

TUESDAY
24 MARCH 2020
9:30 A.M.

*Invitation
to the Annual General Meeting
of Valora Holding AG*

MESSE BASEL
CONGRESS CENTER, ROOM SAN FRANCISCO
MESSEPLATZ, BASEL
Doors open at 8:30 a.m.

Dear shareholders

We can look back on an outstanding financial year with EBIT of CHF 91.5 million, thus exceeding our guidance expectations. The EBIT margin was 4.5%. Our retail business in Germany, Austria and Luxembourg particularly stands out with solid same-store growth versus last year. Our Food Service division was equally impressive, with record B2B sales of pretzel products. The contribution of these units offset the challenges we faced in our Swiss retail business, which was, among others, impacted by accounting effects and project costs arising from the successful SBB tender.

External Group sales were stable at CHF 2.7 billion. We are particularly pleased to see the positive impact to overall results from our sustained strategic focus on foodvenience. We achieved external sales of +2.2% in our core foodvenience categories – food, non-food and services – mainly driven by higher food sales. These changes to the product mix in favour of higher-margin food also resulted in an increased gross profit margin (+1 percentage point to 45.2%).

Another highlight of 2019 was the SBB tender for 262 kiosk and convenience sites in highly frequented prime locations. Valora successfully secured all the sites until 2030. A key differentiator for Valora in this process was our modernised concepts for avec and k kiosk as well as our innovativeness in the form of several new offerings. This tender was highly significant for Valora in strategic terms. We maintained our position as Switzerland's leading kiosk operator and we can expand the convenience part of our overall business.

An additional highlight was the launch of avec box, the first cashier-free convenience store in Switzerland. Following a pilot at Zurich main station, we have been accumulating further experi-

ence with the avec box in operation at ETH Zurich since September 2019. This concept is a first step towards autonomous stores, providing customers with a still more flexible shopping experience. This also testifies our innovativeness and shows how we apply digitalisation and make it tangible within our retail business.

Valora has successfully established itself in recent years as a foodvenience-focused retailer at highly frequented locations. This phase culminated in the successful SBB tender in spring 2019. Subsequently, the Board of Directors and Group Executive Management have finalised the strategy 2025. It is based on three macrotrends: increasing mobility, changing lifestyles with people consuming more when on the move and making more impulse purchases, and the rapid growth in the everyday use of digitalisation. With our focused business model we are optimally positioned to fully exploit the potential of these trends.

We are confident for the 2020 financial year as we implement our growth strategy, centred on the further growth of the food share. In particular, the conversion of the SBB sales outlets including an increased food offering and the expansion of B2B business with pretzel products will play a major role. We are accordingly investing a lot in the SBB sites and in expanding our production capacity.

The Valora Group has positioned itself extremely well in recent years and looks forward to further positive development. There are about 15000 employees in our network who contribute daily to the success of Valora. We thank them most sincerely for that. We also depend on many long-term, reliable partners and suppliers to whom we are most grateful.

Finally, we thank you our valued shareholders. Your support and confidence enable us to continue further development of Valora successfully. We propose an unchanged dividend of CHF 12.50, gross at the upcoming General Meeting on 24 March 2020. Half of the distribution is made from available earnings and half from the reserve from capital contributions. We will do our very best to remain a reliable dividend payer for you in the future.

Best regards



Franz Julen
Chairman of the Board of Directors



Michael Mueller
CEO









“We are following a growth strategy with food as the main driver.”

*Michael Mueller
CEO Valora*



Michael Mueller, how was the 2019 financial year for Valora?

Valora exceeded expectations with operating profit of CHF 91.5 million and an EBIT margin of 4.5%. External sales remained stable. However, we did post +2.2% growth in the foodvenience categories – excluding press, books and tobacco – mainly due to food sales. That is a very pleasing result that reflects our strategy.

You attracted a lot of interest with the launch of the cashier-free avec box in spring 2019.

We presented the most modern convenience store in Switzerland. It was our first step towards sales outlets enabling autonomous shopping as a complement to our current formats at selected locations. Following the initial pilot in Zurich main station, we have been accumulating further experience since September with the avec box at ETH Zurich. These tests show how we can use digitalisation to be innovative and improve the retail experience for customers.

What feedback have you had so far?

We have received very positive and valuable input. Customers particularly like the product selection and the simple and fast purchasing process outside normal opening hours. We have used the customer feedback to further optimise the app and background systems. The development is still not complete. In parallel, we are working towards auto-checkout concepts to make shopping still more convenient.

What were some other highlights in 2019?

The main story was the SBB tender. There were 262 kiosk and convenience sites on offer, not only did we secure the 231 stores we already run but we gained an extra 31 as well. In doing so, we saw off strong national and international competition and leveraged our strengths:

unique experience in small-scale retail at highly frequented locations and food competence combined with our innovativeness and feel for market trends.

What was the significance of this tender for Valora?

We have now secured these important sites until 2030. That means we remain Switzerland's leading kiosk operator. At the same time, we can really expand the convenience part of our business and increase awareness of our avec brand. The number of avec stores at SBB locations will increase when we convert the kiosk sales outlets and, adding the new sites, grow from currently 32 to about 140 by 2021. In addition, the remaining kiosk sales outlets at SBB locations will be completely overhauled. We plan to invest about CHF 70 million in modernisation and conversion work over the next two years and the plan is to have finished work on all locations by 2021.

“At the 262 SBB sites secured until 2030, we will convert a lot of the kiosks into convenience stores with a higher food component and we will also have more food at kiosk.”

Rents for Valora will increase significantly.

Future rents for the convenience stores are in line with more recent comparable leases; the rents for the kiosk sites will substantially increase. However, we will convert a lot of the kiosks into convenience stores with a higher food component. We will also have more food at kiosk. The adjusted range will have a positive effect on the gross profit margin. Besides, customer frequency at SBB stations has grown by +1.5% on average over the past four years and is

set to rise further still. That provides valuable impetus for sales growth.

What makes you so confident?

Macrotrends such as society's growing preference for smaller households, increased mobility and the associated on-the-move consumption all support our business model. Given our dense sales outlet network at highly frequented locations, we are at the heartbeat of society, i.e. where the customers want us to be. We can meet the growing demand for fast, fresh meals and snacks through our foodvenience offering. Our new 2025 strategy is based on that. We finalised and communicated the strategy following the successful SBB tender. Having focused on our core business, we are now in a new, growth-oriented phase centred on food as the key to success.

Is the significance of food already apparent in the figures?

Food grew by approximately +3% per year between 2013 and 2019 and the higher-margin food business has since become Valora's main gross profit driver. It accounted for a total of 37% of external sales in 2019 and 53% of gross profit. We want to continue that development. We have renewed all formats in recent years, optimised the range through a higher food component and strengthened our expertise in food production. The expansion of pretzel production for trading partners (B2B) is also significant.

Valora invests a lot in pretzel production. What is your position regarding that?

We are investing about EUR 50 million in capacity expansion in Germany and the US, the world's biggest pretzel markets. We have had a new production line in operation in Oranienbaum since October 2019. It is already highly productive and well utilised. We also increased the efficiency at our current facilities. The new line in the US has been operational since the end of 2019, in spring 2020 we

will have another production line in operation in Oranienbaum. The 20% capacity increase in Germany is necessary to meet the high market demand. When the work is done, Ditsch will operate 15 modern pretzel production lines with over 800 workers. We therefore expect a big increase in B2B sales volumes for 2020.

“Given our dense outlet network at highly frequented locations, we are at the heartbeat of society, i.e. where the customers want us to be.”

What is behind this high demand?

It stems directly from the growth in out-of-home consumption. Pretzels are a convenient baked snack to enjoy when on the move. We are also tapping into new sales channels as pretzels become better known, including in the US. Pretzel production is also often outsourced as a niche in the baked goods market. Ditsch pretzels are popular, we see that for example with the 100-year anniversary we celebrated in 2019. Pretzel production in Germany increased on average by +3% per year between 2012 and 2018, while Ditsch increased its volume on average by +10% per year between 2012 and 2019. In our annual survey, the B2B customers again referred to the high product quality, innovativeness and advisory competence.

And how do the Valora formats benefit from the expansion in production?

In 2019, over 10% of the 700 million pretzels we produced went to Valora formats. In future, we want to sell even more of our own products through our own formats and incorporate our innovation. That corresponds to our objective of more vertical integration in the value chain. The same principle applies

to the ok.- own brand. We also want to include more of our fresh product know-how from BackWerk in other formats.

You merged the Ditsch B2C format with BackWerk organisationally in 2019. What was the outcome?

We separated the B2C Ditsch format organisationally from the production and B2B business and integrated it with BackWerk into the new Food Service Germany business unit managed out of Essen. Having completed the merger successfully, we clustered the expertise and created a platform to facilitate further growth. We also make better use of the resulting B2C synergies. We have already initiated a combined logistics platform to reduce costs and optimise purchasing conditions. An efficient logistics chain not only adds efficiency, it also helps us grow. We have increased supply chain capacity for our Food Service Switzerland business unit and integrated all the formats into one logistics operation to improve margins.

How did your Food Service business develop overall in 2019?

The Food Service division had a successful year. The B2B/Production unit posted record sales with +15.5% growth and gained important market share. The B2C units, especially Food Service Switzerland, posted respectable same-store growth. Food Service Germany also benefited from the initial synergies following the merger and further optimised its sales network at the same time.

How about the Retail division?

Accounting effects (IFRS 16) and project costs from the SBB tender impacted the profitability of Retail Switzerland. Otherwise, following an outstanding 2018, we had lower same-store sales, especially in press and tobacco, combined with higher costs related to the new convenience and kiosk concepts. Retail Germany incl. Luxembourg and

Austria, on the other hand, enjoyed solid same-store growth. Even if press products in Germany remain under pressure, the decline was less pronounced in 2019. The cost-saving programme also bore fruit and the unit made good progress in converting its own stores into franchise operations.

“With the capacity expansion of our pretzel production we expect a big increase in B2B sales volumes for 2020.”

So it was a good year in spite of Retail Switzerland?

It is remarkable that we were able to offset the challenges faced by Retail Switzerland with the positive development of Retail Germany and Food Service.

Besides press products, tobacco is under pressure as well. Why is that?

People smoke considerably fewer cigarettes these days. We do nevertheless expect tobacco to make a stable contribution to profit over the next few years. Tobacco continues to provide high frequency and sales in our stores. Our dense network of retail formats at highly frequented locations is also a popular promotion platform. Take, for example, the sale of the increasingly sought after alternatives, such as heat not burn or e-smoke products. We saw unprecedented demand for these products in 2019, but they still remain a niche within the tobacco category where they account for around 5% of sales.

Did you also increase efficiency in Retail in 2019?

We did make the Retail division more agile by realigning the management structure. The cross-market roles were merged, which clustered important

skills in category and in supply chain management, purchasing and marketing. The expansion of the agency model in Switzerland and the franchise operations in Germany will also bring more efficiency.

Were there any other organisational changes in 2019?
















We strengthened the extended Group Executive Management with the addition of Monika Zander, who is in charge of the Food Service Switzerland business unit. The Valora CFO left the company for personal reasons at the end of November. We strengthened the Board of Directors by adding two people: the food-retail and franchising expert Insa Klasing and the retail and supply chain expert Sascha Zahnd, part of the Tesla leadership team. mobilezone CEO Markus Bernhard, eBay top manager Karin Schwab and Suzanne Thoma, CEO of BKW AG, will also stand for election at the 2020 Annual General Meeting. The long-serving directors Peter Ditsch, Markus Fiechter and Cornelia Ritz Bossicard will step down at the General Meeting on completion of the last strategy period.

You have been directly responsible for the digital area since 2019. How is that going?

We founded the Digital Product Development unit in the early summer. We are building our technological competence through the new unit and developing new solutions for customers, operations and organisation. Although work has already started before, the autonomous store models have taken centre stage. The team has also upgraded the kiosk loyalty app into which other brands can be included in future. Our planning over the next three years includes investment and operating expenditure totalling in the region of CHF 20 to 25 million for digital projects. That shows how important they are to Valora.

OUTLET NETWORK

31.12.2019

	Format	 Switzerland	 Germany	 Luxembourg	 Austria	 Netherlands	TOTAL
RETAIL	 k kiosk	911	216	66			1 193
	 cigo & subformats / partners		411				411
	 Press & Books	31	154	5	10		200
	 avec	148	4				152
	 ServiceStore DB / U-Store		126				126
FOOD SERVICE	 BackWerk	1	295		25	31	352
	 Ditsch		200				200
	 Brezelkönig	61			3		64
	 Caffè Spettacolo	31		1			32
	 SuperGuud	3					3
TOTAL		1 186	1 406	72	38	31	2 733

And what about bob Finance?

bob Finance is progressing well. We need new digital product ideas to achieve more success, something like the online shop www.zer000.ch for iPhones and Apple accessories launched at the end of 2019, which enabled Valora to expand its exclusive partnership with Apple as an Authorised Reseller.

Have you also worked on the performance culture?

We drive entrepreneurship in the sales outlets. Today, 76% of our stores are operated by agency or franchise part-

ners. We have maintained an ongoing, digitally supported feedback process

“We want to provide our employees with a platform for continual learning and further development.”

in-house through Valora Dialog. We have also created a competency model to clearly show what is required of whom. We will incorporate that into our recruitment and development process in

2020. We want to provide our employees with a platform for continual learning and further development – that is more important than ever given the pace of change these days.

You announced that Valora would be made more sustainable. What is your position in that regard?

In 2019, we put a sustainability team together, gauged the expectations of our stakeholders, established the key themes for us and our environment and defined the measures we will focus on going forward. The priorities of People, Planet, Products fit with our

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corporate strategy and offer differentiation opportunities at the same time.

How is Valora expanding its network?

Besides securing the SBB sites until 2030, we extended our contract with Tamoil by ten years, thereby securing over 50 avec stores in gas stations. Generally speaking, the convenience and service station business is of interest to us and offers scope for expansion. We want to expand our network in a sustainably profitable way, particularly also for Food Service Germany. For example, we are conducting a pilot with Eurogarage, in which we are testing store-in-store models with BackWerk and Ditsch at four service stations. Our expansion with BackWerk into the Netherlands and Austria is also proceeding well and we acquired the food service format SuperGuud with three sales outlets in Switzerland.

What are the main growth levers currently?

We are following a growth strategy with food as the main driver. The key growth levers are currently the conversion of the SBB sales outlets, the expansion of the B2B pretzel business and higher food sales in general. However, we also want to maintain tobacco's profit contribution. The Services category has growth potential, albeit at a much lower level.

And how much will you invest?

We are in a bigger, growth-oriented investment cycle right now. In 2019, we spent CHF 95 million and we expect to invest in the region of CHF 110 million in 2020, mainly on converting the SBB sales outlets.

Are there any acquisitions in the pipeline?

We want to keep the leverage ratio under 2.5x EBITDA to retain our strategic flexibility. We are in a solid financial position for further growth. Minor,

complementary acquisitions are a possibility with our current credit lines. We are prepared at all levels for straightforward and rapid integrations.

What are your financial targets for the coming years?

For the 2020 financial year, we expect flat development with EBIT of CHF 85 to 91 million. In the medium term – that means including the completion of the SBB conversion work scheduled for 2022 – we anticipate a higher EBIT margin of approximately 5%. That matches our financial goals up to 2025.

“Valora wants to remain a reliable dividend payer in the future.”

What can investors expect of Valora?

Valora wants to remain a reliable dividend payer in the future. The proposed dividend for 2019 remains unchanged at CHF 12.50, gross and our plan is to sustain the dividend level for the next few years.

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AGENDA ITEM 1

*Approval of the Annual Report, the 2019 Financial Statements of Valora Holding AG
and the 2019 Consolidated Financial Statements of the Valora Group*

The Board of Directors proposes the approval of the Annual Report, the 2019 Financial Statements of Valora Holding AG and the 2019 Consolidated Financial Statements of the Valora Group.

AGENDA ITEM 2

Consultative vote on the 2019 Remuneration Report

The Board of Directors proposes the approval of the Remuneration Report contained in the Annual Report in a consultative vote.

AGENDA ITEM 3

Resolution on the appropriation of available earnings and the reserve from capital contributions

The Board of Directors proposes the distribution of a dividend of CHF 12.50 per registered share as follows:

3.1 Appropriation of available earnings

Distribution of a dividend of CHF 6.25 per share and carry-forward of the remainder to the next year:

	2019
in CHF thousand	
2019 net profit	48 521
+ balance carried forward from the previous year	209 149
Earnings available for disposal by the Annual General Meeting	257 670
Dividend	-24 938
Balance to be carried forward	232 732

3.2 Withholding tax-exempt distribution from the reserve from capital contributions

Distribution of an additional dividend of CHF 6.25 per share from the reserve from capital contributions (following the reclassification of the necessary amount to free reserves):

	2019
in CHF thousand	
Reserve from capital contributions (before distribution)	68 723
Distribution	-24 938
Reserve from capital contributions (after distribution)	43 785

As a result of the distribution rules under the capital contribution principle for companies listed on a Swiss stock exchange introduced with effect from 1 January 2020, withholding tax exempt distributions from the reserve from capital contributions are only permissible to the extent that at least the same amount is distributed by way of a taxable dividend. For this reason the Board of Directors proposes the distribution of a dividend from available earnings and a distribution from the reserve from capital contributions in the same amount of CHF 6.25 each.

If the proposal is approved, the dividend will amount to CHF 12.50, gross (CHF 10.31 net after deduction of 35% Swiss Federal withholding tax on the dividend distributed from available earnings) per dividend-bearing registered share with a par value of CHF 1 and will be paid on 30 March 2020.

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AGENDA ITEM 4

Discharge of the members of the Board of Directors and Group Executive Management

The Board of Directors proposes to grant discharge to the members of the Board of Directors and Group Executive Management for the 2019 financial year.

AGENDA ITEM 5

Amendment of the Articles of Incorporation

5.1 Renewal of the authorised capital

The Board of Directors proposes to renew the authorisation to issue shares from authorised capital for a further two years until 24 March 2022 by amending Art. 3b para. 1 of the Articles of Incorporation. The renewal of authorised capital will continue to enable the company to quickly take advantage of investment and acquisition opportunities or to carry out capital increases to further optimise the capital structure.

In addition, the Board of Directors proposes the addition of a new paragraph (Art. 3b para. 5), whereby the maximum number of shares issued from authorised and conditional capital excluding subscription or advance subscription rights will be limited to 400 000 (i.e. a maximum of approximately 10 % of the company's total issued shares).

The text of the proposed amendment to the Articles of Incorporation is as follows:

Old	New
<i>Art. 3b: Authorised share capital</i>	<i>Art. 3b: Authorised share capital</i>
¹ The Board of Directors is authorised, at any time until 13 April 2020, to increase the company's share capital by a maximum of CHF 400 000.00 through the issue of up to 400 000 fully paid up new shares of CHF 1.00 nominal value each. 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 Article 4 of these Articles of Incorporation.	¹ The Board of Directors is authorised, at any time until 24 March 2022, to increase the company's share capital by a maximum of CHF 400 000.00 through the issue of up to 400 000 fully paid up new shares of CHF 1.00 nominal value each. 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 these Articles of Incorporation.
[Paragraphs 2 to 4 remain unchanged.]	
–	⁵ The total number of new registered shares issued (i) from conditional capital according to Art. 3a para. 1 letter a) of the Articles of Incorporation, (ii) from conditional capital according to Art. 3a para. 1 letter b) of the Articles of Incorporation where the advance subscription rights of shareholders in connection with bonds or other financial market instruments are excluded, and (iii) from authorised capital according to this Art. 3b of the Articles of Incorporation where the subscription rights of shareholders are excluded, may not exceed 400 000.

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5.2 Conditional capital increase

The Board of Directors proposes to increase the conditional capital pursuant to Art. 3a of the Articles of Incorporation. The additional conditional capital in the amount of CHF 400'000.00 is intended to further increase the financial flexibility of the company and its group companies. 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.

The maximum amount of the increase from conditional capital through the exercise of option rights by employees of the company or group companies remains unchanged.

For the proposed addition of the new paragraph 6 reference is made to the explanations under agenda item 5.1.

The text of the proposed amendment to the Articles of Incorporation is as follows:

Old	New
Art. 3a: Conditional capital	Art. 3a: Conditional share capital
¹ The share capital of the company may be increased by up to CHF 84'000.00 through the issue of up to 84'000 fully-paid-up registered shares, each with a nominal value of CHF 1.00, through the exercising of share options granted to employees of the company or its consolidated subsidiaries in accordance with regulations and terms and conditions to be specified by the Board of Directors.	¹ The share capital of the company may be increased by up to CHF 484'000.00 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 84'000.00 through the exercise of option rights granted to employees of the company or group companies, and b) up to the amount of CHF 400'000.00 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.
² The subscription rights of existing shareholders are excluded. The acquisition of registered shares by exercising share options and the onward transfer of such registered shares are subject to the transfer restrictions specified in Article 4 below.	² The subscription rights of existing shareholders are excluded. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new registered shares.
–	³ The Board of Directors is authorised, when issuing bonds or other financial market instruments of the Company or one of its group companies to which conversion and/or option rights are attached, to restrict or exclude the advance subscription rights of shareholders if such bonds or other financial market instruments are issued for the purpose of (i) financing or refinancing the acquisition of companies, parts of companies, participations or new investment projects or (ii) issuing on national or international capital markets (including by way of private placements with one or more selected strategic investors).
–	⁴ If advance subscription rights are excluded, the bonds or other financial market instruments shall be issued at market conditions and the conversion or exercise price for the new registered shares shall be determined taking into account the market conditions at the time the bonds or other financial market instruments are issued. Conversion rights may be exercisable for a maximum of 10 years and option rights for a maximum of 7 years.

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–	⁵ The acquisition of registered shares through the exercise of option or conversion rights and the further transfer of registered shares are subject to the transfer restrictions pursuant to Art. 4 of these Articles of Incorporation.
–	⁶ The total number of new registered shares issued (i) from conditional capital according to Art. 3a para. 1 letter a) of the Articles of Incorporation, (ii) from conditional capital according to Art. 3a para. 1 letter b) of the Articles of Incorporation where the advance subscription rights of shareholders in connection with bonds or other financial market instruments are excluded, and (iii) from authorised capital according to Art. 3b of the Articles of Incorporation where the subscription rights of shareholders are excluded, may not exceed 400000.

AGENDA ITEM 6

Approval of the remuneration of the members of the Board of Directors and Group Executive Management

Based on Art. 27 of the Articles of Incorporation, the Board of Directors proposes the approval of the remuneration of the Board of Directors and Group Executive Management as follows:

6.1 Approval of the maximum total remuneration of the members of the Board of Directors from the 2020 Annual General Meeting until the 2021 Annual General Meeting

The Board of Directors requests the approval of the total amount of fixed remuneration of the Board of Directors of a maximum of CHF 1700000 until the 2021 Annual General Meeting (including all social security contributions). Further details about the remuneration of the members of the Board of Directors can be found in the Remuneration Report in section 6 on page 91 et seq. as well as in the annex to the AGM invitation.

6.2 Approval of the maximum total remuneration of the members of Group Executive Management for the 2021 financial year

The Board of Directors requests the approval of the total amount of the fixed and variable remuneration of Group Executive Management of a maximum of CHF 7700000 (including all social security contributions) for the 2021 financial year. Further details about the specific remuneration paid to the members of Group Executive Management can be found in the Remuneration Report in section 7 on page 92 et seq. as well as in the annex to the AGM invitation.

AGENDA ITEM 7

Elections

7.1 Re-election of the Chairman and further members of the Board of Directors

The Board of Directors requests the re-election of the following members of the Board of Directors, each for a term of one year, until the end of the 2021 Annual General Meeting:

- 7.1.1 Re-election of Franz Julen
as member and Chairman of the Board of Directors
- 7.1.2 Re-election of Insa Klasing
as member of the Board of Directors
- 7.1.3 Re-election of Michael Kliger
as member of the Board of Directors
- 7.1.4 Re-election of Sascha Zahnd
as member of the Board of Directors

All elections are conducted individually.

7.2 Election of Markus Bernhard as new member of the Board of Directors

The Board of Directors proposes the election of Markus Bernhard as a new member of the Board of Directors, for a term of one year, until the end of the 2021 Annual General Meeting.

Explanation: Markus Bernhard has been CEO of mobilezone Group since 2014, an independent telecommunications retailer based in Switzerland and operating in the DACH region. He joined the company as CFO in 2007. Before that, the 55-year-old Swiss was in charge of finance at the international Novavisions AG (now Bloxolid AG; previously Mount10 Holding AG, Cope Inc. and Cope Holding AG), which combines real assets, such as precious metals, with modern blockchain technology, thus creating a new asset category. From 1991 to 1997, Markus Bernhard was an auditor at PricewaterhouseCoopers. Markus Bernhard holds a Master of Business Administration, specialising in Fiduciary & Audit and Corporate Finance, from the University of St. Gallen and is a qualified auditor at Treuhand-Kammer Zurich. Markus Bernhard is a member of the Board of Directors of NovaStor Software Group, Bloxolid AG and Wickart AG. He will strengthen the Board of Directors through his expertise in finance, M&A and stationary and digital retail, in addition to other areas.

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7.3 Election of Dr Karin Schwab as new member of the Board of Directors

The Board of Directors proposes the election of Dr Karin Schwab as a new member of the Board of Directors, for a term of one year, until the end of the 2021 Annual General Meeting.

Explanation: 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. The 47-year-old Swiss 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. She holds a law degree (lic. iur.) from the University of Fribourg, a Ph.D. from the University of Zurich and a Master of Laws from the University of London. She is licensed to practise in Switzerland and California, USA. Karin Schwab is a member of the International Advisory Board of the ZHAW School of Management and Law, Zurich. In addition to her international legal experience, Karin Schwab offers Valora expertise in e-commerce, product, technology, payment and data protection issues.

7.4 Election of Dr Suzanne Thoma as new member of the Board of Directors

The Board of Directors proposes the election of Dr Suzanne Thoma as a new member of the Board of Directors, for a term of one year, until the end of the 2021 Annual General Meeting.

Explanation: 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. The 57-year-old Swiss 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. Suzanne Thoma studied Chemical Engineering at the Swiss Federal Institute of Technology Zurich where she gained a Ph.D. in Engineering. She also holds a Bachelors in Business Administration. Suzanne Thoma is a member of the Board of Directors of OC Oerlikon and of Beckers Group, a family business. As CEO of BKW, she also acts as Vice-Chair of the foundation Avenir Suisse and represents BKW in the Economiesuisse Board. Suzanne Thoma will contribute her broad experience as a CEO in leading companies through fundamental transformation to the Valora Board of Directors.

7.5 Election of the members of the Nomination and Compensation Committee

The Board of Directors proposes the election of the following members of the Board of Directors as members of the Nomination and Compensation Committee (NCC), each for a term of one year, until the end of the 2021 Annual General Meeting:

- 7.5.1 Re-election of Insa Klasing
- 7.5.2 Re-election of Michael Kliger
- 7.5.3 Election of Dr Suzanne Thoma

All elections are conducted individually.

7.6 Re-election of the Independent Proxy

The Board of Directors proposes the re-election of Dr Oscar Olano, Gyr Gössi Olano Staehelin Advokatur und Notariat, as the Independent Proxy for a term of one year, until the end of the 2021 Annual General Meeting.

7.7 Re-election of the Auditor

The Board of Directors proposes the re-election of Ernst & Young AG as the auditor for the 2020 financial year.

ORGANISATIONAL INFORMATION

Requests to add items to the agenda

No requests were received from shareholders to add items to the agenda before the deadline of 3 February 2020.

Annual Report

The 2019 Annual Report, including the Valora Holding AG Annual Report, the 2019 Valora Holding AG Financial Statements, the 2019 Valora Group Consolidated Financial Statements, the Remuneration Report and the Auditor's reports, is available for inspection beginning 19 February 2020, at the registered office of the company, Hofackerstrasse 40, 4132 Muttentz, Switzerland. The Annual Report may also be accessed via the Internet, beginning 7:00 a.m., 19 February 2020, at www.valora.com.

Registration/admission card

Shareholders recorded in the shareholder register as holding voting rights as of 13 March 2020 are entitled to attend the Annual General Meeting. The "Registration / Proxy Appointment" form must be used to register for the Annual General Meeting. Instead of using the form, you can also provide your details directly online (electronically).

Please submit your registration to the company by no later than 16 March 2020. Admission cards will be sent to shareholders after they register starting on 16 March 2020.

Due to time constraints, we will no longer be able to send admission cards by post after 23 March 2020. If you should not receive your admission card, please register with the information desk (GM Desk) before the start of the Annual General Meeting. Upon presentation of your ID, we will give you your admission card and voting documents in person.

Voting

Voting will be conducted electronically via voting machines (tele-voting).

Proxy appointment

Please use the "Registration / Proxy Appointment" form to grant proxy authorisation and issue instructions to the Independent Proxy. The Independent Proxy is Dr Oscar Olano, Gyr Gössi Olano Staehelin Advokatur und Notariat, Malzgasse 15, CH-4052 Basel, +41 61 206 60 60.

Shareholders can also grant authorisation and issue instructions to the Independent Proxy electronically at <https://valora.shapp.ch>. Your personal access details (identification and password) for the initial registration can be found on the "Registration / Proxy Appointment" form. You can issue instructions electronically and make changes to instructions that have been issued electronically until 22 March 2020, 11:50 p.m. CET.

Speakers

Any shareholder wishing to contribute to the discussion is requested to submit his or her remarks by e-mail to annette.martin@valora.com, by 23 March 2020, with full name and address, or to submit such remarks in writing at the speakers' lectern immediately prior to commencement of the Annual General Meeting.

Muttentz, 3 March 2020
For the Board of Directors of Valora Holding AG



Franz Julen, Chairman

Enclosures – "Registration / Proxy Appointment" form
– Postage paid envelope

NOTES TO THE REMUNERATION VOTING

In accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (VegüV), this year, as it did last year, the Board of Directors will submit the maximum total remuneration of the Board of Directors and Group Executive Management for a vote.

Approval of the maximum total amount of remuneration of the Board of Directors is for the remuneration period from the 2020 Annual General Meeting to the 2021 Annual General Meeting (see agenda item 6.1). Approval of the maximum total amount of remuneration of Group Executive Management is for the 2021 financial year and comprises both fixed and variable remuneration elements (see agenda item 6.2).

Following are supplemental notes to the requested maximum total amounts of remuneration for the Board of Directors and Group Executive Management.

Further information about the remuneration system and the specific remuneration for the 2019 financial year can be found in the 2019 Remuneration Report. Shareholders can also express their opinion about the Remuneration Report in a consultative vote at the Annual General Meeting.

The structure of the remuneration for the Board of Directors is unchanged from 2019. The remuneration of the Chairman and the Vice-Chairman will be reduced.

The maximum total remuneration of the Board of Directors includes cash compensation, the market value of the blocked shares upon allocation and social security contributions.

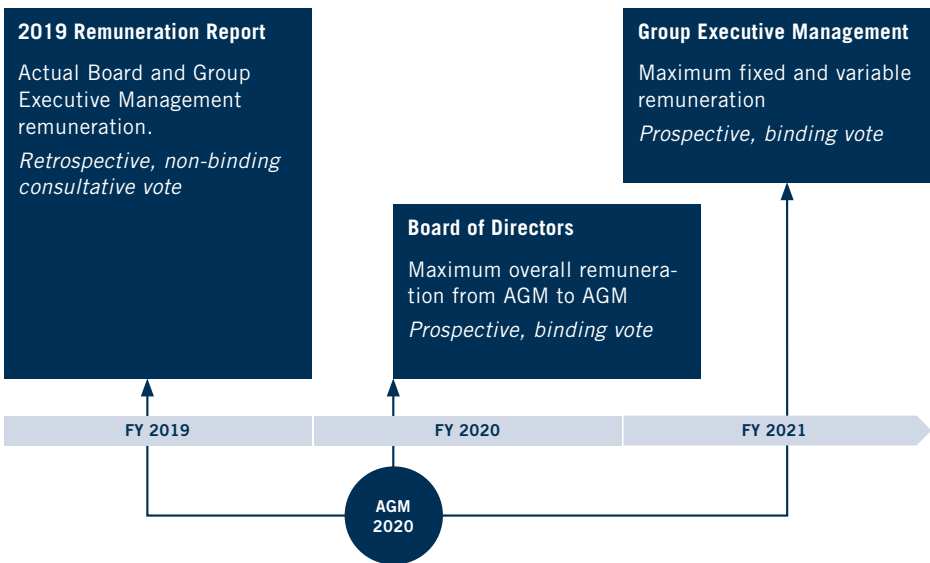
The maximum total remuneration for Group Executive Management includes the following components:

- Fixed remuneration: base salary, value of additional benefits, employer contributions to pension plans and social security contributions
- Maximum possible payout under the variable Short-Term Bonus (STB), if profit targets are reached
- Fair market value of the prospective share award under the Long-Term Incentive Plan (LTIP) upon allocation

Accordingly, the amount of the maximum total remuneration that will be presented for a vote to the Annual General Meeting may, in some circumstances, be much higher than the remuneration that the members of Group Executive Management actually receive based on their performance.

The amount actually paid will be disclosed in the Remuneration Report for the relevant financial year, which will be put to a consultative vote by shareholders at the following Annual General Meeting.

The following graph shows the structure of the remuneration-related votes at the 2020 Annual General Meeting:



VALORA 2020 ANNUAL GENERAL MEETING ANNEX TO THE AGM INVITATION

The prospective binding vote on the total remuneration in combination with a retrospective consultative vote on the Remuneration Report give shareholders a substantial say in setting the remuneration amounts.

Agenda item 6.1 Approval of the maximum total remuneration of members of the Board of Directors from the 2020 Annual General Meeting until the 2021 Annual General Meeting

The Board of Directors requests the approval of the total amount of fixed remuneration of the Board of Directors of a maximum of CHF 1 700 000 until the 2021 Annual General Meeting (including all social security contributions).

Explanation: The Board of Directors will comprise seven members for the remuneration period. The members of the Board of Directors receive a fixed fee for their activities. In general, 80% of this fee is paid in cash and 20% in the form of blocked registered shares of Valora Holding AG. In justified cases, the Board of Directors may decide to pay a higher or

lower percentage of the total remuneration in shares. The share portion of the fees paid is calculated on the basis of an average price for the Valora registered share. The discount to compensate for the blocking period was cancelled without replacement for all members of the Board of Directors.

The proposed maximum total amount of remuneration of CHF 1 700 000 includes a cash amount of CHF 1 160 000, the above-mentioned amount for the blocked shares of CHF 290 000, estimated social security contributions of CHF 220 000 and a reserve in the amount of CHF 30 000 of the total amount in order to cover any special tasks and unforeseen developments, such as share price fluctuations.

For the period from the 2020 Annual General Meeting to the 2021 Annual General Meeting the annual remuneration paid to Board members has been reduced to:

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	
Chair of NCC/Audit Committee	25 000	
Member of NCC/Audit Committee	12 500	

VALORA 2020 ANNUAL GENERAL MEETING ANNEX TO THE AGM INVITATION

Agenda item 6.2 Approval of the maximum total remuneration of the members of Group Executive Management for the 2021 financial year

The Board of Directors requests the approval of the total amount of fixed and variable remuneration of Group Executive Management of a maximum of CHF 7 700 000 (including all social security contributions) for the 2021 financial year.

Explanation: Group Executive Management consists of four members, with one position currently vacant. The remuneration for the members of Group Executive Management for the 2020 financial year is composed of the annual fixed salary, a Short-Term Bonus (STB) and a Long-Term Incentive Plan (LTIP).

The fixed salary will comprise a cash payment and depending on the function account for between a maximum of 45 % (CEO) and a maximum of 60 % (members of Group Executive Management) of the total remuneration of each member, assuming 100 % performance achievement.

The Short-Term Bonus (STB) will correspond to a maximum of 30 % of the total remuneration for each member of Group Executive Management and will be paid upon achievement of quantitative targets. Remuneration depends on at least two predefined profit targets (e.g. EBIT, Net Working Capital). If the attainment of the performance indicator is less than 85 %, the actual objective attainment is 0 % and no STB is paid. The maximum actual objective attainment is 150 %.

The Long-Term Incentive Plan (LTIP) equals around 25 % of total remuneration for all members of Group Executive

Management and consists of a performance share unit plan. Plan participants are awarded performance share units (PSUs) at the beginning of a three-year vesting period. This is a prospective share award. PSUs entitle the holder to receive shares at the end of the vesting period, provided that the required performance objectives have been reached. The performance objectives are set by the Board of Directors at the beginning of the vesting period and comprise two indicators: return on capital employed (ROCE) and earnings per share (EPS). These have the same weighting. If the attainment of the profit indicator is less than 85 %, the actual objective attainment is 0 %. The maximum actual objective attainment is 150 %. The PSUs are converted into shares at the end of the three-year vesting period after the annual results and objective attainment have been determined. The shares are subject to a subsequent blocking period of two years. No discount is granted to compensate for the blocking period.

The requested maximum amount was calculated on the basis of the following assumptions:

- The fixed salary remains unchanged.
- The maximum target achievement level for the STB is 150 %.
- The prospective share award is measured at market value upon allocation.

The target compensation is not increased.

The following table shows the development of the remuneration of Group Executive Management:

Financial year	2017	2018	2019	2020	2021
in CHF thousand					
Effectively paid	5 405	5 476	6 167		
Maximum approved	6 600	6 400	6 900	7 700	
Total amount of requested remuneration					7 700

VALORA 2020 ANNUAL GENERAL MEETING
KEY FINANCIAL DATA

		31.12.2019	31.12.2018	Change
External sales ^{1) 2)}	CHF million	2 680.6	2 731.0	- 1.8 %
Net revenues ¹⁾	CHF million	2 029.7	2 074.9	- 2.2 %
EBITDA ²⁾	CHF million	157.4	156.0	+ 0.9 %
in % of net revenues	%	7.8	7.5	
Operating profit (EBIT)	CHF million	91.5	89.8	+ 1.8 %
in % of net revenues	%	4.5	4.3	
Net profit from continuing operations	CHF million	73.6	64.1	+ 14.8 %
in % of net revenues	%	3.6	3.1	
in % of equity	%	11.8	10.4	
Net cash provided by (used in) ³⁾				
Operating activities	CHF million	290.3	116.0	+ 150.2 %
Lease payments, net	CHF million	- 128.2	n.a.	n.a.
Ordinary investment activities	CHF million	- 86.1	- 67.0	+ 28.5 %
Free cash flow ^{2) 3)}	CHF million	76.0	49.0	+ 55.1 %
Earnings per share ³⁾	CHF	18.68	15.28	+ 22.3 %
Free cash flow per share ^{2) 3)}	CHF	19.30	12.47	+ 54.8 %
Number of outlets operated by Valora		1 796	1 868	- 3.9 %
of which agencies		1 133	1 105	+ 2.5 %
Number of franchise outlets		929	881	+ 5.4 %
Net revenues per outlet	CHF 000	1 130	1 111	+ 1.7 %
Share price	CHF	270.00	215.00	+ 25.6 %
Market capitalisation	CHF million	1 064	846	+ 25.8 %
Cash and cash equivalents	CHF million	122.7	104.8	+ 17.1 %
Interest-bearing debt	CHF million	1 491.8	463.4	+ 222.0 %
Equity	CHF million	626.1	613.8	+ 2.0 %
Total liabilities and equity	CHF million	2 392.8	1 326.2	+ 80.4 %
Number of employees	FTE	3 906	4 230	- 7.7 %
Net revenues per employee ³⁾	CHF 000	520	490	+ 5.9 %

All totals and percentages are based on unrounded figures from the consolidated financial statements.

¹⁾ 2018 revised according to IFRS 15

²⁾ Definition of alternative performance measures on page 197 in the Financial Report

³⁾ From continuing operations

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