

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.

k kiosk

ServiceStore **DB**

Press **P&B** Books

cigo

bob

STORE

avec

ok.-



**SUPER
GUUD**

Ditsch

**back
WERK**



BREZELKÖNIG

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.

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 macro trends 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 food-convenience 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 macro trends 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.

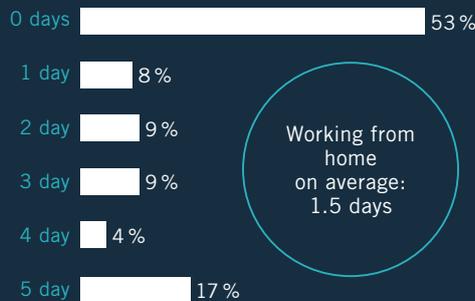
● Mobility – set to return once the situation calms

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 traveling 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 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

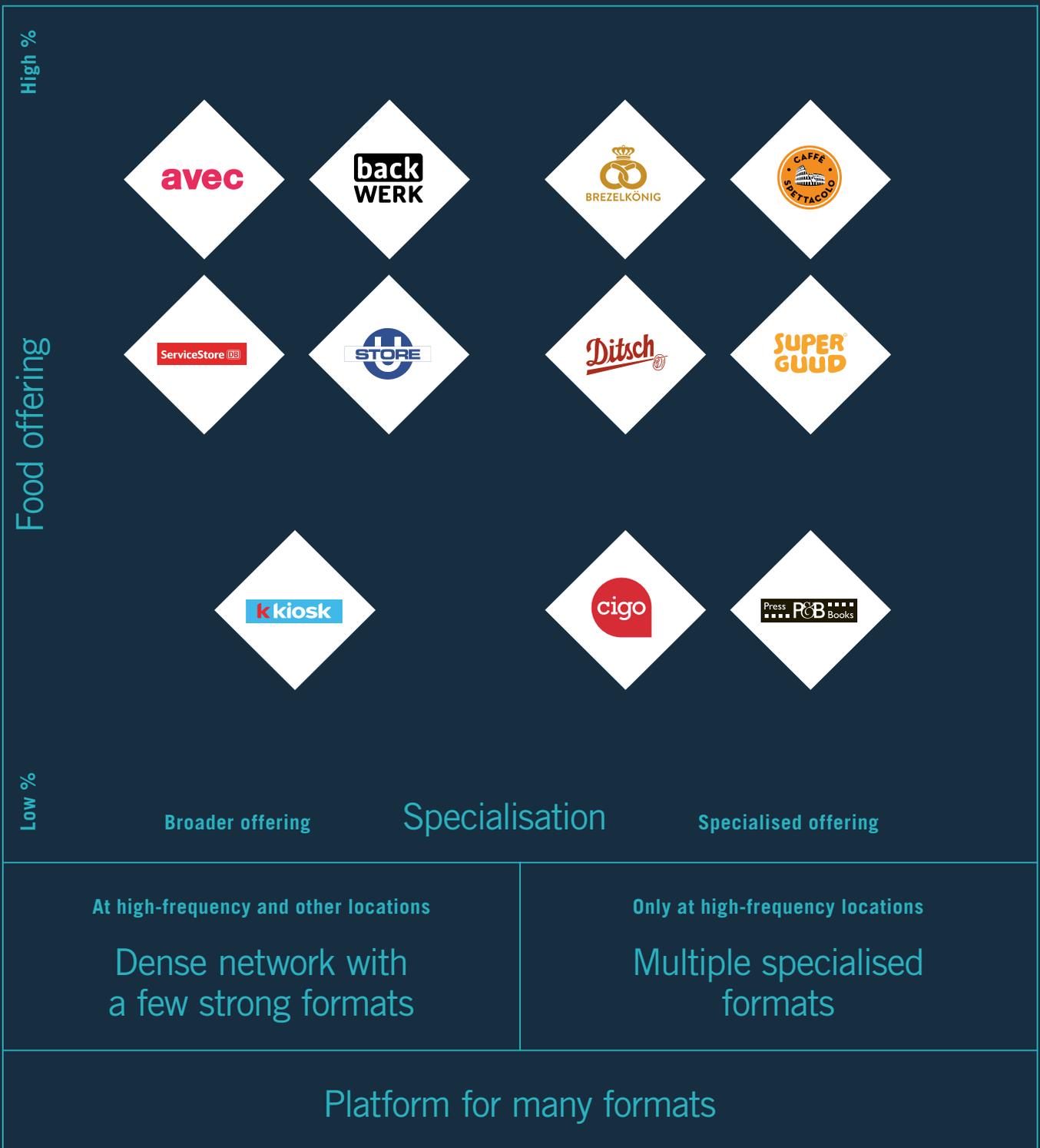
two months of 2021. A gradual relaxation is expected from March 2021, but it can be assumed that this process will take more time than previously thought. Customer frequency will thus not significantly increase before June 2021. On this basis, the ongoing COVID-19 crisis will continue to severely impact 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





“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
Germany

164
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 book-

stores, 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



ServiceStore DB

*“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 specialties, 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



**back
WERK**

“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



Ditsch

“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
Austria

62
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 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
Luxembourg

31
4



**SUPER
GUUD**



“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 contented 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.



“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

avecbox

Eintritt
und
Einkauf
mit der
avec
App



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.

