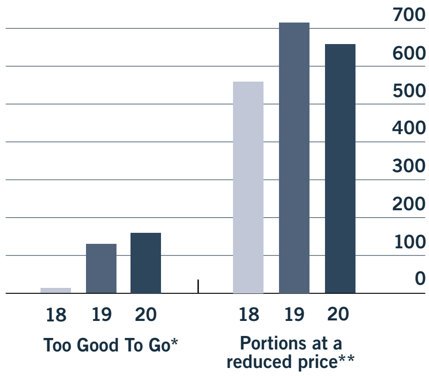
The Food Service formats prepare comestibles onsite in response to demand. The supply can be adjusted quickly and excess is avoided. Excess supply in the retail formats mainly affects fresh products, for example baked goods and sandwiches as well as promotions.

With the redundancy cockpit, Retail Switzerland launched in 2020 an important new tool for optimising the order process. Food Service expanded its cooperation with Too Good To Go: since 2019, more than 270 000 reduced-price food portions have been sold through the app.

One central challenge of avoiding food waste is that often only minimal volumes of waste occur per location, which poses a logistical challenge, for example in making donations to aid associations.

Nonetheless, Valora is specifically addressing this challenge through the preventive redundancy cockpit and the sales-promotion measures for excess supply Too Good To Go and 2nd Chance. The company wants to achieve a leading position in avoiding food waste through these measures in future.

Avoided food waste portions in thousands



* 2019 values corrected through upgraded data collection.
** Only Retail Switzerland.

PLANET
FOOD WASTE

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Optimisation of production lines – ongoing improvement management in production lines leads to reduction in rejects in pretzel production in Oranienbaum, Mainz (Germany), Emmenbrücke (Switzerland) and Cincinnati (USA).	●●●●●	Optimisation of new production lines in Oranienbaum, reduction of the average Group-wide reject rate from 5.8 % to 5.4 % (weight proportion across all production lines).	Continual optimisation of production lines.
Food donations – By donating food from the Ditsch production to charitable aid organisations (e.g. Die Tafeln), people in need are supported.	●●●●●	Weekly provision of food to five organisations in Mainz and Oranienbaum. Expansion to hospitals in order to express appreciation during the COVID-19 pandemic. A total of 14 000 donated portions.	Continuation of food donations within the present framework.
Redundancy cockpit – the new controlling instrument enables the clear and dynamic tracking of redundant stock in the individual sales outlets. That enables the sales and outlet managers to adopt targeted measures.	●●●○○	Cockpit programming for Retail Switzerland and introduction to pilot outlets.	Rollout in all avec and k kiosk sales outlets with an extensive food offering in Switzerland.
Too Good To Go – customers can use the Too Good To Go app; as part of the pan-European movement to reduce food waste, food bags are offered at a discount from sales outlets shortly before closing time.	●●○○○	Sale of over 150 000 portions in 96 Food Service Switzerland sales outlets and in about 100 BackWerk stores in Germany. Decision on further rollout postponed.	Decision regarding further rollout at Food Service Germany and rollout at Retail.
2nd Chance – baked goods are offered at a discount until midday on the second day: 2nd Chance on the 2nd day for CHF 2. Price reductions prior to closing are also standardised and displayed.	●●●○○	Successful pilot with 2nd Chance, rollout in all Swiss avec stores. Standardised price reduction prior to closing postponed.	Test of 2nd Chance at k kiosk. Rollout of standardised price reductions in all Swiss avec stores.

PLANET
ENERGY AND CLIMATE

7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
SDG

Energy consumption costs money and emits greenhouse gases, which contribute to global warming. Those are two good reasons for Valora to minimise energy use in pretzel production, sales outlets and logistics and to use more renewable energy sources.

As the main consumers in its stores, Valora has identified the coolers and, depending on the location, the ovens and air conditioning systems. The use of modern devices to develop production and convert sales outlets offers further major energy savings potential. The climate impact in the supply chain can be mitigated by measures in the Products pillar.

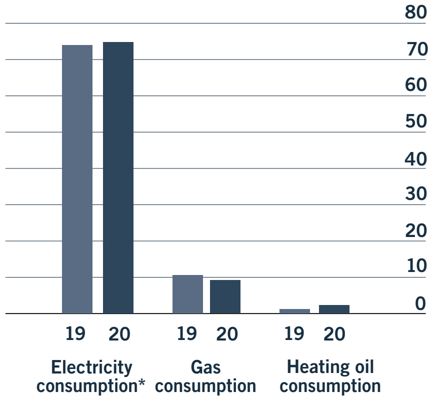
EVALUATION AND OUTLOOK

Group-wide energy consumption increased in the past year by around 0.7 % to nearly 85 000 MWh. The reason for this is that data collection was expanded to additional sales outlets. The closure of locations due to the COVID-19 pandemic did not lead to any significant savings in electricity consumption since the main consumers such as coolers had to continue running.

Electricity consumption in the production facilities of Valora Group declined in 2020 – but less than the production volume. The energy intensity increased accordingly: from 417 kWh to 515 kWh per tonne of produced goods. This is primarily due to the fact that the use of cooling units is hardly dependent on the production volume.

In the sales outlets, with their varying locations and facilities, energy management remains challenging. For this reason, Valora plans to use its main lever: the promotion of efficient coolers. In parallel, data collection will be expanded. This should help Valora tap into further efficiency potential and support efficient savings programmes. In addition, inspections of sales outlets with high electricity consumption in 2020 will increase the understanding of additional levers and typical energy consumers.

Energy consumption in thousand MWh



* Electricity values include all production sites and 1 479 (2019: 1 452) of 2 680 (2 731) sales outlets. Gas and oil values cover all the production facilities and 1 022 (974) sales outlets.

PLANET
ENERGY
AND CLIMATE

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Energy management system – an ISO 50 001-certified energy management system is used in the largest production sites at Mainz and Oranienbaum. The system enables continual data gathering, identification and implementation of improvement measures and monitoring of success.	●●●●●	Successful ISO 50 001 audit. Optimisation of new plants, conversion to LED lighting in two production areas. Some delays due to saving measures.	Exchange of heating system in the Mainz location, planning of further measures as part of energy management.
Modernisation of coolers – the coolers in the sales outlets are being replaced by more efficient models. Doors are also being used as an efficiency-enhancing measure for coolers with fresh and convenience products and in non self-service concepts.	●●○○○	Receipt of ProKilowatt subsidy for planned energy savings. Definition of systematic specifications for the use of doors for cooling devices. Some delays in replacing cooling devices as part of the SBB conversions.	Ongoing renewal with more efficient coolers and use of doors in accordance with new specifications.
Energy consumption analysis in sales outlets – main consumers and scalable energy-saving measures are identified through onsite inspections.	●●○○○	Project start with Retail Switzerland (tender complete).	Inspection of 5-10 sales outlets and implementation of the first proposed energy-saving measures.
Data collection – electricity consumption in the sales outlets is measured and read in real time to identify savings potential and initiate efficiency measures.	●●○○○	Collection of electricity consumption data in 1 452 of 2 680 sales outlets. Delay in installing measuring systems onsite.	Expansion of data collection in sales outlets and identification of further efficiency measures.
Renewable energies – use of renewable energies to minimise the adverse climatic impact.	●○○○○	Use of renewable energies in some locations. Consideration of expansion postponed.	Cost estimate and review of renewable energy use (additionality).

PRODUCTS
ECOLOGICAL AND FAIR PRODUCTS

SDG

Food production has a major social and ecological impact. That's why Valora places emphasis on its food range and how it is produced in the upstream value chain. It has the greatest influence over its own brands and products.

Valora wants to make sustainable products taste good for its customers without patronising them. For example, Valora invests a lot in an attractive vegan and vegetarian range, thus reducing its ecological footprint significantly. Valora is also looking more at sustainability aspects pertaining to its non-food products. Repeated use of the same products, for example, is becoming more widespread.

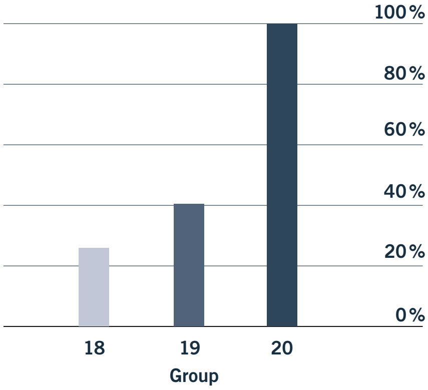
EVALUATION AND OUTLOOK

The conversion of all own brand coffees to fairtrade coffee at the start of 2020 was a major development. This led to one of the biggest-selling products being produced in line with exacting sustainability criteria, to the benefit of about 2000 coffee farmers. The food range also includes organic and other fairtrade labelled products.

Minimum production condition criteria are increasingly being applied to tenders in the non-food area. Moreover, Valora is promoting a new type of consumption through its launch of a sharing platform in December 2020, whereby products can be rented more easily, leading to repeated use and clear ecological benefits. Besides convenience the sharing model also increases footfall at the sales outlets.

Valora has initiated an analysis based on recognised scientific methods to structure sustainable aspects more systematically in its product range. Following this analysis, new sustainability measures will be defined.

Share of fairtrade coffee cups in total sales with own brand coffeee



PRODUCTS
ECOLOGICAL AND
FAIR PRODUCTS

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Fairtrade coffee – the fairtrade label protects smallholder farmers from the major price fluctuations on the global market by setting a minimum price and ensuring humane working conditions.	●●●●●	Change to 100 % fairtrade coffee for all own brands, which account for nearly all coffee sales*.	Measure completed.
Free-range or barn eggs – there is a commitment to the organisation The Humane League to only offer products with eggs if they are made exclusively with free-range or barn eggs.	●●●●●	Final adjustment of the product range and ensuring compliance with procurement processes. Obligation met in full since 2020.	Measure completed.
Labels – sustainable fishing is ensured and overfishing of the seas avoided by only using fish with the MSC label.	●●●●○	Successful MSC certification of all Brezelkönig and Caffè Spettacolo sales outlets in Switzerland.	Introduction of an organic apple drink (Apfelschorle) under the ok.– brand. Potential use of other labels as part of the product range analysis.
Sharing models – fee-based product rental through a platform. The products can then be returned at another sales location. This is conducive to the reuse of the product.	●●●●○	Launch of the platform and a sustainably produced umbrella-to-rent in the Swiss retail network. Continued renting out of Chimpy power banks to charge mobile phones.	Identification and introduction of new products to loan.
Vegan and vegetarian selection – an attractive vegan and vegetarian selection helps customers to bypass animal-based products. That avoids the negative ecological impacts of animal farming and satisfies customer needs.	●●●○○	Broad-based range at Caffè Spettacolo and BackWerk. Vegan unfilled pretzels from Brezelkönig and Ditsch. Inclusion of vegan meat-substitute products in the Brezelkönig range. Participation in the Veganuary campaign through the avec and Caffè Spettacolo formats.	Participation in the Veganuary campaign through the avec, Brezelkönig and Caffè Spettacolo formats. Further expansion of the vegan and vegetarian selection in retail formats.
Valora Business Partner Code of Conduct – inclusion of human rights and the importance of environmental protection criteria in contracts with key suppliers.	●●●○○	Inclusion of the Business Partner Code of Conduct as a contractual component for larger new contracts and new orders.	Inclusion in current larger supply contracts in Germany.
Product range analysis – identification of the largest ecological and social impact in our supply chain. Product groups are assigned to hotspots and further measures are created for the range (e.g. introduction of labels and minimum criteria).	●●○○○	Selection of an external partner and data collection.	Analysis, development of a label strategy and sustainability criteria for identified product groups.

*Starbucks uses its own C.A.F.E. Standards for ensuring social and ecological cultivation conditions. For this reason, the Starbucks coffee shops in some retail locations do not have the fairtrade label.

PRODUCTS
HEALTHY CHOICES

3 GOOD HEALTH AND WELL-BEING

SDG

Poor nutrition and obesity are among the most common avoidable causes of illness and premature death in the world. Valora wants to give its customers the chance to satisfy their hunger with healthy products, even if consumption of sweets and sugary drinks – as well as tobacco – count among the big sellers in its product range.

Valora makes its own recipes for its Food Service business and it can make products that contribute to a balanced diet. The leverage in its Retail business lies mainly with the composition of the product range. Quality management for food safety and product development are fundamental, especially for pretzel production.

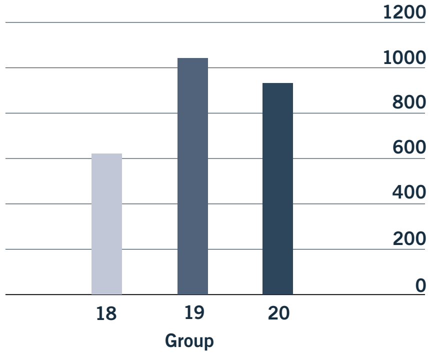
EVALUATION AND OUTLOOK

The Food Service formats are especially active with healthy alternatives and are testing changes to their product development. The concepts are format-specific and depend on individuals for the selection. Customer acceptance of healthy alternatives to snacks and drinks is tested most in the convenience business.

In 2020, the number of sales outlets with a dedicated healthy offering decreased slightly. This was mainly due to individual store closures.

Valora wants to reinforce the Group-wide conversion to a healthier product offering over the medium term. In addition, recommendations are being developed across the formats for how to deal with additives, sugar, fat and salt.

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



* Excl. Retail Germany, data on 1 779 outlets (2018: 1 822; 2019: 1 823).

PRODUCTS
HEALTHY
CHOICES

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Audited food safety – the two biggest production sites of Oranienbaum and Mainz are certified to IFS and BRC standards. The production site in Cincinnati (USA) is SQF certified.	●●●●●	Successful announced and unannounced audits, certificate renewals.	Additional annual audits and food security optimisation.
Adjusted offering – ongoing monitoring of the offering and customer acceptance of healthier alternatives. Moreover, closer attention is being paid to tracking portion sizes in the Food Service business.	●●●○○	Retention of a healthy snack offering in 525 retail sales outlets.	Consistent monitoring of other healthy alternatives.
Fresh selection – the freshness factor keeps growing in the new format concepts and will be further developed as part of the revision of the offer.	●●○○○	Addition of a fresh juice bar in the new BackWerk sites. Integration of fresh recipes from new BackWerk locations in current sales outlets.	Expansion of the fresh range with salads and sandwiches, fresh concept for fruit and vegetables in avec sales outlets.

PRODUCTS
PACKAGING

SDG

Packaging is a blessing and a curse. It protects products and helps to reduce food waste. At the same time, it is only used fleetingly before being thrown away. Disposal is usually laborious and can be harmful to the environment. Then there are the resources used to produce the packaging.

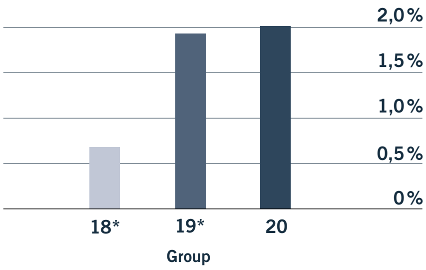
"Avoid, reduce, reuse" therefore sums up Valora's approach to sustainability. It applies in all instances where packaging is used – in production, logistics, retail and consumption. Valora wants to use lighter packaging made from sustainable materials with a high recycling component. Moreover, the use of reusable receptacles such as thermos flasks will reduce the dependency on to-go packaging, for example plastic bags or disposable coffee cups.

EVALUATION AND OUTLOOK

Valora has initiated some important measures by charging a fee for plastic bags and promoting reusable cups. However, take-up of reusable cups remains low – the disposable solution is too convenient: after a broad-based introduction of discounts led to an increase in the use of reusable cups in 2019, the relative share increased very little during the past year. There are plans for a system to return reusable cups, however it is not due for implementation soon. Reason: the partner in Switzerland stopped the pilot last year. Nevertheless, take-up of reusable cups is set to increase in 2021 through more discounts, a larger selection and awareness campaigns.

Packaging savings are being planned for the ok.– own brand. In this way alone, over ten tonnes of plastic will be saved in 2021 through weight optimisation of the mineral water bottles. The remaining plastic of the bottles is generated from recycled material. To promote packaging savings across the own brands, in-depth discussions with suppliers continue to be required.

Share of reusable cups used for all warm drinks to go



* Values corrected through upgraded data collection.

PRODUCTS
PACKAGING

SELECTED MEASURES	STATUS	PROGRESS IN 2020	PLAN FOR 2021
Plastic bags – fee levied for plastic bags distributed in the sales outlets. In addition, plastic bags are being switched to recycled materials and customers are encouraged to keep using the same bags.	●●●●○	The fee is charged across the Group. Start of tender for bags from recycled materials.	Switch to bags made from recycled materials.
Promotion of reusable cups – an incentive in the form of a discount or free upgrade for customers to take reusable cups. Reusable coffee cups are also available for sale in the sales outlets.	●●●●○	Introduction and/or retention of discounts or upgrades for the use of reusable cups at Retail Switzerland and the entire Food Service division. Introduction of a particularly inexpensive reusable cup at BackWerk.	Expansion of the sale of reusable cups. Tracking of further measures to promote reusable cup use.
Coffee condiments – switch to ecologically optimised disposable cups, drink stirrers, tableware, disposable cutlery in the sales outlets.	●●○○○	Use of single wall disposable cups* made from PEFC-certified materials, conversion to wooden drink stirrers.	Conversion of disposable cutlery from plastic to wood, no more free distribution of disposable cutlery.
Water dispenser – development of a water dispenser to supply customisable refreshing drinks in reusable bottles.	●●○○○	Test of the second prototype in an avec store. Unsatisfactory customer acceptance.	Search for a new external partner and improve attractiveness, decision on further test.
rPET bottles – recycled PET (rPET) is used for the production of own brand bottles.	●●○○○	Preparation for conversion.	Conversion to 100 % rPET for ok.– mineral water and 35 % rPET for ok.– ice tea. In addition, reduction of plastic use by ten tons.
Campaign on Earth Overshoot Day – the day when a country has consumed a year's worth of resources measured by nature's regeneration capacity. That day is usually in May. A major campaign is planned on the Earth Overshoot Day with partners in Germany and Switzerland.	●○○○○	Partner search complete, discontinuation of campaign during COVID-19 lockdown.	Execution in Switzerland and Germany depending on the COVID-19 pandemic.

* With the exception of ServiceStore DB, as Valora cannot make its own selections there.

ENABLERS

CULTURAL CHANGE

The goal is clear: Valora wants to embed sustainability in the company's DNA. That is not yet the case everywhere, which is why information and promotion events are required at around 2 700 Valora locations. The strategic direction of sustainability efforts is determined by the Governance Board Sustainability, consisting of members of the Board of Directors, Group Executive Management and management. Steering Committees are responsible for the operational implementation of the strategy in the individual business units and ensure that sustainability measures receive continuous attention.

Some Valora employees were involved in the Valora sustainability strategy in 2019. A group of sustainability champions emerged who assume a multiplier and expert role within the company. The social Valora Connect intranet facilitates communication with the sustainability champions and will be used in future for broader communication on sustainability. In 2021, there will also be an internal campaign via different communication channels to raise awareness of the sustainability strategy.

Sustainability topics have been part of onboarding new employees since 2020. Sustainability will now also be integrated gradually in the recruitment process.

INNOVATION

It takes creativity, courage and persistence to bring sustainable products to market which go beyond incremental improvements. Valora regularly develops and tests sustainable innovation in close cooperation with suppliers and other business partners. In addition, Valora is cooperating with universities, students and environmental organisations to generate product ideas. In 2020, Valora teamed up with partner companies to organise a cheese snack hackathon centred on healthy nutrition, ecological raw materials and packaging.

The innovation process at Valora is long-term in nature and does not conclude with market entry. New products initially undergo a test phase and are then analysed systematically and consistently adjusted to match customers' needs. A water dispenser was tested in 2020, for example. Customers can fill reusable cups with customisable drinks using the dispenser. Demand in the pilot phase was insufficient, so the partners are now taking steps to improve the product market fit. However, some innovation projects require patience: sometimes customers move slowly when changing their daily routine – in this case they have to make space in their bags for reusable cups.

Valora implemented a particularly sustainable innovation at the end of 2020 when it launched the umbrella-to-rent. Customers can hire the environmentally friendly umbrella and return it at another store. Valora wants to use the sharing platform developed for the umbrellas for other products in future.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement will be repeated and remain stable in future within the framework of the materiality analysis (see pages 50–52). The sustainability report will be optimised annually with extra key figures and made available to the various stakeholder groups. There were talks on ESG topics with analysts in 2020 where progress and plans were discussed for the future. There will also be direct conversations with stakeholders and sustainability topics will be addressed in customer and employee surveys. Valora also plans to systematically generate and evaluate subject-specific customer inquiries. Further engagement formats are under review.

KEY FIGURES TABLE

EMPLOYEES

	Group				Food Service				Retail				Corporate			
	2020		2019		2020		2019		2020		2019		2020		2019	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Employees*																
Headcount	**4641**	**100**	**4955**	**100**	**1383**	**30**	**1425**	**29**	**3025**	**65**	**3340**	**67**	**233**	**5**	**190**	**4**
Full-time equivalents (FTE)	3578	100	3906	100	1177	33	1244	32	2185	61	2486	64	216	6	176	5

	Group				Food Service				Retail				Corporate			
	2020		2019		2020		2019		2020		2019		2020		2019	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Employees by age*																
Total	**4641**	**100**	**4955**	**100**	**1383**	**100**	**1425**	**100**	**3025**	**100**	**3340**	**100**	**233**	**100**	**190**	**100**
Of 30 or younger	1159	25	1278	26	366	26	411	29	747	25	846	25	46	20	21	11
Between 31 and 40	1041	22	1146	23	364	26	396	28	606	20	697	21	71	30	53	28
Between 41 and 50	932	20	998	20	301	22	298	21	583	19	649	19	48	21	51	27
Over 51	1509	33	1533	31	352	25	320	22	1089	36	1148	34	68	29	65	34

	Group				Food Service				Retail				Corporate			
	2020		2019		2020		2019		2020		2019		2020		2019	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Employees by gender and level of employment*																
Total	**4641**	**100**	**4955**	**100**	**1383**	**100**	**1425**	**100**	**3025**	**100**	**3340**	**100**	**233**	**100**	**190**	**100**
0–49 % employment	690	15	874	18	123	9	130	9	557	18	742	22	10	4	2	1
50–79 % employment	1305	28	1312	26	201	15	150	11	1086	36	1143	34	18	8	19	10
Between 80–99 % employment	747	16	691	14	364	26	279	20	366	12	399	12	17	7	13	7
100 % employment	1899	41	2078	42	695	50	866	61	1016	34	1056	32	188	81	156	82
Women	**3123**	100	**3365**	100	**719**	100	**788**	100	**2323**	100	**2515**	100	**81**	100	**62**	100
0–49 % employment	557	18	731	22	87	12	99	13	464	20	630	25	6	7	2	3
50–79 % employment	1038	33	1042	31	112	16	110	14	911	39	918	37	15	19	14	23
Between 80–99 % employment	497	16	479	14	186	26	158	20	302	13	317	13	9	11	4	6
100 % employment	1031	33	1113	33	334	46	421	53	646	28	650	26	51	63	42	68
Men	**1518**	100	**1590**	100	**664**	100	**637**	100	**702**	100	**825**	100	**152**	100	**128**	100
0–49 % employment	133	9	143	9	36	5	31	5	93	13	112	14	4	3	0	0
50–79 % employment	267	18	270	17	89	13	40	6	175	25	225	27	3	2	5	4
Between 80–99 % employment	250	16	212	13	178	27	121	19	64	9	82	10	8	5	9	7
100 % employment	868	57	965	61	361	54	445	70	370	53	406	49	137	90	114	89

* A reorganisation carried out in 2020 resulted in minor shifts in personnel from Corporate to Retail and Food Service. These changes have not yet been taken into account in the staff figures, ensuring comparability with the previous year.

FAIR WORKING CONDITIONS AND TALENTS & CAREERS

	Group				**Food Service**				**Retail**				**Corporate**			
	2020		2019		2020		2019		2020		2019		2020		2019	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%
Employee turnover*																
Employee total	**4641**	**100**	**4955**	**100**	**1383**	**100**	**1425**	**100**	**3025**	**100**	**3837**	**100**	**233**	**100**	**190**	**4**
Departures following termination by employees, net turnover rate	768	17	1200	24	215	16	283	20	524	17	957	25	29	12	19	10

* A reorganization carried out in 2020 resulted in minor shifts in personnel from Corporate to Retail and Food Service. These changes have not yet been taken into account in the staff figures, ensuring comparability with the previous year.

Occupational accidents																
Total	**122**	–	**170**	–	**59**	–	**55**	–	**63**	–	**115**	–	**0**	–	**0**	–

Results of the employee survey (0 –100)

	Group		**Benchmark****
	2018	2016/17*	2018
Commitment	78	79	84
Satisfaction	66	68	74
Attractive employer	65	66	72
Employee development	59	59	67

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

* Limited scope for comparison as more employees were asked in 2018.
** Sector-specific Swiss Employer Award 2018 for retail business.

FOOD WASTE

	Group					
	2020		2019		2018	
	Abs.	%	Abs.	%	Abs.	%
Avoided food waste						
Total portions	**818626**	**100**	**825579**	**100**	**554227**	**100**
Sale through Too Good To Go*	152844	19	118967	14	200	0.04
Portions at a reduced price**	665783	81	706612	86	554027	99.96

* 2019 values corrected through upgraded data collection.
** Only Retail Switzerland.

	Food Service production*		
	2020	2019	2018
	%	%	%
Wastage rate			
Waste as a proportion of produced goods (by weight)	5.4	5.8	7.0

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

ENERGY

	Group			
	2020		2019	
	in MWh	%	in MWh	%
Energy consumption*				
Total energy consumption	**84931**	**100**	**84312**	**100**
Electricity consumption*	75143	89	74040	88
Gas consumption	9593	11	10168	12
Heating oil consumption	195	0.2	104	0.1

* Electricity values include all production sites and 1479 (2019: 1452) of 2680 (2731) sales outlets. Gas and oil values cover all the production facilities and 1022 (974) sales outlets.

	Food Service production*		
	2020	2019	2018
	in MWh	in MWh	in MWh
Energy intensity			
Energy per tonne of produce in MWh	0.515	0.417	0.422

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

ECOLOGICAL & FAIR PRODUCTS

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

HEALTHY CHOICES

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

* Excluding Retail Germany.

PACKAGING

	Group		
	2020	2019	2018
	%	%	%
Use of reusable cups*			
Share of reusable cups used for all warm drinks to go	2.0	1.9	0.5

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

ABOUT THIS REPORT

This report is reflects the style of the GRI reporting standards. It covers the activities of the Valora Group with a focus on the largest business areas in Germany and Switzerland. All staff figures apply to the entire Group.

If you have any questions on sustainability at Valora or this report, please contact Yannic Steffan, Sustainability Manager, at:

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Corporate Governance

REPORT ON CORPORATE GOVERNANCE

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

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

The corporate governance report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 24 significant unlisted companies, all of which are fully consolidated. The Group's operational structure is set out on page 45.

1.1.1 LISTED COMPANIES

The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Muttenz. The company is listed in the main segment of SIX Swiss Exchange (Swiss securities number 208897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 0.13% of the total of 4390000 issued shares. At 31 December 2020, the market capitalisation of Valora Holding AG amounted to CHF 762 million. The company's market capitalisation over the last five years is shown on page 223.

1.1.2 CONSOLIDATED COMPANIES

The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 203 to 204, which list the name, domicile, total share capital, listing and percentage of share capital held by Valora Holding AG, either directly or indirectly.

1.2 SIGNIFICANT SHAREHOLDERS

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

Significant shareholders	Receipt of report	Holding
Ditsch Ernst Peter [1]	24.11.2018	16.91 %
Credit Suisse Funds AG	20.01.2021	5.28 %

[1] On 29 November 2017, Valora Holding AG reported, that it held preferential purchasing rights on the shares of Ernst Peter Ditsch covering 15.93 % or 635 599 of own registered shares. On 24 November 2018 it was reported that Ernst Peter Ditsch holds his shares indirectly through DV Beta GmbH & Co. KGaA. The shareholding of Peter Ditsch of 16.91% represents the current holding as per 31.12.2020 according to the share register.

The shareholdings were disclosed in accordance with Article 20 of the Swiss Federal Stock Exchange Act (in German "Börsengesetz" or "BEHG"). Further details are available on the web page of SIX Exchange:
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

1.3 CROSS SHAREHOLDINGS

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

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT 31 DECEMBER 2020

The ordinary share capital of Valora Holding AG as of 31 December 2020 amounted to CHF 4 390 000, comprising 4 390 000 single-class registered shares with a nominal value of CHF 1.00 each, each entitled to dividends and votes. All ordinary registered shares of Valora Holding AG are fully paid up and listed in the main segment of the SIX Swiss Exchange.

2.2 CONDITIONAL AND AUTHORISED CAPITAL

At their Ordinary General Meeting held on 11 June 2020, Valora Holding AG shareholders approved the renewal of the authorised capital of CHF 400 000 for a further two years until 11 June 2022. Partial increases are permitted. Subscription to and acquisition of these new shares, as well as any subsequent transfer of their ownership, are subject to the provisions of Art. 4 of the Articles of Incorporation.

On 11 May 2000, the General Meeting approved the creation of conditional capital in the amount of CHF 84 000. At the Ordinary General Meeting held on 11 June 2020, Valora Holding AG shareholders approved to increase the conditional capital in the amount of CHF 400 000 up to CHF 484 000. Consequently, the share capital of the company may be increased by up to CHF 484 000 through the issue of up to 484 000 fully paid-up registered shares, each with a nominal value of CHF 1.00,
a) up to the amount of CHF 84 000 through the exercise of option rights granted to employees of the company or group companies, and
b) up to the amount of CHF 400 000 through the exercise of conversion rights and / or option rights granted in connection with the issuance of newly or already issued bonds or other financial market instruments by the company or one of its group companies. As of 31 December 2020, no corresponding shares had been issued.

2.3 CHANGES IN SHARE CAPITAL

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

2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND RIGHT CERTIFICATES

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

2.5 CONVERTIBLE BONDS AND OPTIONS

On 31 December 2020 Valora Holding AG had issued neither convertible bonds nor options.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

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

3 BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2020, the Board of Directors of Valora Holding AG consists of the following seven members:

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

Sascha Zahnd, 1975, Swiss citizen, Vice-Chairman (since 2020) and Board member (since 2019)
Other main activities in 2020: Vice President Tesla EMEA until December 2020, as of January 2021 member of the Board of Directors of MYT Netherlands Parent B.V. ("Mytheresa"), a NYSE listed company.
Career highlights: Sascha Zahnd has been Vice President Tesla EMEA from 2019 until End of 2020. In 2016, he joined Tesla's senior management team in Palo Alto, California, as Vice President Global Supply Chain. He is actively involved in helping to develop future global topics such as mobility, energy, artificial intelligence and Industry 4.0. Previously, Sascha Zahnd worked for six years at ETA SA / Swatch Group, where as a member of the Executive Board he was responsible for the global supply chain and the component production plants. In this role, he completely repositioned the entire purchasing and logistics organisation and significantly increased production flexibility. Between 2001 and 2010, he worked for IKEA, initially in Switzerland and then in Sweden, Mexico, the US and China. He started his career at the retail company as Regional Logistics Manager and went on to hold various roles including Sales Manager and Deputy to the General Manager of IKEA Retail in New York and finally Head Supply Division Asia Pacific in Shanghai.
Key attributes for the Board: Sascha Zahnd boasts a strong track record in the fields of retail, production and supply chain at globally leading companies. He also embodies the digital pioneer, innovation and transformation spirit that is synonymous with Silicon Valley.

Michael Kliger, 1967, German citizen, Board member (since 2017)
Other main activities in 2020: As of January 2021 CEO of MYT Netherlands Parent B.V. ("Mytheresa"), a NYSE listed company.
Career highlights: Since 2015, Michael Kliger has been President and CEO of the luxury online women's fashion retailer Mytheresa with its flagship store in Munich. Previously, he was Vice President Europe and APAC at eBay Enterprise (formerly called GSI Commerce) where he managed all commercial and marketing activities in Europe & APAC since 2013. Between 2010 and 2012 he was Executive Director at Accenture specialising in the areas of consulting, systems integration and outsourcing. In 2005 he joined Real Holding AG as Chief Operating Officer and managed the company's hypermarket store operations across Europe. Between 1992 and 2004 he worked at McKinsey where he became a Partner and acted as the leader of the German retail sector.
Qualifications: Degree in business administration from TU Berlin, MBA from Northwestern University (Kellogg School of Management).
Key attributes for the Board: Thanks to a broad range of professional activities, Michael Kliger brings substantial expertise in digitalisation and the retail industry to the Board.

Insa Klasing, 1979, German citizen, Board member (since 2019)
Other main activities in 2020: Co-Founder and CEO of TheNextWe (Uniq Coaching GmbH), member of the Board of Directors of SV Group AG, member of the Supervisory Board of Sausalitos, member of the Senior Advisory Committee of Ergon Capital, author at Campus Verlag.
Career highlights: Since 2017, Insa Klasing has served as CEO of the Berlin-based start-up TheNextWe, a company that she co-founded and which provides support in changing digital mindsets within companies. She is an expert on the future of leadership and her book on the subject, "The two-hour boss", was published in 2019. In 2017, the World Economic Forum named her a Young Global Leader. Insa Klasing held the position of CEO of Kentucky Fried Chicken (KFC) in the DACH region and Denmark for five years after having worked as Supply Chain and Equipment Director and Company Operations Director for KFC UK. Between 2006 and 2009, she was responsible in her role as Country Manager for the launch of the British brand "innocent smoothies" in Germany, which developed into the market leader. She started her career in 2004 as a strategy consultant at Bain & Company in London. Prior to this, she took on a role for the NGO Action Aid! in New Delhi immediately after completing her studies in 2003.
Qualifications: B.A. in Politics, Philosophy and Economics (PPE) from University of Oxford, M.A. in South Asian Area Studies from University of London.
Key attributes for the Board: Insa Klasing contributes her far-reaching international retail experience in the strategically important food, franchising and digital areas.

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

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

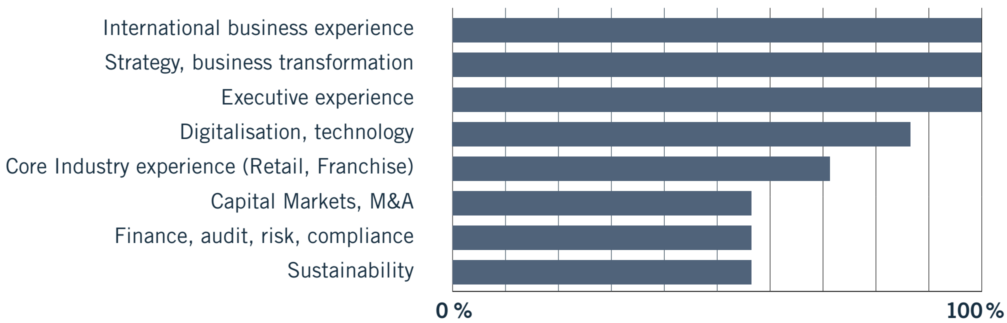
Dr Suzanne Thoma, 1962, Swiss citizen, Board member (since 2020)
Other main activities in 2020: CEO of BKW AG, member of the Board of Directors of OC Oerlikon and Vice-Chair of the foundation Avenir Suisse.
Career highlights: Suzanne Thoma is CEO of BKW AG, an international energy and infrastructure services company based in Bern and listed on SIX Swiss Exchange. Suzanne Thoma has many years of management experience in industry. As CEO of BKW, she has been successfully leading the company through a fundamental transformation since 2013. Suzanne Thoma joined BKW in 2010 as head of the Power Grid business area and member of the Executive Committee. Prior to that, she managed the international automotive supply business at WICOR Group and was CEO of Rolic Technologies Ltd., a high-tech supplier of coatings and functional materials to the electronics industry. She held a number of management positions within and outside Switzerland at Ciba Speciality Chemicals Inc. (now BASF AG) from 1990 to 2002.
Qualifications: Master in Chemical Engineering and a Ph.D. in Engineering from the Swiss Federal Institute of Technology Zurich, Bachelor in Business Administration.
Key attributes for the Board: Suzanne Thoma contributes her broad experience as a CEO in leading companies through fundamental transformation to the Valora Board of Directors.

No members of the Board of Directors have any operational management duties within the Valora-Group.

Board Changes
At the 2020 Annual General Meeting Peter Ditsch, Markus Fiechter and Cornelia Ritz Bossicard did not stand for a further term. Mobilezone CEO Markus Bernhard, eBay executive and e-commerce specialist Karin Schwab and BKW CEO Suzanne Thoma were elected as new members to the Board of Directors.

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

Board Member experience and expertise
The background, skills and experience of our Board members are diverse and broad and include holding or having held top management positions at retailers and other companies in Switzerland and abroad, as well as leading positions in international organisations. The Board is composed of individuals with wide-ranging professional expertise in key areas including strategy and business information, capital markets, M&A, and retail and franchising, finance and risk management, audit and compliance, innovation, technology and digitalisation, and sustainability. The collective experience and expertise of our Board members as of the end of 2020 across those key areas considered particularly relevant for the Group is illustrated in the following chart.



3.2 OTHER ACTIVITIES AND VESTED INTERESTS
Some Board members engage in other business activities with companies.

3.2.1 SUPERVISORY BOARD ACTIVITIES

Board member	Commercial Companies	Other entities / Charities	Location	Function
Franz Julen	Zermatt Bergbahnen AG		Zermatt	Chairman
	ALDI Süd Group of Companies		Germany	Advisory Board Member
	VFS Global AG		Zurich	Board Member
		Kuoni and Hugentobler-Foundation	Stans	Member of the Council
Insa Klasing	SV Group AG		Dübendorf	Board Member
	Sausalitos Holding GmbH		München	Supervisory Board Member
	Ergon Capital		Brussels	Senior Advisory Committee Member
Markus Bernhard	NovaStor Software Group		Zug	Board Member
	Wickart AG		Zug	Board Member
Karin Schwab		ZHAW School of Management and Law	Zurich	International Advisory Board Member
Suzanne Thoma	OC Oerlikon Corporation AG		Freienbach	Board Member
		Avenir Suisse	Bern	Vice
Sascha Zahnd	MYT Netherlands Parent B.V.		Netherlands	Board Member

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES

- Michael Kliger: CEO of MYT Netherlands Parent B.V. (listed at the NYSE)
- Insa Klasing: CEO of TheNextWe
- Markus Bernhard: CEO of mobilezone Group
- Suzanne Thoma: CEO of BKW AG
- Karin Schwab: Vice President and Deputy General Counsel at eBay Inc.

3.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

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

3.4 ELECTION AND TERM OF OFFICE

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

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

3.5 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES

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

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

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

The Board of Directors held 9 meetings in 2020 and conducted 7 conference calls. Of the 9 meetings, 6 lasted an entire day and 3 half a day. The Audit Committee convened for 3 half-day meetings and the Nomination and Compensation Committee for 4 half-day meetings and conducted 3 conference calls.

Board and Committee attendance	Board	Nomination and Compensation Committee	Audit Committee	Total 2020
Franz Julen	16/16	7/7	3/3	26/26
Sascha Zahnd	16/16		3/3	19/19
Michael Kliger	15/16	7/7		22/23
Insa Klasing	15/16	6/7		21/23
Markus Bernhard [1)]	7/7		2/2	9/9
Karin Schwab [1)]	7/7		2/2	9/9
Suzanne Thoma [1)]	7/7	2/2		9/9

[1)] Board members as of the 2020 AGM

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

3.5.1 AUDIT COMMITTEE DUTIES

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

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

3.5.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES

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

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

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

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

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

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

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

3.7 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS

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

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

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

3.7.1 RISK MANAGEMENT

The Board of Directors and Group Executive Management carry out a risk assessment once a year. The objective is to make the principal risks to which Valora is exposed more transparent, to improve the quality of risk dialogue and to define practical measures for addressing Valora's key risks. The results are reviewed at a joint meeting held with the Board of Directors at which a plan for implementing appropriate measures is approved.

The risk assessment is initiated by the Head of Internal Audit and carried out in collaboration with Group Executive Management and the Chairman of the Board. The process comprises three phases. In phase 1, the catalogue of risks and the methodological parameters are defined and structured interviews are conducted with the individual members of Group Executive Management. Some key Valora employees are also questioned by Internal Audit about their assessment of the risk situation. In phase 2, the results of these interviews are discussed with Group Executive Management, the key risks are identified and measures for addressing them are defined, with responsibility for their execution assigned to specific members of Group Executive Management. The implementation status of measures defined in the previous year is also reviewed. The final phase involves documenting the key findings and potential consequences for each of the key risks identified as well as the measures adopted to address them in a risk report which is submitted to the Board of Directors for approval.

3.7.2 INTERNAL AUDIT

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

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

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

Internal Audit carried out 5 audits in 2020.

4 GROUP EXECUTIVE MANAGEMENT

4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT

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

Michael Mueller, 1972, Swiss citizen
Group CEO
Career highlights: Michael Mueller joined Valora on 1 November 2012, initially as CFO of Valora Holding AG and since 1 March 2014 he has been the CEO. In his previous roles, he was the Owner & Managing Director of Rubus Capital Management Ltd. between 2010 and 2012, CEO / Delegate and Member of the Board of Directors of Jelmoli Holding AG between 2007 and 2010 as well as CEO of GVO Asset Management Ltd. between 2007 and 2009. Before this, he was a merger & acquisitions advisor in investment banking at Goldman Sachs and he worked for Bain & Company as a strategy consultant in strategic transformation and restructuring programmes between 2001 and 2005.
Qualifications: Master's degree in Law (lic. iur. HSG) from the University of St. Gallen.

Beat Fellmann, 1964, Swiss citizen
Group CFO
Career highlights: Beat Fellmann has been CFO of the Valora Group and a member of Group Executive Management since 1 July 2020. He was previously CFO and Head Corporate Center at Implenia and a member of the Group Executive Board from 2008 to 2019 before he moved on to Exyte AG in Stuttgart as a member of the Executive Board. He began his career at the international industrial company Bühler, and in 1998 he switched to the former Holcim Group (now LafargeHolcim). There he was responsible for all the finance and holding companies worldwide. In 2005, he was appointed deputy Group CFO. In addition to his role at Valora, he is a member of the Board of Directors of Vitra Holding AG since 2016, a member of the Board of Directors of Helvetia Holding AG since 2018 and a member of the Swiss Takeover Board since 2014.
Qualifications: Master's degree in Business Economics (lic. oec. HSG) from the University of St.Gallen and Swiss Certified Public Accountant.

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

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

Changes in the Group Executive Management:
On 1 July 2020, Beat Fellmann has taken over the position of CFO and became a member of the Group Executive Management.

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS

Beat Fellmann is a member of the Board of Directors of Helvetia Holding AG, St. Gallen, and Vitra Holding AG, Muttenz. No other member of Group Executive Management currently engages in any other activities on the management or supervisory boards of any listed companies in Switzerland or abroad. No member of Group Executive Management engages in any ongoing management or consultancy activities for companies outside the Valora Group, nor does any such member hold any public or political office.

4.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

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

4.4 MANAGEMENT CONTRACTS

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

5 REMUNERATION, SHAREHOLDINGS AND LOANS

Full details of all remuneration, shareholdings and loans (content of remuneration and share programmes, process for determining remuneration under these programmes, general remuneration components and their weightings for members of the Board of Directors and Group Executive Management) are set out in the separate remuneration report on pages 97 to 126 and in the financial report in Note 34 “Transactions and balances outstanding with related parties” to the consolidated financial statements of the Valora Group (pages 199 and 200) and in Note 3.4 “Participations” to the financial statements of Valora Holding AG (page 216).

6 SHAREHOLDERS’ PARTICIPATION RIGHTS

6.1 VOTING RIGHT AND REPRESENTATION RESTRICTIONS

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

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

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

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

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

6.2 STATUTORY QUORUMS

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

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

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

6.3 CONVOCATION OF THE GENERAL MEETING

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

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

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request. No resolution may be passed on any matters that are not announced in the way
described above, except for a motion to convene an Extraordinary General Meeting or to conduct a special audit.
The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

6.4 ADDITIONAL AGENDA ITEMS

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

6.5 ENTRY IN THE SHARE REGISTER

To attend the 2021 Annual General Meeting, shareholders must submit their requests for entry in the share register to the company no later than 22 March 2021.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER

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

7.2 CLAUSES ON CHANGE OF CONTROL

There are no change of control clauses in favour of any members of the Board of Directors, Group Executive Management or other members of management.

8 AUDITORS

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

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE

The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were reappointed as auditors for a further year at the General Meetings from 2010 until 2020. The lead auditor, André Schaub, took on the mandate in 2016. Regulations on auditor rotation limit the terms which may be served by the same lead auditor to a maximum of seven years.

8.2 AUDIT FEE AND ADDITIONAL FEES

Type of Services (in CHF million)	2020	2019
Audit Services [1]	1.1	1.0
Total audit and audit related services	**1.1**	**1.0**
Other services [2]	0.0	0.1
TOTAL	**1.1**	**1.1**

[1] This amount includes the fees for the individual audits of Group companies carried out by Ernst & Young as well as their fees for auditing the Group financial statements.
[2] Other services include mainly cyber security tests and consulting.

8.3 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS

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

Internal auditing was carried out by an external audit company in the reporting year. The external and internal auditors attended all Audit Committee meetings. All members of the Board of Directors were invited to the Audit Committee meetings held during the financial year, at which the interim and full-year financial results were reviewed. The assessment of the external auditors takes account of a number of important criteria including deadline discipline, reporting quality, provision of additional information, availability of designated contacts and cost effectiveness. The external auditors submit to the Audit Committee both their report on the financial statements for the year just ended and their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and provide it with a separate report on each audit carried out.

9 INFORMATION POLICY

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

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

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by observing the relevant directives on ad-hoc publicity and on blackout periods ahead of the publication of interim and full-year results. Blackout dates commence on predefined dates prior to the official publication of results and end when the results are published. No meetings with financial analysts or investors take place during the blackout periods.

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

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

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

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

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

Remuneration Report

INTRODUCTION BY THE CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE

Dear Shareholders

On behalf of the Board of Directors (the "Board") and the Nomination and Compensation Committee (the "NCC"), I am pleased to present the Remuneration Report for 2020. Given the high impact of COVID-19 on Valora Group, this year's Remuneration Report gives special focus on COVID-19 related decisions with regards to remuneration:

Board remuneration: As of the period from the 2020 Annual General Meeting (AGM) to the 2021 Annual General Meeting, the Board has decided to reduce individual Board remuneration amounts. In addition, given the COVID-19 impact on our business, the Board has approved a temporary reduction of 15 % of all cash Board fees for the period of AGM 2020 to AGM 2021.

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

- Given the tremendous impact of COVID-19 on our business, the EBIT and NWC performance indicators did no longer represent effective metrics to assess the business performance of Valora in this extraordinary year. They did not effectively measure the initiatives taken to ensure that Valora came through the crisis on a sustainable basis.
- Therefore, next to EBIT and NWC, additional focus was put on the risk and crisis management of the COVID-19 pandemic by Group Executive Management, the extent to which Valora's network and thus its substance was kept intact, the survival of Valora and its business model as well as the positioning of Valora in the overall context of the crisis. As part of this assessment, the support of our partners and employees was of special importance.
- In that respect, tremendous efforts were undertaken in ensuring a proper risk management which was shown in a successful maintenance of our operations all throughout the COVID-19 pandemic and the safe-guarding of employees against the risk of infections.
- In addition, Valora supported all its employees affected by short-time work by compensating 100% of the shortfall in earnings caused by short-time working until end of April, and 90% of the shortfall in earnings until end of May. Due to the fact that state contributions for short-time working in Germany are considerably lower than those provided in other countries as of June Valora went on compensating 80% of the respective amount of earnings lost as a result of short time working in Germany. With regards to the variable remuneration for employees outside the STB eligibility circle, the payout has been in line with their extraordinary efforts in such difficult times.
- Furthermore, Valora has undertaken vast investments in its network and worked with its agency and franchise partners to find solutions making sure that independent contractors and their employees were also able to continue to work on an economically viable basis. In doing so, Group Executive Management has ensured that Valora's economic capacity to act and the stability of its network for the period following the COVID-19 crisis is sustained.
- Based on our "pay-for-performance" remuneration philosophy as well as taking into account the developments related to the COVID-19 crisis, the Board has recognized these enormous efforts by management and expressed its full satisfaction with the performance assessment criteria mentioned above. Simultaneously, the financial impact of COVID-19 on our business and our stakeholders has been significant. Therefore, in an overall consideration, the STB factor was defined at 50 % for Group Executive Management.

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

- Under the LTIP, performance share units (PSUs) are granted and are subject to a three-year performance period based on the performance achievement of two equally weighted group level indicators, Return On Capital Employed (ROCE) and Earnings Per Share (EPS). The LTIP rewards Group Executive Management for long-term company performance and therefore reinforces the alignment of their interests with those of the company and those of our shareholders. The LTIP grant 2020 took place in March 2020 before the first broad-based COVID-19 impact.

In the future, we will continue to assess our remuneration system to ensure that it is appropriate in the evolving context in which the company operates. We will also continue to intensively engage in an open dialogue with our shareholders and their representatives. As in previous years, shareholders can express their views on the remuneration system by participating in the consultative vote on the 2020 Remuneration Report at the forthcoming AGM. At that meeting, your approval will also be sought for the proposed maximum overall remuneration for the Board during the period from the AGM 2021 to the AGM 2022 and for Group Executive Management for 2022 („Say-on-Pay“).

Yours sincerely

Michael Kliger
Chairman of the NCC

REMUNERATION AT A GLANCE

Summary of the current remuneration structure for the Board of Directors (AGM 2020 – AGM 2021)
In order to ensure the independence in exercising their supervisory function, Board members receive a fixed remuneration in the form of cash and shares blocked for a period of three years. The remuneration system for the Board does not contain any performance-related components. As of the period from the 2020 AGM to the 2021 AGM, the Board has decided to reduce individual Board remuneration amounts. In addition, the Board has approved a temporary reduction of 15 % of all cash Board fees for the period of AGM 2020 to AGM 2021, given the COVID-19 impact on our business as well as the effect of the pandemic on our stakeholders including shareholders, employees and franchise partners.

Annual remuneration	in CHF	Form of payment
Chairman	490 000	80 % in cash and 20 % in blocked shares
Vice-Chairman	160 000	
Board member	140 000	
Chairman of NCC / Audit Committee	25 000	
NCC / Audit Committee	12 500	

Summary of the current remuneration structure for the Group Executive Management in 2020

The remuneration of Group Executive Management consists of fixed and variable elements.
– Base salary and benefits form the fixed remuneration.
– Variable remuneration drives and rewards best-in-class performance. It consists of a short-term and a long-term incentive:

Base salary	To attract and retain highly qualified talents
Benefits	To provide for the risks of old age, death and invalidity, to attract and retain
STB	To reward for the annual performance of the business
LTIP	To align with shareholder interests and to promote sustainable company performance

Remuneration in 2020
Board of Directors
The remuneration awarded to the Board in financial year 2020 is within the limits approved by the shareholders at the Annual General Meeting (AGM):

Remuneration period	Authorised amount (CHF)	Effective amount (CHF)
AGM 2019 – AGM 2020	CHF 1.7 million	CHF 1.5 million
AGM 2020 – AGM 2021	CHF 1.7 million	CHF 1.5 million*

* This figure includes a temporary reduction of 15% of the cash Board fees. The remuneration level for the financial year 2021 is not expected to exceed CHF 1.7 million. The effective amount will be disclosed in the Remuneration Report for financial year 2021.

Remuneration in 2020
Group Executive Management

The remuneration awarded to Group Executive Management in fiscal year 2020 is within the limits approved by the shareholders at the AGM:

Remuneration period	Authorised amount (CHF)	Effective amount (CHF)
Financial year 2020	CHF 7.7 million	CHF 5.1 million

Performance in 2020
The financial performance of Valora was severely affected by COVID-19 and the resulting lock-downs which also had an impact on remuneration-related performance indicators. For the STB, the EBIT and NWC no longer represented effective metrics to assess the performance in times of crisis remediation. Therefore, the Board decided to also consider the risk and crisis management by Group Executive Management as part of its performance assessment. With respects to that, special focus was put on ensuring the health of employees, customers, and partners as well as the maintenance of our network, substance, and business model during COVID-19. The Board has recognised the enormous efforts by management and expressed its full satisfaction. At the same time the financial impact of COVID-19 on our business was highly significant. Thus, in an overall consideration, the STB factor was defined at 50 % for the Group Executive Management.

Regarding the LTIP, the Board did not adjust the performance targets of the two outstanding grants for 2019 and 2020, despite the high impact of COVID-19 on our LTIP performance indicators and the fact that the LTIP constitutes a material part of total remuneration for Group Executive Management.

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

- **Fair and Transparent** – The company aims to ensure an internal and external balance with regard to remuneration. Disclosure of remuneration follows governance good practice and rules.
- **Performance Driven** – The variable remuneration is based on the achievement of business goals and the value of the LTIP realised depends on the share price performance during the three-year performance period and the two-year holding period. Caps and thresholds are applied to the variable remuneration.
- **Competitive** – The remuneration system allows the company to attract and retain the talent needed to support its strategy.

Remuneration governance

- The authority for decisions related to remuneration is governed by the Articles of Incorporation of Valora Holding AG.
- The maximum aggregate amounts of remuneration of the members of the Board and of Group Executive Management are subject to a binding shareholders' vote at the AGM.
- The Remuneration Report for the preceding financial year is subject to a consultative vote at the AGM.
- The Board is supported by the NCC in preparing all remuneration-related decisions regarding the Board and Group Executive Management.

CONTENTS

The Remuneration Report provides information about the Remuneration policy, the Remuneration programs and the process of determination of Remuneration applicable to the Board and to the Group Executive Management. It also includes details on the Remuneration payments related to the 2020 financial year.

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

The Remuneration Report is structured as follows:

REMUNERATION GOVERNANCE

1 RULES RELATING TO REMUNERATION IN THE ARTICLES OF INCORPORATION

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

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

2 NOMINATION AND COMPENSATION COMMITTEE

2.1 RESPONSIBILITIES

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

The NCC comprises at least three members of the Board who have no management duties in the company and have no material conflicts of interest which would prevent them from exercising their duties with the requisite independence. The members of the NCC are elected by the Annual General Meeting for a one-year term of office, ending at the next AGM. Members of the NCC may be re-elected by the General Meeting. The Board appoints one of the members of the NCC as its Chairman. As of the AGM 2020, the NCC comprised Michael Kliger (Chairman), Insa Klasing and Suzanne Thoma.

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

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

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

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

The NCC held seven meetings in 2020. Two members attended all meetings, while one member was excused for one meeting. This corresponds to an attendance rate of 95%.

2.2 BENCHMARKS AND EXTERNAL ADVISORS

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

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

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

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

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

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

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

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

REMUNERATION SYSTEM

3 REMUNERATION PRINCIPLES

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

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

Fair and Transparent	The company aims to ensure internal and external balance with regard to remuneration. Disclosure of remuneration follows governance good practice and rules.
Performance Driven	Variable remuneration is based on the achievement of business goals and the value of the LTIP realised depends on the share price performance during the three-year performance period and the two-year holding period. Caps and thresholds are applied to the variable remuneration.
Competitive	The remuneration system allows the company to attract and retain the talent needed to support its strategy.

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

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

4 REMUNERATION SYSTEM OF THE BOARD OF DIRECTORS

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

4.1 OVERVIEW OF THE REMUNERATION SYSTEM FOR THE BOARD OF DIRECTORS

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

As of the period from the AGM 2020 to the AGM 2021, the Board has decided to reduce individual Board remuneration amounts. Therefore, the structure of annual remuneration paid to Board members for the period from AGM to AGM is as follows:

Annual remuneration in CHF	AGM 2020 - 2021 normal payment	Cash fee reductions 15%	AGM 2021 - 2022 normal payment	Form of payment
Chairman	490 000	58 800	490 000	80 % in cash and 20 % in blocked shares
Vice-Chairman	160 000	19 200	160 000	
Board member	140 000	16 800	140 000	
Chairman of NCC / Audit Committee	25 000	3 000	25 000	
Member of NCC / Audit Committee	12 500	1 500	12 500	

As outlined in the introduction to this Remuneration Report, the remuneration-related immediate measures with regards to the current COVID-19 pandemic include a temporary reduction of 15 % of the cash fees of the Board for the AGM 2020 to the AGM 2021 in order to foster alignment with the stakeholder experience.

While fees are paid quarterly, the share portion of remuneration is fully paid in the quarter following the AGM. The Board remuneration is subject to regular statutory social security contributions; Board members may ask to be granted access in the collective occupational pension plan in order to be insured against risks. However, the company does not pay any contributions for them. Concretely, this means that the Board members pay for the totality of the contributions (employee and employer portion). In 2020, two Board members asked for receiving access to the collective occupational pension plan.

4.2 REGULATIONS GOVERNING THE REMUNERATION PORTION PAID IN SHARES

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

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

$$\text{Number of shares} = \frac{\text{Overall remuneration (CHF)} * 20\%}{\text{VWAP (CHF)}}$$

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

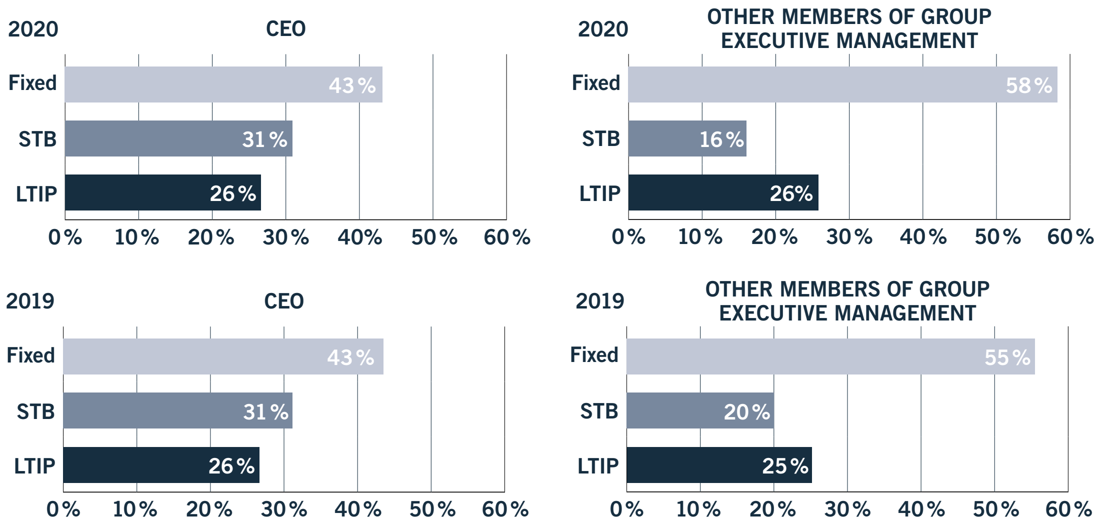
If a Board member resigns, does not stand for re-election or is not re-elected despite having stood for re-election, any pending blocking periods of more than one year's duration are generally reduced to one year. This remaining one-year period begins on the last day of the Board member's term of office.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

In 2020, all Board members received their portion of total remuneration in shares in the quarter following the AGM.

5 REMUNERATION SYSTEM OF GROUP EXECUTIVE MANAGEMENT

5.1 OVERVIEW

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



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

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

Component	Plan	Percentage		Purpose	Form of payment	Performance measures
		CEO	Other GEM			
Fixed remuneration	Annual salary	43 %	50 – 60 %	To attract and retain highly qualified staff	Monthly cash payment	
Short-term bonus	STB	31 %	10 – 20%	Reward the annual performance of the business	Annual choice between cash or shares	EBIT (75 %)* NWC (25 %)*
Long-term variable remuneration	LTIP	26 %	20 – 30 %	Alignment with shareholder interests, rewards the sustainable company performance	PSU award with three-year performance period	ROCE (50 %) EPS (50 %)
Retirement provision	Pension fund			To provide for the risks of old age, survivorship and invalidity	Contributions as per pension fund regulations, statutory social security contributions	
Additional benefits	Car allowance or company car, expense allowance			Reimbursement of expenses	Defined in company-car regulations and expense guidelines	

* Given the tremendous impact of COVID-19 on our revenues, EBIT and NWC no longer represented effective metrics to assess the business performance of Valora in times of crisis remediation. Therefore, next to these metrics, further topics including risk and crisis management were considered. As part of this assessment, the support and protection of our partners and employees was of special importance as well as the maintenance of our network, substance, and business model during COVID-19.

5.2 FIXED REMUNERATION

The fixed remuneration comprises a fixed salary. In addition, a car allowance or company car (which can also be used privately) is granted, and the employer's social security and pension fund contributions required by law are paid. The individual fixed salary is established on the basis of the following factors:
– Scope, size, and responsibilities of the role, skills required to perform the role;
– External market value of the role;
– Skills, experience, and performance of the individual in the role.

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

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

5.3 SHORT-TERM BONUS (STB)

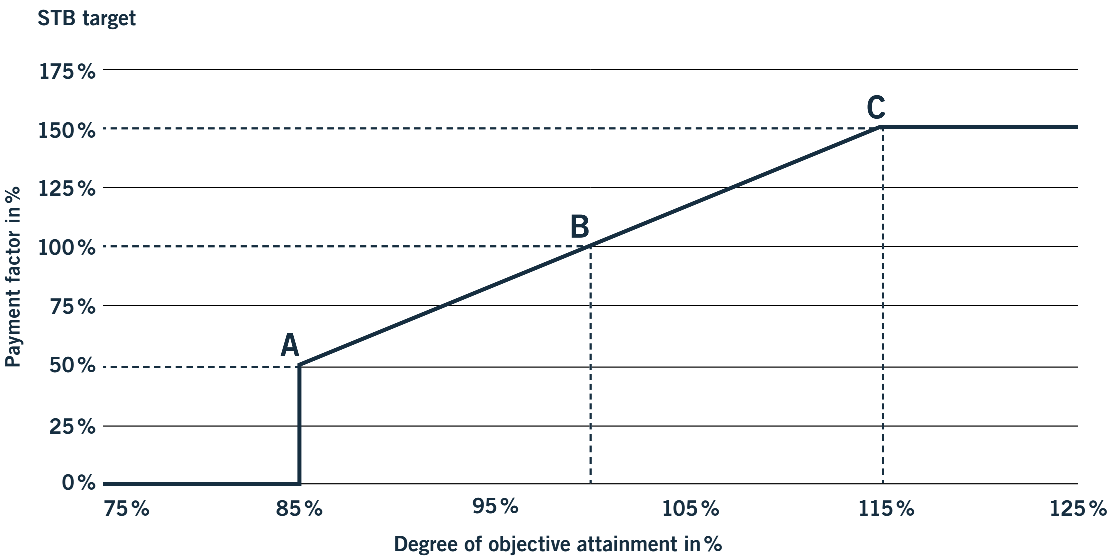
The STB is designed to reward the annual business performance of the company and its units.

The target STB (i.e. bonus at 100% performance achievement) is expressed as a percentage of base salary and applies to the CEO and members of Group Executive Management as follows:

2020 short-term bonus as % of fixed annual salary	Target	Maximum
CEO	70 %	105 %
Other Group Executive Management	17 % – 32 %	25 – 48 %

The performance indicators for the STB consist of EBIT with a 75% weight and NWC with a 25% weight. For Valora, EBIT is the most important key performance indicator as it reflects short-term profitability. NWC introduces a capital-based component which takes account of operational capital efficiency. For the CEO and the CFO, the relevant performance is that of Valora Group. For the other Group Executive Management members, it is that of the unit they are responsible for. The targets for the two performance indicators are determined by the Board upon recommendation of the NCC at the beginning of the relevant year and are based on the budget for that year. The actual degree of performance achievement for each indicator is calculated at the end of the year by Corporate Group Controlling and submitted to the NCC for approval. The effective payment factor ranges from 0% to a maximum of 150% of the target STB. For each indicator, if the performance achievement is below 85% of the target, the payment factor is 0%, if performance reaches the 85% threshold, the payment factor is 50%, and if performance exceeds the target by at least 15%, the payment factor is 150%. The amount that is paid out is interpolated on a straight-line basis between 85 and 115%.

The weighted average of the payment factor of both performance indicators provide for the overall payment factor:



A
Entry threshold

B
Expected figure (100 % objective attainment)

C
CAP (maximum possible objective attainment)

EBIT		Weighting		NWC		Weighting		Payment Factor
$\frac{\text{Achieved}}{\text{Target}}$	X	.75	+	$\frac{\text{Achieved}}{\text{Target}}$	X	.25	=	Payment

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

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

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

As outlined in the introduction to this Remuneration Report, the remuneration-related immediate actions with regards to the STB included a detailed and extended assessment of Group Executive Management's performance in times of crisis management. Since the EBIT and NWC did no longer represent effective metrics to evaluate business performance in times of crisis remediation, the Board decided to also consider the risk and crisis management by Group Executive Management as part of its performance assessment. In this context, special importance was given to ensuring the health of employees, customers, and partners as well as the maintenance of our network, substance, and business model during COVID-19.

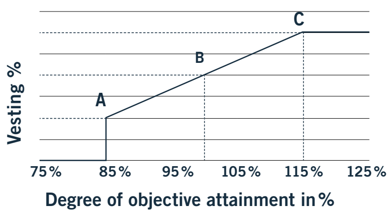
5.4 LONG-TERM VARIABLE REMUNERATION

The LTIP was introduced in 2019 and replaced the former SPP that was in effect from 2015 through 2018 (for further details on the SPP, please refer to the 2018 Remuneration Report. https://www.valora.com/media/investors/publications/en/reports/2018/2018_valora_gb_remuneration_en.pdf

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

The LTIP is a PSU plan. At the beginning of the performance period, members of Group Executive Management receive a PSU grant. A PSU is a contingent right to receive Valora shares in the future, subject to employment and performance conditions throughout a three-year performance period.

The LTIP target amount is pre-determined in individual contractual agreements. For the CEO, it amounts to 60 % of annual fixed salary and for other members of Group Executive Management, it ranges from 44 % to 50 % of annual fixed salary. The number of PSUs awarded every year equals the LTIP target amount divided by the fair value of the PSU on the grant date. The fair value on the grant date is the volume weighted average trading price of the Valora registered shares during a period of 10 consecutive trading days up to and including the grant date. The PSUs are subject to a performance period of three years, after which they are converted into shares subject to a subsequent blocking period of two years. The vesting multiple (ratio of conversion of PSU into shares) depends on the achievement of two performance conditions, ROCE and EPS, each equally weighted. The maximum vesting multiple is 150 %, i.e. no more than 1.5 shares per PSU may be delivered. At the beginning of the performance period, the NCC determines the targets for ROCE and EPS based on the mid-term plan. Targets will be disclosed retrospectively at the end of the performance period.

Performance measures (2020–2022)	ROCE	EPS
Weighting	50 % of the PSU grant	50 % of the PSU grant
Calculation	Average of ROCE in year 1, 2 and 3	Average of EPS in year 1, 2 and 3
Rationale	Measures the company's ability to generate returns from the capital employed. Both the threshold and target level for ROCE are challenging to achieve, depend on value creation and are therefore usually above the weighted average cost of capital	Measures the company's profitability to investors
Maximum vesting multiple	150 %	150 %
Vesting schedule (applies to both measures independently)	– Below threshold = 0 % vesting – A. Threshold: 85 % of target = 50 % vesting – B. Target: 100 % of target = 100 % vesting – C. Cap: 115 % of target = 150 % vesting – Linear interpolation between those points	

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

The average of the ROCE vesting multiple and the EPS vesting multiple provides for the overall vesting multiple, which in turn determines the number of Valora shares delivered to participants:

Number of PSUs originally granted	X	Overall vesting multiple	=	Number of Valora shares delivered upon vesting

Dividend equivalents will be accumulated over the performance period and paid out at vesting, subject to the applicable vesting multiple (dividend equivalents are paid out for vested shares only). Shares delivered to participants upon vesting are subject to an additional blocking period of two years. No discount is granted to compensate for the blocking period. During this post-vesting restriction period, participants have all shareholder rights, but may not sell or otherwise dispose of the shares. After the two-year blocking period, the shares are free of any restriction.

The leaver provisions are summarised as follows: Members who leave or join Group Executive Management during a calendar year receive PSUs on a pro rata basis according to the duration of their employment in the year in question. All PSUs are usually cancelled in full for bad leavers. The NCC may at its discretion deviate from the rule in specific cases.

The vesting of PSUs may be accelerated in the following cases:
- Termination due to death or disability: PSUs vest at the termination date based on a performance assessment by the NCC. Shares are delivered immediately and no further blocking period will apply. Existing blocking periods on shares delivered from earlier vestings will be lifted early.
- Change of control: PSUs granted in the year of the change of control vest immediately on a pro rata basis, whereas all PSUs granted in earlier years vest fully and immediately. The vesting multiple for the oldest PSU tranche shall be calculated based on actual ROCE and EPS figures to the extent available for any part of the performance period already lapsed, and the vesting multiple so calculated shall also apply for all other PSU tranches. Shares will be delivered immediately, and no further blocking period will apply. Existing blocking periods on shares delivered from earlier vestings will be lifted early.

As outlined in the introduction to this Remuneration Report, COVID-19 had a high impact on the two LTIP performance indicators, ROCE and EPS. Nevertheless, the Board has decided not to adjust the ROCE and EPS targets for the two outstanding grants of 2019 and 2020, even though the LTIP represents a significant part of total remuneration for Group Executive Management.

5.5 SHARE OWNERSHIP GUIDELINES

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

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

5.7 EMPLOYMENT CONTRACTS OF GROUP EXECUTIVE MANAGEMENT

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

5.8 OUTLOOK 2021

The Board has decided to continue with the current remuneration framework for Group Executive Management. However, given the continuous volatility and unpredictability of the impact of COVID-19 on Valora's business, there will be the following adjustments:

- With regards to the STB, the Board has decided to maintain balanced business targets that reflect the achievements and contributions of Group Executive Management in times of COVID-19 and that capture value growth in these volatile times.
- With regards to the LTIP, amendments will take place to further align the long-term interests of Group Executive Management with those of shareholders and thereby enhance thevalue of Valora, and to enable Valora to attract, retain and motivate highly qualified eligible employees.

  The first grant under the revised LTIP will occur in financial year 2021. As part of the planned changes, the current performance indicator of 50 % EPS will be replaced with EBITDA (also weighted at 50 %) to increase the focus on operational performance. The ROCE performance indicator accounting for the remaining 50 % will continue to be used to focus on capital efficiency. Both the EBITDA and ROCE metric will be based on a linear vesting curve between 0 % – 200 % instead of the current vesting curve of 0 % / 50 % – 150 % to further align with market practice. Additionally, a claw back clause will be introduced into the regulations.

  With regards to the LTIP grant 2021, the Board has decided to further incentivize Group Executive Management regarding a fast rebound of Valora’s business and to align the interests of Group Executive Management with those of our shareholders during and after this crisis. For this purpose, the LTIP grant 2021 includes the possibility to receive 0.5 matching shares for one PSU that vest at the end of the three-year performance period but only if a Total Shareholder Return (TSR) threshold is achieved. Should this condition not be fulfilled, no matching shares will vest. The LTIP grant 2021 will stay within the current approved budget for the maximum total remuneration of Group Executive Management for 2021.

REMUNERATION IN 2020

6 REMUNERATION FOR THE BOARD OF DIRECTORS

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

The remuneration paid to the Board of Directors for the year 2020 in line with the remuneration system would have amounted to TCHF 1 498 (previous year TCHF 1 476), of which TCHF 1 009 were paid in cash (previous year TCHF 1 022), TCHF 290 in shares (previous year TCHF 274) and TCHF 199 in form of social security contributions (previous year TCHF 180). Given the COVID-19 impact on our business and stakeholders, the Board has decided on a temporary reduction of 15% of all cash Board fees for the period from AGM 2020 to AGM 2021. As of the AGM 2019, the discount on the share price has been discontinued to further align the system with market practice. Otherwise, the remuneration system for the Board remained unchanged since 2014.

At the AGM 2019, shareholders approved a maximum overall remuneration amount of TCHF 1 700 for the Board for the remuneration period from the AGM 2019 until the AGM 2020. For this period, the effective remuneration amounted to TCHF 1 500 and is thus within the approved limits.

At the AGM 2020, shareholders approved a maximum aggregate remuneration amount of TCHF 1 700 for the Board for the remuneration period from the AGM 2020 until the AGM 2021. This remuneration period is not yet completed but aggregate remuneration is not expected to exceed TCHF 1 500. A conclusive assessment will be provided in the 2021 Remuneration Report. In the reporting year, no further remuneration was paid to members of the Board of Directors and no remuneration was paid to parties closely related to members of the Board.

Table 1
Board of Directors 2020

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

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

Table 2
Board of Directors 2019

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Other remunera-tion [2]	Total 2019
Franz Julen Chairman	400.0	3.8	107.4	68.1	579.3
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	146.5	41.3	50.0	32.6	270.4
Ernst Peter Ditsch [3] Member	-	-	-	-	-
Cornelia Ritz Bossicard Chair of Audit Committee	106.0	30.0	36.2	24.3	196.5
Michael Kliger Member	109.0	15.0	33.1	22.3	179.4
Sascha Zahnd Member	74.0	11.3	23.4	16.6	125.3
Insa Klasing Member	74.0	11.3	23.4	16.6	125.3
Total remuneration paid to Board of Directors	**909.5**	**112.7**	**273.5**	**180.5**	**1 476.2**

[1] In 2019, Board members received 20% of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
[2] These amounts include employer contributions required by law.
[3] Ernst Peter Ditsch waived his Board Director's fee in 2019.

7 REMUNERATION FOR GROUP EXECUTIVE MANAGEMENT

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

The remuneration paid to Group Executive Management for the year 2020 amounts to TCHF 6 354 (previous year TCHF 6 167), of which TCHF 3 052 were paid as fixed salary (previous year TCHF 2 578), TCHF 710 as STB (previous year TCHF 1 257), TCHF 1 582 as share-based remuneration (previous year TCHF 1 407) and TCHF 1 010 in form of other remuneration (previous year TCHF 925). The maximum overall remuneration for members of Group Executive Management in financial year 2020 approved by shareholders at the AGM 2019 was CHF 7.7 million. The overall remuneration effectively paid to actual and former members of Group Executive Management in 2020 amounted to TCHF 6 354 and is therefore within the approved limits.

Table 3
Group Executive Management 2020

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

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

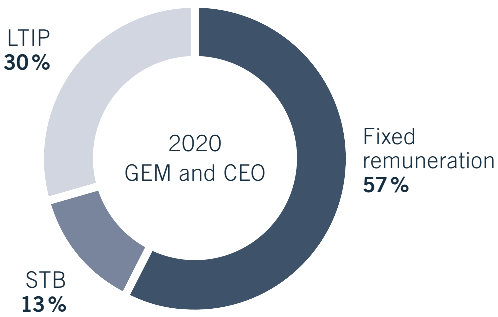
Table 4
Group Executive Management 2019

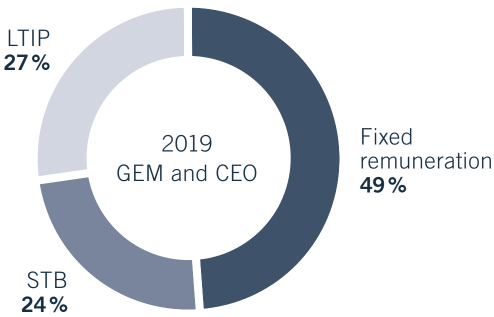
in CHF thousand	Fixed basic salary [4)]	Short Term Bonus (STB) [1) 4)]	Long-term variable remuneration (LTIP) [2)]	Other fixed remuneration [3)]	Total 2019
Michael Mueller CEO and highest-paid member	867.2	640.2	633.0	317.4	2 457.8
Other members [5) 6) 7)]	1 711.3	616.4	774.0	607.3	3 709.0
Total Group Executive Management remuneration	**2 578.5**	**1 256.6**	**1 407.0**	**924.7**	**6 166.8**

1) These figures relate to the effective cost of the bonuses granted in respect of financial year 2019, which will be paid out in cash in 2020.
2) The valuation of the PSUs allocated under the LTIP in 2019 complies with IFRS rules.
3) Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
4) The CEO took a two-month unpaid sabbatical in 2019.
5) Thomas Eisele had two employment contracts until the end of January 2019. The first, with Valora Management AG, relates to his function as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. The second employment contract related to his function as Operating Managing Director of Brezelbäckerei Ditsch GmbH, Mainz (BBD) and has been concluded directly between BBD and Thomas Eisele. This contract was terminated as of end of January 2019. Thomas Eisele remains fully covered by the Valora Pension Fund, where his insured salary comprised his remuneration from his employment contracts with BBD and Valora Management AG.
6) Includes 2019 compensation paid to Tobias Knechtle, who was no longer a member of Group Executive Management as of 30 November 2019 but continues to receive compensation during his notice period.
7) Figures include 2019 compensation paid to Roger Vogt, who joined Group Executive Management as of 01 January 2019.

Explanatory comments to the remuneration table:

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





7.1 PERFORMANCE IN 2020

As a result of official governmental orders to contain the virus and the resulting decline in customer frequencies especially at high-traffic locations, Valora was forced to considerably reduce opening hours and close some of its outlets completely. Despite of massively re-enforced government restrictions related to the COVID-19 crisis towards the end of the year, Valora concluded the 2020 financial year with an EBIT of CHF 14.1 million and generated a strong free cash flow of CHF 38.1 million.

In the 2020 financial year, Valora generated net revenues of CHF 1 697.4 million compared to CHF 2 029.7 million in 2019, a decrease of -16.4 %. Gross profit for the 2020 financial year amounted to CHF 743.3 million compared to CHF 917.2 million in the prior year. The gross profit margin came to 43.8 % and remained -1.4 percentage points below its level in the prior year, particularly as a result of the lower share of high-margin food sales.

At an early stage, Valora implemented comprehensive cost measures across the Group and made use of the governments’ short-time work programmes. Major cost measures related to capacity management and hiring freeze. In addition, highly disciplined cost management in the areas of logistics, marketing and IT resources as well as rent concessions were in focus. The Group thus realised a significant year-on-year cost reduction.

As a result, Group net profit came to CHF -6.2 million (previous year CHF 73.7 million). This corresponds to earnings per share (EPS) of CHF -1.55 (previous year CHF 18.70).

STB Plan achievement for 2020 and previous years

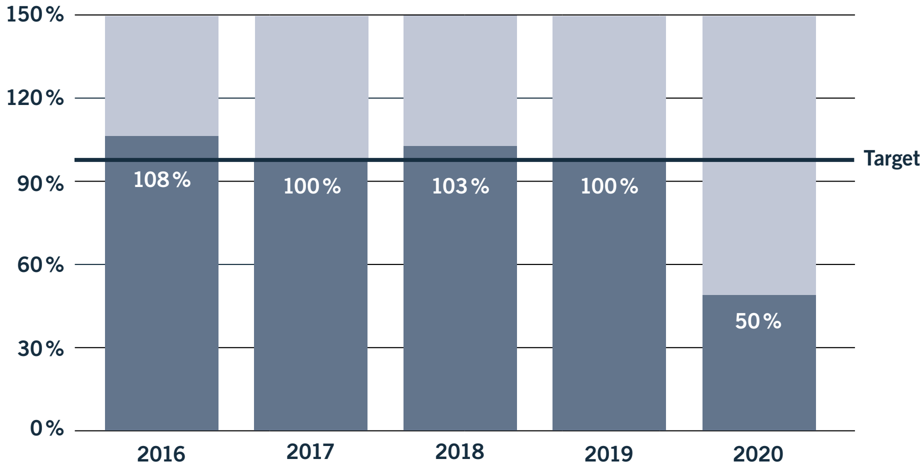
Given the high impact of COVID-19 on Valora's business, the existing EBIT and NWC performance indicators were no longer effective measures to exclusively assess the business performance of Group Executive Management in terms of crisis resolution and risk management. Therefore, the Board decided to consider further factors in its performance assessment. These factors included Group Executive Management's risk and crisis management of the COVID-19 pandemic, the extent to which Valora's network and substance was preserved, the survival of Valora and its business model, and Valora's positioning in the overall context of the crisis. Moreover, the support provided to our partners and employees was of particular importance.

Concerning our employees, enormous efforts were made to ensure proper risk management, which was evidenced by the successful maintenance of our operations throughout the entire pandemic and the protection of employees against the risk of infection. Valora supported all its employees affected by short-time work by compensating 100% of the shortfall in earnings caused by short-time working until end of April, and 90% of the shortfall in earnings until end of May. As of June in Germany Valora went on compensating 80% of the respective amount of earnings lost as a result of short time working due to the fact that state contributions for short-time working in Germany are considerably lower than those provided in other countries.

Regarding our network and partners, Valora has undertaken significant investments and worked with our agency and franchise partners to find solutions which ensure that independent contractors and their staff can also continue to operate on an economically viable and sustainable basis. Group Executive Management has therefore supported Valora's economic capacity to act and the stability of its network for the period following the COVID-19 crisis.

Based on our pay-for-performance remuneration philosophy and taking into account the non-influenceability of certain developments, the Board has acknowledged these enormous efforts by management and expressed its full satisfaction. At the same time the financial impact of COVID-19 on our business was highly significant. Therefore, in an overall consideration, the STB factor was defined at 50 % for the Group Executive Management.

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



The illustration shows that the design of the STB is structured effectively: In line with Valora's ambitious target–setting, substantial progress needs to be made to reach the target (100 %).

LTIP Plan achievement for 2020

There was no LTIP vesting in 2020 considering that the first PSUs under the LTIP were granted in 2019 and will vest at the beginning of 2022, based on perfomance targets for the performance years 2019 - 2021 which despite the high impact of COVID-19 have not been adjusted. The vesting level of the PSU plan will be disclosed retroactively, starting with the Remuneration Report 2022.

In total as of December 31, 2020, the equity overhang, defined as the total number of share units (PSU) and blocked shares outstanding divided by the total number of outstanding shares (4 384 363 registered shares) amounts to 22 733 units, 0.5 %.

8 LOANS AND CREDITS

As of 31 December 2020 and 2019, there were no outstanding loans or credits to members of the Board or Group Executive Management or to related parties. Valora Holding AG does not grant any loans or credits and therefore does not have any regulations in its Articles of Incorporation on such matters.

9 SHAREHOLDINGS

As of 31 December 2020 and 2019, the individual members of the Board and Group Executive Management (including related parties) held the following number of shares of Valora Holding AG:

Valora carefully monitors the dilution of the share capital. As of 31 December 2020, the company's «burn rate», defined as the number of shares (20 215) and share units (12 987) granted in 2020 divided by the total number of shares outstanding was 0.76 %.

As of 31 December 2020, the members of the Board and Group Executive Management held a total of 20 215 registered shares (previous year 657 358) of Valora Holding AG, which equals 0.46 % (previous year 16.48 %) of the share capital).

Table 5

Board of Directors	**2020 Number of shares**	**2020 Share of total voting rights in %**	**2020 of which subject to a blocking period**	2019 Number of shares	2019 Share of total voting rights in %	2019 of which subject to a blocking period
Franz Julen Chairman	4 000	0.09	1 328	3 462	0.09	1 172
Sascha Zahnd Vice-Chairman	313	0.01	313	123	0.00	123
Michael Kliger Member and Chairman of Nomination and Compensation Committee	562	0.02	424	380	0.01	357
Markus Bernhard Member and Chairman of Audit Committee since AGM 2020	382	0.01	182	n/a	n/a	n/a
Insa Klasing Member	291	0.01	291	123	0.00	123
Karin Schwab Member since AGM 2020	168	-	168	n/a	n/a	n/a
Suzanne Thoma Member since AGM 2020	168	-	168	n/a	n/a	n/a
Markus Fiechter until AGM 2020	n/a	n/a	n/a	2 500	0.06	541
Ernst Peter Ditsch until AGM 2020	n/a	n/a	n/a	635 599	15.93	0
Cornelia Ritz Bossicard until AGM 2020	n/a	n/a	n/a	1 090	0.03	391
Total Board of Directors	**5 884**	**0.13**		**643 277**	**16.12**	

Table 6

Group Executive Management	**2020 Number of shares**	**2020 Share of total voting rights in %**	**2020 of which subject to a blocking period**	**2020 Number of unvested target PSUs**	**2020 Number of total shares and unvested target PSUs**
Michael Mueller CEO	11 826	0.27	4 731	5 201	17 027
Beat Fellmann CFO since July 2020	450	0.01	0	775	1 225
Thomas Eisele Head Food Service	1 570	0.03	1 456	2 294	3 864
Roger Vogt Head Retail	685	0.02	685	2 036	2 721
Total Group Executive Management	**14 531**	**0.33**	**6 872**	**10 306**	**24 837**

Table 7

Group Executive Management	2019 Number of shares	2019 Share of total voting rights in %	2019 of which subject to a blocking period	2019 Number of unvested target PSUs	2019 Number of total shares and unvested target PSUs
Michael Mueller CEO	11 826	0.30	8 872	1 930	13 756
Thomas Eisele Head Food Service	1 570	0.04	1 456	1 014	2 584
Roger Vogt Head Retail	685	0.02	685	740	1 425
Total Group Executive Management	**14 081**	**0.36**	**11 013**	**3 684**	**17 765**

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

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

We have audited the remuneration report of Valora Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables 1 – 4 and section 8 on pages 118, 119, 120 and 124 of the remuneration report.

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

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

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

Opinion. In our opinion, the remuneration report for the year ended 31 December 2020 of Valora Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

André Schaub Licensed audit expert (Auditor in charge)	Ina Braun Licensed audit expert

Basel, 23 February 2021

Financial Report

VALORA FINANCIAL REPORT 2020

REVIEW OF GROUP RESULTS

With EBIT of CHF 14.1 million, Valora successfully concluded the challenging 2020 financial year. The EBIT reached the upper end of the guidance in spite of massively reinforced government restrictions related to the COVID-19 crisis towards the end of the year. The Group generated strong free cash flow of CHF 38.1 million and strengthened its balance sheet with the reduction of net debt by CHF –109.1 million to CHF 211.8 million at a leverage ratio of 2.5x EBITDA.

After a good start to the year, the Group's business was heavily impacted by the COVID-19 crisis and the related collapse in mobility including massive drops in footfall, especially at high-frequency public transport locations, of up to –80% during lockdown months. After an initial recovery after the first lockdown in spring, the situation tightened up again with the start of the second wave in the fourth quarter. Looking ahead, Valora expects to return to pre-crisis profitability on a monthly basis by the end of 2021.

In the 2020 financial year, Valora generated overall net revenue of CHF 1697.4 million, compared to CHF 2029.7 million in 2019, and external sales amounted to CHF 2233.3 million (2019: CHF 2680.6 million), a decrease of –16.4% and –16.7%, respectively, with significant shifts from the food to the tobacco, non-food and services categories. As the out of home consumption of food declined due to government restrictions and home-office working, external sales in the food category decreased by –27.9% in local currency. As a result of government orders to contain the virus and the resulting decline in customer frequencies especially at high-traffic locations, Valora was forced to considerably reduce opening hours and close some of its outlets completely, with continuous adjustments in line with the dynamic situation. On average throughout the year, about 5% of the Group's points of sale (POS) were closed – peaking in April at about 20% – and about 30% were running with reduced opening hours. Overall, the Retail formats were significantly less affected than the Food Service B2C formats. This was particularly due to Retail benefiting from its product offering of tobacco, press, non-food and services as well as the more diversified POS network with currently more frequented locations such as shopping centres, agglomerations and service stations. While both Retail and Food Service B2C formats experienced an initial recovery towards the end of the second quarter and particularly during the third quarter, the sales trend deteriorated again with the start of the second-wave lockdowns in the fourth quarter. The Food Service B2B pretzel business saw a significant temporary drop in orders during the first lockdown due to the weakened out-of-home food service market, while the sales decline was more moderate at –13.4% in the second half of the year, due partly to the launch of new distribution channels and product innovations.

Gross profit for the 2020 financial year amounted to CHF 743.3 million compared to CHF 917.2 million in the prior year. The gross profit margin came to 43.8% and remained –1.4 percentage points below its level in the prior year, particularly as a result of the lower share of high-margin food sales.

At an early stage, Valora implemented comprehensive cost-cutting measures across the Group and also made use of the governments' short-time-working programmes as more than half of its employees were temporarily on short-time working. The main cost-cutting measures implemented related to capacity management at POS, in production and in central functions, including a hiring freeze. In addition, highly disciplined cost management in the areas of logistics, marketing and IT resources as well as rent concessions were in focus. The Group thus realised a significant year-on-year cost reduction of –11.7% or CHF 96.5 million to CHF –729.3 million, compensating for 55.5% of the Group's decline in gross profit despite substantial fixed cost components related to minimum rent and the B2B pretzel production as well as temporary financial support to partners. In light of the ongoing government restrictions during the second wave, the development and implementation of sustainable cost measures as well as network optimisation are ongoing. Valora expects to maintain the level of cost reductions despite increased activities related to digital innovations and no significant rent concessions anticipated.

As a result, Group EBIT for the 2020 financial year amounted to CHF 14.1 million (2019: CHF 91.5 million) and the EBIT margin was 0.8 % (2019: 4.5 %). Group net profit came to CHF –6.2 million (2019: CHF 73.7 million). The Group generated strong free cash flow of CHF 38.1 million (2019: CHF 76.0 million), thanks to solid EBITDA (CHF 83.4 million; 2019: 157.4 million), sustainable and consistent NWC management as well as a focused approach to investment decisions.

In 2020, Valora further strengthened its financial structure through the syndicated loan facility that was renegotiated and increased to CHF 150 million in spring as well as the proceeds from the placement of 440 000 shares in November. In addition, it was also supported by the suspension of the dividend for the 2019 financial year. As a result, net debt was reduced by CHF – 109.1 million to CHF 211.8 million and the leverage ratio amounted to 2.5x EBITDA (31.12.2019: 2.0x).

Throughout the crisis year, the Valora network and its partners ensured uninterrupted service to their customers within government constraints. In light of the crisis, the Group proved the resilience of its business and the management is convinced that Valora’s foodvenience business model will remain attractive in the future. Valora is strongly positioned in its markets and has a solid financing structure, benefiting from a high degree of financial stability and flexibility. On this basis, Valora is continuing to pursue its pre-COVID-19-crisis strategic priorities.

A NET REVENUE

Net revenue (NR) in CHF million	2020	2020 share in %	2019	2019 share in %	Change	Change in local currency
Retail CH	1 066.6	62.8 %	1 160.9	57.2 %	–8.1 %	–8.1 %
Retail DE / LU / AT	373.5	22.0 %	508.2	25.0 %	–26.5 %	–23.6 %
Retail Division	1 440.0	84.8 %	1 669.1	82.2 %	–13.7 %	–12.7 %
Food Service Division	245.7	14.5 %	353.2	17.4 %	–30.4 %	–28.5 %
Other	11.8	0.7 %	7.4	0.4 %	+59.4 %	+59.4 %
Total Group	**1 697.4**	**100.0 %**	**2 029.7**	**100.0 %**	**–16.4 %**	**–15.2 %**
Switzerland	1 147.8	67.6 %	1 277.0	62.9 %	–10.1 %	–10.1 %
Elsewhere	549.7	32.4 %	752.7	37.1 %	–27.0 %	–24.1 %

In the 2020 financial year, Valora generated overall net revenue of CHF 1 697.4 million compared to CHF 2 029.7 million in 2019, and external sales amounted to CHF 2 233.3 million (2019: CHF 2 680.6 million), a decrease of –16.4 % and –16.7 %, respectively, with significant shifts from the food to the tobacco, non-food and services categories. As the out of home consumption of food declined due to government restrictions and home-office working, external sales in the food category decreased by –27.9 % in local currency. As a result of government orders to contain the virus and the resulting decline in customer frequencies especially at high-traffic locations, Valora was forced to considerably reduce opening hours and close some of its outlets completely, with continuous adjustments in line with the current developments. On average throughout the year, about 5 % of the Group's POS were closed – with its peak in April at about 20 % – and about 30 % were running with reduced opening hours.

In the 2020 financial year, the Retail division benefitted from its broad and diversified network of stores reaching its customers not only in locations of public transport, but also in shopping centres, agglomeration areas and service stations.

Retail CH reported net revenue of CHF 1 066.6 million compared to CHF 1 160.9 million in the 2019 financial year. The drop in sales (–8.1 %) is particularly due to lower footfall, temporary store closures and reduced opening hours following official orders to contain the COVID-19 virus. The unit's broad product portfolio and strong competence in the tobacco and press categories proved to be a source of strength in the crisis and an increased average ticket size partly compensated for reduced customer frequencies. In addition, the first conversions of stores to the new avec format at SBB and service station locations showed a promising sales development outperforming existing stores.

Retail DE / LU / AT earned net revenue of CHF 373.5 million compared to CHF 508.2 million in the previous year. The decline in external sales of – 11.2 % in local currency to CHF 753.1 million was less pronounced than the net revenue decrease of – 23.6 % in local currency, as franchise outlets recorded a positive same-store-sales development (+ 1.7 %), particularly due to a higher share of tobacco sales than in own stores.

Food Service posted net revenue of CHF 245.7 million compared to CHF 353.2 million in the 2019 financial year, a decrease of – 28.5 % in local currency. All business units were heavily impacted by the COVID-19 crisis due to the reduced demand for out-of-home food related to the government restrictions. However, the easing of the official orders led to an initial sales recovery particularly in the third quarter 2020, a + 12.1 percentage point improvement of sales development in local currency compared to the first half of the year. For the 2020 financial year, Food Service CH and Food Service DE sales decreased by – 36.2 % and – 38.3 % in local currency, respectively, with a significant impact from closed stores and reduced opening hours. Overall B2B sales dropped by – 17.4 % in local currency, whereby Ditsch USA recorded sales growth of + 26.5 % in local currency.

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

B GROSS PROFIT

Gross profit in CHF million	**2020**	**2020 share in %**	**2020 % of NR**	2019	2019 share in %	2019 % of NR	Change	Change in local currency
Retail CH	423.7	57.0 %	39.7 %	460.7	50.2 %	39.7 %	– 8.0 %	– 8.0 %
Retail DE / LU / AT	127.1	17.1 %	34.0 %	171.0	18.6 %	33.7 %	– 25.7 %	– 22.7 %
Retail Division	550.8	74.1 %	38.2 %	631.7	68.9 %	37.8 %	– 12.8 %	– 11.9 %
Food Service Division	184.1	24.8 %	74.9 %	278.1	30.3 %	78.7 %	– 33.8 %	– 32.0 %
Other	8.5	1.1 %	72.3 %	7.4	0.8 %	99.9 %	+ 15.4 %	+ 15.4 %
Total Group	**743.3**	**100.0 %**	**43.8 %**	**917.2**	**100.0 %**	**45.2 %**	**– 19.0 %**	**– 17.7 %**

Gross profit for the 2020 financial year amounted to CHF 743.3 million compared to CHF 917.2 million in the prior year. The gross profit margin came to 43.8 % and remained – 1.4 percentage points below its level in the 2019 financial year, particularly as a result of the lower share of high-margin food sales.

Gross profit at **Retail CH** came to CHF 423.7 million compared to CHF 460.7 million in 2019. The margin of 39.7 % held its own compared to 2019 figures, supported by resilient promotional income and a higher share of lottery revenues.

Retail DE / LU / AT recorded gross profit of CHF 127.1 million compared to CHF 171.0 million in the 2019 financial year. The margin improved slightly from 33.7 % in 2019 to 34.0 % in 2020, particularly thanks to the temporarily reduced VAT rates in Germany.

Food Service reported gross profit of CHF 184.1 million for the 2020 financial year compared to CHF 278.1 million in the prior year. The gross profit margin remained below the prior-year figure of 78.7 % at 74.9 %, driven in particular by portfolio as well as product mix effects and increased write-offs as a result of the high share of fresh food.

Gross profit in the **Other** segment increased by + 15.4 % from CHF 7.4 million to CHF 8.5 million thanks to higher income from bob Finance.

C OPERATING COSTS, NET

Net operating costs in CHF million	**2020**	**2020 share in %**	**2020 % of NR**	2019	2019 share in %	2019 % of NR	Change	Change in local currency
Retail CH	– 406.6	55.8 %	– 38.1 %	– 425.0	51.5 %	– 36.6 %	– 4.3 %	– 4.3 %
Retail DE / LU / AT	– 116.5	16.0 %	– 31.2 %	– 152.6	18.5 %	– 30.0 %	– 23.6 %	– 20.8 %
Retail Division	– 523.2	71.7 %	– 36.3 %	– 577.6	70.0 %	– 34.6 %	– 9.4 %	– 8.6 %
Food Service Division	– 192.6	26.4 %	– 78.4 %	– 235.0	28.5 %	– 66.5 %	– 18.1 %	– 15.9 %
Other	– 13.5	1.9 %	n.a.	– 13.1	1.6 %	n.a.	+ 3.6 %	+ 5.8 %
Total Group	**– 729.3**	**100.0 %**	**– 43.0 %**	**– 825.7**	**100.0 %**	**– 40.7 %**	**– 11.7 %**	**– 10.4 %**

At an early stage, Valora implemented comprehensive cost-cutting measures across the Group and also made use of the governments' short-time-working programmes as more than half of its employees were temporarily on short-time working. The main cost-cutting measures implemented related to capacity management at POS, in production and in central functions, including a hiring freeze. In addition, highly disciplined cost management in the areas of logistics, marketing and IT resources as well as rent concessions were in focus. The Group thus realised a significant year-on-year cost reduction of – 11.7 % or CHF 96.5 million to CHF – 729.3 million, compensating for 55.5 % of the Group's decline in gross profit despite substantial fixed cost components related to minimum rent and the B2B pretzel production as well as temporary financial support to partners.

Retail CH reported net operating costs of CHF – 406.6 million, – 4.3 % below their 2019 level. This corresponds to a compensation of 49.6 % of the GP decline with reduced costs, taking into account that volume-driven lower expenses and cost measures including rent concessions were partly offset by the higher depreciation on right-of-use assets after the SBB tender.

Retail DE / LU / AT reduced its costs by – 20.8 % in local currency to CHF – 116.5 million. Major effects resulted from decreased personnel expenses and rent reduction, both volume driven and renegotiated rent concessions. 82.2 % of the GP decline was thus compensated with cost reductions.

Food Service reduced its net operating costs by – 15.9 % in local currency to CHF – 192.6 million. Temporary support provided to individual partners in order to secure their economic viability and higher depreciation after the expansion of the B2B production facilities absorbed part of the realised savings. The unit's GP decline was compensated by 45.1 % with lower costs. The division's cost structure shows a higher share of fixed costs compared to other units, given the higher capital intensity of the B2B business and amortisation of intangible assets from acquisition.

D OPERATING PROFIT (EBIT)

Operating profit (EBIT) in CHF million	**2020**	**2020 share in %**	**2020 % of NR**	2019	2019 share in %	2019 % of NR	Change	in local currency
Retail CH	17.1	121.5 %	1.6 %	35.7	39.0 %	3.1 %	–52.2 %	–52.2 %
Retail DE / LU / AT	10.6	75.2 %	2.8 %	18.4	20.1 %	3.6 %	–42.6 %	–39.2 %
Retail Division	27.6	196.6 %	1.9 %	54.1	59.1 %	3.2 %	–48.9 %	–47.9 %
Food Service Division	–8.5	–60.7 %	–3.5 %	43.1	47.1 %	12.2 %	n.a.	n.a.
Other	–5.0	–35.9 %	n.a.	–5.7	–6.2 %	n.a.	n.a.	n.a.
Total Group	**14.1**	**100.0 %**	**0.8 %**	**91.5**	**100.0 %**	**4.5 %**	**–84.6 %**	**–84.3 %**

As a result, Group EBIT for the 2020 financial year amounted to CHF 14.1 million (2019: CHF 91.5 million) and the EBIT margin was 0.8 % (2019: 4.5 %).

EBIT at **Retail CH** amounted to CHF 17.1 million compared to CHF 35.7 million in the prior year. The unit's EBIT margin was 1.6 % (2019: 3.1 %). In EBITDA, the unit contributed CHF 42.6 million to the Group's results at an EBITDA margin of 4.0 %.

Retail DE / LU / AT earned EBIT of CHF 10.6 million compared to CHF 18.4 million in 2019, while the EBIT margin amounted to 2.8 % (2019: 3.6 %). The unit's EBITDA amounted to CHF 23.7 million for the 2020 financial year and the EBITDA margin was 6.4 %.

Food Service EBIT was CHF –8.5 million compared to CHF 43.1 million in the 2019 financial year. Due to its high exposure to the out-of-home food market and the crisis-related deterioration of the division's high-margin sales as well as a higher share of fixed costs, the adverse impact on the division was more severe than on other units. However, Food Service generated a profit in EBITDA of CHF 18.7 million. The EBITDA margin of 7.6 %, which was higher than in the Retail units, showed a solid level of profitability before depreciation and amortisation and emphasises the substantial upside potential of the division after the crisis.

E FINANCIAL RESULT, TAXES AND GROUP NET PROFIT

Group net profit came to CHF –6.2 million (2019: CHF 73.7 million). This includes positive effects from the release of a tax provision and deferred taxation.

The **net financial result** for the 2020 financial year was CHF –24.3 million compared to CHF –21.3 million in 2019. Lower exchange rate impact and improved financing conditions partly offset the increased IFRS 16 interest expense.

In 2020, **tax** income of CHF 4.1 million arose compared to CHF 3.4 million in the 2019 financial year. The tax income in 2020 is due to the release of a provision and deferred taxation.

These effects, added to the EBIT outlined above, led to a **Group net profit** of CHF –6.2 million compared to CHF 73.7 million in 2019.

F LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

Key financial data in CHF million	2020	2019
EBITDA	**83.4**	**157.4**
Free cash flow / before purchase / sale of subsidiaries	**38.1**	**76.0**
Free cash flow per share in CHF	9.53	19.30
Group net profit	**–6.2**	**73.7**
Earnings per share in CHF	–1.55	18.70
Shareholder's equity	685.0	626.1
Equity Ratio [1]	47.3 %	46.0 %
Net debt	211.8	320.9

[1] Definition of alternative performance measures on page 225.

The Group generated strong free cash flow of CHF 38.1 million (2019: CHF 76.0 million), thanks to solid EBITDA (CHF 83.4 million; 2019: 157.4 million) as well as sustainable and consistent NWC management and a focused approach to investment decisions. Net debt was reduced by CHF –109.1 million to CHF 211.8 million and the leverage ratio amounted to 2.5x EBITDA (31.12.2019: 2.0x).

In the 2020 financial year, Valora generated **free cash flow** of CHF 38.1 million compared to CHF 76.0 million in 2019. The EBITDA amounted to CHF 83.4 million and remained below its 2019 figure of CHF 157.4 million. In particular, the focused prioritisation of investment projects as well as a sustainable and consistent NWC management, that was driven by the renegotiation of payment terms with suppliers, partly compensated for the crisis related decline in EBITDA and led to a fairly stable cash generation ratio in free cash flow of 45.6 % EBITDA (2019: 48.3 %).

Net debt as at 31 December 2020 of CHF 211.8 million remained below its level of 31 December 2019 (CHF 320.9 million), driven by the proceeds of the capital increase and the Group's free cash flow, while it was also supported by the suspension of the dividend for the 2019 financial year. Cash and cash equivalents increased to CHF 229.7 million as at 31 December 2020 (31 December 2019: CHF 122.7 million). The leverage ratio was 2.5x EBITDA (2019: 2.0x). Including lease liabilities, net debt amounted to CHF 1 239.5 million compared to CHF 1 369.1 million at year-end 2019.

The **equity ratio** before lease liabilities as at 31 December 2020 amounted to 47.3 % compared to 46.0 % as at 31 December 2019. Including lease liabilities, the equity ratio was 28.0 % (26.2 % as at 31 December 2019).

Looking forward, Valora strengthened its financing structure in the 2020 financial year comprehensively. In April, the Group renewed the previous syndicated loan facility of CHF 50 million and increased it to CHF 150 million with more attractive conditions at a term of five years with two extension options of one year each. In addition, the Group further increased its financial flexibility, also to take advantage of strategic opportunities, through the successful placement of 440 000 shares, equivalent to approximately CHF 70 million gross proceeds in November. On the basis of this equity transaction, Valora was able to successfully negotiate additional COVID-19 related headroom for the leverage ratio covenant up until and including 30.06.2022. The Group thus benefits from a high degree of financial stability and flexibility as well as a favourable maturity profile across all instruments.

G RETURN ON CAPITAL EMPLOYED

ROCE [1]	2020		2019	Percentage-point change	2020	2019	change
in %		without Goodwill			Capital Employed	Capital Employed	
Retail CH	11.2 %	17.4 %	19.3 %	–8.1 %	151.8	184.7	–17.8 %
Retail DE / LU / AT	6.9 %	16.2 %	11.0 %	–4.0 %	152.0	167.5	–9.2 %
Retail Division	9.1 %	16.9 %	15.4 %	–6.3 %	303.8	352.3	–13.7 %
Food Service Division	n.a.	n.a.	6.5 %	n.a.	665.7	661.5	0.6 %
Total Group [2]	**1.3 %**	**2.7 %**	**8.4 %**	**–7.0 %**	**1 056.7**	**1 094.0**	**–3.4 %**

[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.

Return on capital employed (ROCE) amounted to 1.3 % for the 2020 financial year and remained below the 2019 figure of 8.4 % as a result of the lower EBIT. Excluding goodwill, the Group's ROCE was 2.7 %.

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 2020, the Group's ROCE amounted to 1.3 %.

ROCE for **Retail CH** was 11.2 %. Even though the profitability ratio was down on the previous year (19.3 %) due to the decline in EBIT, ROCE remained clearly above the 2019 Group's average of 8.4 %. This was thanks to both a solid EBIT contribution and decreased capital employed driven by NWC improvements. Excluding goodwill, the unit's ROCE was 17.4 %.

Retail DE / LU / AT recorded ROCE of 6.9 % compared to 11.0 % in 2019. Thanks to the solid EBIT contribution during the challenging 2020 financial year, the unit's decline in ROCE was less pronounced than the Group average. Excluding goodwill, ROCE amounted to 16.2 %.

Given its high-exposure to the out-of-home food market, **Food Service** EBIT remained below break-even for the 2020 financial year. Due to the negative result, ROCE was not calculated. Despite the investments in production expansion, the capital employed remained fairly stable.

CONSOLIDATED INCOME STATEMENT

1 January to 31 December, in CHF 000 (except per-share amounts)	**Notes**	**2020**	%	2019	%
Net revenue	**8**	**1 697 448**	**100.0**	**2 029 668**	**100.0**
Cost of goods and materials		–954 111	–56.2	–1 112 467	–54.8
Personnel expenses	9	–203 900	–12.0	–245 850	–12.1
Other operating expenses	10	–353 903	–20.8	–402 834	–19.8
Depreciation, amortisation and impairments	20, 21, 23	–225 626	–13.3	–207 161	–10.2
Other income	11	56 224	3.3	32 759	1.6
Other expenses	11	–2 081	–0.1	–2 659	–0.1
Operating profit (EBIT)	**7**	**14 051**	**0.8**	**91 458**	**4.5**
Financial expenses	12	–26 433	–1.6	–23 205	–1.1
Financial income	13	2 093	0.1	1 908	0.1
Earnings before income taxes		**–10 289**	**–0.6**	**70 161**	**3.5**
Income taxes	14	4 087	0.2	3 440	0.2
Net (loss)/profit from continuing operations		**–6 202**	**–0.4**	**73 601**	**3.6**
Net profit from discontinued operations		0	0.0	100	0.0
Net (loss)/profit attributable to shareholders of Valora Holding AG		**–6 202**	**–0.4**	**73 701**	**3.6**
Earnings per share					
from continuing operations, diluted and undiluted (in CHF)	15	–1.55		18.68	
from discontinued operations, diluted and undiluted (in CHF)	15	-		0.02	
from continuing and discontinued operations, diluted and undiluted (in CHF)	**15**	**–1.55**		**18.70**	

The accompanying notes from page 149 to page 204 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December, in CHF 000	**Notes**	**2020**	2019
Net (loss)/profit		**–6 202**	**73 701**
Remeasurements of defined benefit liability/asset	28	1 310	–2 006
Income taxes	28	–262	401
Items that will not be reclassified to profit or loss		**1 048**	**–1 605**
Currency translation adjustments		–4 004	–10 360
Items that may be reclassified to profit or loss		**–4 004**	**–10 360**
Other comprehensive income for the period		**–2 956**	**–11 965**
Total comprehensive income for the period		**–9 159**	**61 735**
Attributable to shareholders of Valora Holding AG		–9 159	61 735

The total comprehensive income for the period attributable to shareholders of Valora Holding AG is divided as follows:

Attributable to shareholders of Valora Holding AG from continuing operations	–9 159	61 635
Attributable to shareholders of Valora Holding AG from discontinued operations	0	100
Attributable to shareholders of Valora Holding AG	**–9 159**	**61 735**

The accompanying notes from page 149 to page 204 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Notes	31.12.2020	%	31.12.2019	%
Current assets					
Cash and cash equivalents	16	229 727		122 651	
Trade accounts receivable	17	58 397		77 080	
Inventories	18	143 168		143 393	
Current income tax receivables		2 508		288	
Current finance lease receivables	22	22 517		23 407	
Other current receivables	19	81 239		65 635	
Total current assets		**537 557**	**22.0%**	**432 455**	**18.1%**
Non-current assets					
Property, plant and equipment	20	261 787		267 924	
Right-of-use assets	21	909 802		938 997	
Goodwill, software and other intangible assets	23	643 643		657 162	
Investment in associates and joint ventures		25		25	
Financial assets	24	6 387		10 229	
Non-current finance lease receivables	22	66 170		68 207	
Deferred tax assets	14	20 512		17 838	
Total non-current assets		**1 908 327**	**78.0%**	**1 960 382**	**81.9%**
Total assets		**2 445 884**	**100.0%**	**2 392 837**	**100.0%**

LIABILITIES AND EQUITY

in CHF 000	Notes	31.12.2020	%	31.12.2019	%
Current liabilities					
Current financial liabilities	25	77 839		153	
Current lease liabilities	21	170 017		160 749	
Trade accounts payable	26	186 617		145 387	
Current income tax liabilities		6 677		9 997	
Other current liabilities	27	82 518		104 469	
Total current liabilities		**523 667**	**21.4 %**	**420 755**	**17.6 %**
Non-current liabilities					
Other non-current liabilities	25	366 917		447 207	
Non-current lease liabilities	21	857 699		887 491	
Non-current pension obligations	28	168		215	
Deferred tax liabilities	14	12 388		11 049	
Total non-current liabilities		**1 237 172**	**50.6 %**	**1 345 962**	**56.2 %**
Total liabilities		**1 760 839**	**72.0 %**	**1 766 718**	**73.8 %**
Equity					
Share capital	35	4 390		3 990	
Treasury shares		–1 002		–12 849	
Retained earnings		772 984		722 300	
Cumulative translation adjustments		–91 328		–87 323	
Total equity attributable to shareholders of Valora Holding AG		**685 045**	**28.0 %**	**626 119**	**26.2 %**
Total liabilities and equity		**2 445 884**	**100.0 %**	**2 392 837**	**100.0 %**

The accompanying notes from page 149 to page 204 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

1 January to 31 December, in CHF 000	**Notes**	**2020**	2019
Operating profit (EBIT)		**14 051**	**91 458**
Elimination of non-cash transactions in operating profit (EBIT)			
Depreciation and impairments of property, plant, equipment	20	52 819	48 330
Depreciation and impairments of right-of-use assets	21	156 248	141 183
Amortisation and impairment of intangible assets	23	16 559	17 647
Loss on sales of fixed assets, net	11	56	939
Share-based remuneration	29	2 348	2 664
Other non-cash transactions		703	–1 335
Change in other non-current liabilities		–536	–525
Change in net working capital, excluding the effects of the purchase and sale of business units			
Change in trade accounts receivable		18 287	1 652
Change in inventories		–129	374
Change in other current assets		–15 671	–10 199
Change in trade accounts payable		41 456	10 419
Change in other liabilities		–17 913	10 483
Cash flows from operating activities before interest and tax		**268 279**	**313 090**
Interest paid on financial liabilities		–5 823	–7 916
Interest paid on lease liabilities	21	–20 311	–15 107
Income taxes paid		–2 933	–2 107
Interest received from lease receivables	22	1 783	1 685
Other interest received		131	588
Dividends received		132	35
Cash flows from operating activities from continuing operations		**241 258**	**290 267**
Cash flows from operating activities from discontinued operations		0	100
Cash flows from operating activities		**241 258**	**290 367**
Cash flow from investing activities			
Investment in property, plant and equipment	20	–54 355	–81 044
Proceeds from the sale of property, plant and equipment	20	1 069	700
Acquisition of subsidiaries, net of cash and cash equivalents acquired	6	0	–4 030
Investment in financial assets		–599	–7 321
Proceeds from the sale of financial assets		4 437	7 349
Lease payments received from finance leases	22	22 671	14 524
Acquisition of other intangible assets	23	–6 273	–5 828
Proceeds from the sale of other intangible assets	23	104	105
Cash flows used in investing activities		**–32 946**	**–75 545**

1 January to 31 December, in CHF 000	**Notes**	**2020**	2019
Cash flow from financing activities			
Repayment of current financial liabilities	25	– 44	– 184 694
Proceeds from non-current financial liabilities	25	215	179 793
Repayment of non-current financial liabilities	25	– 1 920	– 725
Repayment of lease liabilities	21	– 166 412	– 142 688
Purchase of treasury shares		– 13 595	– 15 007
Sale of treasury shares		20 047	16 818
Dividends paid to shareholders		0	– 49 257
Share-capital increase of Valora Holding AG		61 635	0
Cash flows used in financing activities		**– 100 075**	**– 195 760**
Net increase in cash and cash equivalents		**108 236**	**19 063**
Exchange rate effect on cash and cash equivalents		– 1 160	– 1 186
Cash and cash equivalents at the beginning of year		122 651	104 776
Cash and cash equivalents at year-end	16	**229 727**	**122 651**

Total proceeds from the capital increase amounted to CHF 63.2 million and were reduced by the transaction costs in the amount of CHF 1.6 million.

The accompanying notes from page 149 to page 204 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 2019	**3 990**	**–15 108**	**699 882**	**–76 962**	**611 802**
Net profit			73 701		73 701
Other comprehensive income			–1 605	–10 360	–11 965
Total comprehensive income			**72 096**	**–10 360**	**61 735**
Share-based remuneration			2 664		2 664
Dividends paid to shareholders			–49 257		–49 257
Purchase of treasury shares		–15 007			–15 007
Sale of treasury shares		17 266	–3 084		14 182
Balance on 31 December 2019	**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			**–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**

The accompanying notes from page 149 to page 204 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 2020 financial year were approved by the Board of Directors on 23 February 2021. They are subject to approval by the Ordinary General Meeting on 31 March 2021.

2 BASIS OF ACCOUNTING

Basis of preparation. 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 considerations. 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).

Going Concern and COVID-19 related measures. Valora's business was heavily impacted by the COVID-19 pandemic and the related collapse in mobility including massive drops in footfall at high-frequency locations of up to -80% during lockdown months. As a result of official governmental orders to contain the virus and the resulting decline in customer frequencies especially at high-traffic locations, Valora was forced to considerably reduce opening hours and temporarily close some of its outlets completely. This has negatively impacted the Valora's financial performance for the year.

In addition to the trading downsides, the COVID-19 pandemic and related measures had the following impacts on the financial performance of Valora:

- Valora has identified sales outlets or group of sales outlets where the current and anticipated future performance does not support the carrying value of the sales outlets. A charge of CHF 8.2 million impairment has been incurred primarily in respect of the impairment on point-of-sales equipment and right-of-use assets associated with these sales outlets.
- The Group received financial support from the government for employees on short-time work. The compensation received of CHF 16.2 million was offset against salaries.
- The Group negotiated rent concessions with its landlords for the majority of its sales outlets leases as a result of the severe impact of the COVID-19 pandemic during the year. 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 23.3 million.
- Valora provided subsidies and additional support to franchisees and agencies in the amount of CHF 5.8 million recognised in the income statement.

There is still uncertainty over how the future development of the outbreak will impact the Valora's business development and customer demand for its products. In particular, the repeated lockdowns at the end of 2020 / beginning of 2021 and the associated extension of governmental orders will further impact the performance of Valora. Management has therefore modelled two different cash relevant scenarios considering a period of 12 months from the date of authorisation of these consolidated financial statements. The assumptions modelled take into account the estimated potential impact of COVID-19 restrictions and governmental orders and the expected level of customer frequency, together with management's proposed responses over the course of the period.

Given the solid equity situation, the high amount of cash and cash equivalents and the renewal and increase of the syndicated loan facility to CHF 150 million, management continues to have a reasonable expectation for both scenarios that Valora has adequate resources to continue in operation for at least the next 12 months from the date of authorisation of these financial statements and that the going concern basis of accounting remains appropriate.
This conclusion is supported by actions already taken by management to mitigate the trading downsides brought by COVID-19 such as comprehensive cost measures across the Group, making use of the governments' short-time work programmes and negotiating additional COVID-19 related headroom for the leverage ratio covenant. The development and implementation of sustainable cost measures as well as network optimisation are ongoing.

Compliance with IFRS, 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.

Scope of consolidation. Note 37 provides an overview of Valora's significant Group companies.

3 CHANGES TO ACCOUNTING POLICIES

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

Amendments to IFRS 16 Covid-19 Related Rent Concessions. The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

Amendments to IAS 1, IAS 8, IFRS 7, IFRS 9, IAS 39 and Conceptual Framework for Financial Reporting issued on 29 March 2018
These amendments had no impact on the consolidated financial statements of the Group.

Future implementation of International Financial Reporting Standards (IFRS) The Annual Improvements and other changes in IFRS will become effective in future accounting periods. These amendments are not expected to have a material effect on the Group's financial statements.

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 2020	**Closing rate on 31.12.2020**	Average rate for 2019	Closing rate on 31.12.2019
Euro, EUR 1	1.070	1.081	1.113	1.086
US dollar, USD 1	0.939	0.885	0.994	0.967

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 includes 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.

Net profit / loss from discontinued operations. On disposal of a segment or separate major line of business the related income is reported separately as net income / loss from discontinued operations. In the cash flow statement, only continuing operations are presented in detail and the operating, investing and financing cash flows from discontinued operations are aggregated in one line.

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 outstand-

ing. 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.

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 amortized 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 it expects 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 historic 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. Estimates by management are necessary when assessing the substance of complex transactions.

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.

This clause does not invalidate the valuation but implies that 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. 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 infinite 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 28). 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 2019.

Acquisition of SuperGuud. Valora acquired SuperGuud, based in Zurich, in an asset deal on 31 January 2019. The acquisition was conducted by BackWerk Switzerland AG and comprised three sales outlets.

The purchase price amounted to CHF 3.7 million and was paid in cash. The consideration was paid for the acquired retail equipment, inventory and goodwill of CHF 2.7 million. At the acquisition date the right-of-use asset and the lease liability amounted to CHF 1.2 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 both at Ditsch's, Brezelkönig's and BackWerk's own sales outlets and via the wholesale distribution channel. The segment also includes 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 assets mainly include loans to Group companies, cash and cash equivalents and short-term receivables. The segment liabilities comprise the financial instruments listed in note 25.

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.

Segment data

2020

in CHF 000	Retail	Food Service	Other	Elimination	Group total
Net revenue					
Total	**1 440 027**	**245 670**	**11 751**	**0**	**1 697 448**
From third parties	1 440 027	245 670	11 751	0	1 697 448
Operating profit (EBIT)					
Total	**27 628**	**–8 535**	**–5 042**	**0**	**14 051**
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
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**
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

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. Impairment on the right-of-use assets amounts to CHF 1.4 million.

2019

in CHF 000	Valora Retail	Food Service	Other	Elimination	Group total
Net revenue					
Total	**1 669 097**	**353 214**	**7 357**	**0**	**2 029 668**
From third parties	1 669 097	353 214	7 357	0	2 029 668
Operating profit (EBIT)					
Total	**54 094**	**43 068**	**–5 704**	**0**	**91 458**
Depreciation, amortisation and impairments	147 684	56 553	2 923	0	207 161
thereof right-of-use assets	110 361	30 514	309	0	141 183
Additions to non-current assets					
Total	**592 399**	**118 460**	**4 321**	**0**	**715 180**
thereof right-of-use assets	557 661	62 763	215	0	620 638
thereof lease receivables	20 898	35 780	0	0	56 678
Segment assets					
Total	**1 471 247**	**964 393**	**541 396**	**–584 197**	**2 392 837**
Segment liabilities					
Total	**1 019 327**	**586 938**	**744 649**	**–584 197**	**1 766 718**
thereof lease liabilities	841 909	205 278	1 053	0	1 048 240

Depreciation, amortisation and impairments include impairments of CHF 3.0 million in the Retail segment and impairments in the segment Food Service of CHF 0.4 million and represent mainly impairments on point-of-sale equipment. Impairment on the right-of-use assets amounts to CHF 0.4 million.

Segment information by countries

2020

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

2019

in CHF 000	Switzerland	Germany	Other countries	Group total
Total revenue from contracts with customers (according to IFRS 15)	1 277 004	586 353	122 447	1 985 804
Other revenues	0	41 681	2 184	43 865
Net revenue from third parties	**1 277 004**	**628 034**	**124 631**	**2 029 668**
Non-current assets	1 002 167	791 197	70 719	1 864 083

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

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 and franchise fees	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.

2019

in CHF 000	Retail	Food Service	Others	Group total
Revenue from sale of goods [1]	1 529 553	318 926	5	1 848 484
Income from services	114 149	15 818	7 353	137 320
Total revenue from contracts with customers (according to IFRS 15)	**1 643 702**	**334 744**	**7 357**	**1 985 804**
Commission income and franchise fees	25 395	18 470	0	43 865
Total net	**1 669 097**	**353 214**	**7 357**	**2 029 668**

[1] Includes wholesale revenue of CHF 133.2 million, which can be attributed to the segment Food Service.

9 PERSONNEL EXPENSES

in CHF 000	**2020**	2019
Wages and salaries	165 493	198 302
Social security expenses	28 182	33 622
Share-based remuneration	2 348	2 664
Other personnel expenses	7 876	11 262
Total personnel expenses	**203 900**	**245 850**
Headcount in full-time equivalents as at 31 December	3 578	3 906

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

Social security expenses include expenses for defined contribution plans of TCHF 120 (2019: TCHF 131). 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	**2020**	2019
Agency fees	171 189	181 335
Lease expenses	19 170	37 675
Ancillary rental costs and property expenses	35 320	38 605
Shipping	32 981	40 460
Management and administration	24 612	28 975
Communication and IT	24 712	25 017
Advertising and sales	10 464	16 435
Impairment losses on accounts receivables	6 938	2 737
Other operating expenses	28 517	31 595
Total other operating expenses	**353 903**	**402 834**

Received rent concession are presented as other income (see note 11).

11 OTHER INCOME AND OTHER EXPENSES

in CHF 000	**2020**	2019
Lease income	23 634	27 442
Gain on derecognition of right-of-use asset subject to finance lease	1 198	434
Gain from disposal of non-current assets	669	279
Rent concessions received	23 315	0
Other income	7 408	4 605
Total other income	**56 224**	**32 759**

in CHF 000	**2020**	2019
Loss on finance lease	–635	–193
Selling loss from the disposal of non-current assets	–725	–1 218
Other expenses	–720	–1 248
Total other expenses	**–2 081**	**–2 659**

12 FINANCIAL EXPENSE

in CHF 000	**2020**	2019
Interest expenses on bank loans and liabilities	6 121	6 919
Interest expense on lease liabilities	20 311	15 107
Foreign exchange losses, net	0	1 178
Total financial expense	**26 433**	**23 205**

13 FINANCIAL INCOME

in CHF 000	**2020**	2019
Interest income from cash and cash equivalents, loans and receivables	110	187
Interest income from lease receivables	1 783	1 685
Dividend income from other non-current financial assets	132	35
Foreign exchange gains, net	67	0
Total financial income	**2 093**	**1 908**

14 INCOME TAXES

Income tax is broken down as follows:

in CHF 000	**2020**	2019
Current tax	–2 554	6 629
Deferred tax	–1 533	–10 068
Total income taxes	**–4 087**	**–3 440**

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

in CHF 000	**2020**	2019
Earnings before income taxes	–10 289	70 161
Expected average Group tax rate	34.9%	20.2%
Income taxes at the expected Group tax rate	**–3 593**	**14 151**
Expenses not recognised for tax purposes/non-taxable income	1 575	3 039
Utilisation of previously unrecognised tax loss carryforwards	–4 068	–3 553
Effects on current income taxes from prior periods	–2 564	–2 350
Recognition of valuation allowances for deferred tax assets	3 441	2 616
Reversal of valuation allowances for deferred tax assets	0	–286
Intragroup transfer of assets	0	–17 382
Changes in tax rates	580	–571
Other effects	541	896
Total reported income taxes	**–4 087**	**–3 440**
Effective tax rate	39.7%	–4.9%

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 34.9%, profits and losses of the subsidiaries have been included. Compared to the previous year, the expected average Group tax rate increased as the tax rate applicable to profitable entities is inferior to the tax rate applicable to loss making entities.
The low effective tax rate in previous year arises due to a one-time effect from an intragroup transfer of assets, which resulted in a change in tax base.
Corporate restructuring measures in 2020 enabled an utilisation of previously unrecognised tax loss carryforwards which has a positive impact on income taxes of CHF –4.1 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 2019	**11 106**	**–14 495**	**–3 389**
Deferred taxes recognised in the income statement	4 348	5 641	9 989
Deferred taxes recognised in other comprehensive income	0	401	401
Currency translation differences	–645	433	–212
Offsetting	3 029	–3 029	0
Balance on 31 December 2019	**17 838**	**–11 049**	**6 790**
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**	**8 126**

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	**2020**	2019
Current assets	925	922
Property, plant and equipment	990	1 078
Goodwill, software and other intangible assets	11 457	11 122
Non-current lease receivables	0	89
Current lease liabilities	38 321	28 332
Non-current lease liabilities	179 865	203 371
Other liabilities	881	1 576
Tax loss carryforwards	16 172	14 639
Total	**248 611**	**261 130**
Deferred tax liabilities by origin of the difference		
Current assets	–3 739	–5 208
Current lease receivables	–3 362	–3 332
Property, plant and equipment	–3 914	–34 393
Right-of-use assets	–185 584	–168 009
Goodwill, software and other intangible assets	–21 526	–18 930
Non-current lease receivables	–20 499	–8 611
Other liabilities	–1 860	–15 856
Total	**–240 484**	**–254 340**
Reported in the balance sheet		
Deferred tax assets	20 512	17 838
Deferred tax liabilities	–12 388	–11 049
Total deferred tax assets, net	**8 126**	**6 790**

Tax loss carryforwards total to an amount of CHF 348.9 million (2019: CHF 388.8 million). Utilisation of CHF 283.9 million (2019: CHF 304.3 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 its expiration date in more than 5 years. The Group recognized deferred tax assets (net) of CHF 1.4 million (2019: CHF 1.4 million) regarding entities recording a net loss in current and previous period. 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	**2020**	2019
Net (loss)/profit from continuing operations	–6 202	73 601
Net profit from discontinued operations	0	100
Net (loss)/profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**–6 202**	**73 701**
Average number of outstanding shares	3 992 578	3 940 440
Earnings per share from continuing operations (in CHF)	–1.55	18.68
Earnings per share from continuing operations and discontinued operations (in CHF)	**–1.55**	**18.70**

In 2020 and 2019 there were no dilutive effects.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2020**	2019
Cash on hand and sight deposits	229 727	122 651
Total cash and cash equivalents	**229 727**	**122 651**
of which restricted cash	1 394	6 060

Valora places significant sight deposits with banks that have a good credit rating (Standard & Poor’s rating of A and higher) or with banks that are considered system-relevant. Under IFRS 9, demand deposits are measured at amortised cost.

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	**2020**	2019
Trade accounts receivable, gross	63 953	81 189
Allowance for expected credit loss	–5 556	–4 109
Total trade accounts receivable, net	**58 397**	**77 080**

Trade receivables are non-interest bearing.

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

in CHF 000	**2020**	2019
Balance on 1 January	**4 109**	**3 308**
Recognition of loss allowances through profit or loss	3 388	2 596
Reversal of loss allowances through profit or loss	–1 312	–692
Utilisation of loss allowances	–622	–762
Currency translation differences	–7	–341
Balance on 31 December	**5 556**	**4 109**

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

Total impairments (including reversals of impairment losses) amounted to CHF 6.9 million (2019: CHF 2.7 million). Impairment losses were charged to trade accounts receivables and other current receivables.

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

in CHF 000	**2020**	2019
Not yet due	43 774	63 855
Less than one month overdue	12 427	9 644
More than one month, but less than two months overdue	782	1 260
More than two months, but less than four months overdue	149	1 150
More than four months overdue	1 266	1 172
Total trade accounts receivable, net	**58 397**	**77 080**

The payment terms for trade receivables 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	**2020**	2019
CHF	21 059	33 627
EUR	35 367	41 985
USD	1 973	1 468
Total trade accounts receivable, net	**58 397**	**77 080**

18 INVENTORIES

in CHF 000	**2020**	2019
Merchandise	135 570	134 178
Semi-finished and finished products	4 753	6 169
Other inventories	2 845	3 046
Total inventories	**143 168**	**143 393**

During the financial year, write-downs on inventories of CHF 11.5 million (2019: CHF 9.2 million) were charged to the cost of goods and materials.

19 OTHER CURRENT RECEIVABLES

in CHF 000	**2020**	2019
Value-added taxes and withholding tax receivables	817	1 001
Prepaid expenses and accrued income	37 724	35 751
Other receivables	42 699	28 883
Total other current receivables	**81 239**	**65 635**

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

All other receivables measured at amortised cost had good credit ratings (stage 1). 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 2019	**8 601**	**36 612**	**482 684**	**22 345**	**550 242**
Consolidation scope additions	0	0	658	0	658
Additions	0	19 969	49 439	18 079	87 487
Disposals	0	0	–21 934	–92	–22 027
Reclassifications	0	1 675	12 146	–13 820	0
Currency translation differences	–150	–1 125	–7 524	–704	–9 504
Balance on 31 December 2019	**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**
Accumulated depreciation / impairments					
Balance on 1 January 2019	**0**	**–11 303**	**–303 541**	**0**	**–314 844**
Additions	0	–2 029	–42 896	0	–44 925
Impairments	0	0	–3 405	0	–3 405
Disposals	0	0	20 470	0	20 470
Currency translation differences	0	156	3 616	0	3 772
Balance on 31 December 2019	**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**
Carrying amount					
On 31 December 2019	8 451	43 954	189 711	25 808	267 924
On 31 December 2020	**8 393**	**45 065**	**197 157**	**11 172**	**261 787**

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 the majority 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 23.3 million (2019: 0). Further information relating COVID-19 measures are presented in chapter Basis of accounting.

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	Right-of-use assets sales outlets	Right-of-use assets vehicles	Total right-of-use assets
At cost			
Balance on 1 January 2019	**541 053**	**1 724**	**542 777**
Additions	619 073	1 565	620 638
Disposals	–75 923	–160	–76 083
Currency translation differences	–12 415	–61	–12 477
Balance on 31 December 2019	**1 071 788**	**3 068**	**1 074 856**
Additions	182 865	559	183 424
Disposals	–65 054	–455	–65 509
Currency translation differences	–878	–8	–886
Balance on 31 December 2020	**1 188 720**	**3 165**	**1 191 885**
Accumulated depreciation			
Balance on 1 January 2019	**0**	**0**	**0**
Additions	–139 642	–1 117	–140 759
Impairments	–424	0	–424
Disposals	4 041	15	4 056
Currency translation differences	1 251	18	1 269
Balance on 31 December 2019	**–134 774**	**–1 084**	**–135 858**
Additions	–153 643	–1 163	–154 805
Impairments	–1 443	0	–1 443
Reversal of impairment charges	0	0	0
Disposals	9 879	379	10 258
Currency translation differences	–233	–2	–235
Balance on 31 December 2020	**–280 213**	**–1 870**	**–282 083**
Carrying amount			
On 31 December 2019	937 014	1 984	938 997
On 31 December 2020	**908 507**	**1 295**	**909 802**

The increase in the right-of-use assets in 2020 is mainly attributable to new rental agreements with the Swiss Federal Railways. The significant increase in 2019 is explained by the renewal of existing and the conclusion of new rental agreements over a lease term of 10 years.

C) LEASE LIABILITIES

in CHF 000	**2020**	2019
Balance on 1 January	**1 048 240**	**619 406**
Additions	173 756	602 781
Interest on lease liabilities	20 311	15 107
Lease payments	– 186 723	– 157 795
Early termination of contracts	– 26 327	– 16 533
Currency translation differences	– 1 542	– 14 727
Balance on 31 December	**1 027 716**	**1 048 240**
Thereof current portion	170 017	160 749
Thereof non-current portion	857 699	887 491

Maturity analysis - contractual undiscounted cash flows in CHF 000	**2020**	2019
Within one year	187 047	179 292
Within 1 – 5 years	566 650	568 233
More than 5 years	350 215	384 893
Total undiscounted lease liabilities	**1 103 912**	**1 132 418**
Effect of discounting	– 76 194	– 84 178
Total lease liabilities included in the balance sheet	**1 027 718**	**1 048 240**

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.

2020

	No. of Leases	Fixed lease payments	Variable lease payments	Total
Total	**2 818**	**191 589**	**14 304**	**205 893**

2019

	No. of Leases	Fixed lease payments	Variable lease payments	Total
Total	**2 876**	**173 075**	**23 382**	**196 457**

Due to the lower sales in the reporting year, 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 have increased total lease payments by approximately CHF 7.9 million.

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 2020 amounted to CHF 18.8 million (2019: CHF 22.6 million). The table below shows the potential future lease payments due to exercised extension options.

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**

2019

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	104	17 031	54	10 803	385	83 094
Food Service	57	20 036	32	11 846	430	142 595
Other	0	0	0	0	1	22 621
Total	**161**	**37 067**	**86**	**22 649**	**816**	**248 310**

If Valora exercised all extension options not currently included in the lease liabilities, the additional payments would amount to CHF 237.7 million at 31 December 2020 (2019: CHF 248.3 million).

D) OTHER DISCLOSURES

Lease expenses:

in CHF 000	**2020**	2019
Variable lease payments	14 304	23 382
Lease expenses short term leases	4 353	13 738
Lease expenses low value assets	513	555
Total lease expenses presented within operating expenses	**19 170**	**37 675**

in CHF million	**2020**	2019
Interest expense on lease liabilities	20 311	15 107
Total cash outflow for leases	205 893	195 470
Lease commitment for short-term leases	1 248	6 696

The lease commitments for leases not commenced at year-end amount to CHF 54 million (2019: CHF 95 million) and relate to concluded contracts for new rental spaces with Swiss Federal Railways.

22 VALORA AS A LESSOR

A) LEASE RECEIVABLES

in CHF 000	**2 020**	2 019
Balance on 1 January	**91 613**	**71 598**
Additions	36 270	56 678
Interest on lease receivables	1 784	1 685
Repayments	–24 454	–16 209
Early termination of contracts	–16 131	–18 795
Currency translation differences	–394	–3 343
Balance on 31 December	**88 687**	**91 613**
Thereof current portion	22 517	23 407
Thereof non-current portion	66 170	68 207

More repayments lead to a decrease in lease receivables compared to previous year. The decrease in lease receivables is the result of the decreased number of franchisees.

Maturity analysis of lease payment receivable in CHF 000	**2020**	2019
Within one year	24 056	25 024
Within 1 – 2 years	20 659	20 781
Within 2 – 3 years	16 887	17 502
Within 3 – 4 years	12 715	13 579
Within 4 – 5 years	8 835	9 583
After more than 5 years	10 262	10 154
Total undiscounted lease payments to be received	**93 414**	**96 624**
Unearned finance income	–4 728	–5 011
Total lease receivables	**88 687**	**91 613**

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	**2020**	2019
Income from subleases recognised during the reporting period	13 359	16 858
Due dates of future payments		
Within one year	5 207	6 539
Within 1 – 2 years	3 471	4 349
Within 2 – 3 years	2 706	3 137
Within 3 – 4 years	1 415	2 387
Within 4 – 5 years	377	1 141
After more than 5 years	437	1 128
Total undiscounted payments to be received	**13 612**	**18 682**

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	**2020**	2019
Income recognised during the reporting period	10 275	10 584
Due dates of future payments		
Within one year	7 153	8 274
Within 1 – 2 years	7 029	6 638
Within 2 – 3 years	5 085	5 781
Within 3 – 4 years	4 113	4 887
Within 4 – 5 years	2 966	3 829
After more than 5 years	3 834	5 158
Total undiscounted future payments from other operating leases	**30 179**	**34 567**

C) OTHER DISCLOSURES

The Group has a finance income on lease receivables of CHF 1.8 million (2019: CHF 1.7 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 2019	**546 205**	**47 068**	**213 750**	**5 557**	**812 580**
Additions to the scope of consolidation	2 677	0	0	0	2 677
Additions	0	0	2 997	4 058	7 054
Disposals	0	0	–405	–7	–412
Reclassifications	0	0	1 910	–1 910	0
Currency translation differences	–13 121	–819	–4 083	–138	–18 162
Balance on 31 December 2019	**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**
Accumulated amortisation / impairments					
Balance on 1 January 2019	**–1 236**	**0**	**–129 800**	**0**	**–131 036**
Additions	0	0	–17 595	0	–17 595
Impairments	0	0	–52	0	–52
Disposals	0	0	306	0	306
Currency translation differences	44	–0	1 756	0	1 800
Balance on 31 December 2019	**–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**
Carrying amount					
On 31 December 2019	534 569	46 249	68 784	7 560	657 162
On 31 December 2020	**532 859**	**46 159**	**60 861**	**3 765**	**643 643**

Intangible assets with indefinite useful lives. The intangible assets with indefinite useful lives include the brands Ditsch (CHF 22.2 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 0.1 % was assumed (2019: 0.2 %). The pre-tax discount rate applied is 6.5 % (2019: 6.7 %).

Software and intangible assets with finite useful lives. Software and intangible assets with finite useful lives include CHF 12.5 million (2019: CHF 9.7 million) for software and CHF 48.4 million (2019: CHF 59.1 million) for intangible assets with finite useful lives, of which CHF 6.1 million (2019: CHF 9.6 million) relate to Ditsch / Brezelkönig customer relationships and CHF 37.8 million (2019: CHF 43.1 million) to BackWerk franchise contracts.

Goodwill impairment test. Goodwill is allocated to the following cash-generating units:

Cash-generating units in CHF 000	**2020**	2019
Retail Switzerland	53 730	53 730
Retail Germany	87 553	87 909
Food Service Europe	388 543	389 620
Ditsch USA	3 032	3 311
Total carrying amount as at 31 December	**532 859**	**534 569**

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 2020[1]	long-term growth rate 2019[1]	Pre-tax discount rate 2020	Pre-tax discount rate 2019	Net Revenue trend	Margin Trend
Retail Switzerland	3 years	0.0%	0.0%	5.8%	6.0%	rising	rising
Retail Germany [2]	3 years	0.2%	0.0%	7.3%	7.6%	falling	rising
Food Service Europe	3 years	0.1%	0.4%	6.5%	6.7%	rising	stable
Ditsch USA	3 years	2.0%	2.0%	9.4%	10.4%	rising	stable

[1] Beyond the planning horizon
[2] 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.

Results and sensitivity of impairment tests

Retail Switzerland and Ditsch USA
As of the measurement date, the impairment tests for Retail Switzerland and Ditsch USA show that even in the event of an increase in the discount rate of 1.0% percentage points, which is considered to be possible, or assuming revenues are 20 % lower, the resulting values in use exceed the carrying amounts.

Retail Germany
As of the date of the impairment test, no impairment of goodwill resulted. The recoverable amount exceeded the carrying amount by CHF 52 million. In the prior year, the difference amounted to CHF 80 million.

The impairment test for 2020 shows that even in the event of an increase in the discount rate of 1.4 percentage points or assuming a decrease of the average revenue growth rate from –1.6% to –7.7% over the planning horizon, the resulting value in use would equal the carrying amount. This analysis is based on changing one of the assumptions holding the other assumption unchanged. The impairment test assumes a recovery from the prevailing COVID-19 pandemic and a return to pre-COVID EBIT levels in 2022/2023.

Food Service Europe
As of the date of the impairment test, no impairment of goodwill resulted. The recoverable amount exceeded the carrying amount by CHF 167 million. In the prior year, the difference amounted to CHF 255 million.

The impairment test for 2020 shows that even in the event of an increase in the discount rate of 1.4 percentage points or assuming a decrease of the average revenue growth rate from 18.1% to 9.9% over the planning horizon, the resulting value in use would equal the carrying amount. This analysis is based on changing one of the assumptions holding the other assumption unchanged. The impairment test assumes a recovery from the prevailing COVID-19 pandemic and a return to pre-COVID EBIT levels in 2022/2023.

24 FINANCIAL ASSETS

in CHF 000	**2020**	2019
Loans	3 876	4 112
Other non-current receivables	1 862	5 468
Other non-current financial assets	649	649
Total financial assets	**6 387**	**10 229**

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	**2020**	2019
Current bank debt and current portion of long-term debt	77 839	153
Total current financial liabilities	**77 839**	**153**

Other non-current liabilities in CHF 000	**2020**	2019
Promissory notes	355 040	433 644
Other non-current liabilities	11 877	13 563
Total other non-current liabilities	**366 917**	**447 207**

The promissory note of CHF 78 million with maturity date 29 April 2021 is reported in 2020 under current interest-bearing liabilities.
The syndicated loan facility of CHF 150 million is currently not being utilised.

The promissory notes are structured as follows:

in CHF 000	**Maturity**	**31.12.2020**	31.12.2019
EUR 72 million	29.04.2021	77 832	78 106
EUR 170 million	11.01.2023	183 920	184 351
EUR 100 million	11.01.2024	108 120	108 187
CHF 63 million	11.01.2024	63 000	63 000

Other non-current liabilities include financial liabilities (mainly deposits) in the amount of TCHF 8639 (2019: TCHF 9733) and other liabilities (jubilee benefits and others) in the amount of TCHF 3238 (2019: TCHF 3830).

Maturities at year end are as follows in CHF 000	**2020**	2019
Within one year	77 839	153
Within 1 – 2 years	1 270	78 147
Within 2 – 3 years	184 592	1 121
Within 3 – 4 years	172 013	185 680
Within 4 – 5 years	1 326	172 429
After more than 5 years	4 478	6 000
Total financial liabilities	**441 518**	**443 530**
Current portion of financial liabilities	– 77 839	– 153
Total non-current portion of financial liabilities	**363 679**	**443 377**

The interest rates on financial liabilities ranged between 0.0 % and 1.8 % (2019: between 0.0 % and 3.0 %). The weighted average interest rate on financial liabilities was 1.4 % (2019: 1.4 %). Non-current financial liabilities are denominated in the following currencies:

in CHF 000	**2020**	2019
CHF	63 610	63 698
EUR	296 584	375 874
USD	3 485	3 806
Total non-current financial liabilities	**363 679**	**443 377**
Other non-current liabilities	3 238	3 830
Total other non-current liabilities	**366 917**	**447 207**

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 2019	**97 093**	**88 040**	**0**	**185 133**	**271 976**	**6 245**	**619 406**	**897 627**
Lease liability additions		0	0	0	0	0	617 888	617 888
Financing cash inflow	0	0	0	0	175 279	4 514	0	179 793
Financing cash outflow	–94 439	–90 255	–142 688	–327 382	0	–725	0	–725
Other cash flows	0	0	–15 107	–15 107	0	0	0	0
Reclass	0	0	320 363	320 363	0	0	–320 363	–320 363
Non-cash transactions	0	124	0	124	240	0	–16 533	–16 293
Currency translation differences	–2 501	2 092	–1 818	–2 227	–13 851	–301	–12 909	–27 061
Balance on 31 December 2019	**153**	**0**	**160 749**	**160 903**	**433 644**	**9 733**	**887 491**	**1 330 868**
Lease liability additions				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**

26 TRADE ACCOUNTS PAYABLE

Trade accounts payable are denominated in the following currencies:

in CHF 000	**2020**	2019
CHF	144 242	99 872
EUR	42 159	43 771
Other	216	1 744
Total trade accounts payable	**186 617**	**145 387**

27 OTHER CURRENT LIABILITIES

in CHF 000	**2020**	2019
Value-added tax and other taxes	3 940	3 852
Personnel and social security	1 341	1 892
Accruals for overtime, vacation and variable salary components	7 701	7 838
Liabilities to pension funds	1 564	1 021
Accrued expenses and prepaid income	41 760	49 288
Liabilities for investments in property, plant and equipment and intangible assets	8 617	13 815
Other current liabilities	17 595	26 762
Total other current liabilities	**82 518**	**104 469**

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 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 5.70% (2019: 6.00%). The conversion rate will be reduced by 0.20% to 5.50% in 2021 and by 0.20% to 5.30% in 2022. 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 2020. 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	**2020**	2019
Present value of defined benefit obligation at the beginning of the year	492 325	487 870
Service cost	6 559	6 463
Employee contributions	2 709	4 680
Interest costs	1 210	2 559
Plan amendments, curtailments, settlements	–3 085	–9 998
Additions to the scope of consolidation	2 225	2 136
Benefits paid	–25 336	–31 590
Actuarial losses/(gains) from obligations	10 793	30 214
Currency translation differences	–1	–8
Present value of defined benefit obligation at year-end	**487 399**	**492 325**
Market value of pension assets at the beginning of the year	572 957	558 878
Interest income	1 395	2 929
Employer contributions	3 657	6 363
Employee contributions	2 709	4 680
Plan amendments, curtailments, settlements	–799	–7 177
Additions to the scope of consolidation	2 183	2 060
Benefits paid	–25 288	–31 538
Actuarial (losses)/gains from assets	10 997	37 477
Other pension costs	–654	–715
Market value of pension assets at year-end	**567 157**	**572 957**

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 6.6 million in 2021.

Balance sheet values in CHF 000	**2020**	2019
Present value of funded pension obligations	–487 231	–492 110
Fair value of pension assets	567 157	572 957
Excess/(shortfall) of fund-financed plans	**79 926**	**80 847**
Asset ceiling effect	–79 926	–80 847
Present value of unfunded pension obligations	–168	–215
Total net pension obligation	**–168**	**–215**

The weighted average duration of the defined benefit obligation is 12.6 years (2019: 12.7 years).

The net pension obligation developed as follows:

in CHF 000	**2020**	2019
1 January	–215	–274
Additions to the scope of consolidation	–42	–76
Pension expense, net in profit or loss	–4 969	–4 359
Employer contributions	3 705	6 415
Actuarial gains/(losses) in other comprehensive income	1 352	–1 930
Currency translation differences	1	8
31 December	**–168**	**–215**

Income statement in CHF 000	**2020**	2019
Service cost	–6 559	–6 463
Interest costs	–1 210	–2 559
Plan amendments, curtailments, settlements	2 286	2 821
Interest on effect of asset ceiling	–227	–372
Interest income	1 395	2 929
Other pension costs	–654	–715
Actuarial net pension expense	**–4 969**	**–4 359**

Income from plan amendments in the amount of CHF 2.3 million are primarily due to the reduction in the conversion rate.

Actuarial gains / losses in CHF 000	**2020**	2019
Changes in financial assumptions	– 5 711	– 30 033
Experience adjustment on defined benefit obligation	– 5 124	– 257
Gain on pension assets (excluding interest based on the discount rate)	10 997	37 477
Asset ceiling effect	1 148	– 9 193
Actuarial gains / (losses) of the period	**1 310**	**– 2 006**

Total actuarial gains / losses recognised in other comprehensive income in CHF 000	**2020**	2019
1 January	– 93 363	– 91 758
Actuarial gains / (losses)	1 310	– 2 006
Deferred taxes	– 262	401
31 December	**– 92 315**	**– 93 363**

Significant actuarial assumptions in CHF 000	**2020**	2019
Discount rate (Switzerland only)	0.10%	0.20%
Future salary increases (Switzerland only)	1.00%	1.00%

Calculations in Switzerland were carried out using the BVG 2015 mortality table (generation table).

Sensitivity analysis in CHF 000	**2020**	2019
Discount rate (+ 0.25 %)	– 15 449	– 15 027
Discount rate (– 0.25 %)	13 853	13 954
Change in salaries (+ 0.50 %)	616	648
Change in salaries (– 0.50 %)	– 643	– 674

Only one of the assumptions is adjusted in the analysis while all other parameters remain unchanged.

Asset allocation in CHF 000	**2020**	2019
Cash and cash equivalents	6.0 %	5.3 %
Bonds	32.7 %	31.8 %
Equities	27.0 %	29.0 %
Real estate	30.8 %	30.5 %
Other	3.5 %	3.4 %
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 11.7 million (2019: CHF 39.7 million). The effective return for 2020 was 2.0 % (2019: 7.1 %). 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.

29 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 generally subject to a blocking period of three years. The shares remain in a Valora securities account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares. After the end of the blocking period, members 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. With effect from 1 January 2019 a long-term incentive plan was introduced which is a performance share unit plan. PSUs granted in 2019 were subject to a service period ending on 31 December 2019 and are converted into Valora shares after a two year period ending 2021, which is then followed by a further two year blocking period during which transfer restrictions apply. The number of shares that the plan participants will eventually receive is determined by multiplying the PSUs that vested on 31 December 2019 with a conversion multiple. This multiple is based on the achievement of performance targets related to the Group's return on capital employed ("ROCE") and earnings per Share ("EPS"), equally weighted at 50%, over the performance period 2019 to 2021. The fair value per PSU reflects Valora's share price at the grant date and the probability of goal achievement. In the current year for the Group Executive Management 8 172 PSUs were granted at a fair value of CHF 193.56. In 2020, CHF 1.3 million personnel expense was recognised in the income statement (2019: CHF 1.4 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 2020, total 2 159 shares are acquired from this participation programme (2019: 2 303).

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	**2020**	2019
Expenses for Valora Group employees and management share participation plans (equity settled)	2 348	2 664
Total expense recognised for share-based remuneration	**2 348**	**2 664**

30 CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

Contingent liabilities in CHF 000	**2020**	2019
Guarantees	3 417	4 786
Total contingent liabilities	**3 417**	**4 786**

Valora's contingent liabilities primarily relate to outstanding guarantees (tender guarantees, warranties and performance bonds) for projects in joint ventures, parent guarantees for ongoing projects for own account and for tax disputes / litigation.

The Swiss Competition Commission (ComCo) has started the investigations in the regional market for food services against Valora and many other retail companies. The investigation is at an early stage. 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. We do 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	**2020**	2019
Due dates of future obligations from other agreements		
Within one year	20 595	34 033
Within 1 – 2 years	4 848	5 313
Within 2 – 3 years	4 062	4 769
Within 3 – 4 years	2 834	3 596
Within 4 – 5 years	984	2 700
After more than 5 years	0	984
Total future obligations from other agreements	**33 323**	**51 395**

The future obligations from other agreements relate to commodity contracts and IT outsourcing agreements.

31 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 and interest rate risks, 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 interest rates at the end of the following year and the current values on 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 and the risks are measured using the volatilities of the corresponding currencies. 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.

Currency sensitivity analysis in CHF 000	**Hypothetical change (percent) 2020**	**Impact on earnings before income tax 2020**	**Impact on other comprehensive income 2020**	Hypothetical change (percent) 2019	Impact on earnings before income tax 2019	Impact on other comprehensive income 2019
CHF / EUR	+/–3.7%	+/–1 108	+/–7 121	+/–4.0%	+/–1 815	+/–7 603

Interest rate risks. The Group's interest-bearing assets mainly comprise cash and cash equivalents. Due to the variable interest rate 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. In order to achieve the desired balance of fixed and variable interest rates, the Group enters from time to time into interest rate hedges where needed. Interest-bearing liabilities consist mainly of a promissory note (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.

Interest rate sensitivity analysis in CHF 000	**Hypothetical change (basis points) 2020**	**Impact on earnings before income tax 2020**	Hypothetical change (basis points) 2019	Impact on earnings before income tax 2019
CHF	+/–3	+/–171	+/–6	+/–417
EUR	+/–2	+/–64	+/–6	+/–194

Liquidity risks. 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-derivate 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	Total
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**
As at 31 December 2019						
Current financial liabilities	150	0	0	0	0	150
Current lease liabilities	11 741	44 155	123 395	0	0	179 292
Trade accounts payable	138 639	3 113	3 635	0	0	145 387
Other current liabilities (financial instruments only)	33 690	30 442	17 985	0	0	82 116
Non-current lease liabilities	0	0	0	568 233	384 893	953 126
Non-current financial liabilities	2 868	0	1 605	446 250	9 406	460 129
Total	**187 088**	**77 710**	**146 620**	**1 014 483**	**394 299**	**1 820 200**

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 2020 and 2019, 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 banking relationships on a regular basis using external ratings and defines credit limits for all counterparties.

The maximum default risk of the financial assets of CHF 450.5 million (2019: CHF 353 million) corresponds to its carrying amounts (see Note 32).

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 derecognized.

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	**2020**	2019
AAA and / or state guarantee (AAA countries)	4	137
AA	23 931	3 349
A	169 169	78 816
BBB	9 097	5 571
No Rating	1 407	2 703
Total demand deposits and fixed term deposits with maturities of less than three months [1]	**203 608**	**90 576**

[1] The other components of the balance sheet item cash and cash equivalents is comprised of cash holdings (including cash in transit).

Risk management instruments (hedging). From time to time Valora Group uses forward contracts to mitigate foreign currency risks. In addition, interest rate swaps are 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 high credit rating and a good equity ratio. This serves to support the Group's business activities and 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. The Group's capital and equity ratio are listed in the following table:

in CHF 000	**2020**	2019
Total assets	2 445 884	2 392 837
Total equity	**685 045**	**626 119**
Equity ratio	**28.0%**	**26.2%**

The equity ratio without effects from IFRS16 (Lease) amounts 47.3 % (2019: 46.0 %).

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 SSD.

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.

32 FINANCIAL INSTRUMENTS

Carrying amounts, fair value and measurement categories under IFRS 9 in CHF 000	Measurement category IFRS 9	**Carrying amount 2020**	**Fair Value 2020**	Carrying amount 2019	Fair Value 2019
Assets					
Cash and cash equivalents	At amortised cost	229 727	229 727	122 651	122 651
Trade accounts receivable	At amortised cost	58 397	58 397	77 080	77 080
Current lease receivables	At amortised cost	22 517	n.a.	23 407	n.a.
Other current receivables (financial instruments only)	At amortised cost	67 305	67 305	51 852	51 852
Non-current lease receivables	At amortised cost	66 170	n.a.	68 207	n.a.
Non-current interest-bearing financial assets	At amortised cost	3 876	3 876	4 112	4 112
Other non-current receivables	At amortised cost	1 862	1 862	5 468	5 468
Total at amortised cost		**449 855**	**n.a.**	**352 777**	**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	77 839	77 839	153	153
Current lease liabilities	At amortised cost	170 017	n.a.	160 749	n.a.
Trade accounts payable	At amortised cost	186 617	186 617	145 387	145 387
Other current liabilities (financial instruments only)	At amortised cost	63 801	63 801	82 097	82 097
Non-current financial liabilities	At amortised cost	363 679	363 679	443 377	443 377
Non-current lease liabilities	At amortised cost	857 699	n.a.	887 491	n.a.
Total at amortised cost		**1 719 652**	**n.a.**	**1 719 256**	**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 33. 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.

33 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	**2020**	2019
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.

Contingent considerations. The contingent consideration in the amount of CHF 382 thousand related to the acquisition of Presse+Buch Grauert and was paid in March 2019.

34 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 37.

Transactions. The following transactions were conducted with related parties:

Goods and services sold to related parties in CHF 000	**2020**	2019
Services sold to		
Associates and joint ventures	44	0
Other related parties	0	152
Total goods and services sold	**44**	**152**

Goods and services purchased from related parties in CHF 000	**2020**	2019
Services purchased from		
Associates and joint ventures	19	451
Other related parties	205	196
Total goods and services purchased	**224**	**647**

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 29).

Remuneration to management and the Board of Directors

in CHF 000	**2020**	2019
Salaries and other short-term benefits	4 412	5 515
Pension plans	560	490
Share participation plans	1 582	1 681
Total remuneration to management and the Board of Directors	**6 554**	**7 686**

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	**2020**	2019
Receivables from associates	3	964
Total receivables	**3**	**964**

Liabilities to related parties

in CHF 000	**2020**	2019
Liabilities towards other related parties	1 496	947
Total liabilities	**1 496**	**947**

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.

35 EQUITY

Outstanding shares in number of shares	**2020**	2019
Total registered shares	**4 390 000**	**3 990 000**
Of which treasury shares		
Position as at 1 January	47 462	53 615
Additions	72 360	57 099
Disposals	–114 184	–63 252
Total treasury shares as at 31 December	**5 638**	**47 462**
Total outstanding shares (after deduction of treasury shares) as at 31 December	**4 384 362**	**3 942 538**
Average number of outstanding shares (after deduction of treasury shares)	**3 992 578**	**3 940 440**

In 2020, no dividend was paid for the financial year 2019 (2019: CHF 12.50 per share for financial year 2018). 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 authorized shares. Following the placement, the number of Valora shares issued increased from 3990000 to 4390000.

On 11 May 2000, the General Meeting approved the creation of conditional capital in the amount of CHF 84000. At the Ordinary General Meeting held on 11 June 2020, Valora Holding AG shareholders approved to increase the conditional capital in the amount of CHF 400000 up to CHF 484000. Consequently, the share capital of the company may be increased by up to CHF 484000 through the issue of up to 484000 fully paid-up registered shares, each with a nominal value of CHF 1.00,

a) up to the amount of CHF 84000 through the exercise of option rights granted to employees of the company or group companies, and
b) up to the amount of CHF 400000 through the exercise of conversion rights and / or option rights granted in connection with the issuance of newly or already issued bonds or other financial market instruments by the company or one of its group companies. As of 31 December 2020, no corresponding shares had been issued.

36 SUBSEQUENT EVENTS

There are no subsequent events after the balance sheet date to disclose.

37 KEY COMPANIES OF THE VALORA GROUP

	Currency	Share capital in million	Shareholding 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	CHF	5.2	100.0	•	•	•
Brezelkönig AG, Emmen	CHF	1.0	100.0			•
Alimarca AG, Muttenz	CHF	0.1	100.0			•
bob Finance 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			•
BackWerk CH 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			•
Luxembourg						
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•		
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•	

	Currency	Share capital in million	Share-holding in %	Corporate	Valora Retail	Food Service
Austria						
Valora Holding Austria AG, Linz	EUR	1.1	100.0	•		
Brezelkönig GmbH, St. Pölten	EUR	0.1	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 2020 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 142–204), 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 2020, 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 24% 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 outlet 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 value in use of a CGU, the Group applies judgment when assessing future revenues and margins as well as future operations of sales outlets, including extension options under current lease contracts, where applicable. As disclosed in notes 2, 7 and 20, Valora recognised impairment charges of CHF 6.6 million for point-of-sales equipment and CHF 1.4 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 term of less than two years. We inquired management about the future operation 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 reservation 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 AG

André Schaub Licensed audit expert (Auditor in charge)	Ina Braun Licensed audit expert

Basle, 23 February 2021

BALANCE SHEET

ASSETS

As at 31 December, in CHF 000	Note	2020	2019
Current assets			
Cash and cash equivalents		168 779	59 860
Securities		18	18
Other current receivables			
Third parties		163	193
Group companies	2.2	287 068	86 962
Accruals			
Third parties		139	47
Total current assets		**456 167**	**147 080**
Non-current assets			
Loans to Group companies		755 526	765 245
Investments	2.1	224 982	224 882
Discount / issuance costs for syndicated loans / bonds		1 324	743
Total non-current assets		**981 832**	**990 870**
Total assets		**1 437 999**	**1 137 950**

LIABILITIES AND EQUITY

As at 31 December, in CHF 000	Note	2020	2019
Liabilities			
Current interest-bearing liabilities			
Promissory notes	2.3	79 200	-
Other current liabilities			
Third parties		782	502
Group companies	2.2	363 893	154 131
Accruals			
Third parties		4 846	3 982
Total current liabilities		**448 721**	**158 615**
Non-current interest-bearing liabilities			
Promissory notes	2.3	374 982	454 182
Total non-current liabilities		**374 982**	**454 182**
Total liabilities		**823 703**	**612 797**
Equity			
Share capital	2.4	4 390	3 990
Statutory capital reserves			
General statutory reserves		798	798
Reserves from capital contributions	2.5	130 100	68 723
Unrestricted reserves		201 426	206 821
Retained earnings available for distribution			
Retained earnings carried forward		257 670	209 149
Net profit for the year		20 914	48 521
Treasury shares	2.6	–1 002	–12 849
Total equity		**614 296**	**525 153**
Total liabilities and equity		**1 437 999**	**1 137 950**

INCOME STATEMENT

1 January to 31 December, in CHF 000	**Note**	**2020**	2019
Income			
Investment income	2.7	30 100	30 964
Financial income	2.8	8 115	18 290
Other income	2.9	-	22 000
Total income		**38 215**	**71 254**
Expenses			
Financial expenses	2.10	–7 282	–18 544
Remuneration of the Board of Directors		–1 493	–1 484
Other operating expenses	2.11	–2 622	–2 544
Valuation allowance on loans		–5 500	-
Direct taxes		–404	–161
Total expenses		**–17 301**	**–22 733**
Net profit for the year		**20 914**	**48 521**

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	31.12.2020 Capital in TCHF	31.12.2020 Holding in %	31.12.2019 Capital in TCHF	31.12.2019 Holding in %
Switzerland					
Valora International AG, Muttenz	CHF	20 000	100.0	20 000	100.0
Valora Management AG, Muttenz	CHF	500	100.0	500	100.0
Brezelkönig AG, Emmen	CHF	1 000	100.0	1 000	100.0
Alimarca AG, Muttenz	CHF	100	100.0	100	100.0
k Kiosk AG, Muttenz	CHF	50	100.0	50	100.0
Valora Lab AG, Muttenz	CHF	100	100.0	100	100.0
bob Finance AG, Muttenz	CHF	100	100.0	0	0
Germany					
Valora Holding Germany GmbH, Hamburg	EUR	400	5.1	400	5.1
Zweite Brezelkönig Verwaltungs GmbH	EUR	30	100	0	0
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 37 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	31.12.2020	31.12.2019
EUR 72 million[1)]	fixed/variable	29.04.2021	79 200	79 200
EUR 170 million	fixed/variable	11.01.2023	199 238	199 238
EUR 100 million	fixed/variable	11.01.2024	112 744	112 744
CHF 63 million	fixed/variable	11.01.2024	63 000	63 000

[1)] The promissory note with maturity date 29 April 2021 is reported in 2020 under current interest-bearing liabilities.

2.4 SHARE CAPITAL. The share capital of TCHF 4390 (2019: 3990) is comprised of 4390000 (2019: 3990000) 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 authorized shares. Following the placement, the number of Valora shares issued increased from 3990000 to 4390000.

Conditional capital: On 11 May 2000, the General Meeting approved the creation of conditional capital in the amount of CHF 84000. At the Ordinary General Meeting held on 11 June 2020, Valora Holding AG shareholders approved to increase the conditional capital in the amount of CHF 400000 up to CHF 484000, each with a nominal value of CHF 1.00,
a) up to the amount of CHF 84000 through the exercise of option rights granted to employees of the company or group companies, and
b) up to the amount of CHF 400000 through the exercise of conversion rights and/or option rights granted in connection with the issuance of newly or already issued bonds or other financial market instruments by the company or one of its group companies. As of 31 December 2020, no corresponding shares had been issued.

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

	2020 Number of shares	**2020 Carrying amount in CHF 000**	2019 Number of shares	2019 Carrying amount in CHF 000
Opening balance (1 January)	**47 462**	**12 849**	**53 615**	**15 108**
Sales	–114 184	–20 047	–63 252	–17 266
Purchases	72 360	13 595	57 099	15 007
Closing balance (31 December)	**5 638**	**1 002**	**47 462**	**12 849**

In 2020, Valora Holding AG purchased 72 360 shares at CHF 187.88 and sold 114 184 shares at 222.82 (average prices).

As of 31 December 2020, the number of treasury shares as a percentage of total share capital was 0.1 % (2019: 1.2 %).

2.7 INVESTMENT INCOME

1 January to 31 December, in CHF 000	**2020**	2019
Valora International AG	30 000	30 000
Valora Management AG	100	100
Valora Holding Germany GmbH	-	864
Total investment income	**30 100**	**30 964**

2.8 FINANCIAL INCOME

1 January to 31 December, in CHF 000	**2020**	2019
Interest income on loans to Group companies	5 563	14 041
Other financial income	2 377	936
Currency translation gains	175	3 313
Total financial income	**8 115**	**18 290**

2.9 OTHER INCOME

1 January to 31 December, in CHF 000	**2020**	2019
Adjustment to impairment charge on investments	-	22 000
Total other income	**-**	**22 000**

2.10 FINANCIAL EXPENSES

1 January to 31 December, in CHF 000	**2020**	2019
Interest expense on bonds and syndicated loans	4 458	5 427
Discount (bond, hybrid, syndicated loan)	379	364
Bank interest and fees	680	918
Currency translation losses	1 765	11 835
Total financial expenses	**7 282**	**18 544**

2.11 OTHER OPERATING EXPENSES

1 January to 31 December, in CHF 000	**2020**	2019
Audit expenses	190	194
Other advisory fees	416	266
Management fees	1 000	1 000
Other administrative costs	1 016	1 085
Total other operating expenses	**2 622**	**2 544**

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 2020, contingent liabilities – comprised of guarantees, letters of subordination and comfort, as well as warranty and other contingent liabilities – to subsidiaries totalled CHF 108.8 million (2019: CHF 104.3 million), with none to third parties (2019: 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 2020, 5 % of registered shares equalled 219 500 registered shares.

According to the share register, as of 31 December 2020, Ernst Peter Ditsch held 742 197 registered shares, which represented 16.91 % (2019: 15.93 %) of the shares issued.

As of 31 December 2020, Credit Suisse Funds AG held 231 609 registered shares representing 5.28 % of the shares issued (2019: 5.46 %).

3.4 PARTICIPATIONS. As of 31 December 2020 and 2019, 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:

	2020 **Number of shares**	**2020** **Share of total voting rights in %**	**2020** **of which subject to a lock-up period**	2019 Number of shares	2019 Share of total voting rights in %	2019 of which subject to a lock-up period
Board of Directors						
Franz Julen Chairman	4 000	0.09	1 328	3 462	0.09	1 172
Sascha Zahnd Vice-Chairman	313	0.01	313	123	0.00	123
Michael Kliger Member and Chairman of Nomination and Compensation Committee	562	0.02	424	380	0.01	357
Markus Bernhard Member and Chairman of Audit Committee since AGM 2020	382	0.01	182	n/a	n/a	n/a
Insa Klasing Member	291	0.01	291	123	0.00	123
Karin Schwab Member since AGM 2020	168	-	168	n/a	n/a	n/a
Suzanne Thoma Member since AGM 2020	168	-	168	n/a	n/a	n/a
Markus Fiechter until AGM 2020	n/a	n/a	n/a	2 500	0.06	541
Ernst Peter Ditsch until AGM 2020	n/a	n/a	n/a	635 599	15.93	0
Cornelia Ritz Bossicard until AGM 2020	n/a	n/a	n/a	1 090	0.03	391
Total Board of Directors	**5 884**	**0.13**		**4 088**	**0.10**	
Group Executive Management						
Michael Mueller CEO	11 826	0.27	4 731	11 826	0.30	8 872
Beat Fellmann CFO since July 2020	450	0.01	0	n/a	n/a	n/a
Thomas Eisele Head Food Service	1 570	0.03	1 456	1 570	0.04	1 456
Roger Vogt Head Retail	685	0.02	685	685	0.02	685
Total Group Executive Management	**14 531**	**0.33**		**14 081**	**0.36**	
Total Board of Directors and Group Executive Management	**20 415**	**0.46**		**18 169**	**0.46**	

3.5 LOANS. As of 31 December 2020 and 2019, 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 2020, no hidden reserves were released (2019: CHF 22.0 million).

3.8 SUBSEQUENT EVENTS. There are no subsequent events after the balance sheet date.

APPROPRIATION OF NET INCOME AND CAPITAL DISTRIBUTION

Proposed appropriation of net income

in CHF 000	**2020**	2019
Net profit for the year	**20 914**	**48 521**
Retained earnings carried forward from the previous year	257 670	209 149
Retained earnings available for distribution by the Annual General Mee-ting	**278 584**	**257 670**
The Board of Directors proposes the following appropriation		
Allocation to the general statutory reserves	–80	-
Dividend payable on shares entitled to dividend	-	-
Balance to be carried forward	**278 504**	**257 670**

No dividend was approved by AGM and paid out during 2020.

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 208 to 216), for the year ended 31 December 2020.

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 2020 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 2020, investments in and loans to Group companies represented 68% of the Company's total assets and amounted to CHF 986 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 AG

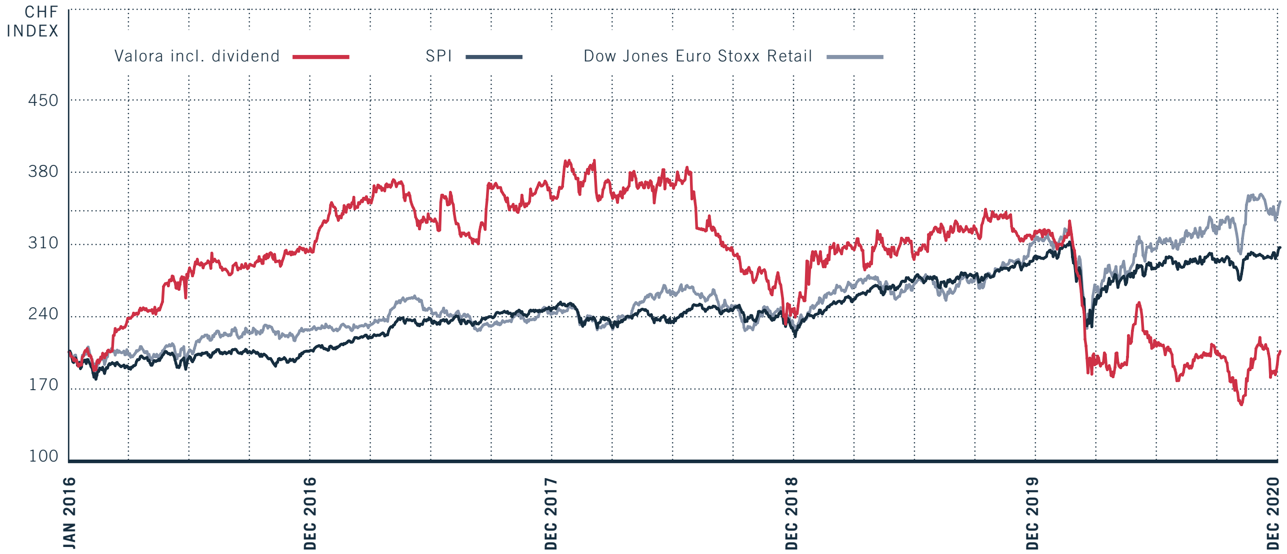
André Schaub	Ina Braun
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Basle, 23 February 2021

VALORA SHARE

1 5-YEAR SHARE PRICE TREND

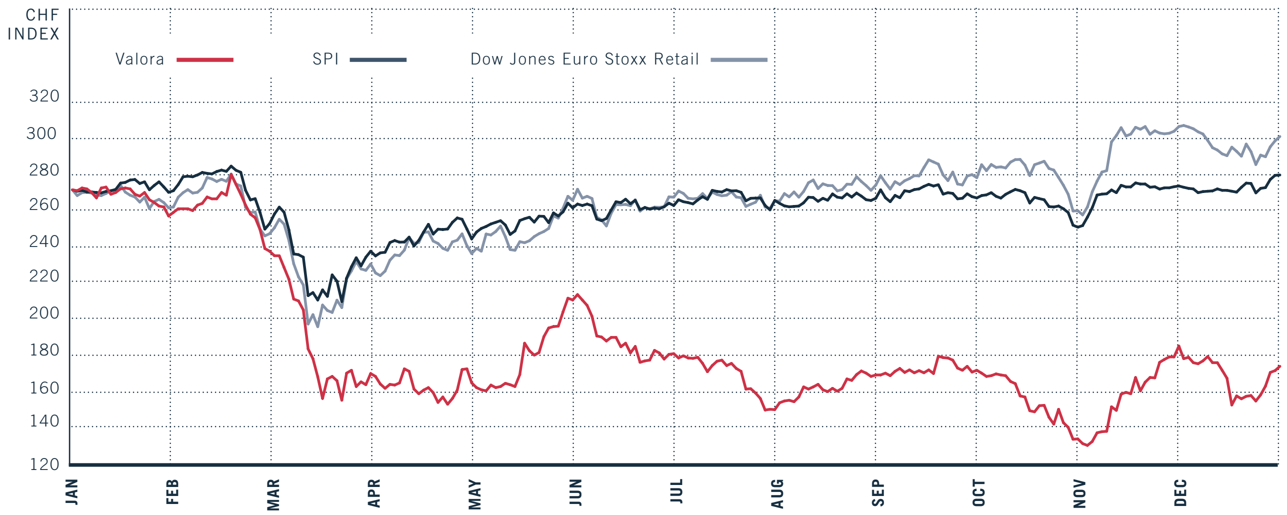
VALORA SHARE PERFORMANCE TREND 2016 – 2020



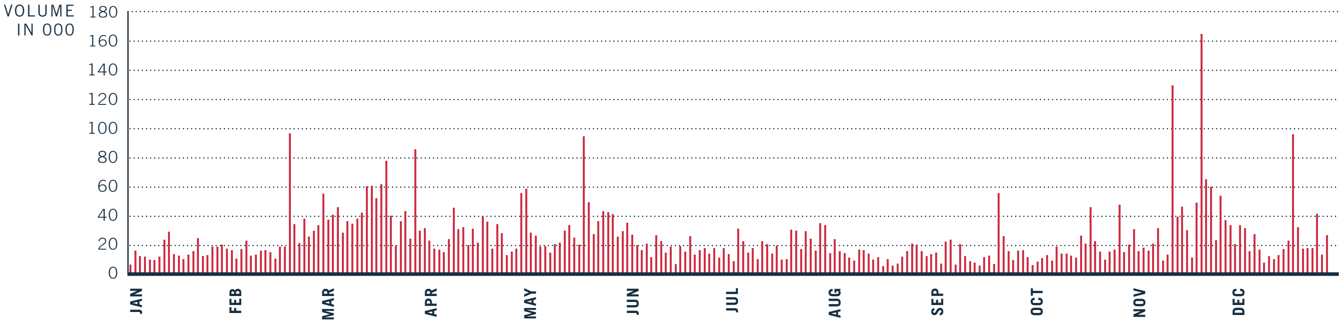
2 SHARE PERFORMANCE 2020

The Valora share reached its highest closing price of CHF 280 on 19 February, when the 2019 annual results were published. Thereafter, the Valora share was dragged down by the general uncertainty surrounding the Corona pandemic and lost significant ground in March. There was a sideways movement until the end of the year with some ups and lows following the easing and tightening of COVID-19 related measures with impact on mobility. On 2 November, the Valora share reached its lowest closing level of CHF 130 in 2020. News around effective vaccines posed tailwinds for the Valora's stock. Following the publication of a Q3 2020 trading update, Valora announced the placement of new shares at an offer price of CHF 158 on 16 November. Compared to the broad-based Swiss SPI Index (+ 3.8 %) and the Dow Jones Euro Stoxx Retail index (+ 10.9 %), the Valora share closed the year 2020 with a negative performance of – 35.6 %, as Valora was more affected by the pandemic due to lower mobility and frequencies.

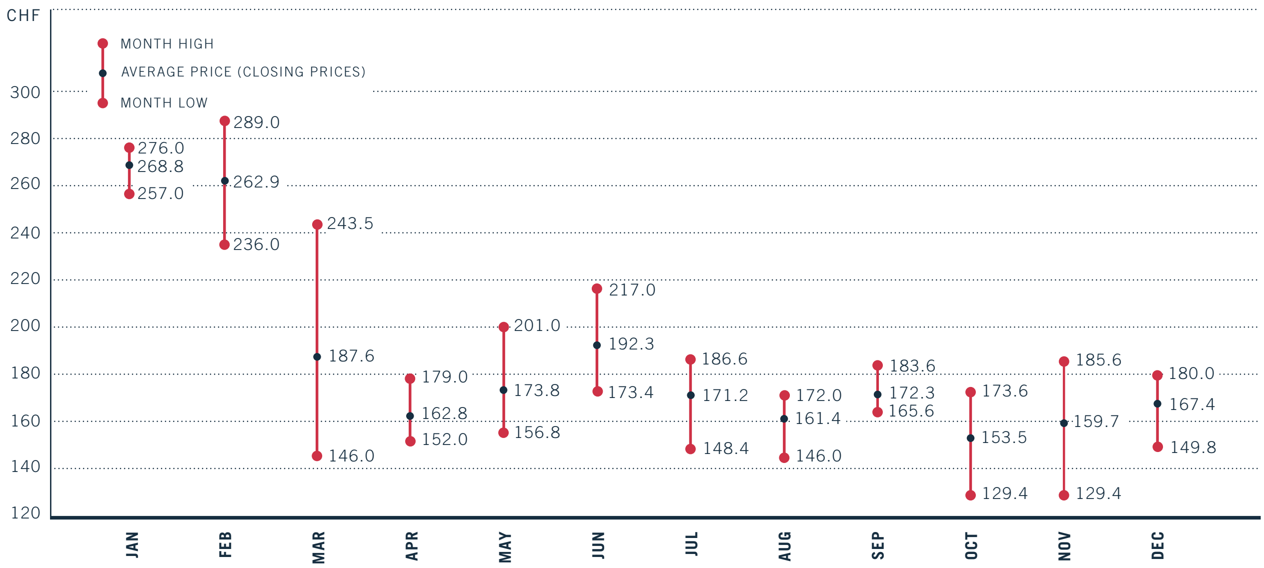
VALORA SHARE PERFORMANCE TREND 2020



VALORA SHARE VOLUME 2020



MONTH HIGHS/LOWS IN 2020



3 SHAREHOLDER RETURNS

		2020	2019	2018	2017	2016
Share price						
Year-end	CHF	173.80	270.00	215.00	325.00	289.25
Distributions to shareholders						
Dividends	CHF	[1] 0.00	0.00	12.50	12.50	12.50
Dividend yield	%	0.0 %	0.0 %	5.8 %	3.8 %	4.3 %
Annual return						
excluding dividend	%	−35.6 %	25.6 %	−33.8 %	12.4 %	38.4 %
including dividend	%	−35.6 %	31.5 %	−30.0 %	16.7 %	44.4 %
Average return		2020 1 year	2019–2020 2 years	2018–2020 3 years	2017–2020 4 years	2016–2020 5 years
excluding dividend	%	−35.6 %	−19.2 %	−46.5 %	−39.9 %	−16.8 %
including dividend	%	−35.6 %	−15.4 %	−41.8 %	−31.8 %	−0.5 %

[1] Proposed

4 KEY SHARE DATA

		2020	2019	2018	2017	2016
Operating profit (EBIT) per share [1) 2)]	CHF	3.52	23.21	22.84	23.05	21.64
Free cash flow per share [1) 2) 3)]	CHF	9.53	19.30	12.47	23.93	21.74
Earnings per share [1) 2)]	CHF	–1.55	18.68	15.28	15.26	17.27
Equity per share [1)]	CHF	171.58	158.90	156.07	215.27	158.97
P / E Ratio [1) 2)]	31.12.	n.a.	14.46	14.07	21.29	16.75

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		**31.12.2020**	31.12.2019
Composition	Significant shareholders > 5 %	22.2 % of shares	15.9 % of shares
	10 largest shareholders	32.1 % of shares	32.2 % of shares
	100 largest shareholders	41.2 % of shares	42.9 % of shares
Origin	Switzerland	67.9 % of shares	67.5 % of shares
	Elsewhere	32.1 % of shares	32.5 % 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, the financial structure compromises conditional share capital of CHF 484 000 compromising 484 000 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 11 June 2020, shareholders approved to renew the creation of authorised share capital of up to CHF 400 000 by issuing a maximum of 400 000 registered shares with a nominal Valora of CHF 1.00 by no later than 11 June 2022. On 19 November 2020 Valora successfully completed the placement of these 400 000 shares with a nominal value of CHF 1.00 per share sourced from the authorised capital by way of an accelerated bookbuilding.

Non-Swiss shareholders are registered in the share register in the same way as Swiss shareholders.

6 SHARE CAPITAL

		2020	2019	2018	2017	2016
Total registered shares [1]	Shares	4 390 000	3 990 000	3 990 000	3 990 000	3 435 599
Number of treasury shares [1]	Shares	5 638	47 462	53 615	61 495	77 078
Number of shares outstanding [1]	Shares	4 384 362	3 942 538	3 936 385	3 928 505	3 358 521
Market capitalisation [1] [2]	CHF million	762	1 064	846	1 277	972
Average number of shares outstanding	Shares	3 992 578	3 940 440	3 932 706	3 427 949	3 339 499
Number of registered shareholders [1]		11 951	10 551	8 713	7 470	6 990

[1] As at 31 December
[2] Based on the number of shares outstanding as at 31 December

7 TAX VALUES

	Securities no.	As at 31.12.2020	As at 31.12.2019	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016
Registered shares of CHF 1.00	208 897	173.80	270.00	215.00	325.00	289.25
2.5 % bond 2012–2018	14 903 902	-	-	-	102.41 %	102.65 %
4.0 % hybrid bond	21 128 255	-	-	-	102.85 %	105.60 %

8 ANALYST COVERAGE

Broker / Bank	**Rating**
Baader Bank	Reduce
Credit Suisse	Neutral
Kepler Cheuvreux	Buy
Research Partner	Hold
Stifel	Hold
Vontobel	Hold
Zürcher Kantonalbank	Outperform

Status: 31.12.2020

At the end of December 2020, the average target price was CHF 173.00.

FIVE-YEAR SUMMARY

		31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Net revenue [1] [2]	**CHF million**	**1 697.4**	**2 029.7**	**2 074.9**	**2 001.6**	**2 095.0**
Change	%	–16.4	–2.2	+3.7	–4.5	+0.8
EBITDA [1] [3]	**CHF million**	**83.4**	**157.4**	**156.0**	**133.7**	**127.6**
Change	%	–47.0	+0.9	+16.7	+4.8	+8.5
in % of net revenue	%	4.9	7.8	7.5	6.7	6.1
Operating profit (EBIT) [1]	**CHF million**	**14.1**	**91.5**	**89.8**	**79.0**	**72.3**
in % of net revenue	%	0.8	4.5	4.3	3.9	3.4
Change	%	–84.6	+1.8	+13.7	+9.3	+31.1
Net profit from continuing operations	**CHF million**	**–6.2**	**73.6**	**64.1**	**57.1**	**62.5**
Change	%	–108.4	+14.8	+12.2	–8.6	+33.5
in % of net revenue	%	–0.4	3.6	3.1	2.9	3.0
in % of equity	%	–0.9	11.8	10.4	7.7	11.8
Net cash provided by (used in) [1]						
Operating activities	CHF million	241.3	290.3	116.0	114.2	113.0
Lease payments, net	CHF million	–143.7	–128.2	n.a.	n.a.	n.a.
Ordinary investment activities	CHF million	–59.5	–86.1	–67.0	–32.1	–40.4
Free cash flow [1] [3]	**CHF million**	**38.1**	**76.0**	**49.0**	**82.0**	**72.6**
Earnings per share [1]	**CHF**	**–1.55**	**18.68**	**15.28**	**15.26**	**17.27**
Change	%	–108.3	+22.3	+0.1	–11.6	+38.0
Free cash flow per share [1] [3]	**CHF**	**9.53**	**19.30**	**12.47**	**23.93**	**21.74**
Change	%	–50.6	+54.8	–47.9	+10.1	–11.3
Cash and cash equivalents	**CHF million**	**229.7**	**122.7**	**104.8**	**152.5**	**159.4**
Equity	**CHF million**	**685.0**	**626.1**	**613.8**	**737.9**	**530.9**
Equity ratio	%	28.0	26.2	46.3	52.4	45.5
Number of employees at December 31	**FTE**	**3 578**	**3 906**	**4 230**	**4 265**	**4 228**
Change	%	–8.4	–7.7	–0.8	+0.9	–2.8
Net revenue per employee [2]	**CHF 000**	**474**	**520**	**490**	**469**	**495**
Change	%	–8.7	+5.9	+4.5	–5.3	+3.7
Number of outlets operated by Valora		**1 827**	**1 796**	**1 868**	**1 882**	**1 872**
of which agencies		1 148	1 133	1 105	1 031	1 014
Number of franchise outlets		**846**	**929**	**881**	**872**	**543**

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 225

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 amortization 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	**2020**	2019
Net revenue	1 697 448	2 029 668
Sales franchisees and other contractual bounded partners [1]	535 836	650 957
External sales	**2 233 283**	**2 680 626**

[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	**2020**	2019
Net revenue	1 697 448	2 029 668
Cost of goods and materials	–954 111	–1 112 467
Gross Profit	**743 337**	**917 201**
Gross Profit Margin	**43.8%**	**45.2%**

EBITDA

in CHF 000	**2020**	2019
EBIT	**14 051**	**91 458**
Depreciation and impairment of property, plant and equipment	52 819	48 330
Amortisation and impairment of intangible assets	16 559	17 647
EBITDA	**83 429**	**157 435**

Free Cash Flow

in CHF 000	**2020**	2019
Cash Flow from operating activities	**241 258**	**290 267**
Investments in property, plant and equipment	–54 355	–81 044
Proceeds from the sale of property, plant and equipment	1 069	700
Investments in intangible assets	–6 273	–5 828
Proceeds from the sale of intangible assets	103	105
Repayments of lease liabilities	–166 412	–142 688
Lease payments received from finance leases	22 671	14 524
Free Cash Flow	**38 061**	**76 036**

Net financial debt

in CHF 000	**2020**	2019
Cash and cash equivalents	229 727	122 651
Current financial and derivative liabilities	–77 839	–153
Non-current financial liabilities	–363 679	–443 378
Net financial debt	**–211 791**	**–320 879**

Net debt II

in CHF 000	**2020**	2019
Net financial debt	**–211 791**	**–320 879**
Current lease liabilities	–170 017	–160 749
Non-current lease liabilities	–857 699	–887 491
Net debt II	**–1 239 507**	**–1 369 120**

Leverage Ratio

in CHF 000	**2020**	2019
Net financial debt	**211 791**	**320 879**
EBITDA	83 429	157 435
Normalisation for acquisitions/divestitures	0	0
Relevant EBITDA for the Group	**83 429**	**157 435**
Leverage ratio	**2.54x**	**2.04x**

Return on Capital Employed (ROCE)

in CHF 000	**2020**	2019	2018
Non-current assets	1 908 327	1 960 383	937 977
Right-of-use assest	–909 802	–938 997	0
Non-current lease receivables	–66 170	–68 207	0
Deferred tax assets	–20 512	–17 838	–10 212
Trade accounts receivable	58 397	77 080	80 235
Inventories	143 168	143 393	145 585
Other current receivables	81 239	65 635	55 938
Trade accounts payable	–186 617	–145 387	–136 546
Other current liabilities	–82 518	–104 469	–84 599
Operating cash [1]	85 000	85 000	85 000
Capital Employed	**1 010 513**	**1 056 593**	**1 073 377**
Average on a monthly basis [2]	**1 056 744**	**1 093 952**	
EBIT	**14 051**	**91 458**	
ROCE	**1.3%**	**8.4%**	

[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	**2020**	2019
Total Equity	685 045	626 119
Total assets excluding right-of-use assets and lease receivables	1 447 396	1 362 227
Equity Ratio	**47.3%**	**46.0%**

Net Working Capital

in CHF 000	**2020**	2019
Trade accounts receivables	58 397	77 080
Inventories	143 168	143 393
Other current receivables	81 239	65 635
Trade accounts payable	–186 617	–145 387
Other current liabilities	–82 518	–104 469
Net Working Capital	**13 669**	**36 253**

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