

DUFREY GROUP – A LEADING
GLOBAL TRAVEL RETAILER

DUFREY AG (SIX: DUFN)
IS A LEADING GLOBAL
TRAVEL RETAILER OPERATING
OVER 2,300 DUTY-FREE
AND DUTY-PAID SHOPS
IN AIRPORTS, CRUISE
LINES, SEAPORTS, RAILWAY
STATIONS AND DOWNTOWN
TOURIST AREAS.

THE COMPANY, HEADQUARTERED
IN BASEL, SWITZERLAND,
OPERATES IN 64 COUNTRIES
ON ALL SIX CONTINENTS.

ANNUAL REPORT 2020 CONTENT

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ESG STRATEGY

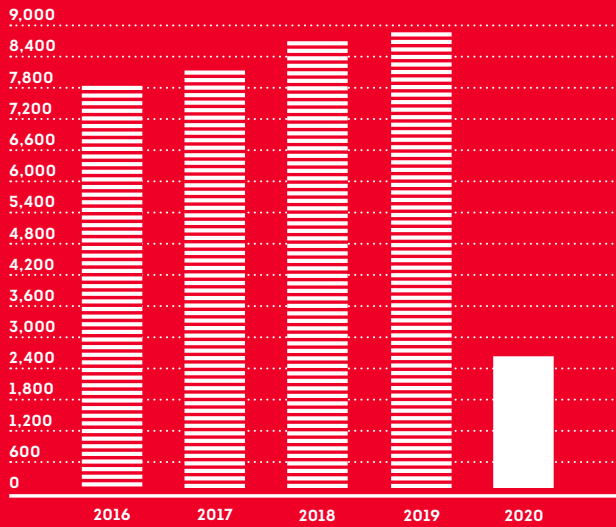
ONGOING EVOLUTION OF DUFRY'S SUSTAINABILITY ENGAGEMENT

Read the full focus story on the ESG Strategy
and the ESG Report on pages 70-108

DUFYR AT A GLANCE

TURNOVER

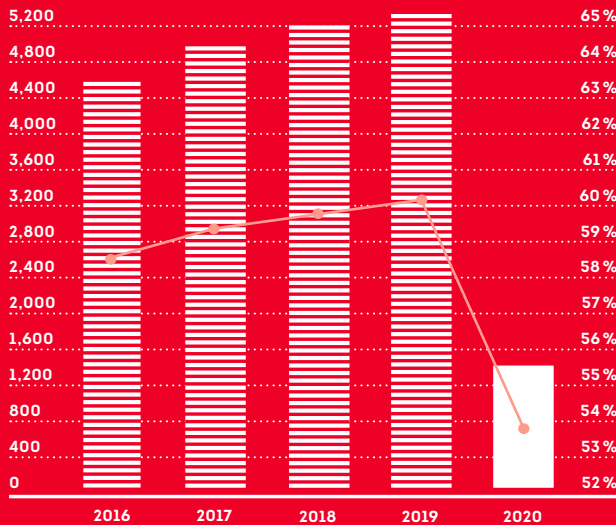
IN MILLIONS OF CHF



GROSS PROFIT

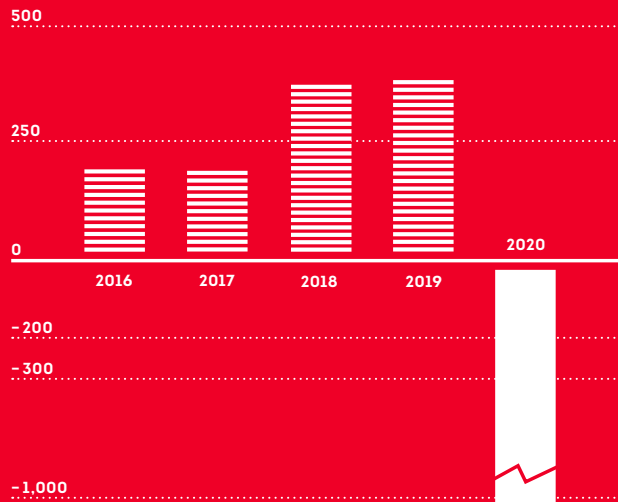
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MARGIN

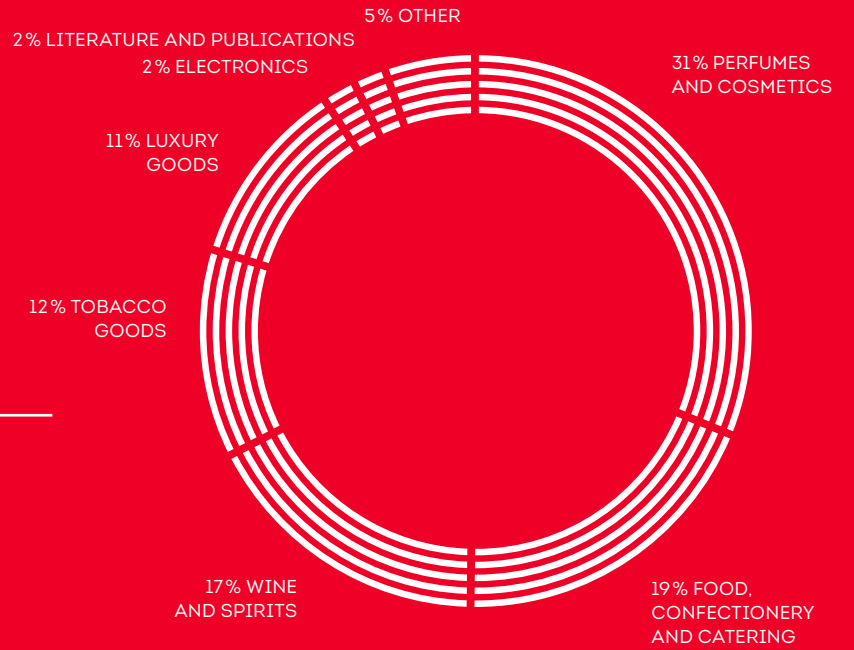


EQUITY FREE CASH FLOW

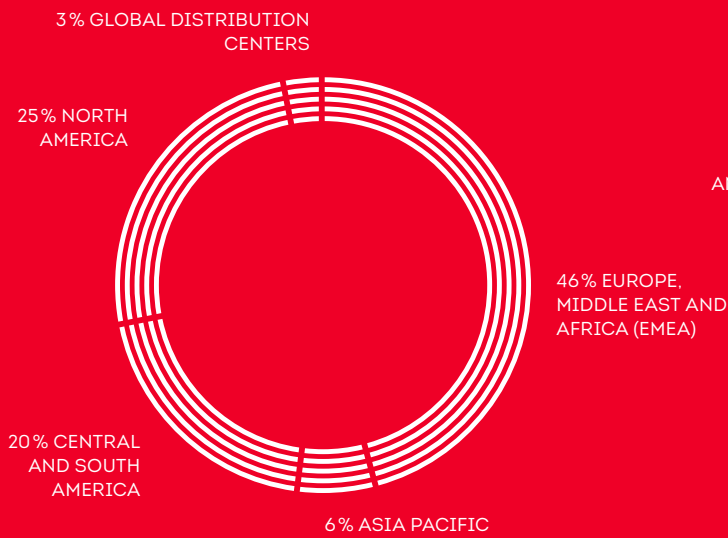
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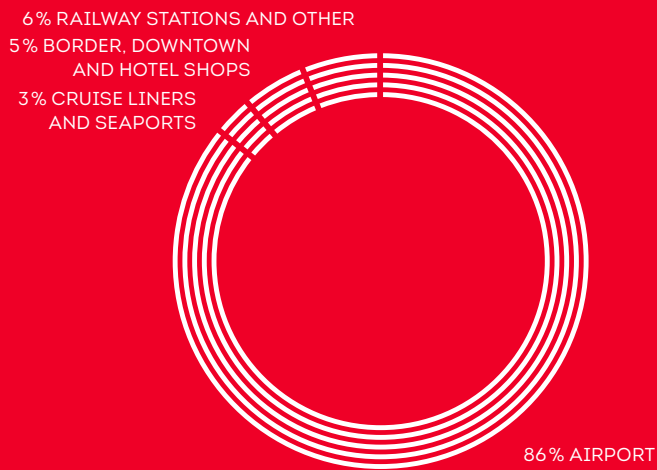
NET SALES BY PRODUCT CATEGORY 2020



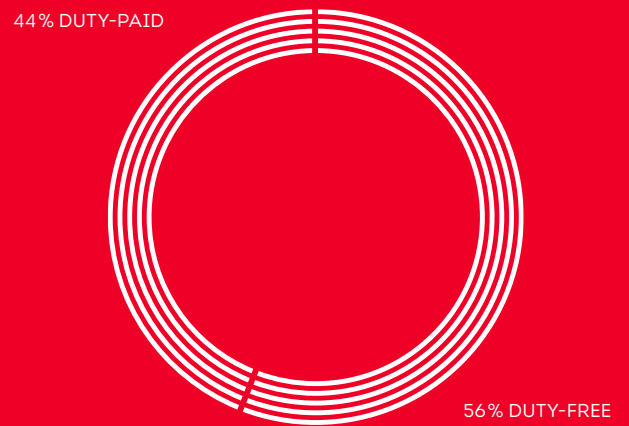
NET SALES BY REGION 2020



NET SALES BY CHANNEL 2020



NET SALES BY MARKET SECTOR 2020



HIGHLIGHTS 2020

CONCESSION PORTFOLIO FURTHER EXPANDED

Dufry has successfully strengthened its concession portfolio with important new contracts such as the twelve-year concession at Sabiha Gökçen International Airport in Turkey and the seven-year extension at St. Petersburg Pulkovo Airport in Russia.

CHF 1,993 MILLION SUCCESSFULLY SECURED IN 2020

The company's financial position has been substantially improved through a series of financial initiatives including a share placement, convertible bond issuances, access to additional bank loans and a rights issue.

CO-OPERATION WITH ALIBABA TO DEVELOP TRAVEL RETAIL IN CHINA AND DIGITALIZATION

Dufry and Alibaba have agreed to set up a joint-venture to partner in the development of travel retail in mainland China and enhance Dufry's digital transformation.

CHF 1,906 MILLION LIQUIDITY POSITION

As of December 31, 2020, Dufry had a reassuring liquidity position of CHF 1,905.7 million.

NEW ALTERNATIVE CHANNELS

Dufry opened its new concept store ANECDOTE at THE CIRCLE at Zurich airport, offering a wide brand selection at attractive prices to travelers and customers of the Greater Zurich Area.

FULL REINTEGRATION OF HUDSON

In the context of the Group reorganization aimed at simplifying its corporate structure, adapting the company to the new business environment and increasing efficiency, Dufry has fully reintegrated its Hudson subsidiary.

CHF 1,312 MILLION

OF TOTAL SAVINGS REACHED

In 2020, Dufry generated CHF 1,312.1 million of total savings through its cost-cutting initiatives at all levels aiming at protecting the resilience of the company.

SHAREHOLDER STRUCTURE STRENGTHENED WITH IMPORTANT PARTICIPATIONS

Dufry has successfully strengthened its shareholder structure with new important participations such as Advent International and Alibaba Group, as well as with the ongoing support of long-standing shareholders such as GIC Asset Management, Fidelity, FMR LLC, Qatar Investment Authority, Richemont, Norges Bank as well as Travel Retail Investments.

ESG STRATEGY EVOLVED AND ENGAGEMENT INCREASED

Dufry has evolved its ESG strategy by defining four key focus areas fully aligned with the company business model. Implementation of ESG engagement is being driven by a dedicated ESG Committee and supervised at the Board of Directors level.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHARE- HOLDERS

The year 2020 was the most challenging year in the history of our company and the whole travel retail and tourism industry. After a promising start with positive performance in the first weeks of the year, our full attention turned to the persistent spread of the COVID-19 pandemic and its impact on the industry and our business. The Board of Directors worked closely with the Group Executive Committee to define and implement measures to protect the business and strengthen the company's resilience. Firstly, we created a dedicated subcommittee at the Global Executive Committee level focused on implementing measures to protect the health and safety of employees and customers through the Dufry Health & Safety Protocol. Secondly, we immediately applied comprehensive cost cutting initiatives at all levels and launched a series of financing transactions to strengthen the financial position of the company. Adapting the structure of our organization to the new business reality was the next important step, for which we made difficult and tough decisions. The new organization structure allowed us to simplify and shorten the decision-making process and react faster to market conditions. This included fully reintegrating our North American business, with the delisting of our Hudson subsidiary completed in the fourth quarter 2020.

Whilst implementing all necessary changes to protect the current business, we seized several opportunities to further develop the company, signing important partnerships, and increasing our retail footprint in different regions across the world. These actions created new revenue streams and growth perspectives for the future. In particular, I would like to highlight the joint-venture agreement signed with Alibaba Group to develop travel retail in China and accelerate Dufry's digi-

talization worldwide. The related collaboration with Hainan Development Holding includes the opening of the Global Duty Free Plaza shop at the Mova Mall in Haikou. Equally important are, among others, the new concession won in Turkey at the Sabiha Gökçen airport and the contract extension in Russia at the Pulkovo airport in St. Petersburg.

From a results perspective, the pandemic and related travel restrictions heavily impacted our performance, with turnover decreasing by 71.1% to CHF 2,561.1 million, and organic growth coming in at -69.8%. Adjusted net profit reached CHF -1,658.4 million, resulting in an Adjusted EPS of CHF -28.4¹. In this context, implementing cost-cutting initiatives at all levels of the organization generated costs savings of CHF 1,312.1 million and played a key role in the company's resilience.

In 2020, our focus on protecting liquidity impacted our dividend payment for the year. Originally, we had planned to propose a dividend payment of CHF 4.00 per share, as published in the annual report 2019. However, the Board of Directors finally proposed to the 2020 General Meeting of Shareholders not to pay any dividend in 2020, in order to protect liquidity amid the limited visibility on the evolution of the crisis. This proposal was accepted by 99.6% of the votes represented at the General Meeting of Shareholders, thus contributing over CHF 190 million in savings.

With respect to the 2021 General Meeting of Shareholders, the Board of Directors has already resolved on two proposals to be submitted to our shareholders. Firstly, we will propose to keep the dividend payment for the business year 2020 suspended, thus continuing to focus on protecting our liquidity. Secondly, we will propose the election of Deloitte as new Auditors for the financial year 2021. In this context, I would like to thank Ernst & Young for their longstanding collabora-

¹ For a glossary of financial terms and key performance indicators please see page 239 of this Annual Report.

tion and the services they have provided to us over the past seventeen years.

Strong support by long-term and new shareholders.

As of the second quarter 2020, we have also been implementing several initiatives to strengthen the financial position of the company, allowing Dufry to endure the pandemic, even if the recovery takes longer than expected. Following the approval of our shareholders with a large majority of 99.57%, in April and May, we executed a capital increase through the placement of 5.5 million shares and by issuing a convertible bond which generated CHF 151 million and CHF 350 million respectively. In addition, we also agreed with our bank consortium on a new twelve-months committed credit facility of CHF 390 million, with two six-month extensions. Despite the challenging environment, these transactions - underpinned by the remarkable support of our lending banks, as well as existing and new shareholders - allowed us to strengthen our balance sheet and to create a solid liquidity position to mitigate the revenue impact of the Covid-19 pandemic.

In October and as approved at the Extraordinary General Meeting, we executed a second rights offering to acquire the remaining outstanding shares of our North American subsidiary Hudson, which as part of the overall streamlining of our company structure was fully reintegrated into our organization. In



470,000 m²

Dufry operates close to
470,000 m² of retail space.

this transaction, we generated gross proceeds of CHF 820 million and an additional CHF 70 million through the launch of a mandatory convertible bond thus exceeding expectations. Here we experienced once again the strong support of our existing shareholders and succeeded in winning new and important long-term investors such as Advent International and Alibaba Group.

The combined financial initiatives in the second and third quarters generated total proceeds of CHF 1,992.9 million allowing us to strengthen our balance sheet, to delist Hudson and to establish a solid liquidity position, which at year end stood at CHF 1,905.7 million. In this context, I thank our existing and new shareholders, as well as our bondholders and lending banks for the extraordinary support we have received in this most challenging phase of our long-standing collaboration. Our long-term shareholders, Advent International, Alibaba Group, GIC Asset Management, Fidelity, FMR LLC, Qatar Investment Authority, Richemont, Norges Bank, as well as Travel Retail Investments held participations above 3% and represented 48.7% of our share capital.

Our market capitalization stood at CHF 4,461 million as per December 31, 2020 after it had strongly rebounded throughout the year from the initial pandemic impact in the Spring. With this recovery our market capitalization and enterprise value have almost closed the gap to pre-Covid levels. This is a remarkable evolution, particularly if compared to peers in the travel and tourism industry, and underlines the trust of investors and the market in the resilience of our company. The average daily trading volume on all platforms was CHF 64.0 million, thus confirming the good liquidity of our shares. The SIX Swiss Exchange remains our most important trading platform, where the aver-

age daily volume of Dufry shares reached CHF 38.8 million in 2020. Dufry's trading volumes are mainly concentrated at the SIX 61% and BATS Chi-X OTC 39% platforms. As is our tradition, we have maintained a continuous dialogue with our shareholders and the financial community through about 1,620 roadshow or conference meetings, calls and emails – unfortunately, mostly virtually – in 2020, but we are looking forward to engaging again in person as soon as possible.

During the year under review, we welcomed two new members to the Board of Directors team. Mrs. Mary J. Steele Guilfoile was elected by our shareholders at the 2020 AGM, succeeding Andrés Holzer Neumann and contributing with her wealth of experience in the travel industry, logistics services and marketing and finance sectors. In the name of the Board of Directors, I would like to thank Andrés Holzer for his long-standing support as a Dufry Board member. We wish him all the best for the future and thank him for remaining an important shareholder in our Group. We equally welcome to our Board of Directors Mr. Ranjan Sen, who was elected by our shareholders at the EGM in October 2020. His experience in international finance and the Asian markets will provide an additional and valuable contribution to our company. At the same EGM, our shareholders had previously approved the increase of the maximum size of the Board of Directors from nine to eleven members.

Evolution of Dufry's ESG program.

Our environmental, social and governance (ESG) engagement has continued to be a focus in 2020 and we made considerable progress with several important

achievements. Above all, we have revised Dufrey's ESG Strategy by defining four key focus areas, which reflect our business model, build on our stakeholder eco-system, and clearly define where we can make positive contributions to maintain a high standard of environmental stewardship. Our ESG strategy, which is an integral element of our company strategy and governance structure, is described in detail on pages 70-78 of this report.

In 2020, we have also set the base upon which to measure our greenhouse gas (GHG) emissions, by installing the necessary processes and starting to collect the respective energy consumption data, to determine our carbon footprint and identify improvement opportunities going forward. Furthermore, we have successfully completed the re-certification process of the Equal Salary Certification in Switzerland, which we first achieved in 2019, and which includes all functions and operations based in Switzerland.

With respect to our ESG reporting, we have enhanced the reporting structure by mapping the KPI's not only according to the Global Reporting Initiative (GRI) standards, but also in line with the UN Sustainable Development Goals (UN SDGs) and by also adding the progress report of the UN Global Compact, of which we became a signatory member in early 2020. A complete overview of our achievements and ESG goals is available in our ESG Report on pages 80-108.

Ongoing community engagement.

It is in difficult times such as these, that support for disadvantaged children and families is most needed. Our engagement programs around the world continued to support and assist communities in markets in which we operate. It is now the 11th year that we have supported the funding of SOS Children's Villages initiatives in Brazil, Mexico and Kenya. In 2020, we were also involved in community projects in many other parts of the world such as Haiti, Greece, Korea, Turkey, the United Kingdom, Switzerland, the United States, Canada and Spain.

When writing my letter to you for last year's report, we could not have imagined the considerable changes we would experience with respect to our lives, working environment and the overall business performance. Today, one year later, we have learned many important lessons on how to best handle and cope with the crisis and, despite the still limited visibility, we can be

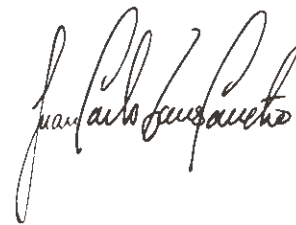
cautiously optimistic that in 2021 we will see tangible improvements with respect to the overall health situation and the economic recovery. Rest assured that we remain vigilant regarding any developments to provide even safer working and shopping environments for our employees and customers. From a company perspective, we are well prepared and ready to accelerate growth as soon as travel restrictions are lifted.

This year, a very special "Thank You" is due to all our employees and management teams, as the work, dedication and support given to the company has been immense and exceptional in so many ways. We also want to pay our respects to all the colleagues we have sadly lost and to their families, all of whom are very much in our thoughts. And we wish our colleagues who have suffered from the virus a swift and full recovery.

Throughout this challenging year, we also experienced extraordinary support from our landlords and suppliers, who engaged in close collaboration and allowed us to find mutually viable solutions and for which we owe them a debt of gratitude.

We are equally grateful for the ongoing trust received from our various business partners and shareholders, thereby invigorating our long-standing relationships and allowing us to continuously foster our common vision to further develop Dufrey as a WorldClass. WorldWide company.

Sincerely,



Juan Carlos Torres Carretero

STATEMENT OF THE CHIEF EXECUTIVE OFFICER DEAR ALL

While Dufrey has evidently been impacted by the Covid-19 pandemic as have many other companies in the travel and tourism industry, I have seen a deep emotional engagement and a strong determination by all our employees to overcome this challenging situation. From the Board of Directors, to our management teams and throughout all levels of our organization, we have worked in close alignment to find, plan and implement the right solutions to mitigate the impact of this crisis and lay the foundations upon which we will emerge as a stronger company. This positive attitude and dedication has allowed us to adapt the company to the new market environment very quickly and to prepare our organization for the recovery and beyond. In parallel, we have succeeded in putting the company on solid financial ground and seized opportunities, which provide remarkable growth potential and contribute to the future development of Dufrey.

As a result of the considerable travel restrictions and the consequent drop in passenger numbers our turnover reached CHF 2,561.1 million in 2020 versus CHF 8,848.6 million in 2019, equal to a decrease of 71.1%, while organic growth came in at -69.8%. On the positive side however, Dufrey reported a reassuring liquidity position of CHF 1,905.7 million at year-end 2020¹.

Strong company values supporting transformation

Dufrey's values, which have characterized the development of the company in the past, have again proven to be of great support and key success factors. Our management teams and employees have built on their strengths of determination, execution, delivery and resilience to drive the restructuring and successfully implement the new organization, which became effective

on September 1, 2020. The total cost savings implemented through the reorganization of the company amounted to CHF 1,312.1 million in the full-year 2020, including reductions in concession fees, personnel expenses and general expenses. Through the new organization, cost cuttings and the increased efficiency, Dufrey is well prepared for the recovery phase and emerging as a powerful player within the travel retail industry.

Company successfully adapted to the new environment.

In this context, I want to express our gratitude to all our employees, who have contributed to Dufrey's growth in the past, and I hope that the colleagues who have had to leave the company can soon seize new, rewarding opportunities and continue their careers successfully.

Important investors supporting financial position and liquidity levels

In the second and the fourth quarters, we succeeded in closing significant financial transactions aimed at strengthening Dufrey's financial position and securing enough liquidity to allow the company to endure a prolonged period of disruption, even if the pandemic and travel industry recovery takes longer than expected. Through the capital increase in October, as well as the issuance of the convertible bonds and the share placement in the second quarter, the company generated total gross proceeds of CHF 1,992.9 million. Existing and new shareholders as well as bondholders have confirmed with their participations their trust and confidence in Dufrey and have provided remarkable

¹ For a glossary of financial terms and key performance indicators please see page 239 of this Annual Report.

2,300

Dufry is a real global player operating over 2,300 shops throughout all six continents.

support for the positive perception of our company's resilience.

Promising new partnerships

The joint-venture established with Alibaba Group to jointly seek opportunities to drive travel retail in China, as well as to accelerate Dufry's digital transformation on a global scale, provides a considerable growth potential in Asia and with Chinese customers worldwide. The partnership combines Alibaba's ecosystem of 800 million consumers and their digital experience with our extensive travel retail expertise.

Relevant new partnerships.

As a first result of this joint-venture, in early January 2021 we signed an important agreement with Hainan Development Holdings to develop the Mova Mall duty-free operation in Haikou. Dufry will support the newly opened Global Duty Free Plaza shop with its global experience in travel retail including its proven knowhow in procurement, supply chain, marketing and shop-design. The new downtown duty-free shop, spans over 38,920 m² across two buildings of the Mova Mall, Aquarius and Capricorn, and saw the first phase open right on time for the 2021 Chinese Spring Festival at the end of January.

Footprint extensions and ongoing refurbishments

Despite the difficult business environment in 2020, we have also continued to increase our diversified footprint with promising new concessions such as the new twelve year contract won at the Sabiha Gökçen Airport in Turkey,



operational from November 2020, as well as the seven year extension of the Pulkovo airport operation in St. Petersburg, Russia.

Dufrey opened in total gross new retail space of 9,600 m² or 2.0% of overall retail space distributed across 39 shops such as Sabiha Gökçen, Istanbul (TUR), Florianopolis (BRA), Macao (MO), Odessa (UKR), Singapore (SG), Phoenix, Boston (US). This includes the new ANECDOTE conceptual store at The Circle at Zurich Airport (CH), which serves both travelers and customers from the Greater Zurich Area with a selection of core category products, fashion & accessories and an appealing convenience assortment.

Ongoing footprint expansion.

Furthermore, shops in Stansted (UK), Corfu, Mykonos, Thessaloniki (GR), Antalya (TUR), Belgrade (SRB), Nashville (US), Macao (MO) and Fortaleza (BRA) among others, have seen refurbishments as a proven method to sustainably drive sales in existing locations. Total refurbishments in 2020 amounted to 12,800 m² or close to 3% of overall retail space operated by Dufrey.

With respect to future growth opportunities, Dufrey had at year-end already signed contracts for an additional 8,000 m² of retail space to be opened in 2021 and was considering a project pipeline of 31,500 m².

Digital strategy to drive sales further expanded

The deployment of the digital strategy contributes to attract more customers to the shops, increases sales, and ideally complements the physical shops and traditional strong impulse buying behavior of our affluent and captive audiences. Dufrey's digital strategy builds on a multichannel approach to increase customer touch-points and includes four key elements: the New Generation Store concept, the Red By Dufrey customer loyalty program, the Reserve & Collect online ordering platform, and Dufrey's proprietary social media channel, Forum by Dufrey.

Within the expansion of the New Generation Store concept, in 2020 we have further increased the number of highly digitalized shops to 50 locations, which complement the existing 13 full-blown New Generation Stores already in operation. These shops communicate with customers in different languages and adapt promotions and marketing campaigns to the customer profiles and nationalities present at the specific airports at any given time of the day. The New

Generation Stores also include sales tablets, which help staff better serving our customers with more detailed product and other sales related information. Sales tablets are currently in operation across 111 shops in 35 countries.

Red By Dufrey, our customer loyalty program, is now accessible to an increased customer community in 239 locations across 48 countries. In addition, we have expanded the number of services and benefits for customers by engaging with airport and brand partners around the world. At the end of 2020, Dufrey's CRM database included over 5 million customers – a database we intend to expand further in 2021 and beyond.

Our Reserve & Collect service, allowing customers to order online and pick-up their purchases when departing or upon arrival, is increasingly used and is now available in 175 airports in 44 countries worldwide. Customers using Reserve & Collect tend to generate higher ticket sales as compared to traditional average in-shop sales.

Digital strategy further accelerated.

In 2020, we have also evolved our social media channel Forum by Dufrey, which is now available in 4 languages, connects all of our digital dots and adds emotion and experience with content provided by brands, bloggers and influencers, highlighting the attractiveness of the travel retail channel.

Valuable marketing intelligence and customer insights

In previous years, Dufrey has considerably extended its market research and has done even more so in 2020, as the anticipation of customer behavior and expectations are key. This year's surveys have provided valuable and reassuring insights confirming the resilience of the business.

Reassuring customer insights.

With respect to the short-term behavior and the confidence of customers to travel, we have received clear indications in the fourth quarter that 48% of customers already had a flight booked for the next 6 months, coupled with an increasing confidence that the trip will happen – this includes increasing confidence among

business travelers as well. With respect to shopping habits, we have seen the fundamental trends towards exclusive items, novelties, gifts and local products reinforced, alongside customers' ongoing interest in finding great deals through attractive discounts.

Confident outlook for the resilience of our business

With the successful financing measures implemented in 2020, the support of Dufrey's existing and important new shareholders, the finalization of its reorganization and restructuring and the financial and managerial flexibility to engage in strategically relevant initiatives and growth opportunities, Dufrey is well positioned to drive recovery and growth acceleration beyond the current crisis. Moreover, marketing research, conducted by the company in the second and fourth quarters, confirms the propensity of customers to travel and their confidence and willingness to shop in duty-free locations. Combined with the secular passenger growth, these are reassuring indications for the fundamental resilience of the travel retail industry and the company.

Thank you

First of all, I want to thank our customers, who despite the challenging travel conditions experienced this year have continued to visit our shops, appreciating our offerings and generating sales and thus directly supporting the company. The trust we have received from over 150 nationalities we serve every day is very encouraging and we will continue to refine our product assortments and services, to ensure that any visit made to one of our stores is a memorable experience.

More than ever, my immense gratitude for ongoing motivation and dedication goes to our employees and management teams for their extraordinary efforts, in supporting the restructuring, negotiating with our business partners and securing the financial strength of the company, which ultimately has created the solid and resilient base on which we can build going forward. This impressively demonstrates the strong level of employee engagement and commitment to Dufrey.

On behalf of the whole company, we also want to remember the colleagues we have sadly lost and their families, while wishing any colleagues who suffered with the virus a swift and full recovery.

I also want to thank our suppliers, landlords and business partners for their renewed support and their willingness to find mutually beneficial solutions to jointly overcome the current crisis in a spirit of true partnership. We have clearly seen that the common success of all industry players in travel retail is highly depen-

dent on strong collaboration, which I look forward to fostering even more going forward.

Last, but not least, I thank our Board of Directors and our shareholders for their ongoing support, trust and contributions in making Dufrey even more WorldClass. WorldWide.

Best regards,



Julián Díaz González



SWAROVSKI

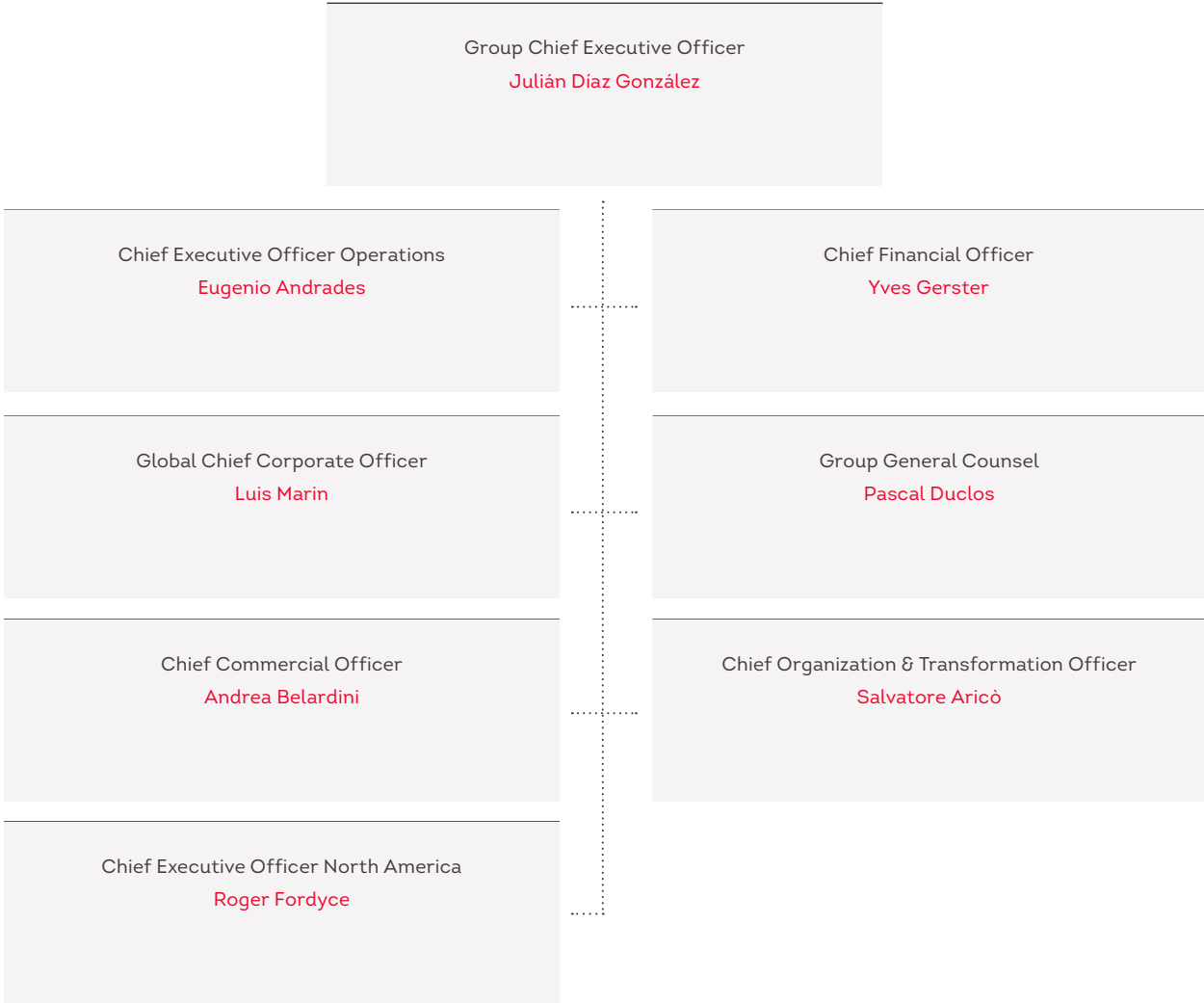
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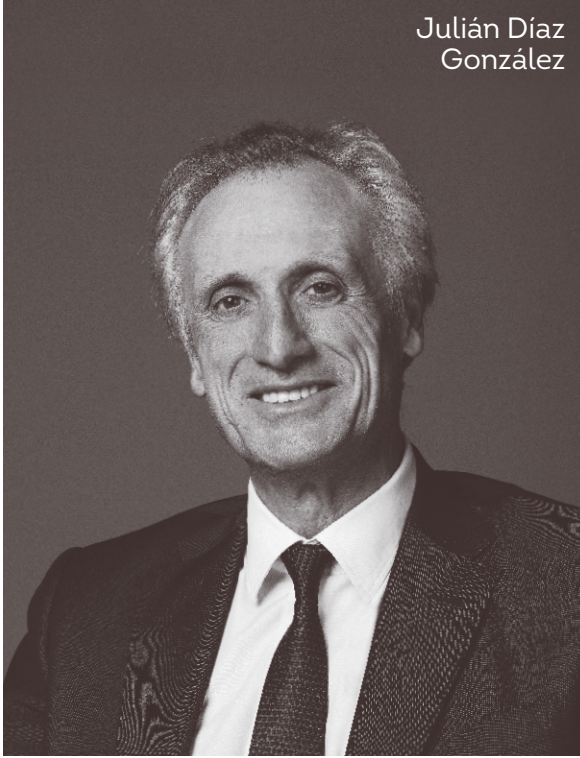
OUR ORGANIZATIONAL STRUCTURE - GLOBAL EXECUTIVE COMMITTEE

AS OF JANUARY 1, 2021



BOARD OF DIRECTORS MEMBERS

Julián Díaz
González



Juan Carlos
Torres Carretero



Claire
Chiang



Jorge
Born



Heekyung
Jo Min



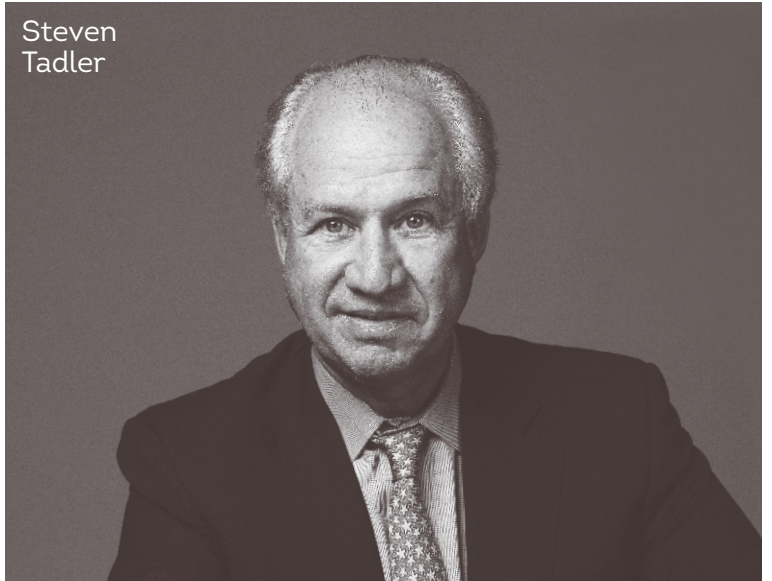
Lynda
Tyler-Cagni



Ranjan
Sen



Steven
Tadler



Mary J.
Steele Guilfoile

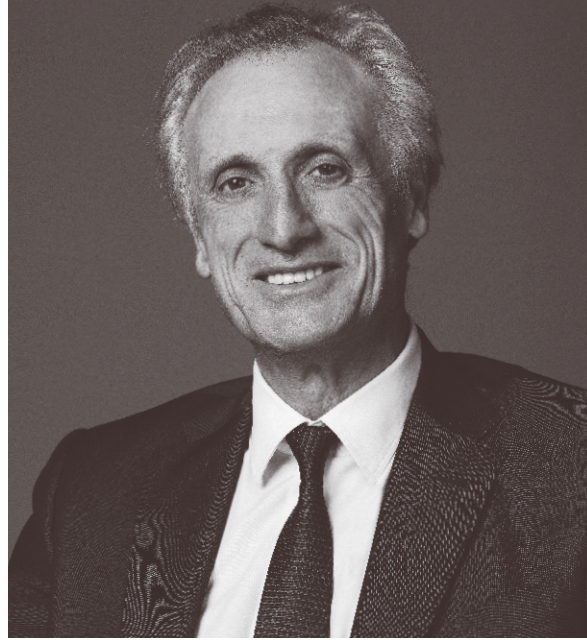


Luis Maroto
Camino



GLOBAL EXECUTIVE COMMITTEE MEMBERS

Julián Díaz
González



Yves
Gerster



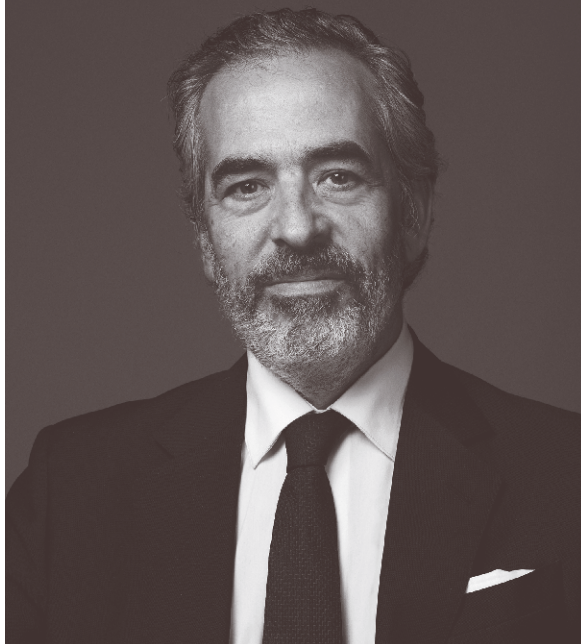
Eugenio
Andrades



Luis
Marin



José Antonio
Gea
Until December 31, 2020



Salvatore
Aricò
As of January 1, 2021



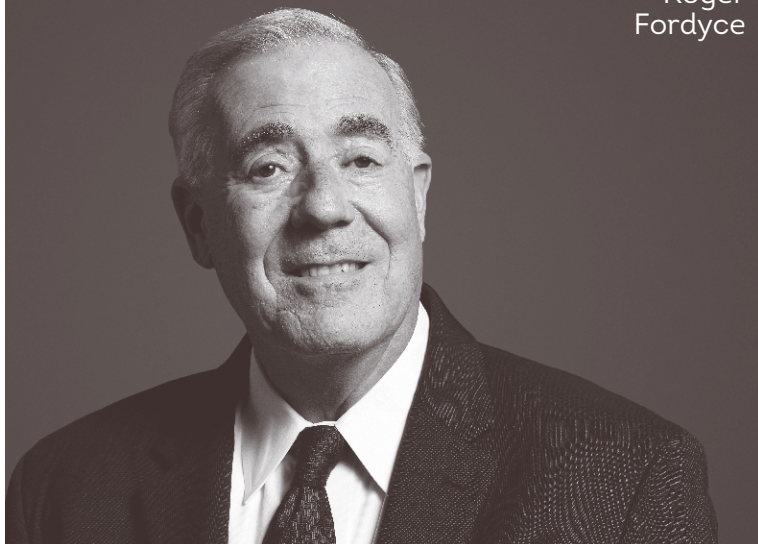
Andrea
Belardini



Pascal C.
Duclos



Roger
Fordyce



DUFYR'S INVESTMENT CASE

GLOBAL MARKET LEADER

Close to 20% market share in airport retail and 11% market share in travel retail across all channels pre-COVID. Increasing market power, even in a COVID-19 battered market environment.

STRONG RELATIONSHIPS WITH LANDLORDS AND AIRPORT AUTHORITIES

Dufry is a reliable partner delivering outstanding results for landlords through a vast offering of unique shop concepts and commercial initiatives.

GLOBALLY DIVERSIFIED CONCESSION PORTFOLIO

Most diversified travel retailer with operations on all six continents, covering 64 countries and over 430 locations.

Geographic diversification allows Dufry to capture global growth trends of the travel retail industry, which in most cases help mitigate potential local events.

430

Over
430 locations
operated
by Dufry
worldwide

UNIQUE CUSTOMER ACCESS FOR GLOBAL BRANDS

Global player, with over 2,300 shops operated in 64 countries on six continents.

Offering global brands a unique market access and window display.

6 YEARS

6 years of remaining average concession lifetime, across a highly diversified portfolio.

CAPTIVE AND AFFLUENT CUSTOMER BASE ENHANCED THROUGH DIGITALIZATION

Travel retail and Dufry benefit from a growing captive customer base with above average spending power.

The ongoing digitalization of the business allows to considerably increase customer touchpoints and engagement, thus benefitting customer conversion and spending.

GROWTH ACCELERATION IN ASIA

Important JV with Alibaba Group formed to operate travel retail in China.

Further expanding footprint in fastest growing market globally, with first projects already started in Hainan in Q1 2021.

STRONG EQUITY FREE CASH FLOW GENERATION CAPABILITY

The company's track record clearly underlines, how the low capital intensity of the business allows for strong cash generation and fast deleveraging under normal operating conditions.

Strong cash conversion further supported by re-organization and successful implementation of significant structural savings.

LONG-TERM CONCESSION PORTFOLIO

Long-term concession portfolio further enhanced through new important concessions, such as in Turkey and Russia.

GLOBAL "PURE PLAY" IN A LONG-TERM GROWING INDUSTRY

Company growth driven by both M&A opportunities and organic growth fueled by fundamentally increasing passenger numbers and net new concessions.

OUR STRATEGY LONG-TERM SUSTAINABLE AND PROFITABLE GROWTH

For a glossary of financial terms and key performance indicators please see page 239 of this Annual Report.

Dufry is the leading global player in travel retail and, despite the short-term and COVID-related operational challenges, will continue to develop the company following its long-term successful strategy of sustainable and profitable growth and building on its track-record of rapid expansion through organic growth and acquisitions. The same is true for travel retail in general, which is seen as a resilient industry despite the current turbulence generated by the pandemic. In 2019, under previous normal market conditions, Dufry had a market share of 11% in travel retail overall, and close to 20% in airport travel retail, which accounted for 88% of our business.

Fostering retail excellence to create stakeholder value

Travel retail is the connecting and central element of three very important industries: retail, travel and leisure locations, as well as consumer goods brands. Linking and aligning the different expectations of our stakeholders is critical in order to generate value for all. Our strategy to achieve this goal: we focus on offering the best services to our customers to create profitable and sustainable growth for all our stakeholders.

Our clear travel retail focus, where we mostly concentrate on locations with captive audiences, creates a winning formula for all stakeholders of the Dufry ecosystem. For customers, by providing an unrivalled shopping experience; for suppliers, by showcasing their brands to a fast-growing group of affluent customers; for landlords, by fully exploring the commercial potential of a travel or leisure location; for shareholders, by creating long-term value through generating cash and profits and for employees and local communities, by creating job opportunities and wealth. For an overview of the Dufry stakeholder eco-system please refer to page 72.

For our customers, we create memorable shopping experiences by constantly improving our shops and developing best-in-class retail formats, as well as by implementing innovative cross-channel marketing initiatives and extending our online services, allowing us to increase customer engagement. Our sales representatives will always receive travelers with a friendly smile, introducing them to the world of travel retail and providing them with detailed product information – increasingly supported by digital technology.

Unique experiences to exceed customer expectations.

Besides offering customers great promotions, novelties and the exclusive products they are always looking for, an unparalleled sense of place is, for Dufry, a key element of an attractive customer shopping experience. This includes local product offerings, as customers also increasingly want to complete their travel experience by bringing home memories, as well as internationally recognized brands that are well known and much liked. Our shops combine the famous assortments of global brands and high-quality products with a special local touch, which differentiates our shops worldwide and wherever they may be – at airports, seaports, ships, railway stations and also in downtown or border locations – and irrespective of whether they are duty-free or duty-paid. For a selection of our main retail concepts please refer to pages 30 through 39 of this report.

Demographics play a big role in our business and changes in customer profiles and preferences can occur rapidly. For this reason, Dufry sets high priority on

consumer intelligence, extrapolated from internal operational information, regular customer field surveys and external research. This permanent tracking of customer behavior is the base against which to continuously fine-tune our offering, not only matching, but exceeding expectations of our clients.

For suppliers we offer access to the largest footprint in the ever more attractive travel retail channel, through more than 2,300 of our shops in over 430 locations in 64 countries, further supported by our growing digital footprint. Our shops offer suppliers an unrivalled worldwide opportunity to promote their brands and products, reaching an affluent consumer segment and allowing them to purchase their products at our various locations.

In recent years, we have seen an increasing importance in novelties, exclusive products and limited editions to attract customers to our shops. Despite some short-term shift and the growing importance of food and convenience products related to the faster acceleration of domestic travel during the COVID-19 pandemic recovery, the long-term interest to find new and unique products and experiences is maintained. Dufry works closely with brands to offer customers a unique

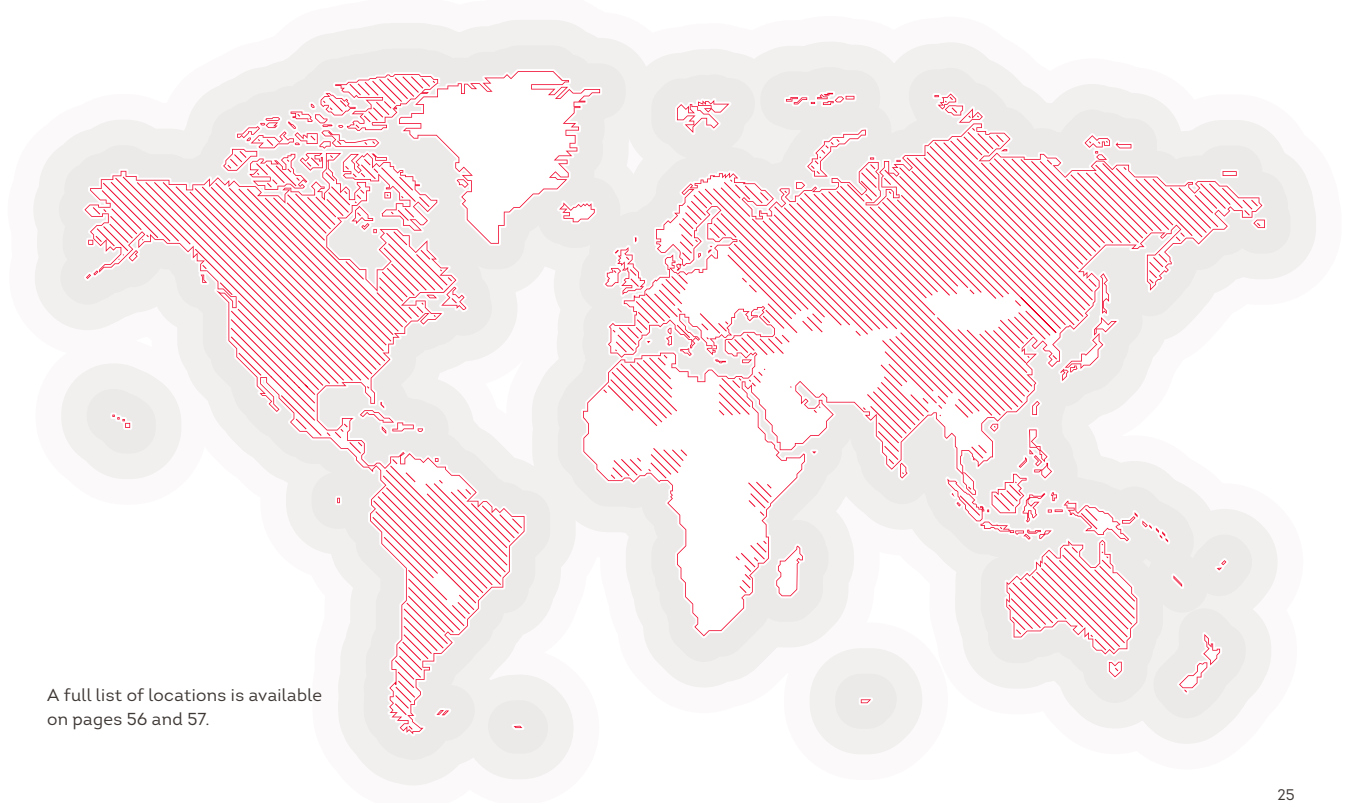
product selection and brand experiences, which make the channel even more attractive.

Novelties and exclusive products confirmed as important trend.

Landlords get the highest productivity from their retail areas, maximizing their revenues when working with Dufry. We offer a full range of retail concepts adapted and customized to any specific location, complemented by the most comprehensive portfolio of global and local brands. We enable landlords to offer their travelers attractive commercial spaces, thus increasing revenues from non-aeronautical sources and further optimizing their overall business performance.

For shareholders, Dufry is the world's leading global travel retailer, offering an attractive investment opportunity to participate in a growing industry and a company that focuses on profitable growth and strong

GLOBAL PRESENCE



A full list of locations is available on pages 56 and 57.

cash generation. Despite the current challenging business environment, travel retail is a structurally resilient growth industry with a proven track-record. For further information on our equity story, please refer to section Investors on page 66.

Business diversification maximizes opportunities and mitigates risks

Diversification has always been a fundamental element of our strategy for a number of reasons, which contribute considerably to minimizing risks and providing consistent growth opportunities. In our understanding, diversification includes aspects such as geographies, market sectors, channels as well as, ever increasingly, also digitalization.

Geographic diversification is the best way to benefit from the ever-growing number of travelers worldwide, as we can leverage the captive audiences in our locations. Our global presence also allows us to evaluate thoroughly the opportunities of new projects in any location by capitalizing on the expertise of our local teams. Their clear understanding of the local market characteristics forms the foundation for a close collaboration with landlords and other local business partners, to effectively develop new businesses.

Our wide geographic footprint in 64 countries and the fine-meshed network of locations and shops is also a unique marketing asset we can offer our brand partners. It allows them to engage directly with a growing number of customers through a window display in and access to any given mature or emerging market. Today, Dufrey is not only the global market leader in travel retail, but also by far the most diversified player in the industry.

Furthermore, geographic diversification considerably mitigates risks generated by external impacts in single markets or regions. This has been widely proven in 2020, when our global footprint mitigated the impacts of geographically differing restrictions and containment measures associated with the pandemic. Furthermore, Dufrey has limited exposure to single contracts as best illustrated by the share of individual concessions in the Group. With the largest concession accounting for around 6% of our business, and with the ten biggest representing less than 25% of 2020 sales.

Diversification by channel and sector widens the scope of the company providing access to additional customer groups and behaviors. In this context, the cruise and ferry businesses, train stations, and also

border shops and downtown locations such as hotels, casinos and leisure resorts are gaining in importance.

Diversification: by geography, by channel, by sector – and digitally.

On the duty-free side, the airport channel is expected to continue to be the largest and fastest growing part of our business. We continue to see additional potential in further developing the cruise ship and ferry business, duty-free border shops – currently mostly in South America – and downtown duty-free shopping in selected markets, mainly in Asia, where this type of operation is particularly popular, due to specific local regulations.

Cruise lines offer an attractive channel to engage with customers during a longer time period, and ferries have been quite resilient even throughout the current crisis. Despite the momentary challenges the cruise business is experiencing, we are convinced that this type of vacation will continue to be “en vogue” in the long-term.

The duty-paid sector also has considerable development potential in airports, since the expected growth of domestic passengers – including intra-EU travel – is similar to that for international travelers. In the 2020 recovery phase of the pandemic, this sector has temporarily gained over-proportional importance as domestic travel and flying – due to less travel restrictions – has picked up faster than international travel. Furthermore, this sector is fragmented even more than duty-free, thus offering attractive new expansion opportunities.

The newest development within duty-paid is the new concept store ANECDOTE opened at The Circle at Zurich Airport in November 2020, which offers travelers and residents of the Greater Zurich area a vast variety of global brands and local premium labels at fantastic prices. The assortment covers all core categories such as perfume and cosmetics, food and confectionery, wines and spirits, sunglasses as well as fashion, accessories and convenience. We also continue fostering the expansion of our successful duty-paid retail concepts, Hudson and Dufrey Shopping which are already implemented in several markets and have potential for further deployment. Hudson is a well-estab-

lished convenience store concept that has been very successful in North America over the past 30 years and which, since 2009, we have deployed in 17 countries world-wide such as Italy, Switzerland, Brazil, UK and China among others. Dufry Shopping is a duty-paid concept that offers a high-quality assortment of international brands in an exclusive setting, similar to a duty-free travel retail store, but targeting domestic passengers.

We originally piloted Dufry Shopping in Brazil in 2014, expanding to 7 locations across the country and the immediate success has led us to a strategic decision to roll out this concept into other countries. The first Dufry Shopping store outside Brazil opened in 2017 at Las Vegas McCarran International Airport. This was followed by the Malta Dufry Shopping in 2018 and by the contract signed in 2019 with Newark Liberty International Airport for a new Dufry Shopping, and the newest shop in Salt Lake City, which both opened in 2020. Also in 2020, we further opened Dufry Shopping stores at the Fortaleza airport in Brazil and at Odessa airport in Russia. Based on the positive results with 13 Dufry Shopping locations in 4 countries so far, we are convinced that this concept can be successfully rolled out to other markets globally.

Accelerating digitalization

Digitalization is the newest form of diversification and it will change the way business is done in travel retail. Its characteristics, which allow to considerably increase customer engagement cross-channel, cross-geographies and cross-sector, and to serve customers from when they plan their trip to the moment when they return home, are a great asset. Implementing digitalization not only means at the shop front, but also with respect to the whole back-office and support area of the company, where digitalization opens new opportunities to simplify processes and increase efficiency. The recently announced joint-venture with Alibaba will further accelerate our digital initiatives and shows how these types of partnerships will shape the future of travel retail.

Growing opportunities of digitalization.

At Dufry, we are excited about the possibilities and opportunities these new technologies offer. In the past three years, we have successfully built and deployed our digital platforms, which allow us to engage more frequently with customers and to provide them with additional services, with the ultimate goal of driving

sales. For Dufry, digitalization is and remains a key element of our strategy, which supports and evolves a strong business model to the next level and continuously improves our offer to the travelers we welcome in our shops.

Normally customers come to our stores while they are waiting to board their plane or train, or while they enjoy their stay on a ferry, cruise liner, in a casino or hotel. They enjoy strolling through the attractive retail spaces and take away memorable shopping experiences. Sales are often generated by impulse decisions and/or immediate needs, which protect travel retail from the direct competition of online platforms. To attract more customers to our stores we want to provide a superior customer experience and in addition, create further value through a more efficient business. Thus, the use of digital and online technology is changing our business in three major areas: how we engage with our customers, how we sell products, and how we organize our processes internally and in the value chain.

Specifically, this means that we will be further increasing personalized digital communication with customers at home, during their whole journey, and in particular when they are at the airports close to our shops. We are also digitalizing the shops to increase conversion rates and to simplify in-store processes, focusing on areas such as product consultations, payments, locations-specific promotions etc. Finally, we will further improve customer service and individualize product offers for specific customer profiles, based on advanced research and data analytics facilitated by digital tools.

Financial discipline focusing on returns

At Dufry, we have a disciplined financial approach to all our projects, be they organic or acquisitions. We carefully analyze every project or significant investment with detailed projections and with a focus on minimum return requirements. This includes a careful assessment of the initial investment needed to build and set up the stores as well as the cost structure, profitability and cash flow generation of the business once it is operational and over time. This culture of giving importance to returns and cost control has allowed us to grow our business profitably and capture opportunities in many different markets.

As part of our financial risk management, we minimize business risks by implementing a highly variable cost structure. These defensive characteristics help to protect the business in case of downturns, which are usually local and temporary, thus providing a solid and resilient profile. The outbreak and spread of the

COVID-19 pandemic in 2020 and the company's ability to react fast with the adaptation of the company and cost structure to the new market challenges, is an impactful example of the highly variable degree of our cost structure.

Resilient cash flow generation.

Dufrey's typically strong cash generation capacity is a combination of the company's usually solid profitability and the low capital intensity of our business. Pre-pandemic and based on the 2019 business performance, Dufrey would expect to further improve its cash generation capacity in line with top-line growth. Post full recovery and going forward, we are confident that cash generation capacity will continue to be one of the key drivers of our strategy implementation, and will even accelerate based on the structural measures taken.

Organic growth complemented by acquisitions

Dufrey's fundamental growth strategy continues to be characterized by a combination of organic growth as well as M&A opportunities with increased visibility on the pace of recovery. Although, the current COVID-19 pandemic might slightly delay some expansion projects from a landlords' perspective in the short-term, travel retail remains a resilient industry on a mid- to long-term horizon, and we expect to see further growth and partnership opportunities going forward.

With respect to organic growth, the travel retail industry has the unique advantage of benefitting from a secular increase of travelers around the world and offering the great opportunity to directly engage with them. This characteristic clearly differentiates travel retail from any other retail channel. Consequently, organic growth will continue to be an important driver of Dufrey's development going forward. We will focus on driving sales through implementing best-in-class shop concepts in duty-free and duty-paid, by further deploying our digital strategy and by evolving the proven marketing and promotional activities we have used and fine-tuned over the years. Besides benefitting from additional passengers in line with regional developments, we expect to further increase our retail space, be it through expansion in existing locations or by winning new contracts in airports and alternative channels. A specific focus will be on growth acceleration in Asia, with first projects being implemented in Hainan in 2021 already, based on the JV with Alibaba Group and the collaboration agreements with Hainan

Development Holdings. Specific to the US market, the scope of alternative channels also includes F&B shops, as this segment is of great importance for North America and represents a synergy potential for our existing travel retail footprint. At Dufrey, we traditionally maintain a sizeable project pipeline, allowing us to grow our retail space in different channels, regions and sectors.

Offering the best retail experience for international and domestic travelers in multiple channels, Dufrey currently generates about 56 % of its revenues in duty-free and 44 % in duty-paid operations, with both sectors continuing to offer further, substantial growth opportunities.

Long-term passenger growth remains a key driver in travel retail.

Despite the consolidation seen in travel retail over the last years, the industry remains relatively fragmented, with the top 10 players controlling just over half of the market and the remaining market consisting of small and medium-sized operators. We expect to be able to capitalize on M&A, with a focus on Asia and on F&B or by complementing our presence in other existing markets. Furthermore, the joint-venture with Alibaba Group to partner in the Chinese travel retail market is promising to drive our growth in Asia and with Chinese customers worldwide, while also accelerating our digitalization through the extensive know-how in this area, which Alibaba can contribute.

The full reintegration of our Hudson subsidiary, previously listed at the NYSE and completed in the fourth quarter 2020, will not change the overall group strategy from an operational perspective. With respect to North America we will continue to expand our footprint with duty-free and duty-paid operations complemented by airport F&B. You can find out more about the North American region on page 52.

Long-term industry fundamentals remain strong despite short-term challenges

While in 2020 tourism and travel were heavily impacted by the spread of the pandemic, we have also seen encouraging behaviors from passengers around the world, who have resumed travelling as soon as restrictions were lifted. This is an important indication that the fundamental resilience of travel retail is unchallenged and that the industry will confirm its attrac-

tiveness as a growing retail channel featuring its own growth dynamics, which are not comparable with high street retail.

While visibility on the travel pattern recovery remains low, pre-pandemic, external industry specialists such as Air4Cast estimated global passenger numbers to grow by around 4% per annum, which translates to a potential of over 300 million new customers for the industry every year. This underlying growth potential is further increased by the development of innovative commercial concepts with landlords and brands, as well as Dufry's acceleration of its digitalization to drive change in the way travel retail evolves. We believe that being the global market leader also means being at the forefront of this development.

GENERAL TRAVEL RETAIL SHOPS

The general travel retail shop is the most commonly used concept at Dufry, covering the full range of categories, such as perfumes & cosmetics, food & confectionery, wines & spirits, watches & jewelry, fashion & leather, tobacco goods, souvenirs and electronics and others.

General travel retail shops carry a large product assortment and are typically located in central areas with high passenger flow, mostly in airports, but can also be in seaports and other locations. In airports, both departure and arrival areas can be fitted with this shop concept. In the duty-free segment, these shops can be identified by carrying the name of several retail brands in our portfolio, including Dufry, Nuance, World Duty Free, and Hellenic Duty Free among others, or a name combination linking to the specific location, such as Zurich Duty-Free or Stockholm Duty-Free. As of December 31, 2020, Dufry operated over 945 general travel retail shops.

In 2017, Dufry introduced the new generation store concept, increasing customer communication through digital technology, with the first three stores opened in Madrid (Spain), Melbourne (Australia), and Cancun (Mexico), followed by four in Zurich (Switzerland), a second one in Cancun and one in Heathrow T3 (UK) in 2018. In 2019, Dufry added 4 new generation stores: in Buenos Aires (Argentina), Amman (Jordan), Malaga and Alicante (Spain). In 2020, the number of highly digitalized shops which included specific elements of the new generation store, was increased to 50.





DUFRY SHOPPING

Dufry shopping offers domestic passengers a similar shopping experience to the one offered to international travelers in a classic general travel retail duty-free shop, but in a duty-paid environment instead, with a wide assortment of different product categories and including a similar brand variety. In this context, Dufry Shopping fulfills more of a convenience aspect as there are a number of countries where domestic travelers account for the majority of passengers, specifically in large countries such as China, the United States and Brazil, where this concept can offer additional potential.

The concept was first introduced in Brazil in 2014 and was quickly expanded to 7 other locations in the country. The concept is also present in the United States with a Dufry Shopping store at Las Vegas McCarran International Airport and at Malta International Airport. The newest Dufry Shopping stores were opened in 2020 at Newark Liberty International and the Salt Lake City airports in the U.S. as well as at the Fortaleza and Odessa airports in Brazil and Russia respectively.



DUFREY SHOPPING



BRAND BOUTIQUES

Dufry is a partner of choice for global brands to showcase their products in dedicated retail spaces and to mirror their high street image. To best meet each location's traveler profile, we design these shops as standalone boutiques or integrate them as a shop-in-shop in our general travel retail stores. Brand boutiques exist in both duty-free and duty-paid areas and enhance the traveler's experience, allowing the creation of an exciting shopping mall environment.

As of December 31, 2020, Dufry operated close to 216 brand boutiques, such as: Armani, Burberry, Bally, Bottega Veneta, Bvlgari, Cartier, Clarins, Chloe, Coach, Ermenegildo Zegna, Etro, Gucci, Hermès, Hugo Boss, Jimmy Choo, Jo Malone London, Lacoste, LaPrairie, Lindt, Loewe, Longchamp, MAC, Mango, MaxMara, MCM, Michael Kors, Montblanc, Omega, Polo Ralph Lauren, Salvatore Ferragamo, Swatch, Swarovski, Tod's, Tory Burch, Tumi, Versace, Victorinox, Victoria's Secret and others. See also a selection of brands on page 63.



NI



CONVENIENCE STORES

Our convenience stores offer a wide product assortment that passengers may want or need when traveling. The range includes soft drinks, confectionery, packaged food, travel accessories, electronics, personal items, souvenirs, newspapers, magazines and books. Within this concept, we use different brands according to the passenger profile and the location. North America is home to most of our convenience stores, with more than 583 shops. In addition, we operate 94 convenience stores outside North America.

“Hudson” is our most important brand in the convenience segment with strong customer recognition and it is highly valued by passengers. As “The Traveler’s Best Friend”, our goal with Hudson is to provide passengers with anything they may need during their journey.

Hudson is a successful, very flexible concept operated at airports within international and domestic areas, as well as in other channels such as railway stations and other transit locations. Hudson shops are carefully designed and facilitate orientation through whimsical, color-coded signage to attract customers’ attention to four distinct selling areas: Media, Marketplace, Essentials and Destination.



Hudson



SPECIALIZED SHOPS

Specialized shops and theme stores are shop concepts that offer products from a variety of different brands, belonging to one specific product category or which convey a sense of place. We often use this concept for products such as watches & jewelry, sunglasses, electronics, spirits, food and destination products, in locations where we see potential for a shop to carry a broad product range relating to one specific theme. These shops can be located in airports, seaports and on-board cruise liners, as well as in hotels or downtown locations.

Examples of the shop concept names include "Colombian Emeralds International", a dedicated watches & jewelry format used in the Caribbean market; "Kids Works" with its wide selection of toys, dolls, games, books and apparel for children and "Tech on the Go", focusing on the needs of the tech-oriented traveler offering electronics and accessories. Further examples are "Sun Catcher" for sunglasses; "World of Whiskies" and "Tequileria" for a selection of finest single malt or blend whiskies and tequilas; "Master of Time" for luxury watches and jewelries; "Temptation" and "Timebox" for fashion watches and accessories; "Sound & Vision" for multi-brand electronics; "Travel Star" for luggage and travel essential products and finally "Atelier", a women's leather accessories store.

As of December 31, 2020, Dufry operated close to 520 shops under the Specialized Shops / Theme Stores concept.





TIME BOX

ERGON
E... ELI + CUISINE

← Gate A 1-23
← Бизнес-залы, бизнес-лounge
Business Lounges

SAVE

TISSOT

EUROPE, MIDDLE EAST AND AFRICA

 UK & GERMANY

**GERMANY
UNITED KINGDOM**

 SOUTHERN EUROPE

**ITALY / MALTA
PORTUGAL / SPAIN**

 MEDITERRANEAN, EASTERN EUROPE & MIDDLE EAST

**ARMENIA / BULGARIA / GREECE
INDIA / JORDAN / KUWAIT
SERBIA / SRI LANKA / TURKEY
UNITED ARAB EMIRATES**

 CENTRAL & NORTH EUROPE, RUSSIA & AFRICA

**CAPE VERDE / COTE D'IVOIRE / EGYPT
FINLAND / FRANCE / GHANA
KAZAKHSTAN / KENYA / MOROCCO
MOZAMBIQUE / NIGERIA
RUSSIA / SWEDEN / SWITZERLAND**

Dufry's largest region expands country line-up

Following the reorganization announced in June 2020, aimed at aligning the company to the new business environment and to increase efficiencies, several countries were regrouped within the former divisions*. The largest Dufry region, which continues to be headquartered in Madrid, saw its scope increasing further, now reaching 31 countries with the transfer of the Eastern European and Middle Eastern locations, as well as India and Sri Lanka operations.

In 2020, turnover in the region reached CHF 1,144.5 million as compared to CHF 4,434.2 million in the previous year, equal to an organic growth performance of -73.2%. The region was impacted by the COVID-19 pandemic since the beginning of the spread from mid-February onwards. Performance improved only as of July and August across most locations in Europe, and especially in Southern Europe at the beginning of August with the peak of the summer holidays and supported by the lifting of travel restrictions. From end of August onwards, some countries like Spain, France, Italy and the UK saw increasing COVID-19 cases and renewed travel limitations put in place more broadly across Europe starting end of September. Parts of the Mediterranean area as well as Eastern Europe, Russia

and the Middle East remained less impacted by renewed travel restrictions and performed above average for the region.

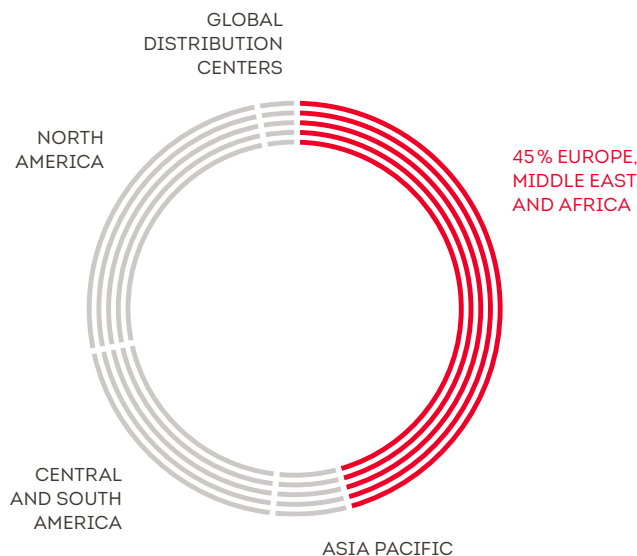
The major business development events in the region were the new twelve-year concession won at Istanbul's Sabiah Gökçen airport in Turkey which started operation in November 2020 covering a retail space of 3,900 m², as well as the successful seven-year extension of the Pulkovo airport contract in St. Petersburg, Russia. Both the new concession in Turkey and the extension in Russia further consolidate Dufry's position in these two important tourist destinations.

In the region, Dufry opened gross new retail space of 6,296 m² such as in Helsinki (FIN), Odessa (UKR) and Zurich (CH), where the new ANECDOTE conceptual store at The Circle at Zurich airport was inaugurated in November.

With respect to refurbishments, the region saw important shop renovations in Greece at the Athens, Corfu, Mykonos and Thessaloniki airports, as well as at our operations in London (UK), Belgrade (SRB) and Antalya (TUR). The total refurbished retail space in the region amounted to 7,241 m².

* Note: 2019 division-related historical data allowing comparison of the performance of the former and current organizational setups is available on the Dufry website: https://www.dufry.com/en/media/download-center?field_download_categories_target_id=106

PORTION OF TURNOVER 2020



KEY REPORTED DATA 2020

Number of shops	787
Sales area in m ²	215,373
Employees in FTE	9,924

TURNOVER

1,145

IN MILLIONS OF CHF



1



1

ZÜRICH | THE CIRCLE AT ZÜRICH AIRPORT
 Dufry opened ANECDOTE conceptual store to serve both travelers and customers from the Greater Zurich Area.

ZÜRICH | ZÜRICH AIRPORT
 Dufry updated its Zurich Airport's T2 arrival store of over 660 m².



2



3

2 ISTANBUL | SABIHA GÖKÇEN INTERNATIONAL AIRPORT
Dufry started operating 3,900 m² of duty-free and specialty shops in Istanbul's city center's closest hub.

3 LONDON | LONDON HEATHROW TERMINAL 5
Dufry is home to world famous makeup artist Charlotte Tilbury's first counter in airport travel retail worldwide.



**ASIA
PACIFIC**

**AUSTRALIA
CAMBODIA
CHINA
INDONESIA
MALAYSIA
SINGAPORE
SOUTH KOREA**

Focusing on the important strategic growth region

Asia Pacific remains Dufry's most important strategic growth region. With the company reorganization, the Middle Eastern countries, formerly included in this division, were re-allocated to the Europe, Middle East and Africa region*. Asia Pacific continues to account for the highest prospective passenger growth globally, while also offering considerable cooperation and M&A opportunities, created by the high industry fragmentation that continues in local markets. Dufry is already one of the most international travel retailers in this interesting region and features a large number of operations in individual countries. Headquartered in Hong Kong, the region manages 15 locations in 7 countries, with a total sales area of 22,874 m².

Turnover in the region reached CHF 160.0 million in 2020 as compared to CHF 691.6 million in the previous year, equal to an organic growth of -75.4% as Dufry's footprint is geared towards international travel, which has been highly impacted by travel restrictions in 2020. The majority of shops in Dufry's Asia Pacific locations were closed during most of the year, including Australia, Cambodia, Indonesia, Singapore and South Korea. On the positive side, China recovered more strongly driven by a significantly increasing demand in

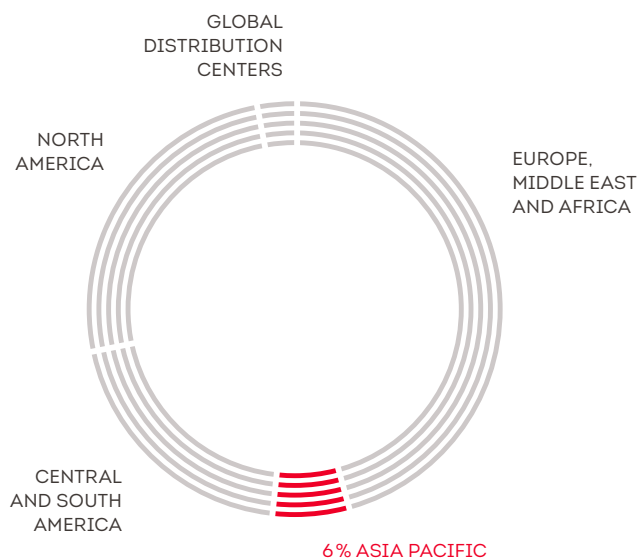
domestic travel since the second quarter, thus benefiting Dufry and its portfolio of duty-paid operations.

Among its business development initiatives, the region signed important joint-ventures, which open new opportunities for the travel retail channel as well as the acceleration of Dufry's digital transformation. The highlight is the joint-venture with Alibaba to further develop travel retail in China, as well as to accelerate business digitalization with online services across the Dufry Group. In this context, the collaboration with Hainan Development Holdings for the opening of the Global Duty Free Plaza shop at the Mova Mall in Haikou is an important first step. The new downtown duty-free shop will span over 38,920 m² across two buildings of the Mova Mall, Aquarius and Capricorn, will be completed in 3 phases and the first phase was opened right on time for the Chinese Spring Festival in 2021.

In 2020, Dufry inaugurated new shops in Perth (AUS) as well as the new confectionery concession at Singapore's Changi airport - won in late 2019 - to operate four new shops in the Terminal 2 departure hall with a total sales area of 563 m². The refurbishment of the Macau operation completed the business development scope of the region.

* Note: 2019 division-related historical data allowing comparison of the performance of the former and current organizational setups is available on the Dufry website: https://www.dufry.com/en/media/download-center?field_download_categories_target_id=106

PORTION OF TURNOVER 2020



KEY REPORTED DATA 2020

Number of shops	60
Sales area in m ²	22,874
Employees in FTE	644

TURNOVER

160

IN MILLIONS
OF CHF



1



1

1 HAINAN | GLOBAL DUTY FREE PLAZA AT MOVA MALL
The new Global Duty Free Plaza shop at Mova Mall in Haikou was opened on 31 January 2021 and will cover 38,920 m² of retail space once fully operational in Q1 2022.



2



2 MACAU | THE PARISIAN MACAO HOTEL
Temptation, the renovated 537 m² beauty store inspired by Parisian nights and the lights of the iconic Eiffel tower.

3 BUSAN | GIMHAE INTERNATIONAL AIRPORT
Dufry completed the refurbishment of its 640 m² retail space in Gimhae covering all main product categories.

CENTRAL AND SOUTH AMERICA

 CENTRAL AMERICA & CARIBBEAN

CARIBBEAN
HONDURAS
MEXICO

 SOUTH AMERICA

ARGENTINA
BOLIVIA / BRAZIL
CHILE / COLOMBIA
ECUADOR
PERU / URUGUAY

Impacted by the pandemic only as of the second quarter

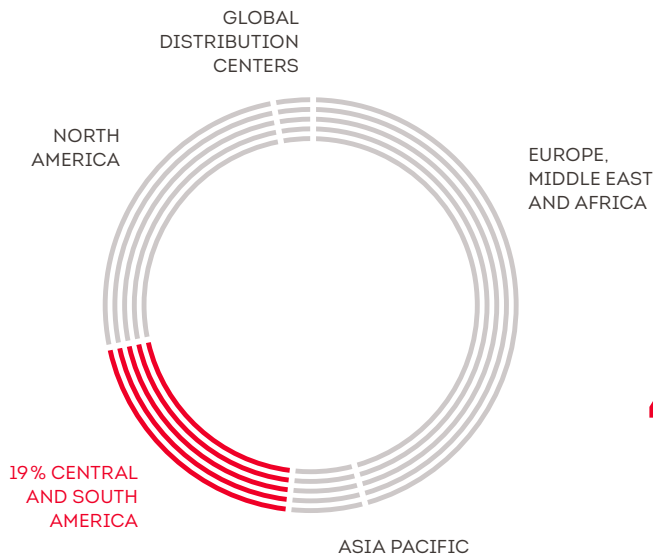
Central and South America did not see any changes within its scope of activities following the company reorganization, as the number of countries remained the same. This region comprises all operations in Central and South America including the Caribbean, and while Dufrey has had for years a very strong market position in some of the most dynamic travel retail markets in the world, it continues to offer expansion opportunities across various channels. The region is headquartered in Miami (USA) and runs operations in 106 locations across 24 countries covering a retail space of 130,527 m².

In 2020, turnover came in at CHF 497.3 million as compared to CHF 1,536.1 million one year earlier, with organic growth reaching -65.8%. Overall, the region was impacted with a slight delay, as the spread of the COVID-19 pandemic reached this part of the world only in the second quarter. Central America, including Mexico, Dominican Republic and the Caribbean Islands performed more robustly supported by intra-regional travel from the USA and South America, especially during the summer months, as well as continued demand due to more flexible travel conditions. The excep-

tion was the cruise line business, which remained heavily impacted in the region. South America saw demand pick up amid border shop openings and the increase of domestic travel with duty-paid businesses performing better than duty-free operations.

From a business development perspective, new retail space was added at the Florianópolis airport (BRA) by opening a new 280 m² shop, while the Guayaquil airport (ECU) operation saw a full refurbishment of its retail space covering 1,100 m².

PORTION OF TURNOVER 2020



KEY REPORTED DATA 2020

Number of shops	497
Sales area in m ²	130,527
Employees in FTE	3,933

TURNOVER

497

IN MILLIONS OF CHF



1



2

1 DOMINICAN REPUBLIC | GREGORIO LUPERÓN INT. AIRPORT
Dufry opened the expanded and refurbished store of Puerto Plata with a total space of 1,140 m².

2 FLORIANÓPOLIS | FLORIANÓPOLIS INT. AIRPORT
Dufry expanded its presence in Florianópolis with the opening of 280 m² of additional duty-free spaces in both departures and arrivals.



3

3



3 GUAYAQUIL | JOSÉ JOAQUIN DE OLMEDO INT. AIRPORT
Dufry inaugurated 930 m² of refurbished duty-free space
in Guayaquil, Ecuador.

NORTH AMERICA



CANADA USA

Full re-integration of the subsidiary

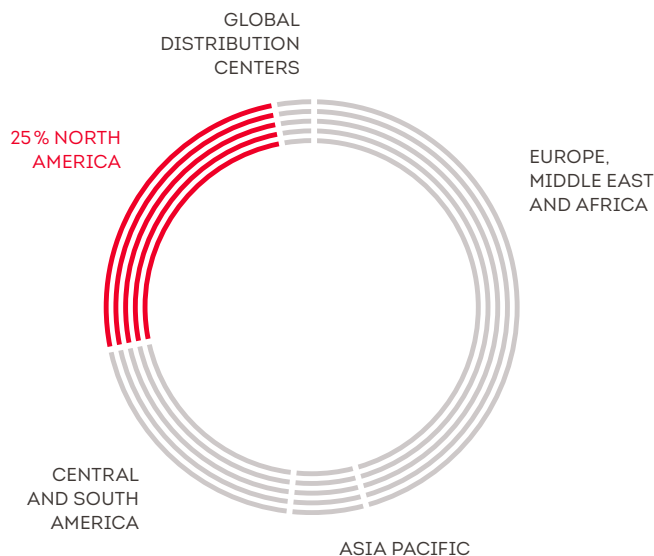
While the North American business has not seen any changes from its geographic scope, the major change implemented in the context of the company reorganization was the full reintegration of Hudson into the Dufry Group, following the delisting of Hudson Ltd from the New York Stock Exchange, completed in the fourth quarter 2020. Strategically, Dufry will continue to focus on duty-paid and duty-free travel retail as well as airport food & beverage opportunities, as this traditional core market of the company still offers substantial additional avenues of growth. Moreover, the full reintegration of Hudson is an important element in Dufry's goal to considerably reduce the company's complexity through process simplification, and ultimately generate sustainable efficiencies.

Turnover in North America amounted to CHF 644.4 million as compared to the previous year's CHF 1,935.8 million, resulting in an organic growth of -65.3%. Through the year, the region, especially the US, performed above Group average due to the higher exposure to domestic travel and steadily increasing passenger numbers following the first wave of the pandemic in Spring, as well as the supportive intra-regional travel from the US to Central America. Overall performance was driven by

Hudson convenience stores, food & beverage and other duty-paid offerings. Canada, characterized by its duty-free business, remained negatively impacted due to a higher exposure to international flights and ongoing restrictive measures. Headquartered in East Rutherford, New Jersey, the region manages 1,014 shops across 101 locations in the United States and Canada with a total sales area of 100,269 m².

In 2020, the North America region saw its footprint further expanding with shop openings in Indianapolis, Boston, Phoenix and Calgary among others, adding some 1,061 m² of retail space across 11 shops. Moreover, the region also further invested in its sales locations by refurbishing 31 shops in important concessions such as Los Angeles, New York and Nashville covering a retail space of 3,478 m².

PORTION OF TURNOVER 2020



KEY REPORTED DATA 2020

Number of shops	1,014
Sales area in m ²	100,269
Employees in FTE	2,866

TURNOVER

644

IN MILLIONS OF CHF



1



2

1 LOS ANGELES | LOS ANGELES INT. AIRPORT
Dufry completed the refurbishment of its iconic 100 m² F.A.O. Schwarz toy shop in Terminal 5 of Los Angeles Int. Airport.

2 FLORIDA | FORT LAUDERDALE-HOLLYWOOD INT. AIRPORT
Fort Lauderdale saw the opening of the new 110 m² Newslink store.



3



4

3 **SAN FRANCISCO | SAN FRANCISCO INT. AIRPORT**
 Located in Terminal 2, Dufry completed the refurbishment of its 185 m² 49 Mile Market store in San Francisco Airport.

4 **NEW YORK | LAGUARDIA AIRPORT**
 Inspired by the New York City building skylines, Dufry's new 110 m² shop NYC Aglow welcomes travelers in with its beckoning storefront, providing a sleek and modern shopping experience.

OVER 430 LOCATIONS WORLDWIDE

EUROPE, MIDDLE EAST
 AND AFRICA

- Armenia**
 - Gyumri
 - Yerevan
- Bulgaria**
 - Burgas
 - Varna
- Cape Verde**
 - Boa Vista
 - Sal
 - Santiago
- Cote d'Ivoire**
 - Abidjan
- Egypt**
 - Cairo
- Finland**
 - Helsinki
- France**
 - Calais
 - Fort-de-France
 - Nice
 - Pointe-à-Pitre
 - Toulouse
- Germany**
 - Dusseldorf
- Ghana**
 - Accra
- Greece**
 - Aktio
 - Alexandroupoli
 - Anchialos
 - Araxos
 - Athens
 - Chania
 - Corfu
 - Doirani
 - Evzoni
 - Heraklion
 - Igoumenitsa
 - Kalamata
 - Karpathos
 - Kastanies
 - Kastelorizo
 - Katakolo
 - Kavala
 - Kipoi
 - Kos
 - Krystallopigi
 - Limnos
 - Mertziani
 - Mykonos
 - Mytilini
 - Niki
 - Ormenio
 - Patras
 - Piraeus
 - Promachonas
 - Rhodes
 - Sagiada
 - Samos
 - Santorini
 - Skiathos

- Symi
- Thessaloniki
- Zante
- India**
 - Bangalore
- Ireland**
 - Center Parks
- Italy**
 - Bergamo
 - Florence
 - Genoa
 - Milan Central
 - Milan Linate
 - Milan Malpensa
 - Naples
 - Piza
 - Verona
- Jersey**
 - Saint Peter
- Jordan**
 - Amman
 - Aqaba
 - Marka
- Kazakhstan**
 - Astana
- Kenya**
 - Nairobi
- Kuwait**
 - Kuwait City
- Malta**
 - Malta
- Morocco**
 - Agadir
 - Casablanca
 - Fez
 - Marrakech
 - Nador
 - Oujda
 - Rabat
 - Tanger
- Mozambique**
 - Maputo
- Nigeria**
 - Lagos
- Russia**
 - Moscow Domodedovo
 - Moscow Sheremetyevo
 - Moscow Vnukovo
 - St. Petersburg Pulkovo
- Serbia**
 - Belgrade
 - Nis
- Spain**
 - Alicante
 - Almeria
 - Asturias
 - Barcelona
 - Bilbao
 - Fuerteventura
 - Gerona
 - Granada
 - Ibiza
 - Jerez
 - La Coruna

- La Palma (SPC)
- Lanzarote
- Las Palmas de Gran Canaria (LPA)
- Madrid
- Mahon
- Malaga
- Murcia
- Palma de Mallorca (PMI)
- Reus
- Santander
- Santiago de Compostela
- Sevilla
- Tenerife Norte
- Tenerife Sur
- Valencia
- Sri Lanka**
 - Colombo
- Sweden**
 - Jönköping
 - Kalmar
 - Karlstad
 - Landvetter
 - Luleå
 - Norrköping
 - Östersund
 - Stockholm Arlanda
 - Stockholm Bromma
 - Sturup
 - Sundsvall
 - Umeå
 - Visby
- Switzerland**
 - Basel-Mulhouse
 - Zurich
- Turkey**
 - Antalya
 - Kayseri
 - Kutahya
- United Arab Emirates**
 - Sharjah
- United Kingdom**
 - Aberdeen
 - Belfast
 - Birmingham
 - Bournemouth
 - Bristol
 - Cardiff
 - Doncaster
 - East Midlands
 - Edinburgh
 - Exeter
 - Folkestone
 - Glasgow Airport
 - Glasgow Prestwick
 - Humberstone Airport
 - Leeds
 - Liverpool
 - London Gatwick
 - London Heathrow
 - London Luton
 - London Southend
 - London St. Pancras
 - Manchester
 - Newcastle
 - Norwich

- Robin Hood Doncaster Sheffield Airport
- Sherwood Forest Center Parks
- Southampton
- Stansted
- Windsor
- Cruise and Ferry ships**
 - Asterion
 - Blue Galaxy
 - Blue Horizon
 - Blue Star I, II
 - Blue Star Delos
 - Blue Star Diagoras
 - Blue Star Naxos
 - Blue Star Paros
 - El Venezuelos
 - Elyros
 - Hellenic Spirit
 - Highspeed 4
 - Kriti Ship
 - Nisos Chios
 - Nisos Mykonos
 - Nisos Rhodes
 - Nisos Samos
 - Olympic Champion
 - Patmos
 - P&O Arcadia
 - P&O Aurora
 - P&O Ventura
 - P&O Queen Elizabeth
 - P&O European Highlander
 - P&O European Causeway
 - P&O Norbay
 - P&O Norbank
 - P&O Pride of Rotterdam
 - P&O Pride of Hull
 - P&O Pride of Burges
 - P&O Pride of York
 - P&O Spirit of Britain
 - P&O Spirit of France
 - P&O Pride of Canterbury
 - P&O Pride of Kent
 - P&O Pride of Burgundy
 - Prevelis
 - Superfast I
 - Superfast II
 - Superfast XI

ASIA PACIFIC

- Australia**
 - Canberra
 - Melbourne
 - Perth
- Cambodia**
 - Phnom Penh
 - Siem Reap
 - Sihanoukville
- China**
 - Chengdu
 - Hong Kong
 - Macau
 - Shanghai
- Indonesia**
 - Bali

<ul style="list-style-type: none"> ● Malaysia ● Kuala Lumpur 	<ul style="list-style-type: none"> ● Grenada ● Grenada 	<ul style="list-style-type: none"> ● Holland of America ● Volendam 	<ul style="list-style-type: none"> ● Miami ● Minneapolis
<ul style="list-style-type: none"> ● Singapore ● Changi 	<ul style="list-style-type: none"> ● Honduras ● Roatan 	<ul style="list-style-type: none"> ● Holland of America ● Westerdam 	<ul style="list-style-type: none"> ● Mobile Bates Field ● Myrtle Beach
<ul style="list-style-type: none"> ● South Korea ● Busan 	<ul style="list-style-type: none"> ● Jamaica ● Jamaica 	<ul style="list-style-type: none"> ● Holland of America ● Zaandam 	<ul style="list-style-type: none"> ● Nashville ● New Orleans
<p>CENTRAL AND SOUTH AMERICA</p>	<ul style="list-style-type: none"> ● Mexico ● Acapulco 	<ul style="list-style-type: none"> ● Holland of America ● Zuiderdam 	<ul style="list-style-type: none"> ● New York Empire State ● New York Grand Central
<ul style="list-style-type: none"> ● Antigua ● Antigua 	<ul style="list-style-type: none"> ● Cancun ● Cozumel 	<ul style="list-style-type: none"> ● NCL Bliss ● NCL Dawn 	<ul style="list-style-type: none"> ● New York JFK ● New York LaGuardia
<ul style="list-style-type: none"> ● Saint Philip 	<ul style="list-style-type: none"> ● Guadalajara ● Guanajuato 	<ul style="list-style-type: none"> ● NCL Escape ● NCL Gem 	<ul style="list-style-type: none"> ● New York Penn Station ● New York Port Authority
<ul style="list-style-type: none"> ● Argentina ● Bariloche 	<ul style="list-style-type: none"> ● Ixtapa ● Los Cabos 	<ul style="list-style-type: none"> ● NCL Jewel ● NCL Joy 	<ul style="list-style-type: none"> ● New York UN Gift Center ● Newark
<ul style="list-style-type: none"> ● Buenos Aires Aeroparque ● Buenos Aires Ezeiza 	<ul style="list-style-type: none"> ● Mazatlan ● Mexico City 	<ul style="list-style-type: none"> ● NCL Pearl ● NCL Sky 	<ul style="list-style-type: none"> ● Newark Liberty ● Newport News Williamsburg
<ul style="list-style-type: none"> ● Cordoba ● Mendoza 	<ul style="list-style-type: none"> ● Monterrey ● Puerto Vallarta 	<ul style="list-style-type: none"> ● NCL Spirit ● NCL Sun 	<ul style="list-style-type: none"> ● Norfolk ● Oakland
<ul style="list-style-type: none"> ● Aruba ● Oranjestad 	<ul style="list-style-type: none"> ● San José del Cabo 	<p>NORTH AMERICA</p>	<ul style="list-style-type: none"> ● Omaha ● Ontario
<ul style="list-style-type: none"> ● Bahamas ● Bahamas 	<ul style="list-style-type: none"> ● Netherlands ● Bonaire 	<ul style="list-style-type: none"> ● Canada ● Calgary 	<ul style="list-style-type: none"> ● Orlando ● Orlando Sanford
<ul style="list-style-type: none"> ● Great Exuma ● Lynden Pindling International Airport 	<ul style="list-style-type: none"> ● Nicaragua ● Costa Esmeralda Airport 	<ul style="list-style-type: none"> ● Edmonton ● Halifax 	<ul style="list-style-type: none"> ● Philadelphia ● Phoenix Sky Harbour Airport
<ul style="list-style-type: none"> ● Barbados ● Barbados 	<ul style="list-style-type: none"> ● El Espino ● Guasale 	<ul style="list-style-type: none"> ● Toronto ● Vancouver 	<ul style="list-style-type: none"> ● Pittsburgh ● Portland
<ul style="list-style-type: none"> ● Christ Church ● St. Michael 	<ul style="list-style-type: none"> ● Managua ● Peñas Blancas 	<ul style="list-style-type: none"> ● USA ● Albuquerque 	<ul style="list-style-type: none"> ● Raleigh ● Richmond
<ul style="list-style-type: none"> ● Bolivia ● La Paz 	<ul style="list-style-type: none"> ● Peru ● Lima 	<ul style="list-style-type: none"> ● Anchorage ● Arkansas Clinton International Airport 	<ul style="list-style-type: none"> ● Roanoke ● Santa Ana
<ul style="list-style-type: none"> ● Santa Cruz 	<ul style="list-style-type: none"> ● Puerto Rico ● Ponce 	<ul style="list-style-type: none"> ● Atlanta ● Atlantic City 	<ul style="list-style-type: none"> ● Salt Lake City ● San Antonio
<ul style="list-style-type: none"> ● Brazil ● Belém 	<ul style="list-style-type: none"> ● St Kitts & Nevis ● St Kitts 	<ul style="list-style-type: none"> ● Baltimore-Washington ● Birmingham 	<ul style="list-style-type: none"> ● San Diego ● San Francisco
<ul style="list-style-type: none"> ● Belo Horizonte ● Brasilia 	<ul style="list-style-type: none"> ● St Kitts Bradshaw Airport ● St Lucia 	<ul style="list-style-type: none"> ● Boston ● Burbank 	<ul style="list-style-type: none"> ● San José ● Seattle
<ul style="list-style-type: none"> ● Campinas ● Curitiba 	<ul style="list-style-type: none"> ● St Maarten ● St Maarten 	<ul style="list-style-type: none"> ● Charleston ● Chicago 	<ul style="list-style-type: none"> ● St Louis ● St Pete-Clearwater
<ul style="list-style-type: none"> ● Florianopolis ● Fortaleza 	<ul style="list-style-type: none"> ● Trinidad & Tobago ● Port of Spain 	<ul style="list-style-type: none"> ● Chicago Midway ● Chicago O'Hare 	<ul style="list-style-type: none"> ● Stewart Newburgh ● Tampa
<ul style="list-style-type: none"> ● Goiânia ● Natal 	<ul style="list-style-type: none"> ● Turks & Caicos Islands ● Grand Turk 	<ul style="list-style-type: none"> ● Cleveland ● Corpus Christi 	<ul style="list-style-type: none"> ● Tucson International Airport ● Tulsa Airport
<ul style="list-style-type: none"> ● Porto Alegre ● Recife 	<ul style="list-style-type: none"> ● Uruguay ● Montevideo 	<ul style="list-style-type: none"> ● Dallas ● Dallas Fort Worth 	<ul style="list-style-type: none"> ● Washington DC ● Washington Dulles
<ul style="list-style-type: none"> ● Rio de Janeiro ● Rio de Janeiro Galeão 	<ul style="list-style-type: none"> ● Punta del Este ● Cruise and Ferry ships 	<ul style="list-style-type: none"> ● Dallas Love Field ● Denver 	<ul style="list-style-type: none"> ● Washington Ronald Reagan Airport
<ul style="list-style-type: none"> ● Santos Dumont ● Salvador 	<ul style="list-style-type: none"> ● Carnival Panorama ● Carnival Sensation 	<ul style="list-style-type: none"> ● Des Moines ● Detroit 	
<ul style="list-style-type: none"> ● São Paulo Congonhas ● São Paulo Guarulhos 	<ul style="list-style-type: none"> ● Holland of America ● Eurodam 	<ul style="list-style-type: none"> ● Fort Lauderdale Hollywood ● Fresno 	
<ul style="list-style-type: none"> ● Uruguaiana 	<ul style="list-style-type: none"> ● Holland of America ● Koningsdam 	<ul style="list-style-type: none"> ● Grand Rapids ● Greater Rochester 	
<ul style="list-style-type: none"> ● Chile ● Santiago de Chile 	<ul style="list-style-type: none"> ● Holland of America ● Nieuw Amsterdam 	<ul style="list-style-type: none"> ● Greenville-Spartanburg ● Harrisburg 	
<ul style="list-style-type: none"> ● Colombia ● Bogota 	<ul style="list-style-type: none"> ● Holland of America ● Nieuw Statendam 	<ul style="list-style-type: none"> ● Houston ● Houston George Bush 	
<ul style="list-style-type: none"> ● Dominican Republic ● Puerto Plata 	<ul style="list-style-type: none"> ● Holland of America ● Noordam 	<ul style="list-style-type: none"> ● Houston William P. Hobby ● Indianapolis 	
<ul style="list-style-type: none"> ● Samana ● Santiago 	<ul style="list-style-type: none"> ● Holland of America ● Oosterdam 	<ul style="list-style-type: none"> ● Las Vegas ● Las Vegas Hard Rock Cafe 	
<ul style="list-style-type: none"> ● Santo Domingo 	<ul style="list-style-type: none"> ● Holland of America ● Rotterdam 	<ul style="list-style-type: none"> ● Las Vegas Palazzo ● Little Rock 	
<ul style="list-style-type: none"> ● Equador ● Santiago de Guayaquil 		<ul style="list-style-type: none"> ● Los Angeles ● Lubbock 	
		<ul style="list-style-type: none"> ● Manchester Boston 	

CHANNELS

- Airports
- Border, Downtown & Hotel Shops
- Railway Stations & Other
- Cruise Liners & Ferries
- Seaports

CUSTOMERS LOOKING FOR GREAT EXPERIENCES

In travel retail, customers continue to seek great shopping experiences, exclusive products and novelties. Obviously nobody rejects a “good deal and an attractive promotion” but besides the monetary incentives, the search for something special, unique and individual is the strongest reason for customers to buy in duty-free. Customers gave us valuable insights in the interviews we performed in the summer and late autumn months of 2020. This intelligence confirms that trends identified in recent years continue unchanged, despite the challenging market environment.

Providing a safe shopping and working environment

When the COVID-19 pandemic emerged in 2020, Dufry implemented throughout all locations its Health & Safety Protocol, to provide both customers and employees with a safe shopping and working environment. The protocol contains the basic health and safety measures defined by the company, but also allows to be enhanced and adapted to the location specific government or airport health and safety regulations.

Exclusive memories for family & friends.

Fostering experiences and offering unique products

By assessing customers’ expectations, we keep fine-tuning our product assortments and service portfolio to suit the latest needs. We fulfill the current focus on experiences with an array of initiatives, such as airport activations, tastings, beauty treatments, an attractive assortment of novelties and exclusive products, as well as a comprehensive service portfolio. Our well-trained and motivated sales representatives help travelers navigate through a large variety of prestigious brands while providing them with valuable advice and information. For us, a satisfied customer is a customer

who can also trust us when it comes to product and store safety and comprehensive after sales services. Every year, we welcome customers of more than 150 nationalities to our shops every day. Addressing these customers in the right language and presenting them with the right products and promotions is key to driving sales. As part of our shopping experience, the New Generation Store is a cornerstone of our latest approach to retail. We currently have 13 New Generation Stores and the shopping environment within each of them changes its appearance depending on which nationalities are present at the airport at any given time of the day, based on flight schedules. Displays appear in different languages and show the brands that best fit the respective customer profile.

Providing the right information and helping customers understand the product characteristics in different languages is a considerable challenge as well. Therefore, in 2020 we have further accelerated our initiative to equip our shop staff with tablet computers to provide customers with extensive information in several languages, ranging from product specific data or allowances at their destination. Going forward, we also plan to offer payment services through the tablets and eliminate the need to go to the tills.

Comfortably pre-order at home

Convenience is always a key sales proposition, and thus also a priority for Dufry. We believe that engaging with our customers before they enter our shops and well before they reach the airport, provides them with a great opportunity to pre-order products online before they even start their trip, and collect them conveniently once at the airport. Dufry’s “Reserve & Collect” service is already available in 175 locations in 44 countries around the world and new locations are being added constantly – the full list is available on our website under: www.shopdutyfree.com

430

Dufrey operates
in over 430 locations
in 64 countries
worldwide.

Red By Dufrey

"Red By Dufrey" is Dufrey's loyalty program which takes the concept one step further for travelers. Red By Dufrey works primarily through a mobile application (app) and via the traditional earning of points, the program offers exclusive advantages such as discounts at Dufrey stores and specific airport benefits. Moreover, members of the program are identifiable through the app's beacon technology once they approach the airport and receive personalized notifications on promotions and offers tailored to their preferences. This allows Dufrey to increase conversion of travelers into customers and to attract them to the shops. Red By Dufrey is already live in 239 locations in 48 countries and is being continually expanded to further operations worldwide. A full list of the locations where Red By Dufrey is implemented can be found here: www.redbydufrey.com

Forum - Social media for brands and travelers

Forum is Dufrey's social media platform that provides stories from bloggers and influencers, as well as background information from brands in an exclusive and aspirational environment. Moreover, Forum by Dufrey connects with all our other digital initiatives such as Red By Dufrey and Reserve & Collect, while initiating the engagement with our potential customers when they are planning their journey or even before that. Forum is designed to support the inclination to shop with us, to change customer perception and to position Dufrey shops as the place to find the latest trends and novelties for the main product categories - visit Forum by Dufrey at: <https://forum.shopdutyfree.com/en>

True global return guarantee

Dufrey is the only global travel retailer in the industry to offer a true global return guarantee. No matter whether you purchase something in Melbourne, Bali, St. Petersburg, Barcelona, São Paulo, Las Vegas or

elsewhere in any other of our shops in the world: if there is a problem with any product that you purchased at a Dufrey store, we will replace, refund or exchange your product within 60 days of purchase. In 2020, Dufrey's customer service representatives, who can be reached in several languages by phone, email or online chat, attended around 68,900 customers from 107 countries. Dufrey's customer service team and policies guarantee full customer satisfaction and are the best example of our commitment to an outstanding customer experience day-by-day.

Constantly enhancing customer service.

Customer Satisfaction & Product Safety

Customer satisfaction and safety is our first priority. As a priority, we ensure that all products comply with legislation and health and safety requirements. Dufrey complies with legal requirements at every location in which we operate and takes a proactive approach, working with governments and regulators to clarify any concerns. Through active membership in the industry's trade associations, Dufrey helped shaping robust Codes of Conduct (e.g. UK Code of Conduct on disruptive passengers, UK Code of Conduct on VAT, ETRC Code of Conduct on Sale of Alcohol, DFWC Code of Conduct on Sale of Alcohol). Moreover, Dufrey has defined its own Supplier Code of Conduct and shared it with its supplier community. More details are available in the ESG Report on page 80.

Responsible Marketing & Customer Communications

In its advertising and marketing initiatives, Dufrey shows the same responsible stance that it shows in all its other activities. We commit to comply with all reg-

239

Dufry's loyalty program
Red By Dufry is already available
in 239 locations.

ulations and rules in every advertisement and published communication in the countries where we operate. We also expect the same behavior from our suppliers when using the space that we make available in our stores for advertising and promotions. When it comes to product labeling, we ask our suppliers to comply with the regulations of all the locations where the product is sold. Given that our stores operate in an environment where we serve many nationalities speaking different languages every day, we are proactively engaging with our industry trade associations to find off-the-label solutions. As much as possible, and in locations where we have our shop tablets in use, we can provide product specification translations in 10 languages.

Customer privacy & data protection

Management and protection of customers' private data in the processes involving the handling of client information is another area of importance for Dufry – particularly in the context of the further expansion of our digital strategy and the respective customer services it contains. Moreover, as a requirement of customs authorities, airport authorities and also for contractual reasons, the customer's personal data is collected, processed and retained in accordance with the privacy statement listed on the Dufry website.

Additionally, the company's Reserve & Collect and Red By Dufry services, require additional personal customer information to provide them with newsletters and marketing & advertising materials. To protect and ensure customer data is handled correctly, Dufry applies high security standards thus ensuring compliance with different legal frameworks. The company has a number of systems and security processes in place, including a robust cyber security system, a data protection policy and specific training for employees dealing with personal information, as well as internal

procedures and policies, which follow relevant laws and regulations.

In this context, in 2018, Dufry had already completed a number of processes to secure the alignment of our operations in accordance to the EU General Data Protection Regulation (GDPR). Specifically, this work involved expanded documentation and information requirements, privacy impact assessments and the right of individuals (mainly customers, employees, partners and suppliers) to request access to, or to correct, delete, object to processing of their own personal data and to request data portability. All of this was completed ahead of the GDPR implementation deadline of May 2018, and Dufry keeps monitoring new developments of data protection regulations and will adapt accordingly where required.

Moreover, the Group also undertakes internal Data Protection Audits and intrusion tests, on top of permanently discussing and improving the protection of customers' personal data in dedicated meetings held quarterly. For any customer, employee or third party who wishes to report a grievance or who has questions regarding Dufry's data privacy, there is a specific email address to contact the company, with respective inquiries being coordinated by the Internal Audit, Loss Prevention and Enterprise Risk Management (ERM) department.

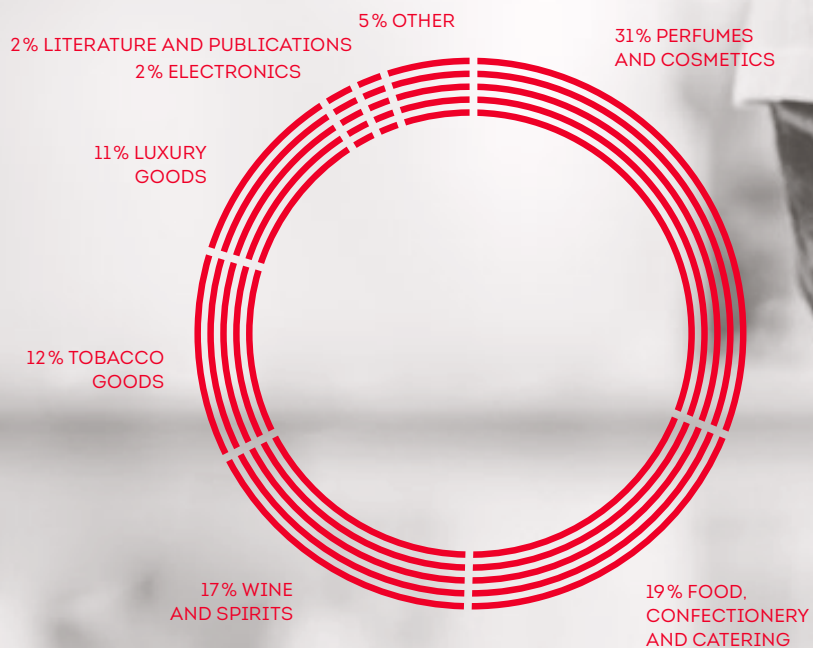
Dufry's expertise recognized by the industry

In 2020, Dufry's customer focus and retail excellence has been recognized by different industry partners again. A complete list of the 2020 awards is available on our website: www.dufry.com/en/company/our-award

MORE THAN 50,000

items are available
in our portfolio
for our customers
to choose from.

NET SALES BY PRODUCT CATEGORY 2020



SUPPLIERS ENJOYING A UNIQUE OPPORTUNITY FOR GLOBAL BRAND POSITIONING

Dufry is the largest global travel retailer and offers suppliers a unique opportunity to position their brands worldwide across a variety of shop concepts. This includes a network of over 2,300 shops across more than 430 locations in 64 countries on 6 continents. As Dufry operates duty-paid and duty-free areas alike, the company can serve both domestic and international travelers equally interested in convenience products and luxury shopping experiences. In a normal, pre-pandemic environment, over one billion passengers regularly passed through locations where Dufry operates shops, making us the perfect partner and ambassador for global brands.

Personally engaging with customers in a fast growing channel

Travel retail is a growing channel with a captive, affluent audience, which allows brands to personally engage with customers in an exclusive setting. This makes travel retail a highly attractive and Dufry a preferred partner for global and regional brands. A tight collaboration, leveraging our global network, our superior execution and our strong customer service forms a comprehensive offer for our brand partners.

We increasingly partner with global brands on strategic initiatives, marketing campaigns, global promotions or product launches, that contribute to increase income for us and the brands. In this context, we offer each brand a customized approach to create common goals for the supplier and for Dufry on specific actions and distinctive campaigns to be implemented on an individual basis. Both parties establish clear targets and evaluate the effectiveness of their joint initiatives. In 2020, various initiatives were implemented to support re-openings and bring attractive offerings to customers. The attractiveness of our joint offerings became prevalent in a higher spend per passenger in the second half 2020 once travel resumed. It also shows

that customers feel comfortable in our stores, which fulfill the new safety measures and security protocols, while still providing a unique experience.

Taking customer experience to the next level

In recent years, a growing number of brand partners have developed Dufry-exclusive products, which together with novelties, limited editions and travel exclusives, considerably augment and differentiate the customers' shopping experience. Internal research also shows that personally engaging with customers in the shop substantially increases spend per ticket – and what could be a better topic on which to base that more personal engagement, than an exclusive or a newly launched product?

Centralized procurement and logistics

With a focus on generating efficiencies, Dufry is permanently streamlining its key processes. Through our centralized procurement and logistic functions, we have considerably simplified the entire supply chain.

Our Global Category Managers act as key relationship managers for brands and coordinate activities with suppliers. They define brand plans with suppliers and negotiate all contractual parameters. Dufry has also centralized and simplified the ordering process, by internally aggregating the orders from the different retail operations and sending a consolidated order to suppliers. Accordingly, we have adapted our logistics organization with three distribution centers in Uruguay, Switzerland and Hong Kong, which operate additional warehouses in Hong Kong, Runnymede (UK), Barcelona (Spain) and Miami (USA) and provide the timely shipping of goods to our operations. The process benefits both Dufry and suppliers, as it allows us to order and ship larger volumes to the distribution centers, thus increasing flexibility in product allocation by shop and maximize product availability.

BRAND UNIVERSE

1,000

Dufrey works with over
1,000 of the most renowned
global and local brands.



AIRPORT AUTHORITIES & LANDLORDS LEVERAGING PROFITABLE RETAIL CONCEPTS FOR VALUE CREATION

Dufry strives to create value for landlords through our ability to deliver best-in-class retail concepts, alongside our deep understanding of customers including their expectations and shopping behaviors. The trust our landlords have placed in Dufry has allowed our company to become the market leader in travel retail, currently operating over 2,300 shops in 64 countries located in airports, seaports, railway stations, downtown areas, border crossings, cruise liners & ferries, hotels and other locations with captive audiences.

Benefitting from the widest industry experience

Maximizing returns on the available retail space, by creating highly innovative and attractive shopping experiences for customers is a common goal that Dufry shares with its landlords. Combining extensive expertise in all technical and regulatory aspects in the markets in which we operate, along with a comprehensive portfolio of attractive retail concepts tailored to the individual needs of both duty-free and duty-paid environments are our key competencies. Moreover, first hand customer insights, collected through detailed regular research in our key locations and online engagement, allow us to develop successful marketing initiatives tailored to meet the requirements of every single airport or any other shop environment. Our worldwide presence and the extensive intelligence by traveler profile are core competitive advantages and key drivers to increase sales and profitability, combined with our ongoing evolution of shop design and customer services.

Real Partnership is key for value creation

The 2020 business year and the highly challenging environment created by the global spread of the COVID-19 pandemic has significantly highlighted the importance of real partnerships to drive success. Finding highly flexible solutions and short-term alternatives for cooperation could only be achieved through

a high level of trust and shared objectives, which have been key characteristics of travel retail in the past, but have become essential in 2020. Our many years of experience in the business show that the closer both parties work together and align their common goals, the greater the opportunity to generate value – and this will be true even more going forward. By joining forces, we can create inviting and attractive commercial spaces that maximize spend from the passengers' arrival at the airport until their boarding – and if legislation allows for arrival duty-free after landing.

Strong partnerships drive success and profitability.

Recent examples of refurbishments and expansions of our shops confirm the value of coordinated and targeted strategies. Projects developed in 2020 at the airports of Odessa (UKR) and Singapore as well as in Salt Lake City and Boston (US), and the refurbishments completed at the operations in Corfu, Mykonos and Thessaloniki (GR), Antalya (TUR), Belgrade (SRB) or Nashville (US) are a few examples of how Dufry and landlords can work together to optimally structure passenger flows, improve the appearance of commercial spaces and expand retail offerings to considerably increase sales.

Dufry's New Generation Store – tailored customer communication

With four New Generation stores opened in 2019 in Buenos Aires (ARG), Amman (JOR), Malaga and Alicante (ESP), we complemented the nine earlier ones in Madrid (ESP), Cancun T3 and T4 (MEX), Melbourne (AUS) and Zurich (CH), as well as at London Heathrow

T3 (UK). In 2020, Dufry continued to expand its digital technology by implementing digital elements as part of the refurbishments done throughout the year in over 50 shops.

Dufry's New Generation Store concept makes extensive use of digital technology to increase communication with passengers at the airport. The digital route allows Dufry to approach potential customers in an even more personalized way than ever before and to flexibly adapt in-store communication during the day to the changing nationalities and customer profiles, thus significantly enhancing the communication's impact. The sense of place of our shop designs, an important aspect for landlords, is also secured in the new concept, as the format provides for a high degree of customization. Dufry knows how to perfectly match these requirements with efficient retail concepts, to best serve travelers' needs and to generate value for landlords and Dufry alike.

Long-term concession portfolio.

Deployment of our digital strategy improves conversion and boosts the visibility of operations

In 2020, Dufry further accelerated the deployment of its digital strategy elements. Besides the New Generation Stores, services such as Reserve & Collect and above all the loyalty program Red By Dufry have a global span and are therefore able to promote our operations online and reach travelers across the world. This gives airports and their retail offer additional visibility and exposure, thus promoting them as attractive shopping locations. For a more detailed description of our digital strategy, please also refer to the strategy chapter on page 24.

Successful contract extensions secure future business

In travel retail, concession contracts are a key business driver for retail operators, as they provide the right to sell their products at a given operation. In 2020, Dufry continued to win new contracts and to renew existing concession contracts, thus successfully strengthening the remaining average lifetime of its portfolio, which is currently 6 years. Within our concession portfolio, 27% of our contracts have a remaining life-time of one to two years; 29% of three to five years; another 29% of between six and nine years, and the final 15% have a remaining duration of ten years or more. In average, Dufry renews existing contracts that

generate between 10% and 15% of our sales every year, while at the same time adding new contracts.

39 new shops added to our first-class concession portfolio

In 2020, Dufry opened and expanded 39 new shops adding over 9,600 m² of retail space across all divisions. At December 31, 2020, the entire concession portfolio of the group included retail space of close to 470,000 m² thus strengthening our portfolio, despite some crisis-related closures we had to perform.

Dufry's concession portfolio is highly diversified and well balanced across emerging and mature markets on all six continents. This considerably reduces risks of being exposed to single markets and operations; the largest concession only accounts for approximately 6% of turnover; while the 10 biggest concessions represent less than 25%.

Focusing on investment returns

In 2020, our organization has followed its approach of financial discipline even more closely when evaluating new projects and opportunities – a methodology successfully developed in the past, which has proven its value during the present challenging environment. Projects are analyzed individually on a commercial and financial basis. The many aspects of a project being put together include development potential and analyzing initial investment requirements, as well as the expected development of passenger numbers and profile perspectives. Through a strict evaluation of these criteria and our disciplined approach to returns, we ensure that our concession portfolio remains of the highest quality and that each concession offers attractive returns for the Group. This methodology is applied for all project types, irrespective of whether we participate in a tender process, engage in direct negotiations with landlords or perform acquisitions.

INVESTORS STRONG LONG-TERM INVESTMENT OPPORTUNITY

Since its listing in 2005, Dufrey has pursued and successfully executed a consistent strategy focusing on profitable growth and cash generation to create value for shareholders and bondholders alike. In the first phase, the company accelerated growth mainly through acquisitions, and more recently shifted towards a more balanced growth profile including both organic growth and acquisitions.

Despite the temporary challenges that our industry and the company are facing due to COVID-19, we strongly believe that travel retail is a resilient industry, which will continue to benefit from the secular passenger growth trend. Industry associations expect a return to pre-Covid passenger numbers in 2023 / 24. The willingness of people to travel was also confirmed by online research done by Dufrey in June and November 2020 as well as in January 2021 showing clear indications of our customers' propensity to continue traveling as soon as the respective restrictions are lifted.

Only pure-play
to invest in travel
retail.

Pure-player in the resilient travel retail channel

The strong underlying fundamentals of travel retail – secular long-term global passenger growth fueled by a growing, more affluent population in many countries, as well as the still high fragmentation of the industry – are cornerstones of Dufrey's investment case. Dufrey has a track record of organic growth in line with regional passenger developments; growth acceleration through M&A; strong cash generation on the back of an attractive risk profile based on our diversification by geographies, channels and sectors. Dufrey's diver-

sified footprint supported the company even in 2020 when facing a global pandemic, by balancing region-specific travel restrictions. Moreover, the company's strong cash generation capability will be further supported by the successful implementation of its reorganization and the expected structural savings from 2021 onwards. For a detailed view on Dufrey's investment case please refer to page 22.

Capital allocation

Dufrey's capital allocation policy has been adapted to the current environment with the objective to protect liquidity amid a limited visibility on the recovery trajectory. Dufrey targets deleveraging in line with the recovery trajectory, reaching below 4.5x Net Debt / Adjusted Operating Cash Flow by 2022, and a mid-term leverage level in line with pre-crisis. We expect attractive, shareholder value generating opportunities for profitable growth to arise in the short- and medium-term and we will thoroughly assess any investment from a value accretion point of view once the business has started to recover sustainably.

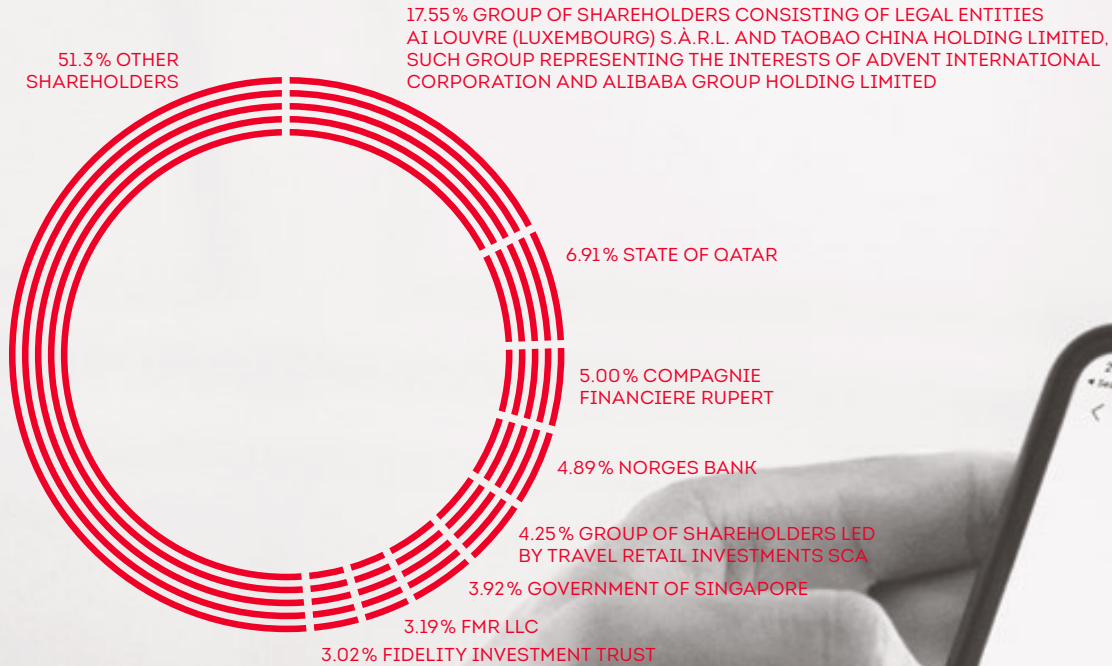
In the context of the evolution of the COVID-19 pandemic, the Board of Directors has therefore proposed to the General Meeting of Shareholders 2020 not to pay a dividend in order to safeguard the short-term liquidity of the company. Under consideration of the still low visibility and the speed of the recovery, the Board of Directors has decided to propose to the 2021 General Meeting of shareholders to suspend the dividend payment for the 2020 business year as well.

Member of the SMI MID (SMIM) Index

With a market capitalization of CHF 4.461 billion as per December 31, 2020, Dufrey is part of the SMI MID (SMIM) Index on the SIX Swiss Exchange, which includes the 30 biggest publicly listed companies in Switzerland not already represented in the Swiss Market Index (SLI).

SHAREHOLDER STRUCTURE

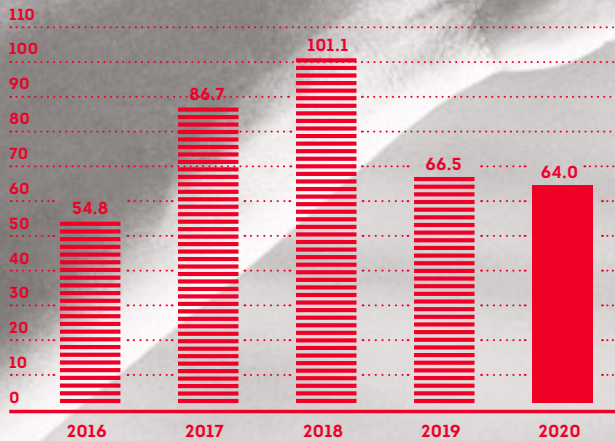
AT DECEMBER 31, 2020



Note: Based on shares. For a complete overview of Shareholder disclosures please refer to page 244.

DAILY AVERAGE VOLUME

MILLIONS OF CHF



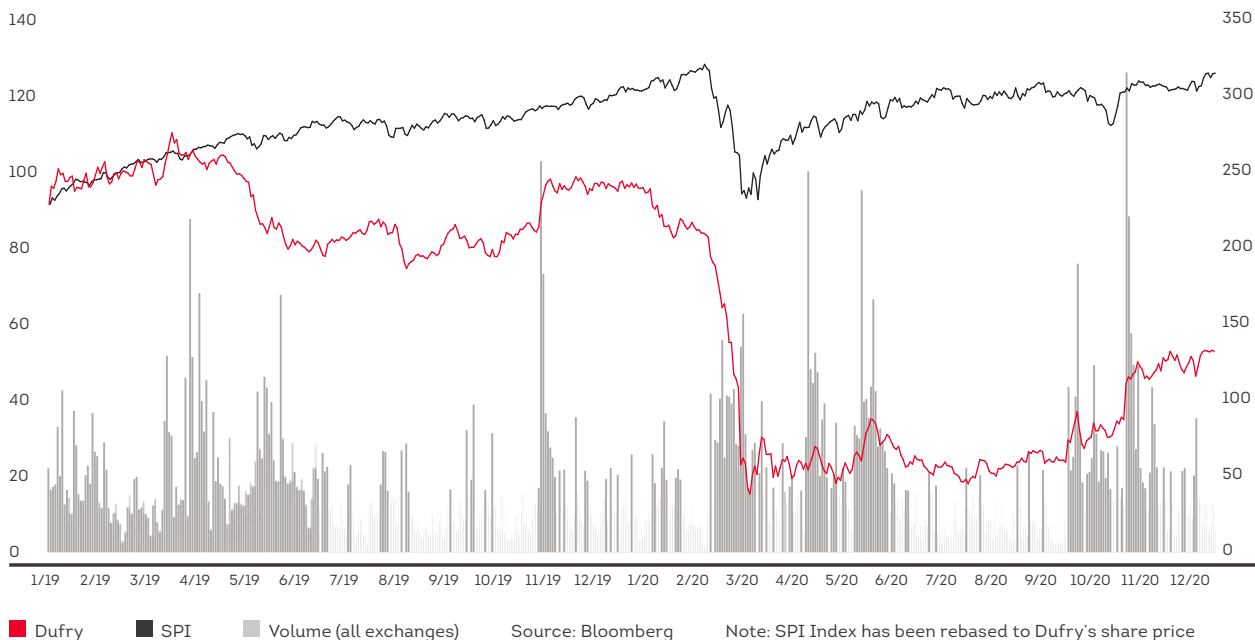
Note: Decrease in volume in 2019 due to the termination of the EU stock market equivalence to Switzerland since July 2019, where the trading of Swiss shares on EU exchanges has been prohibited as of July.



DUFRY AG SHARE PRICE AND TRADING VOLUME

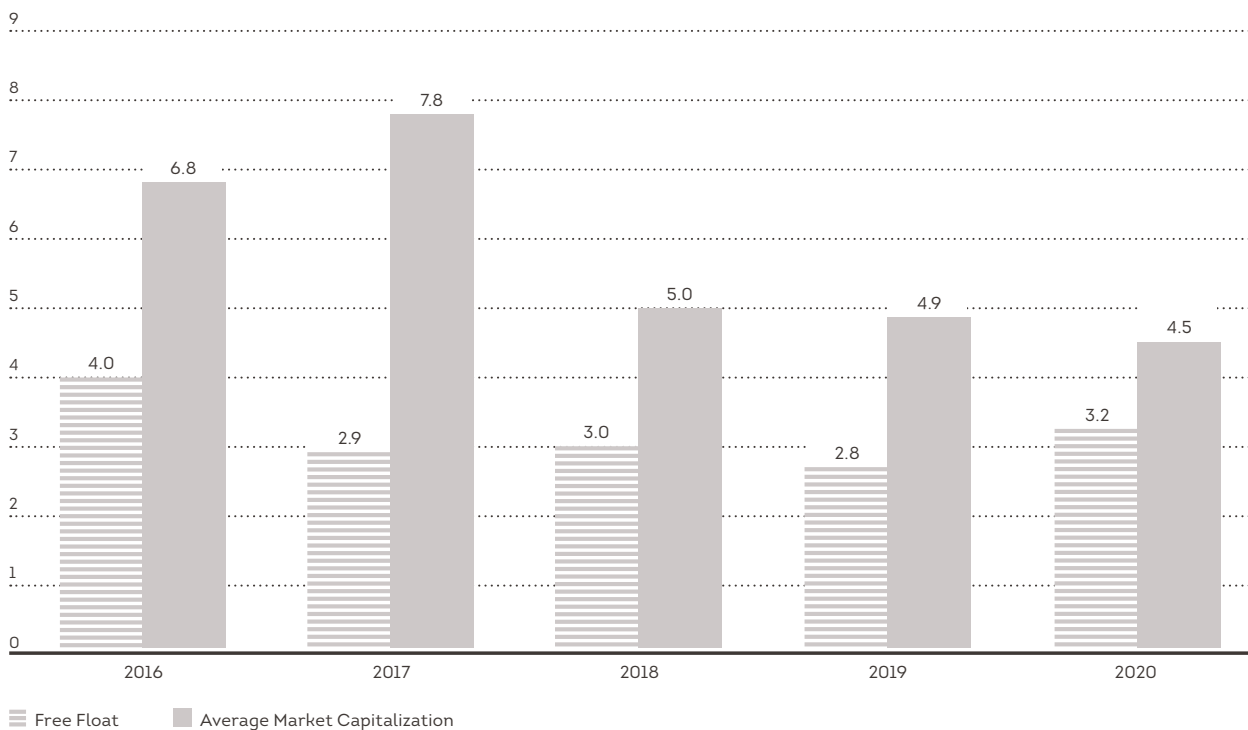
SHARE PRICE
 IN CHF

TRADING VOLUME
 MILLIONS OF CHF



MARKET CAPITALIZATION AND FREE FLOAT

BILLIONS OF CHF



Dufry's share price started the year at CHF 96.88, reached a high of CHF 97.36 in early January, saw a decline accentuating in line with the spread of the pandemic, and reached a low of CHF 20.10 in mid-March. Consequently the share price steadily recovered to CHF 55.58 at the end of December 2020 supported by internal initiatives to restructure the organization, implement sustainable cost saving initiatives, strengthen the financial position and enhance the liquidity, as well as favorable external news flows regarding vaccine developments, international alignment of travel-related recommendations and recovery expectations.

Dufry's trading volume continued to be healthy in 2020. Dufry's average daily trading volume was approximately CHF 64.0 million. The SIX Swiss Exchange remains our most important trading platform, where the average daily volume of Dufry shares reached CHF 38.8 million in 2020. Dufry's trading volumes are mainly concentrated at the SIX 61% and BATS Chi-X OTC 39% platforms.

Our long-term shareholders, in particular Advent International, Alibaba Group, Qatar Investment Authority, Travel Retail Investments, Richemont, GIC Asset Management, as well as Norges Bank, FMR LLC and Fidelity Investment Trust represented 48.7% of our share capital and strongly support Dufry.

Dufry has a free float of around 71%, which is well balanced, with shares being held by institutional investors in the most important investor regions such as the United States, the United Kingdom, APAC, Switzerland and also across Europe.

Strong investment track-record for bondholders

Dufry has been a well-established investment opportunity in the bond market ever since the issuance of its first Senior Notes in 2012. On the one hand, the bond market represents an important source of financing for the company, while on the other hand, our low operating leverage, as well as the strong and resilient cash flow generation capabilities, are characteristics welcomed by the fixed income market.

The company's healthy reputation as an attractive bond market opportunity was well confirmed in April 2020, when the company issued CHF 350 million senior convertible bonds due in 2023, conditionally convertible into company shares and carrying a coupon of 1%. Dufry's Senior Notes are currently rated (B+) by Standard & Poors and (B1) by Moody's.

In April 2020, Dufry also placed in total 5.5 million new shares, 5,000,000 of which were sourced from exist-

ing authorized capital excluding pre-emptive rights and 500,000 coming from existing treasury shares. The placement was successfully executed through an accelerated book-building.

Long-term financing strengthened.

In April 2020, Dufry also secured a new twelve-months committed credit facility of CHF 397 million with two six-months extensions. Additionally, Dufry has bank credit facilities in place totaling close to CHF 1,161 million maturing in 2022, and around CHF 2,271 million maturing in 2024 (denominated in multiple currencies). Moreover, as per end of December 2020, Dufry had CHF 205.0 million of COVID-19 related government-backed loans.

Fair and comprehensive market communication

Dufry is committed to open and transparent communications with the financial market to present our equity story and investment opportunities. We pursue a constant, open dialogue with investors, analysts and the media through direct phone and email exchanges, regular roadshows and conference attendance, one-to-one meetings and dedicated investor days, either in person or virtually.

Senior management presents and discusses financial performance on a regular basis and we provide the financial community and media with in-depth reports and information through press and analyst conferences, conference calls and webcasts. In this context, and as already disclosed in its third quarter results publication 2019, Dufry releases quarterly trading update statements for Q1 and Q3 and publishes full financial results for the half-year and full-year periods.

As part of our 2020 Investor Relations activities, senior management and the Investor Relations team invested 42 days to meeting investors directly or virtually through roadshows and conferences in Europe, North America and Asia, during which we met around 660 investors in one-to-one or group meetings and many more in presentations. Apart from meetings, the Investor Relations team answered more than 960 calls and emails in 2020. This results in a total of close to 1,620 contacts with investors and analysts. For contact details of our Investor Relations team located in Switzerland and Brazil, please see page 289 of this Annual Report.

ESG STRATEGY

ONGOING EVOLUTION OF DUFYR'S SUSTAINABILITY ENGAGEMENT

Every day our employees serve close to 800,000 customers in our over 2,300 shops in 64 countries around the world. We closely cooperate with our landlords in more than 430 locations; regularly engage with our brand supplier community on customer expectations, and maintain an open dialogue with our shareholders and other interest groups. This continuous interaction with our main stakeholder groups informs our sustainability journey. We recognize that the impact of our operations goes beyond generating financial returns and we are fully committed to contributing to the travel retail industry, society and the environment, through the advancement of our sustainability goals.

Dufry's ESG strategy defines the scope of our sustainability commitment. It focusses on four key areas, in which we can actively contribute to fostering high standards of environmental stewardship and social equity, while still delivering financial returns to our investors.

Customer Focus, Employee Experience, Protecting Environment and Trusted Partner frame our initiatives and build on the intelligence gained through stakeholder engagement and the material topics identified in our materiality matrix.

We first reported our sustainability goals and achievements in accordance with the Global Reporting Initiative guidelines in 2017 as part of our annual report. The formalization and implementation of our ESG strategy builds on our sustainability initiatives to date and its implementation will be steered by the Dufry ESG Committee and supervised by our Lead Independent Director at the Board of Director level, thus fully integrating sustainability in the overall company strategy to deliver sustainable and profitable growth.

Julián Díaz González
Chief Executive Officer

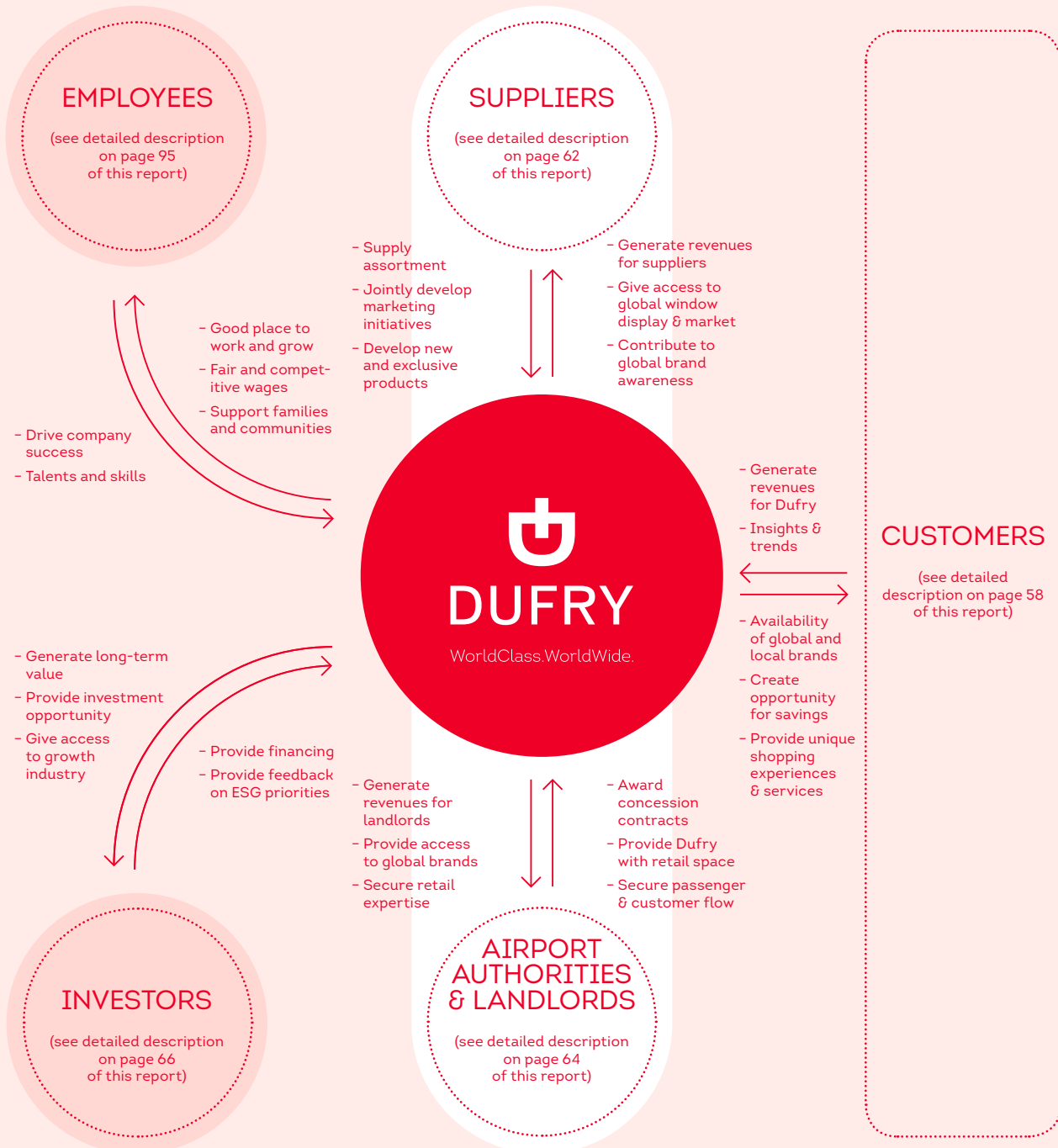
DUFRY ESG STATEMENT

“Sustainability is an inherent element of Dufry’s business strategy aiming for sustainable and profitable growth of the company. Our ESG engagement is focused on four key areas, where we want to have a positive impact within the scope of our stakeholder eco-system and beyond: customer experience; employee wellbeing and advancement; protecting the environment through the responsible use of our planet’s resources and being a trusted partner for all our stakeholders.”

ALIGNING OUR BUSINESS ECO-SYSTEM ...



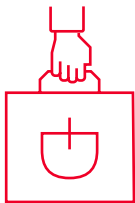
Our ESG focus areas build on and reflect the sustainability expectations of the main stakeholder groups in our business eco-system. The clear classification simplifies the identification of material topics and the development of the related ESG initiatives to achieve the defined goals.



→ ... WITH OUR ESG FOCUS AREAS

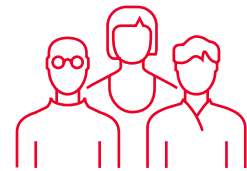
CUSTOMER FOCUS

- Product Safety
- Sustainable Products
- Responsible Marketing
- Digital Tools
- Customer Service & Guarantee Service
- Customer Safety
- Customer Privacy & Data Protection

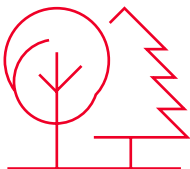


EMPLOYEE EXPERIENCE

- Attractive working Environment, Conditions & Incentives
- Training & Development
- Career Progression and Recruitment
- Non-discrimination, Diversity, Inclusion
- Health & Safety
- Internal Communication



DUFYR'S FOCUS AREAS AND RELATED TOPICS



- Respectful use of Natural Resources
- CO₂ Footprint and Energy Consumption
- Waste Management
- Sustainable Logistics & Supply Chain

PROTECTING ENVIRONMENT



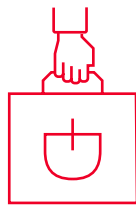
- Corporate & Sustainability Governance
- DufyR Code of Conduct & other policies
- Supplier Code of Conduct
- Stakeholder Dialogue
- Partnerships with Landlords and Suppliers
- Sustainable Growth for Investors
- Community Engagement

TRUSTED PARTNER

GLOBAL APPROACH AND BOUNDARIES OF FOCUS AREAS

Dufry is a global travel retail operator with over 2,300 shops across 64 countries. As a pure retailer, the company focusses on selling products from global and regional renowned brands and neither produces its own products nor does it use private labels. Some brand partners supply Dufry with exclusive products or travel retail exclusive products and formats, which are produced by the respective brands and are selectively distributed through these channels.

CUSTOMER FOCUS

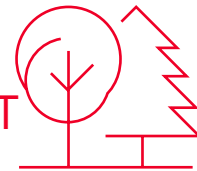


Customers are one of Dufry's most valuable assets. Under this area of focus, Dufry monitors all interactions of the customer journey, from the sourcing of products from our brand partners until these are handed over to the customer at the shops or at home in case of home-delivery for some duty-paid products and the post-sale services. The scope includes in particular:

- Ensuring that products on Dufry shelves adhere to the product safety principles stipulated in the Dufry Supplier Code of Conduct, which is regularly updated and re-certified with suppliers.
- Responsible marketing communications, both in-store and through our pre- and post-sale points of contact with customers, as well as product warranties and refund policies.
- Data protection and security of customer and company information.

Customer feedback, concerns and suggestions are regularly gathered through own field research and interviews conducted across the 50 major airports where Dufry operates as well as through the Customer Service department, which offers direct email or phone access to the company.

PROTECTING ENVIRONMENT



Dufry operates shops in highly regulated, third party-owned premises, such as airports, train stations, cruise ships, seaports and downtown resorts, and does not operate production sites. Hence, within our sphere of influence, Dufry focuses on the following opportunities to positively influence the environmental impact of its business:

- Closely aligning with the landlords' ESG strategies and reducing as much as possible its own impact. To this purpose, Dufry is member of several landlords' ESG committees and of the ACI Europe Climate Task Force.
- Monitoring the CO₂ footprint of stores, main offices, warehouses and transportation of goods. Here Dufry is tracking emissions starting from product delivery to the distribution centers or local operations until these are handed over to customers. Shipment of goods from the supplier's site to Dufry's premises lies within the ESG scope of suppliers.
- Collaborating with global and regional service providers for logistics, selected, among other criteria, based on their waste management, recycling and circular economy capabilities.
- Operating a central Shop Design department, which defines sustainable shop design strategies including the selection of materials with respective guidelines and regulations. Dufry collaborates with a limited number of regional material shop equipment and furniture suppliers, who have to comply with the relevant specifications.
- Responsible use of natural resources and optimizing waste management, including among others the reduction of plastic use.
- Engaging with brand partners for good ESG stewardship.

GLOBAL APPROACH AND BOUNDARIES OF FOCUS AREAS

This business model approach is a point of consideration and reflects in Dufrey's boundary setting for some of the Focus Areas as described below. These Focus Areas are the foundation stones of our sustainability strategy and reflect the structure around which Dufrey pursues its long-term goal of being a sustainable and leading travel retailer.

EMPLOYEE EXPERIENCE



Dufrey employees are ambassadors of the company and first point of interaction with our stakeholders. Operating in 64 countries, cultural and gender diversity is an inherent element of Dufrey, who strongly believes in the value of having local people in local operations - Dufrey counts more than 130 nationalities among its workforce. Under this premise, Dufrey focuses on:

- Continuously evolving all employee interaction: recruiting, training & career development as well as retention & retirement schemes.
- Developing and rewarding staff through global programs including induction, product & service as well as development and inclusion trainings.
- Fostering a culture of equal opportunity, offering attractive employment conditions, where everyone receives equal treatment regardless of gender, color, ethnic or national origins, disability, age, marital status as well as sexual orientation, religion or any other non-merit factor.
- Preparing the next generation of Dufrey leaders. Maintaining a global talent pipeline and management system complemented by hiring external talent thus securing Dufrey's ability to evolve staff's skills in line with the market and business model requirements.
- Guaranteeing full compliance with local and regional labor regulations and the ILO conventions.
- Complying with all applicable health and safety regulations. This is a fundamental element considering that most of our staff render their services in highly regulated premises governed by landlords' and country legislation.
- Actively communicating and promote dialogue with employees and their representatives, including legally recognized unions and internal forums representing employees' interests.

TRUSTED PARTNER



The long-term sustainability of our business relies on our capacity to build trustful relations with all our stakeholders. Therefore, Dufrey has identified specific priorities to focus on. In particular:

- Permanently evolve its robust Corporate Governance, including the adaptation of Dufrey's Code of Conduct & other policies, to reflect the needs of the business model, the company strategy and the expectations of stakeholders.
- Continuously assess and monitor Dufrey's business environment and related risks thus permitting to secure sustainable long-term growth and to establish respective audits and controls where needed.
- Align the composition and the skills of its Board of Directors to reflect the company's global presence, its business model as well as the consideration of cultural, gender and ethnic diversification aspects.
- Supervise our ESG/Sustainability strategy at the highest governance body as part of the overall company strategy evolution based on an ongoing stakeholder dialogue.
- Support wealth creation of the local communities.
- Continue to foster the well-established dialogue with key stakeholders such as landlords and suppliers.
- Comply with rules and regulations, including internationally accepted human rights standards and zero tolerance policy in respect of bribery and corruption by any of its employees, directors and officers in this regard. The company's Compliance Office and Internal Audit departments perform regular compliance trainings and control adherence to the respective policies.

ESG ENGAGEMENT FULLY INTEGRATED IN COMPANY STRATEGY

In order to achieve the overall goal of generating a sustainable & profitable growth with positive contributions for all stakeholders, the full integration of the ESG strategy is a key element. Building on the underlying business model, the four ESG Focus Areas contribute to the implementation of business initiatives and procedures.

IMPACT

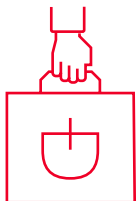
SUSTAINABLE & PROFITABLE GROWTH
GENERATING POSITIVE CONTRIBUTION
FOR STAKEHOLDERS

IMPLEMENTATION

BUSINESS INITIATIVES &
PROCEDURES

ESG FOCUS AREAS GOVERNED BY DEDICATED,
INTERDISCIPLINARY ESG COMMITTEE

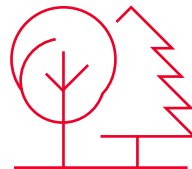
CUSTOMER
FOCUS



EMPLOYEE
EXPERIENCE



PROTECTING
ENVIRONMENT



TRUSTED
PARTNER



FOUNDATION

UNDERLYING BUSINESS MODEL
AND COMPANY STRATEGY

IMPLEMENTATION OF SUSTAINABILITY STRATEGY SUPERVISED BY HIGHEST GOVERNANCE BODY

The implementation of Dufry's ESG strategy is supervised by the Lead Independent Director and driven by the interdisciplinary ESG Committee, which includes all the key operational functions.

1. At the level of the Board of Directors the implementation of the ESG strategy is supervised by the Lead Independent Director. The Board of Directors is regularly informed on the ESG strategy implementation.

2. The interdisciplinary ESG Committee defines and drives the implementation of the ESG strategy. It meets every two months and is attended by: CEO, CFO, Chief Corporate Officer, Chief Commercial Officer, CEO Operations, Chief Compliance Officer, General Counsel, Global Internal Audit Director, Chief Organization & Transformation Officer, Global Head of Corporate Communications & Public Affairs.

3. Day-to-day implementation of Dufry's ESG strategy is executed by the ESG Department as part of the Corporate Communications & Public Affairs department.



DUFROY'S ESG REPORTING STANDARDS

Regular ESG Reporting

Dufroy reports on the ongoing evolution and achievements of its ESG engagement on an annual basis, with a dedicated ESG Report presented in accordance with the Global Reporting Initiative (GRI) and forming an integral part of the Group Annual Report. The ESG Report also includes the Progress Report of the UN Global Compact.

The annual ESG Report provides detailed insights on the implementation of the strategy and includes Dufroy's Materiality Matrix reviewed on an annual basis to assess any potential changes in the scope of the company's material topics. Moreover, the report includes the specific goals and their achievement level.

While following the GRI Reporting Initiative (GRI) guidelines as a basic approach, the reported indicators are also mapped and aligned with the covered UN Sustainable Development Goals for better comparison.



Signatory Member of the UN Global Compact

Dufroy is a signatory member of the United Nations Global Compact, the world's largest corporate citizenship and sustainability initiative, and supports the Global Compact's 10 principles in the areas of human rights, labor, environment and anticorruption, reinforcing the company's commitment to responsible business practices on a global basis. The respective UN Global Compact Progress Report is also part of and included in Dufroy's ESG Report.

As part of this commitment Dufroy engages in collaborative projects, which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals, for which Dufroy has been actively supporting the UN SDG #YouNeedToKnow Awareness Campaign since 2016.



Sustainable Development Goals

In the spirit of the SDG Target 12.6, that encourages companies to adopt sustainable practices and integrate sustainability information into their reporting as a way to understand, communicate, and better manage their contributions to the SDGs, Dufroy maps and links the SDG targets with the existing GRI indicators. This additional step facilitates the understanding of Dufroy's efforts towards sustainability while clearly showing the progress in the the company's commitment to support this global UN initiative.



Dufry store at Arlanda-Stockholm airport, fully refurbished following sustainability-friendly design and construction.



STOCKHOLM DUTY FREE

Discover many great offers plus
new and exclusive products
instore today



BIOThERM AIRLINES
CHECK-IN TO BEAUTIFUL SKIN

CHECK-IN
TO BEAUTIFUL SKIN



ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

OUR COMMITMENT TO SUSTAINABLE GROWTH

Dufrey is a global travel retail operator with over 2,300 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas. We employ 17,795 employees (FTEs) across 64 countries and we represent over 1,000 different global and local brands in our stores. Dufrey is part of the Swiss Market Index MID (SMIM) on the SIX Swiss Exchange and has a balanced share of large and small shareholders.

This sustainability report has been prepared following the guidelines of the Global Reporting Initiative (GRI) Standards, Core Option, and covers our environmental, social and governance (ESG) activities, performance and approach for the year 2020 focusing on the topics we have determined to be of greatest importance for Dufrey and its stakeholders. Compared to our 2019 report, in 2020 we are voluntarily reporting information related to three additional GRI indicators: Emissions, Environmental Compliance and Public Policy. The decision to start reporting on these indicators was in response to Dufrey's commitment for greater transparency and gives stakeholders a better understanding of our ESG strategy, despite the fact that these topics have not been defined as material for Dufrey.

As we continue evolving our ESG reporting, in this year's report we have also embedded the UN Sustainability Development Goals (SDGs) and included information on the respective GRI and SDG indicators in the corresponding sections, where Dufrey plays a role in progressing towards specific goals, thus enabling the reader to obtain a better and more transparent understanding of our report.

In early 2020, Dufrey became a signatory member of the UN Global Compact. As part of this additional commitment, a progress report has also been pre-

pared and is available, together with the GRI Index and the Sustainability Report Annex, included at the end of this publication. These documents supplement the information disclosed in Dufrey's Annual Report (including the Corporate Governance and Remuneration Reports embedded in the Annual Report). All these reports are also available online as individual files in the sustainability section of our corporate website: www.dufrey.com/en/sustainability-dufrey

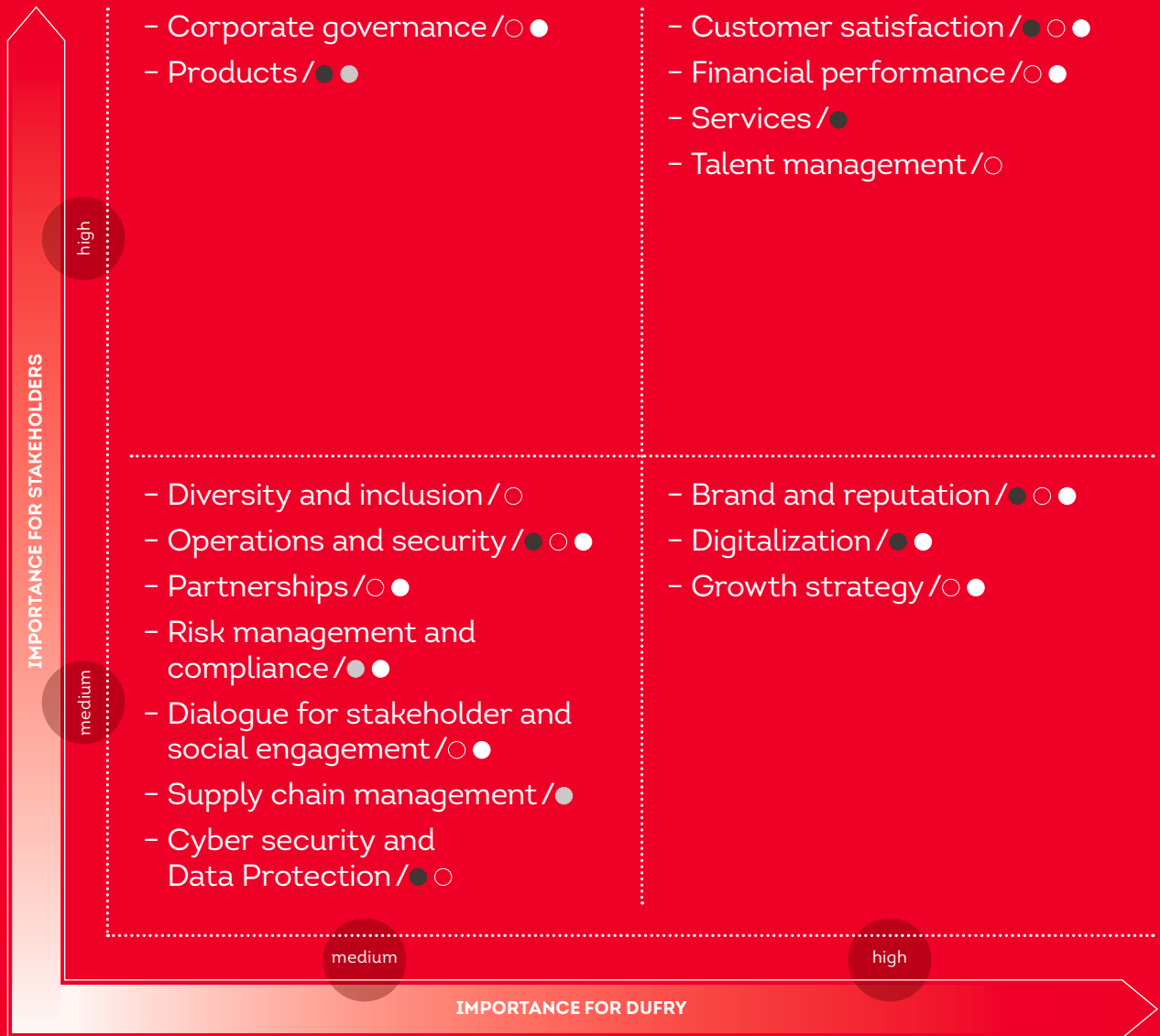
Dufrey's materiality assessment

Dufrey launched its sustainability reporting in 2016 with the publication of its first materiality assessment supported by Ernst & Young. This resulted in the publication of our first Materiality Matrix, outlining the topics considered most relevant to both our stakeholders and our business. This first step towards establishing a solid sustainability reporting framework continued with the publication in 2017 of Dufrey's first Environment, Social and Governance (ESG) Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards.

The initial Materiality Matrix was created through a scaled process, which began with the assessment of a number of internal and external sources such as our existing policies and regulations, publicly available materiality assessments of peers, the SASB requirements (Sustainability Accounting Standard Board) and the report of the Governance & Accountability Institute. As a next step, we gathered stakeholder feedback, mainly through various internal sources, but also through our role in trade conferences and associations, one-on-one discussions and the ongoing dialogue with stakeholders.

Our vision of sustainability however is not a static one, and Dufrey conducts periodic and comprehensive materiality assessments to identify our most relevant

MATERIALITY MATRIX



● = CUSTOMER FOCUS

○ = EMPLOYEE EXPERIENCE

● = PROTECTING ENVIRONMENT

● = TRUSTED PARTNER



Note: Within boxes topics are listed in alphabetical order

reporting topics from an ESG perspective. During the reporting year 2020, we re-assessed the accuracy of our matrix with formal and informal feedback from both internal and external sources, including financial and ESG analysts, business partners and industry associations. As a result of the assessment and compared to 2019, when we added Data Protection and Cyber Security as an additional topic, no changes were introduced to our materiality matrix in 2020. As previously mentioned however, we voluntarily agreed to report on additional indicators, even though not considered material to our business, to provide a wider understanding of Dufrey's ESG impact.

Articulating Dufrey's ESG vision and strategy

In 2020, Dufrey significantly enhanced its sustainability engagement across the Group by building on major milestones reached at the end of 2019 and the beginning of 2020. Firstly, Dufrey revised its Sustainability Strategy to present four focus areas – "Customer Fo-

cus", "Protecting Environment", "Employee Experience" and "Trusted Partner", which reflect the business model and build on the company's stakeholder ecosystem. This enables Dufrey to define clear focus areas where the company can make relevant ESG contributions. Dufrey's Sustainability Strategy and the four focus areas are described comprehensively in this 2020 Annual Report on pages 70 – 78.

Secondly, Dufrey strengthened its ESG governance structure with two new developments: the implementation of the Lead Independent Director function (appointed in July 2019), supervising the Group's ESG engagement at the Board of Director level, as well as the setup of a dedicated ESG Committee (in September 2020), led by the CEO and representing all key functions of the company. These initiatives contribute to both formalizing Dufrey's UN Global Compact commitment and strengthening the ESG integration within the overall company strategy.

IMPROVEMENTS CARRIED OUT DURING 2020

CUSTOMER FOCUS

- Set up a comprehensive program to educate all members of our staff involved in the sale of alcohol products based on principles and guidelines set by the DFWC
 - Continued to enhance our shopping environments with the opening of 9,600 m² of additional retail space and refurbishment of stores representing 12,800 m² – equal to 3% of Dufrey's total retail space
-

PROTECTING ENVIRONMENT

- Strengthened corporate Environmental Management System to support environmental strategy development
 - Implemented plastic bags decommissioning plan with expected completion in 2021 – 2022
 - Mapped Dufrey's GHG emissions including data from operations representing 64% of our global sales as well as the vast majority of the logistics network
 - Increased stakeholder dialogue on environmental issues, especially with logistics partners
-

EMPLOYEE EXPERIENCE

- Successfully completed re-certification of Equal Salary Certification in Switzerland
 - Realigned training and development program for employees
 - Expanded internal communication channels to improve reach to non-desktop employees
 - Adapted health & safety store and office protocols to protect employees and customers in the context of the COVID-19 pandemic
 - Initiated evolution process of our women@dufry initiative to extend its scope to diversity and inclusion
-

TRUSTED PARTNER

- Implementation of strong ESG Governance structure
 - Development of Dufrey Sustainability Strategy
 - Update of Dufrey's Code of Conduct and public disclosure of the Supplier Code of Conduct
-

OBJECTIVES

Dufry's success goes beyond commercial and financial performance and we understand that our business activities also have an impact on the communities in the countries in which we operate. Since 2019, Dufry has supported the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. We regularly align our overall sustainability strategy with these ten principles and develop relevant initiatives geared to achieving a more sustainable business, including:

CUSTOMER FOCUS

- As the leading global travel retailer, we aim to further improve the overall traveler experience – in our shops we welcome customers from over 150 nationalities every day – and initiate growth opportunities that benefit brands, airports and travelers alike, by developing attractive shopping environments.
 - We are committed to providing responsible retailer training for the sale of alcohol products to store and office staff involved in the sale of alcohol.
-

PROTECTING ENVIRONMENT

- While in 2020 we have fully revised Dufry's Sustainability Strategy, the ongoing verification of the strategy and alignment with any new requirements remains a central focus.
 - During 2021, we will continue the assessment of our environmental impact with the aim of establishing measurable objectives and a robust reporting structure, which will enable Dufry and its stakeholders to have an even better understanding of the environmental footprint of its operations.
-

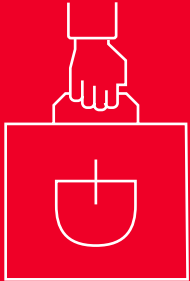
EMPLOYEE EXPERIENCE

- Diversity and inclusion remain an area of focus for Dufry. Our corporate global initiative, launched in 2016 to bring together female leaders across the business from a variety of functions and geographies, continued in 2020 with the mission of ensuring women's advancement at Dufry. It supports talented women to rise to leadership positions within the company, and helps employees better manage work, family and life-balance topics. The goal of this initiative is especially important to give visibility to women that are progressing in the company, as it gives inspiration to others. Other corporate initiatives, such as the talent program (more details available in the "Employee Experience" section of this report) strive to incentivize women's progression within Dufry.
 - The ongoing development of fair compensation and of gender-pay gap reduction programs remained an important part of our efforts in 2020. Through different initiatives across locations such as the UK (one of Dufry's largest operations) and Switzerland, compensation schemes were analyzed and remediation plans established if needed.
 - Fostering dialogue with employees is a vital part of our strategy, based on the understanding that our staff are our most valuable asset. In 2019, we conducted a new wave of the Engagement Survey with the participation of 25,213 Dufry employees – representing 73% of our workforce at that time. Follow up meetings and plans to improve engagement have been put in place and will continue in 2021 and beyond.
-

TRUSTED PARTNER

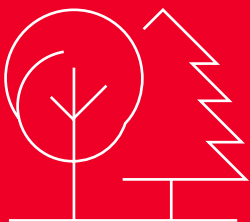
- Through our shop network, we directly and indirectly support the local economies of the countries in which we operate: either by employing local staff, sourcing local products, or by paying taxes. Providing jobs and quality working conditions and opportunities, including our training and development programs, are important contributors to developing local wealth.
 - Continuing our plan to monitor our supply chain sustainability and include additional suppliers who have accepted the terms of our Supplier Code of Conduct. In 2021, we will launch the re-engagement process with our key suppliers to agree to the terms of the updated Dufry Supplier Code of Conduct.
 - While in 2020 we have fully revised Dufry's Sustainability Strategy, the ongoing verification of the strategy and alignment with any new requirement remains a central focus.
-

CUSTOMER FOCUS



- Product Safety
- Sustainable Products
- Responsible Marketing
- Digital Tools
- Customer Service & Guarantee Service
- Customer Safety
- Customer Privacy & Data Protection

PROTECTING ENVIRONMENT



- Respectful use of Natural Resources
- CO₂ Footprint and Energy Consumption
- Waste Management
- Sustainable Logistics & Supply Chain

EMPLOYEE EXPERIENCE



- Attractive working Environment, Conditions & Incentives
- Training & Development
- Career Progression and Recruitment
- Non-discrimination, Diversity, Inclusion
- Health & Safety
- Internal Communication

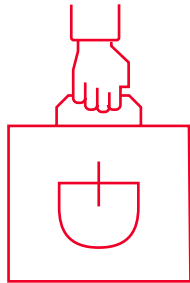
TRUSTED PARTNER



- Corporate & Sustainability Governance
- Dufry Code of Conduct & other policies
- Supplier Code of Conduct
- Stakeholder Dialogue
- Partnerships with Landlords and Suppliers
- Sustainable Growth for Investors
- Community Engagement



CUSTOMER FOCUS



To succeed as a company, Dufry must put the customer at the center of every decision we make. This has been the philosophy of the company since its foundation, and it's what has brought Dufry to its current leadership position in the travel retail industry. Our main mission is to meet and exceed customer expectations, which we achieve through the combination of sourcing unique product choices, providing attractive shopping environments and offering special shopping experiences. Our customers' expectations however have evolved in recent years and have become more sophisticated. The traditional price-value proposition has been enhanced with additional elements, as consumers today demand higher standards of sustainability from retailers. From privacy and data protection, to responsible marketing and communication practices, or product and supply chain stewardship, there are many elements of our offer that receive special attention from Dufry and that enable us to be a more sustainable travel retailer.

Creating the best shopping experience

Our corporate brand statement, WorldClass.WorldWide, reflects our ambition to create the best possible shopping environments to capture the interest of travelers and to generate attractive buying opportunities. That is the main pillar of our future growth. This best shopping experience is based on three main elements: store, product and service.

When Dufry develops or refurbishes its stores, special attention is paid to creating a strong sense of place, thus linking the shopping environment to the individual country's cultural heritage, where the stores are located. The powerful combination of state-of-the-art store designs with local motifs and references, alongside a carefully curated selection of local products acquired from local suppliers, results in unique shopping spaces that enable customers to experience a full cul-

GRI INDICATORS:

401-1, 403-1, 404-1, 405-1, 406-1

SDGs:

5.2

8.8

12.8

16.1, 16.3, 16.10

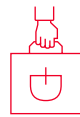
tural immersion in the destination with a true "sense of place". Dufry cooperates closely with airport authorities and brand suppliers on elements including store design, passenger flows and allocation of commercial space.

This collaborative work results in improved passenger services, as well as more visibility and opportunities for brands. Testament to this collaboration is the remarkable example of Heathrow Airport in London, where Dufry operates a large proportion of the stores in all its terminals. In 2020, Dufry's retail offer in Heathrow was once more recognized by Skytrax winning the accolade of Best Airport Shopping in the world for the eleventh consecutive year. This recognition is of special interest for Dufry, as the Skytrax award survey gathers the opinion of over 13 million airport users, from 100 different nationalities, across over 550 airports.

Delivering consistent outstanding customer service is Dufry's main aspiration. No matter where our stores are located, the ultimate objective of Dufry's Customer Retail Excellence program - which we continued to rollout during 2020 - is to give our customers the best possible shopping experience. This program focuses on:

- Reinforcing customer service through ideal staffing levels according to store traffic and sales
- Providing employees with a clear focus and target for each shift
- Empowering teams through strong leadership
- Enhancing selling capabilities around our products, promotions and special lines/offers

In supporting this rollout, 13 Academy Stores spread across the four main regions have been rolled out globally. Located in Stockholm, Zurich, Athens, Madrid, Marrakesh, Jordan, Toronto, New York (Newark), Can-



cun, São Paulo, Buenos Aires (Ezeiza), Melbourne and Bali, these stores served to test concepts and best practices, and function as a reference for stores in other airports and geographies. Much of the training and development associated with the rollout of this program was postponed in 2020 due to lockdowns and airport restrictions caused by COVID-19. There is however a strong commitment to continue with the program as we gradually return to normality.

In 2020, Dufry also continued equipping its staff with digital tools such as the Sales Tablets (now available in 111 locations in 35 countries, mainly in duty-free and larger departure walk-through stores) for improved customer service. Sales tablets enable staff to give our customers a more personalized shopping experience, adjusting the offering to their specific preferences and needs. They also provide our staff with additional product information and details of other products to complement or enhance the customer's purchase. A further level of service customization is achieved when tablets are used in conjunction with other Dufry digital services, such as Red By Dufry.

The digitalization of our stores and services including Reserve & Collect or Red By Dufry, are covered in more detail in the Customer section of the annual report (pages 58 - 61). They constitute an important part of our customer value proposition and are critical to drive customer engagement and loyalty, hence, closing the virtual circle of the perfect customer journey.

Engaging with responsible suppliers

Dufry does not produce any goods nor sell any white-label products. As a pure retailer, all products available on our shelves are produced by third party companies. As explained in the Trusted Partner section of this ESG report, Dufry expects all of its suppliers to comply with the law, stipulated contract conditions and international best practices in respect of human rights and the environment, as well as health and safety and labor standards. To ensure this, Dufry has updated its Supplier Code of Conduct, available on the company's website, which stipulates the provisions required to be a supplier to Dufry. As an additional step, in 2018 Dufry approached its main product suppliers - covering over 40% of Dufry's sales volume - to secure their acknowledgement of and agreement with the Supplier Code, and hence ensure the provisions included were accepted, establishing a 3-year cycle for reassessment. In 2021, Dufry will again approach the suppliers who previously acknowledged the terms of the Supplier Code to recertify, as well as approaching additional suppliers to acknowledge and agree to the terms of the Supplier Code.

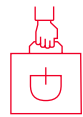
Responsible marketing

Dufry's responsibility goes beyond the products sold and includes its marketing practices (see Customer section of the Annual Report). Traditionally, Dufry has played an active role in the main travel retail associations and in the self-regulation of marketing practices, especially for the sale of alcohol. Dufry has contributed to the development of the Duty Free World Council's (DFWC) Self-Regulatory Code of Conduct for the Sale of Alcohol Products in Duty Free & Travel Retail - called Responsible Retailer of Alcohol Products. This Code of Conduct, which complements existing codes and guidelines followed by individual alcohol manufacturing companies and other bodies, is widely accepted by most travel retailers worldwide and was signed and implemented by Dufry in late 2017.

The DFWC's Code of Conduct provides a unique standard for promoting responsible retailing of alcohol products in the duty-free and travel retail channels, establishing clear guidelines for commercial communications, sales of product in the travel retail and duty-free environments and for product sampling and tasting at the point of sale. The Code of Conduct is publicly available from the DFWC website www.dfwcouncil.com.



In 2020, we took an additional step forward and made inroads towards obtaining the DFWC Responsible Retailer accreditation. This accreditation is granted after all members of our staff involved in the sale of alcohol products - both at store and office levels - are trained on the above-mentioned code through a DFWC developed training module. We have planned the execution of this training in 2020 and will launch it during 2021.



Understanding our responsibility, we have made significant progress in:

- Ensuring that products on Dufry shelves adhere to the product safety principles stipulated in the Dufry Supplier Code of Conduct
- Responsible marketing communications, both in-store and through our pre- and post-sale points of contact with customers, as well as in product warranties and refund policies
- Data protection and security of customer and company information
- Regularly gathering customer feedback, concerns and suggestions through our own field research and interviews conducted either online, or across the 50 major airports where Dufry operates, as well as through the Customer Service department, which offers direct email or phone access to the company

Customer privacy and data protection

Dufry is committed to safeguarding the privacy of its customers and their personal information. Dufry may have access to. Dufry has implemented the necessary management and Cyber Security systems to treat any customer's personal information as confidential, securely store such personal information to prevent unauthorized access to it, and ensure that such personal information is only collected, used and otherwise processed for legitimate business purposes in accordance with the privacy statement listed on its website and applicable laws.

Dufry offers two website applications that collect some personal information from customers – the Reserve & Collect service and a loyalty program called Red By Dufry. These customer engagement channels have experienced a significant increase in registered users. Some personal information and preferences of these customers are collected during the registration process so that Dufry can provide more personalized communication and in-store experience.



Online transactions

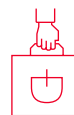
While Dufry is undergoing a digital transformation of its business and embracing digital technology across multiple customer touchpoints, the company still doesn't handle online transactions that include payment for duty-free goods – exceptions are made for some locations, where respective customs regulations allow for this kind of service. The above-mentioned Reserve & Collect service only allows customers to reserve products and collect them at their preferred airport location at the time the customer flies. Normally however, it is not until customers collect the products and show their boarding passes as required, that the payment is processed. This is due to customs regulations that only permit Dufry to sell duty-free products at the airport location itself.

Data protection

Dufry's Group Data Protection Policy sets out strict requirements for the processing of personal data of customers, business partners, employees and other third parties whose personal information Dufry may have access to. It meets the requirements of the European General Data Protection Regulation (GDPR) and globally ensures compliance with the principles of national and international data protection laws in force all over the world, including, amongst others, the Payment Card Industry Data Security Standard (PCI DSS) and the Sarbanes-Oxley Act (SOX). The policy sets a globally applicable data protection and security standard for our company and regulates the sharing of information between our Group companies.

Our employees, as well as third-parties who provide services on Dufry's behalf, are required by policy and process, as well as by contract, if applicable, to treat customer information with care. Our processes are designed to preclude unnecessary access to confidential information and Dufry has administrative, technical and physical safeguards that reflect this obligation. Dufry regularly reviews and enhances related procedures and policies.

The Group also undertakes internal Data Protection Audits and intrusion tests on a regular basis, while quarterly meetings are held to discuss and improve the protection of customers' personal data. Anyone wishing to report a grievance or ask a question regarding Dufry's data privacy policy, or to access, delete, correct or transfer his or her personal information, can address such subject data requests to privacy@dufry.com.



In 2020, Dufry did not report any incident regarding a breach of customer privacy.

Cyber Security

Dufry is continuously monitoring, reviewing and upgrading its processes to protect its business from potential cybersecurity threats that ultimately could end with theft of data. At a global level, Dufry has a Global IT Security Team that is responsible for keeping IT threats away from Dufry's business, understanding emerging threats and investing in the necessary technology to mitigate potential new risks.

In this regard, Dufry has a number of systems and security processes in place, including a robust IT security system and a number of internal policies and procedures complying with applicable laws and regulations and included in the company's Global Information Security Policies.

Dufry performs regular tests of its systems and takes several measures to improve cyber security, prevent malware infections and avoid data breaches. Amongst others, Dufry:

- Encrypts customer, payment and any sensitive data and limits access to it
- Keeps software up-to-date by installing updates and security patches implemented as a result of newly discovered vulnerabilities
- Secures point of sale (POS) devices and applications
- Performs regular vulnerability testing to identify weaknesses
- Monitors all activity in Dufry's systems and data for any anomalous activity and indications of threats
- Uses (and promotes amongst its employees) secure passwords and two-factor authentication
- Runs antivirus software continuously, periodically scanning systems for malicious files

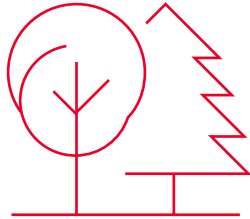
Security Awareness Program

As part of the Security Awareness Program, Dufry conducts regular internal communications campaigns and training of all employees regardless of function and location. The content of this communication and training program includes relevant and individual steps towards achieving a secure IT environment, including:

- Email and messaging management
- Internet browsing
- Mobile device security management
- Password safety
- Social engineering awareness
- Social networks awareness
- Safe remote work
- International travel
- Physical IT security
- Protection of personal computer and home network



PROTECTING ENVIRONMENT



GRI INDICATORS:

201-2
 301-3; 302-1,3; 305-1, 2, 4; 307-1

SDGs:

3.9
 7.2, 7.3
 8.4
 12.2, 12.4
 13.1
 14.3
 15.2
 16.3

Roadmap towards environmental sustainability

2020 was a milestone year in Dufry’s environmental footprint, as specific efforts carried out in the past by individual operations are now orchestrated systematically and aggregated at Group level. Striving towards improving our environmental footprint, we have taken the necessary first steps to build our environmental sustainability strategy on these solid foundations.

The established environmental management system permits Dufry to assess and understand its impact on the environment with a systematic and consistent approach, subsequently enabling the company to define the main lines of our goals and actions. In some areas, where we have direct and stronger possibilities to influence our footprint, we have already actioned specific initiatives to reduce our footprint, such as the replacement of plastic bags (see page 93). In other circumstances, where our business model provides less potential of directly influencing our footprint, Dufry significantly increases its stakeholder dialogue – mainly with the airports and supply chain – to explore opportunities to reduce the impact further.

As previously indicated in this report, Dufry operates shops in highly regulated, third-party owned premises such as airports, train stations, cruise ships & ferries, as well as seaports and downtown resorts. This means that for most of the stores, a large proportion of the utilities consumption, such as water or energy usage and sourcing in the shops, cannot be directly changed or influenced by Dufry, as these factors are predetermined by the landlords and the

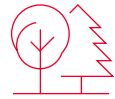
given building construction. Likewise, as a pure retailer, Dufry does not develop own product labels, does not operate any own manufacturing sites, and only sells third-party products directly sourced from its brand partners.

The company therefore concentrates its energy-saving and emission reduction efforts mainly in the areas of supply chain & logistics, its own office premises and in the planning of new stores or in the refurbishment efforts of existing shops. With respect to shop-design, the focus is on the related construction materials, fitting equipment and lighting in accordance with several sustainability criteria. Additionally, Dufry takes part in industry-wide initiatives such as the ACI Europe Climate Task Force, geared to reducing greenhouse gas emissions, and it closely collaborates with local airport departments in their efforts to reduce and offset emissions.

Dufry’s environmental management

As a signatory member of the UN Global Compact, Dufry has formally adopted the precautionary approach principle to its operations. The company follows a consistent process to assess its operations from an environmental perspective, to identify current or future environmental impacts of its activities and to promote initiatives that respect the environmental balance and comply with existing environmental laws and regulations.

In this regard, in 2020 we have conducted constructive dialogue with stakeholders in the areas in which we can actively influence the environmental footprint,



to assess the impact and eventually implement measures to minimize or even to offset the impact. As a first step, we have mapped our CO₂ emissions across our supply chain and set up the structure to gather emission-related information in a consistent manner.

The boundary for Dufry's area of responsibility for emissions and its related CO₂ footprint, covers impacts generated from the moment our suppliers deliver their products to our distribution centers and warehouses, until the point at which we sell the products in the stores. The delivery of the products to our distribution centers, or in some areas directly to the shops, is within the responsibility of the suppliers. Our scope also includes the stores and the respective office and management buildings.

Whilst the current scope of the data gathering does not yet cover all locations, it provides first valuable insights towards building a robust environmental management system and strategy. The data gather-

ing scope will be further extended in 2021 – additional information is provided in the emissions section.

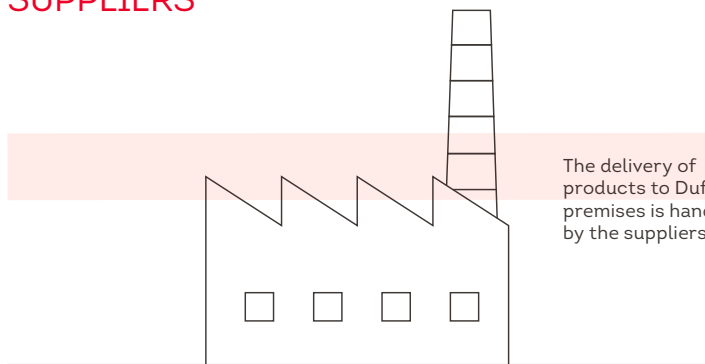
Resource consumption and CO₂ footprint

To better assess and understand the environmental impact of Dufry's activity when it comes to resource consumption and emissions, we have identified four different areas of our business that permit the company to track and, in a second stage, implement the necessary measures and goals to minimize the impact. These include shops, supply chain and warehouses, and office environments.

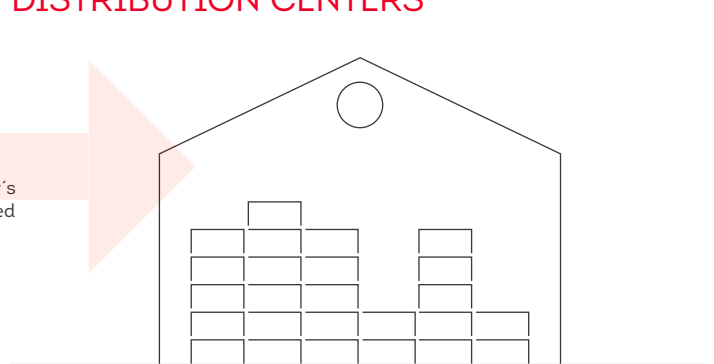
With respect to the types of resources used and the information collected, electricity and fuel consumption are the most material aspects of our footprint; water consumption is marginal and restricted to normal use by our employees and cleaning services within our premises.

TRANSPORTATION CYCLE

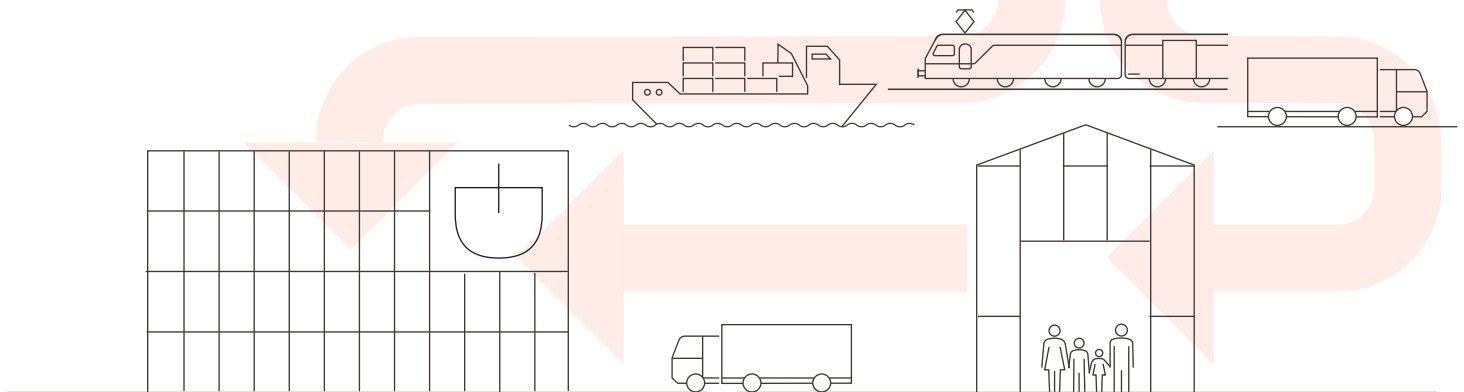
SUPPLIERS



DISTRIBUTION CENTERS

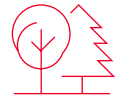


The delivery of products to Dufry's premises is handled by the suppliers



DUFRY STORES

LOCAL WAREHOUSES



Stores

Most of the electric energy consumption of Dufrey's activity happens in the store environment. Lighting, refrigeration and air conditioning of over 2,300 stores are the largest contributors to our energy consumption and, consequently, to our CO₂ footprint. The direct influence of Dufrey on these is however limited due to the nature of our business. Dufrey stores are mostly located in third-party owned premises and in highly regulated environments, where Dufrey has little or no choice when selecting power sources.

Based on the utility invoices issued by landlords for the year 2020, we have identified emissions and resource consumption for operations covering 64% of our global sales, including some of Dufrey's largest operations (the UK, Spain, Brazil or Mexico). This scope will be further extended in 2021 by adding more granularity and additional locations, where possible. In this context it is important to understand that in several locations, the utility invoices from landlords provide a combined charge by square-meter, which does not allow identification of specific amounts of single resources used and more specifically to isolate electricity consumption, thus this part of the business is currently not covered.

Distribution centers and warehouses

The second-largest contributor to Dufrey's environmental footprint is the transportation of goods. Dufrey operates four major warehouses located in Barcelona (SP), serving Europe, Africa, the Middle East and Russia; Runnymede (UK) for the UK market; Hong Kong, serving Asia and Australia, and a fourth one in Miami (US) for our operations in the US and Canada, as well as in Central and South America. These main logistics centers receive major shipments from the suppliers and further distribute products to our respective operations. Whenever possible, freight is carried by sea and we aim to consistently select the most efficient means of transport in terms of CO₂ emissions. Furthermore, the vast majority of our long-haul logistic partners are either ISO 14001 accredited and / or have strong environmental management procedures in place.

Additionally, we have over 25 local warehouses, which redistribute goods received from the central warehouses to the operations. These are located where Dufrey holds several significant operations within the same country in terms of volumes transported. In general, distribution to individual stores is done by road. These road transports are mostly outsourced to national and international specialized partners, some of which have implemented their own environ-

mental strategies. Only a minimal part of the company's transportation – mostly in the UK – is done with a Dufrey-managed transportation fleet. Through the high efficiency in our logistics chain, we ensure that the environmental impact of transporting goods is kept to a minimum.

The vast majority of shipments of goods from the supplier's site to Dufrey's Distribution Centers is excluded from the assessment, as these emissions lie within the ESG responsibility of the suppliers.

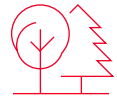
Office environment

Beyond stores and warehouses, Dufrey has office premises in a number of operations across the world. Main ones include the Group's Headquarter offices in Basel (CH), Bedford Lakes in Feltham (UK), Madrid (ESP), East Rutherford (US), Miami (US) and Rio de Janeiro (BR). Within these premises, energy consumption is mostly related to lighting and heating. A number of individual measures, such as automatic switch off for lighting and heating systems, presence detector activators and staff awareness campaigns, have been implemented in Dufrey offices to reduce utility consumption. Additionally, we advise our employees to assess the overall necessity of any travel and consider using alternatives to travel, such as virtual meeting systems (videoconferences, teleconferences, computer live meetings, etc.) and we promote more environmental alternatives for our employees daily commuting, such as public transport offers.

Greenhouse Gas Protocol

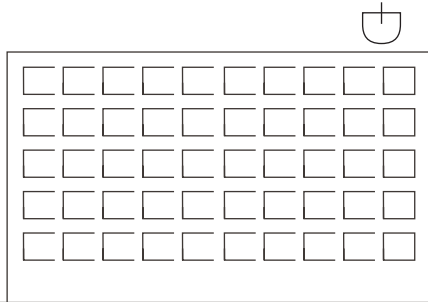
Dufrey follows the Greenhouse Gas Protocol (GHGP) standards to report CO₂ emissions. This protocol is the most widely used international accounting tool for governments and businesses to understand, quantify and manage greenhouse gas emissions and classifies emissions into three scopes.

- Scope 1: Direct greenhouse gas emissions from sources owned by the company. For Dufrey, Scope 1 emissions are limited to those from the fuel used by Dufrey-managed transportation fleets and fossil fuels used mainly for heating purposes.
- Scope 2: Indirect greenhouse gas emissions from electricity use. In the case of Dufrey these include electricity consumption in stores, offices and warehouses.
- Scope 3: These are the emissions released by third parties when they provide their services to Dufrey. For Dufrey, these include mainly logistics.

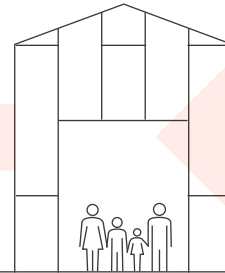
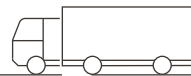
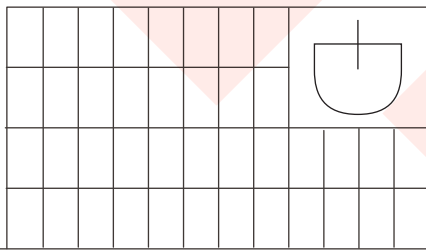
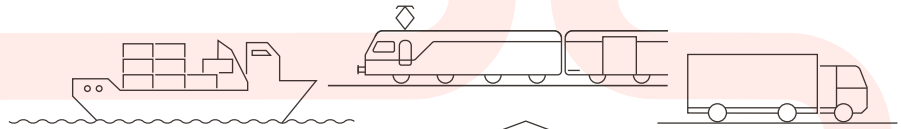
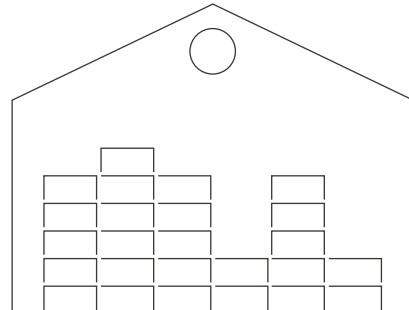


DUFYR EMISSIONS MAPPING

DUFYR OFFICES



DISTRIBUTION CENTERS



DUFYR STORES

LOCAL WAREHOUSES

ENVIRONMENTAL INDICATORS AND CONSUMPTION DATA

Energy Consumption		2020	2019
Electricity ¹	kW/h	92,147,772	120,857,266
	Tons of CO ₂ Eq.	21,290	27,923
Diesel ²	Litres	185,439	691,362
	Tons of CO ₂ Eq.	466	1,736

GREENHOUSE GAS EMISSIONS

In tons of CO ₂ Eq.	2020	2019
Scope 1 ²	466	1,736
Scope 2	21,290	27,923
Scope 3 ³	1,451	5,117
Total	23,206	34,776

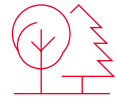
Carbon Intensity	2020 ⁴	2019
Tons of CO ₂ Eq. by m ² of comm. space	0.0495	0.0740

¹ The scope of the 2019 data represents 57% of sales, whilst the 2020 data represents 64% of sales, due to a larger number of Dufyr entities reporting emissions data.

² Includes consumption of Dufyr-managed goods transportation in the UK, Jordan and Morocco.

³ Includes emissions data from Dufyr's logistics partners, accounting for over 55% of the total volume transported globally.

⁴ Carbon Intensity calculated over the total square meters of commercial surface operated by Dufyr (469,990 m² in 2019 & 469,041 m² in 2020).



Moving to non-plastic shopping bags

Starting in the last quarter of 2020, Dufry gradually began replacing plastic carrier bags at all its duty-free operations globally, with more environmentally friendly ones made of compostable and recyclable materials. The only exception for the time being is that of STEBs (Secure Tamper Evident Bags). These are necessary for certain airport purchases such as liquor or tobacco, as per the requirements of the International Civil Aviation Organization (ICAO) and regulations of certain airports. For this type of bag, Dufry is also exploring recyclable or degradable alternatives that will meet ICAO's and airports' regulations. Once the substitution of the single-use plastic bags is fully completed, the company will reduce plastic usage by 7.3 tons per annum.

The single-use plastic bag phase-out is coupled with point-of-sale communication campaigns to raise awareness and encourage customers to reduce single-use plastic consumption and replace it with more sustainable alternatives. The company has also agreed to adopt a global price scheme for carrier bags as an additional way of raising awareness and reducing plastic consumption overall.

This formal decommissioning of single-use plastic carrier bags follows other measures adopted in previous years, geared at reducing plastic consumption across our operations, such as offering more sustainable alternatives, including re-usable or jute bags.



Waste and recycling

Avoiding any waste in the first place or recycling it, is an effective way to save valuable resources. In our warehouses, packaging materials, which mainly consist of cardboard, paper, plastic film and wood, as well as electronic and plastic consumables such as neon lamps and PET, are sorted into different containers and sent for recycling. The recycling process is outsourced to specialized service providers.

In the shops, waste produced by our operations is mostly packing material handled through the landlord's waste disposal system and recycled accordingly where possible. In many of our locations, we are taking measures to reduce single-use plastics film, such as replacing roll containers used to move products from warehouses to the stores. The new models, which include closures on four sides and at the top, drastically reduce consumption of the plastic film needed for the covering and the plastic shrink wrapping used with the old system.

With regard to cartons and pallets used to transport and protect products, Dufry reuses the same units as much as possible, thus consistently reducing consumption of new resources.

Lastly, in our offices, the reduction of paper consumption is one of our ongoing challenges. Dufry has put in place local initiatives to reduce paper and other office material consumption, including tips to reduce paper usage, such as printing double sided, avoiding printing of the legal text at the bottom of emails, and encouraging people only to print when necessary. The adoption of IT solutions, such as the electronic invoice management system, is also helping to reduce the amount of paper used in the day-to-day work of our staff and contributing to the protection of resources.

Store development and sustainable construction

Dufry takes a sustainability approach when designing, constructing and refurbishing stores. In the design phase and the selection of materials, we choose the most environmentally friendly options and use locally sourced furniture and materials whenever possible, to reduce environmental impact. The shop design department is centrally organized at the Group level. It develops guidelines and defines several industry standards enabling us to create attractive shopping environments, while at the same time reducing energy consumption by using renewable or recycled materials. To this end, specific policies are in place to manage the use of materials: timber policy, cement and virgin aggregates policy, hazardous chemicals



policy, guidelines and energy targets for brand partners for the supply of branded display devices. These guidelines have to be followed by local construction teams and their respective sourcing of materials.

Dufry's biggest impact on the environment when it comes to shop development, is in relation to its energy consumption. Being a public space, airports have to provide well-lit facilities and naturally, this is a substantial part of their energy consumption. The main focus therefore is on substituting traditional lighting for more energy-efficient lighting systems (e.g. LED) on ceiling and furniture displays, and on using A-rated electronic devices (e.g. air conditioning, refrigerators) in our stores, resulting in a significant drop in the overall energy consumption.

The sustainability approach to store construction however goes beyond the environmental dimension. Besides complying with the provisions of the Dufry Supplier Code of Conduct when selecting local construction partners, we ensure that they also comply with social and environmental regulations, hence, ensuring the efforts initiated in our design studio result in truly sustainable spaces for our customers.

Partnership and engagement at operations level

Dufry engages with its stakeholders to promote environmental protection practices wherever this is possible. We actively participate in sustainability committees with our airport partners, with the aim of identifying areas where we can collectively reduce the environmental footprint of our operations. For some of our operations, Dufry has a designated sustainability manager in charge of liaising with landlords and other airport stakeholders to drive sustainable practices. Either through innovative technologies, adaptation of passenger flows or rethinking the recycling processes in place, we are contributing to the common goal of making airports a more sustainable space.

Airport Carbon Accreditation

The Airport Carbon Accreditation is an Airport Council International (ACI) Europe certification program that independently assesses and recognizes the efforts of airports to manage and reduce their carbon emissions. It defines six different levels of certification: 'Mapping', 'Reduction', 'Optimization', 'Neutrality', 'Transformation' and 'Transition'.

In order to achieve the Optimization accreditation (level 3 of 6) and above, airports need to actively engage with airport stakeholders, as they need to develop a more extensive carbon footprint to include

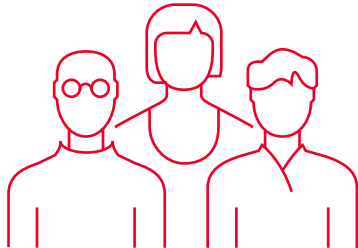
specific Scope 3 emissions and the formulation of a Stakeholder Engagement Plan to promote wider airport-based emission reductions. In many cases, these plans also involve Dufry as the operator of airport stores.

In 2020, according to information from Airport Carbon Accreditation, 61 airports reached the optimization level (level 3) and 64 airports achieved carbon neutrality (level 4) and superior accreditations. Considering both of these groups, Dufry operates stores in 44 of these 125 airports, including Dallas Fort Worth, Athens, Helsinki, Stockholm Arlanda, Zurich, London Heathrow, London Gatwick, Abidjan and Queen Alia Airport in Amman, Jordan.

ACI Europe Climate Task Force

In 2019, Dufry joined the ACI Europe Climate Task Force as the representative of the travel retail industry. The mission of the Climate Change Task Force is to follow up on the implementation of ACI Europe's Climate Resolution from June 2019, which includes the preparation of guidance material for members, to support them in achieving the Net Zero 2050 commitment. Net Zero aims to reduce emissions under the airport's control down to zero. This is achieved by reducing energy and fuel consumption through the design of new energy-efficient infrastructure amongst other recommendations. Retailers play an important role in the airport ecosystem and Dufry, as the largest global travel retailer, contributes to the work of the task force with its vision, experience and recommendations in the regular meetings held.

EMPLOYEE EXPERIENCE



GRI INDICATORS:

401-1, 403-1, 404-1, 405-1, 406-1
407-1, 410-1, 415-1, 419-1

SDGs:

3.3, 3.5, 3.7, 3.8
4.3, 4.4, 4.5
5.1, 5.5
8.2, 8.5, 8.6, 8.8
10.3
16.7

Every Dufry employee is an ambassador of the company. Whether in stores, offices or warehouses, all members of our staff contribute with their day-to-day work to shape the company and evolve our brand. For this reason, Dufry places great importance in building a great and unique place of work for its staff, ensuring it delivers the best in terms of fair and equal conditions, healthy and safe working environments, attractive salaries, promotion and retention strategies, avant-garde training programs and anything that contributes to generate high engagement levels amongst our staff.

Building on our core brand values – Global, Focus, Delivery and Solid – Dufry has developed a number of policies and procedures that ensure a consistent experience across the 64 countries in which it operates, and which represent the foundation of the future of Dufry. The rollout of the Business Operating Model (BOM) completed in 2018, that served to standardize processes and procedures, and ONEDUFRY, to harmonize values and principles as well as streamline the cultural transformation of the Group, have fostered the setup of a true global company with the highest employee standards.

Dufry had 17,795 people (FTE) working for the Group at December 31, 2020, compared to 31,336 at year-end 2019. The decrease in the number of employees is related to the extraordinary trading conditions of

2020, resulting from the COVID-19 pandemic, and the need to secure the resilience of the company. Due to the pandemic, some airports remained closed or maintained only very low levels of traffic compared to previous years. In order to adapt the company to the business environment, Dufry had to reduce personnel expenses and adjust the company structure. This reduction included early retirement schemes, holding off on seasonal staff employments, government support programs and the reduction of positions across Dufry’s global operations at all levels of the organization. Dufry has progressively re-incorporated staff members on furlough when and where possible and in line with the partial and temporary recovery of the travel activities. Uncertainty and lack of visibility regarding the speed of recovery of air traffic, does, however, currently not allow to define possible future staff re-integration scenarios.

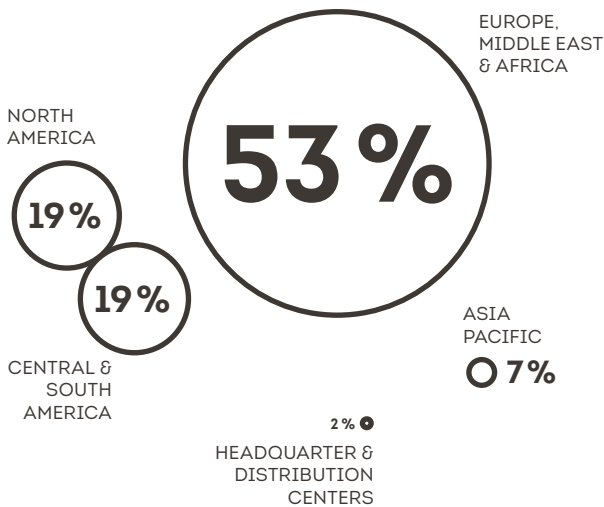
Across the 64 countries where the company is present, Dufry generates an additional contribution to the wealth of local communities and society by offering working opportunities to third party employees and the respective generation of additional salaries and tax payments. In this context, our 2,300 plus stores are not just sales locations for our brand partners to sell their products, but also labor opportunities for over 2,200 people that work in our stores representing these brands and other service providers. From beauty advisors to IT developers, they all contribute

OVERVIEW EMPLOYEE STRUCTURE 2020

	HQ	Europe, ME & Africa	Asia Pacific	North America	Central & South America	Total
FTEs	408	9,924	664	2,866	3,933	17,795
Headcounts	442	11,712	1,502	4,334	4,163	22,153



EMPLOYEES BY REGIONS

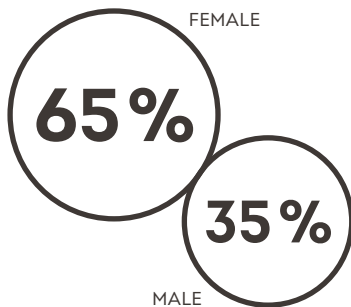


Compensation and benefits

Dufry offers its employees competitive salaries and incentives as a way of attracting and retaining talented staff. Dufry’s standard compensation includes a fixed and a variable performance-based compensation that rewards the individual efforts of staff members. Variable pay is linked to individual and company objectives.

We regularly review and discuss professional development with employees and link their performance to incentives. Performance reviews are an important aspect to a long-term, successful employer-employee relationship. Therefore, it is important for us to build a constructive dialogue between each individual employee and manager regarding goals, priorities and personal development. All our staff members receive an annual performance review aimed at evaluating their performance and identifying further personal development potential for next career steps.

EMPLOYEES BY GENDER



Our staff also enjoy additional benefits that vary from one location to another, and which include medical insurance or transport allowances. The company is working on the rollout of a global online staff shop – Emporium – that will give staff (including family and friends) access to a curated selection of goods and products sold in our stores at competitive prices. Emporium is currently available in key locations – such as the UK, Spain and Switzerland – and will be further deployed throughout 2021.

to create a World Class shopping experience and benefit from accessing a dynamic market and work opportunities. As described above, the collaboration with these third-party employees was also impacted in 2020 by the spread of the COVID-19 pandemic.

Creating a great place to work

Making Dufry the place where our employees want to continue working involves investing time and resources to continuously assess and identify opportunities where Dufry can improve its culture, thus contributing to retaining talent and helping staff achieve their highest potential. Dufry is working relentlessly towards providing the best working conditions for our staff and gathering their feedback with regular employee surveys (see corresponding section on page 101 within this report).



Cultural diversity and inclusion

Developing a diversified workforce is a core value for Dufry and something that our company is very passionate about. Unlike traditional retailing, our industry operates in multinational and multicultural environments. Being present in 64 countries, Dufry engages on a daily basis with customers, suppliers and col-



leagues from more than 150 different nationalities. To succeed in this industry, it is paramount to understand cultural differences as a way of engaging and better serving our customers.

Diversity is an essential asset to – and integral part of – our company and Dufrey promotes an inclusive corporate culture that understands and celebrates diversity in all its forms, be it in gender, age, race, culture, beliefs or creed. Our workforce comprises colleagues from more than 130 nationalities across all functions and levels of the organization. This has been a consistent situation for many years and we continue to believe that this broad cultural diversity represents a unique competitive advantage. We also view it as a key element in the successful development of our Group and in the implementation of our long-term growth strategy.

For our employees, our company represents a truly international working environment, with colleagues from around the world and interesting career opportunities and tasks. The staff in Dufrey's shops in each country are predominantly local. Our presence in 64 countries around the world makes us an important employer in many locations, with many of our operations being located in emerging markets. This, in addition to bringing expertise and experience on how to operate an international business, contributes to local development and wealth.

Equal employment

We offer and promote working environments where everyone receives equal treatment, regardless of gender, color, ethnicity or national origins, disability, age, marital status, sexual orientation or religion. In addition, we adhere to local legislation and regulations in all the countries in which we operate. Any form of child labor or forced labor is strictly forbidden and clear recruitment procedures and regular workplace controls ensure that this never happens at any location.

Anti-discrimination, diversity and ensuring equal opportunities are and have always been important social and corporate issues for Dufrey across all locations, especially (but not exclusively) in developing countries. Many locations in which the Group operates still pose challenges to the guaranteeing of equality. We monitor these countries closely to ensure we provide equal opportunities to all our staff. As explained on page 104 of this report, the company has in place whistleblower mechanisms to denounce discrimination cases if they happen.

We provide our employees with fair and competitive wages based on each individual's background and experience, their particular job within our organization, the appropriate market benchmark in the respective countries and locations, as well as her/his performance. The remuneration structure of our employees is assessed on a regular basis to make sure there is no discrimination related to any kind of diversity.

Equal salary certification in Switzerland

Dufrey became equal salary certified in Switzerland at the beginning of 2019 and has been re-certified in 2020. This certification underscores the commitment to a fair and unbiased reward structure, which enables employees to develop and thrive in their careers. The certification process took place in three stages through statistical evaluation, on-site audits and interviews with individuals and panel groups. All phases of the certification and re-certification processes were performed at the Basel Headquarters and the Zurich airport operation and gave proof on how management systems, HR policies and processes integrate the dimensions of equal remuneration.



Diversity promotion forums

In order to preserve gender diversity and stimulate the dialogue about gender-related issues and concerns, Dufrey developed an internal forum – called Women@Dufrey – that addresses today's challenges for women in their work place, in order to ensure that our female employees can fully develop their potential and career opportunities within the company. This initiative is sponsored by the Group CEO, is strongly supported by the members of the Board of Directors, and is represented by selected female executives of the company. It enables the company to understand and recognize the challenges that everyone, both male and female, faces and to ensure we put in place the necessary resources to address any issues. In 2021, the company plans to further enhance and develop the reach of this initiative by broadening its scope to cover additional diversity and inclusion matters other than gender equality.

In the United States, Dufrey's subsidiary Hudson formed the Hudson Diversity & Inclusion Taskforce in



September 2019. Made up of 18 members across functional and geographical locations in Canada and the U.S., this initiative has the mission of identifying, understanding and eliminating barriers to ensure we deliver a truly diverse workplace for our employees. Discussions and the work of this committee are focused on recruitment practices, career roadmap & development, succession planning, compensation & benefits, work-life balance and organizational culture.

Health & safety

Workplace safety is a priority and an essential commitment for the company in our stores, offices and warehouses. The company ensures that all activities are carried out safely by taking all possible measures to eliminate (or at least reduce) the risks to health, safety and welfare of employees, contractors, customers, visitors and any other person who can be impacted by our operations.

The majority of our workforce operates in airports, seaports, cruise ships and similar environments. As a basic pre-requisite employees have to comply and follow the respective airport's, seaport's or vessel's safety rules as these environments are highly regulated. On top of this, Dufrey has specific health & safety regulations for its employees, including internal policies and guidelines – both global and local –, which may go beyond the legal health and safety requirements.

Dufrey generally strives to achieve high occupational health & safety standards and actively encourages compliance across the whole Group beyond the specific 2020 pandemic-related initiatives. As a result, Dufrey has a number of different Health & Safety Policies throughout the organization. Regardless of the specific requirements of each local legislation, there are certain principles that all these policies adhere to, including:

- Adherence to country, state and local health & safety legislation and any other requirements.
- Workplaces operated as safe and hazard-free spaces.
- Employees having the necessary skills and training to perform their duties.
- Employees having been informed of the contents of the policy.
- All the elements and protective equipment required for employees to carry out their job safely having been provided.
- The Group also has procedures in place in case of emergencies.

Management of occupational health and safety management processes change from one location to another, with a number of common guidelines that apply to all our operations, including the following:

- All Dufrey operations provide information to employees on topical issues and health and safety initiatives, including workers who are not members of our staff but work on our premises.
- Health and safety activities are regularly reviewed to ensure issues are effectively managed and improvements are made where necessary. In some of our locations, reviews include employee representation consultations (where appropriate).
- Responsibility for the governance and review of health and safety sits with local operations and HR teams.
- At airport and seaport environments, close collaboration with landlord teams is maintained to ensure compliance with their own H&S regulations and management process.

COVID-19

The outbreak of COVID-19 posed an additional health and safety risk for Dufrey, as well as for the whole retail industry. In response to this challenge, Dufrey developed a global coronavirus in-store Health & Safety Protocol, which provided guidelines and recommendations to protect the health and safety of employees and their families, as well as customers, business partners and other stakeholders. This protocol established the main guidelines and allowed flexibility to adapt them on a location-by-location basis to adhere to the landlord's and local authorities' requests. Similar protocols were developed and deployed across all Dufrey offices and warehouses. Across all locations, the company also guaranteed the provision of signaling elements and protective elements – such as facemasks and alcoholic gels – as requested by local health and safety protocols.

Promoting a healthy working environment

Ensuring a safe workplace is a duty of all members of our staff. Whilst the joint work of local Health & Safety Committees and HR teams is crucial in identifying potential risks and hazards, workers are also encouraged to report to these teams any work-related hazards or hazardous situations. The same process is used for workers to remove themselves from work situations that they believe could cause injury or ill health. Work-related incidents are investigated and reported to management to ensure remediation plans (where needed) are designed and implemented ensuring that processes are duly updated in cooperation with the Health & Safety committees.



Additionally, Health & Safety Committees undertake regular worksite analysis to identify potential risks and hazards. This analysis aims to identify existing hazards, as well as conditions and operations in which changes might occur to create hazards. Results of these assessments are shared with the local HR teams and management.

The highest incidence of occupational accidents is, of course, among store and warehouse staff. The greatest risks to which Dufrey workers are affected include:

- Risks related to material elements, objects, products and constituent elements of machines or vehicles
- Falls at the same level
- Incidents with transport and transfer devices.



Training on health and safety is critical to promote a safe work environment. We therefore conduct induction sessions with new members of our staff and hold regular training sessions with all of our staff, both in stores and offices, ensuring understanding of the policies and procedures. If needed, this training is extended to workers who are not members of our staff but do work on our premises on behalf of third-party service providers.

Airport security practices

Due to the nature of our business, most of our staff are located in airport environments, either working in stores, in airport offices and/or in airport warehouses. As part of the airport eco-system, our staff have to adhere to and follow the security principles and processes established at the specific airports where our stores are located. Most of these regulations and policies are harmonized across the world to ensure consistent levels of safety and consumer protection. Worldwide safety regulations are set by the International Civil Aviation Organization and within Europe by the European Aviation Safety Agency.

In order to work in our stores, members of our staff need to obtain the corresponding airport authorization, which in most cases involves training courses on security measures and procedures in the airport environment.

The Dufrey employee journey

Dufrey has comprehensively mapped all stages of an employee career in our company, starting from when an employee applies to a position until the moment an employee leaves the organization. All the steps in between these two points and the experiences that the employee has is what Dufrey calls “the employee journey”, and it is the company’s systematic approach to identify all opportunities Dufrey has to feature a great place to work in our organization.

To simplify the assessment, Dufrey establishes four critical stages on this employee journey: recruitment, training, career progression and recognition.

Recruitment

To ensure “Fair Play” in everyone’s professional career development, Dufrey’s recruitment process ensures that all applicants are treated fairly, and each applicant is given the same opportunity to be considered, so that the most suitable person can fill the position. The selection is based on the applicant’s competencies, skills, results delivered and the decisions taken regardless of: race, color, religion, sex, sexual orientation, age, gender identity or gender expression, national origin, political orientation, disability or other discriminating factor.

Available positions are first published internally to ensure opportunity and growth of internal talent. Dufrey’s recruiters review the skill pipeline of internal employees ahead of engaging with external hiring professionals. Referrals and recommended potential internal candidates are encouraged and evaluated in the same process against other potential candidates. Job offers are typically also posted on the Group’s website, www.dufrey.com/careers.

To ensure fair play in the selection process, all interview evaluations by Dufrey recruiters and hiring managers are reported in the Dufrey HR portal Dufrey Connect. If any gap or personal development need of the selected candidate are identified, recruiters are instructed to incorporate that information into the new employee onboarding and development plan.



Training and education

Dufry's training methodology follows the "Four E's model": Educate (Formal education), Experiences (Development), Environment (Culture of learning), and Exposure (Connections with other colleagues and professionals).

Dufry employees benefit from an extensive learning catalogue that covers programs to improve their performance in their current positions and also professional development programs to support career progression. Training is offered through several formats, including face-to-face as well as virtual and online training sessions on soft and hard skills. Training is open to all employees and managers at all levels and across the entire organization and all geographical locations. During 2020, and despite some training programs being interrupted as a consequence of the pandemic, 27,393 formal training hours were provided by Dufry.

Some of Dufry's global learning programs include the following:

- Global Welcome - Designed for office and retail staff alike, the Global Welcome is a comprehensive on-boarding program for newcomers aimed at shortening the learning curve. In 2020, over 980 new joiners were trained on this program.
- Dufry Growth and Dufry Leaders Growth - This program for our office staff aims at developing knowledge and skills around functions and departments and preparing mid-level managers to take the next step in their career progression. During 2020, we had 187 new enrolments to this program.
- Retail Champions program - The cornerstone of our Learning and Development strategy for retail staff, this program has been designed to provide our professionals with the tools, knowledge and capabilities they need to perform well in their jobs and develop to their full potential at Dufry. 544 employees,

- and 27 store leaders, have benefited from this program (interrupted during business closure).
- Future Store Leaders program - A development program aimed at developing the next generation of store leaders by providing hard and soft skills required for their promotion, which in 2020 had 89 participants from Dufry's seven largest operations.



This set of training programs is complemented with product training programs for our store teams, typically delivered by the brands and local teams.

During 2020, we have accelerated the deployment of our online training capabilities sustained over:

- Dufry Connect - Dufry's HR portal, which permits establishing personalized learning programs for every employee based on their role, position and professional category.
- Elucidat - Simplifying the creation of training and learning courses by our learning & development teams to reach 100% of our staff.
- Coursera - An online based training platform for management roles.

The introduction of these platforms, together with the continuous rollout of sales tablets and communications tools for our non-desktop employees (further explained in the Connecting with our Employees section on page 102) is increasing the reach of both product and skills training and benefiting a higher number of employees. These tools have been instrumental over the lock-down periods, enabling our staff to remain engaged and up to date in readiness for the gradual re-opening of the business.

Career Progression

Dufry ensures that future and long-term management needs are being addressed by an optimal balance of promoting internal high-level personnel and hiring external talent (for example in new countries



where we start operations). Dufry operates a global, systematic process to identify high-potential talent in the organization and to develop them toward key roles in our business model.

We strongly believe that talent management and succession planning are key activities for a sustainable business. Accordingly, we develop new and existing candidates for more senior management roles and we carry out yearly reviews of the quality of our talent pipeline at two levels:

- The first level concentrates on a limited number of candidates who already have management experience and would be able to take over one of the senior positions in our organization. At year-end 2020, this pool of talented individuals included 70 high-potential managers. With these managers, we address and safeguard succession in specific key management positions.
- The second level focuses on our stores. Amongst the top-performing store personnel and supervisors, we have identified over 200 "Retail Talent" employees as of year-end 2020, on whose development we will focus in order to ensure a quality store-management succession pipeline.

Dufry also established a mentoring program to support employees in taking ownership of their development and helping them maximize their potential and accelerate their leadership development. The mentoring program pairs Dufry leaders (mentors) and talented staff (mentees). Mentors use their experience and professional background to provide guidance and support to mentees on their learning journey. The first edition of this program started in 2018 and 30 mentoring peers were formed. This program is expected to be resumed during 2021 with additional mentors and mentees.

Awards and staff recognition

Employee recognition is an important way to value employee and team achievements. Every year, Dufry celebrates the One Dufry Awards, which recognize excellence and celebrate the success of our people worldwide who are dedicated to delivering.

The awards are divided in five categories:

- Best Leader Story Award recognizes individuals who have demonstrated the right behaviors and character and shown exceptional performance in Driving Employee Experience.
- Best Customer Experience Award, recognizes the highest scores measured by our Mystery Shopper Survey.

- Best Partnership Initiative Award, which recognizes an outstanding initiative with a supplier, business partner, landlord, inter-company or other party, that was innovative, well designed, well executed and impactful.
- Best Business Growth Story Award recognizing the greatest business growth stories, including - but not limited to - a new store opening, a new airport / sea-port / border / or other development, growth of a product category, a business channel, or an existing store that has delivered exceptional growth.
- Best Organic Growth Award, which recognizes the country with the strongest year-on-year organic growth.

Engaging with our employees

Understanding our staff concerns and needs is critical for Dufry. For this reason, Dufry fosters a dialogue with its employees and invests in developing the necessary tools to promote communication across all levels of the organization.

Engagement survey

To better gauge our performance both within our company and relative to our competitors, we conduct regular employee engagement surveys that serve to gain understanding of employee perception of the company and identifying areas of improvement. We ensure that the surveys always involve a substantial proportion of our employees, and that they reach out across the world. The last wave of our employee engagement survey was done in 2019 with very positive results: 75% of our staff responded that they were satisfied working for Dufry (vs. the retail industry average of 63%), and 78% would recommend Dufry as a place to work. The next survey is expected to be carried out during 2021.

Freedom of association and collective bargaining

Dufry respects legally recognized unions and internal forums created to represent their employees' interests. The company's policy on collective agreements is tailored to each location in which it operates, as each location is subject to its own specific laws and regulations. As an example, the current practice in some of the main Group operations is described below:

- In Brazil, there is a collective agreement in place which covers core employee related topics such as salary reviews, general allowances (meal, transport, benefits, etc.), work contract restrictions / special conditions, work shifts, vacations, health and safety, contributions, benefits, awards and requirements related to employee's guarantees.



- Greece has a collective agreement in place ruling the main employee topics.
- In Spain, Dufry has a collective agreement in place that covers all employees, except senior management. The agreement, negotiated between the company and a committee made up of employee representatives and labor union members, outlines conditions such as salary, holiday days and health and safety in the workplace, along with other HR related matters.
- In the UK, Dufry has an employee forum – “Voice” – made up of staff representatives. This forum is as a partnership between the company’s management and its employees to influence and communicate business changes.
- In the US, there are a number of recognized trade unions that Dufry engages with, including Unite Here, Workers United, United Food and Commercial Workers, Teamsters, Newspaper Guild and Culinary Workers.

Finally, Dufry also utilizes a number of other internal communication vehicles to facilitate the dissemination of corporate news and to keep our staff updated and engaged. These include the company’s corporate magazine Dufry World – published in five languages four times a year – the company’s intranet Dufry Gate, and regular e-newsletters that serve to communicate with our staff globally.

As mentioned at the beginning of the Employee Experience section, during 2020 Dufry had to undertake changes in the organization to adapt the company to the new business environment. The role of staff representation to support the company in adopting these measures has been critical in both, supporting management as well as communicating with and supporting our staff.

Connecting with our employees

During 2020, we have continued with the rollout of technologies and tools to reduce the information gap between desktop and non-desktop staff. Sales tablets, available in a growing number of our operations, are permitting a more fluid communication, especially with our sales staff and, as indicated before, expanding the learning possibilities.

Over the year, we have also progressed with the rollout of Beekeeper. This app-based solution enables employee connection, facilitates workplace engagement and increases productivity through unified communications. Through Beekeeper, we are sharing with the more unconnected members of our staff information related to our company, as well as information related to their day-to-day work environment (such as shifts, product information, events in store, etc.). The app also features tools for internal chats and communications and the sharing of information in a very similar environment to that of the most recognized social networks. Currently, Dufry has 11,300 live users on the Beekeeper platform, reaching more than 50% of its workforce and expects to fully roll-out the app globally during 2021.



TRUSTED PARTNER



Dufroy is aware that the long-term sustainability of its business relies on the capacity to build, establish and maintain trusted relationships with all our stakeholders as described on page 106 of this report. That means going beyond the strict compliance of legal frameworks and leading the way in terms of sustainability. For doing so, Dufroy has set up main lines of action, which include the following:

- Corporate Governance - Continuous assessment of our corporate governance structure and policies to ensure compliance with the applicable legal framework, as well as the Dufroy Code of Conduct to reflect stakeholder's needs and expectations.
- Alignment of ESG and business strategies - Ensuring that critical business decisions made to drive Dufroy's sustainable and profitable growth also consider potential ESG impacts. Dufroy's ESG strategy is supervised by its highest governance body and ensures alignment of business and sustainability strategies, as well as sustainable value creation for our stakeholders.
- Compliance and control - Setting up robust internal bodies and structures that ensure education and control over compliance of codes and regulations, including internationally accepted human rights standards and a zero tolerance policy in respect of bribery and corruption.
- Stakeholder dialogue and engagement - Understanding the needs, concerns and expectations of all our stakeholders and participating in discussions about topics impacting our industry.
- Wealth creation - Delivering value to our shareholders remains a key priority for Dufroy. Furthermore, Dufroy is aware that the impact of its operations goes

GRI INDICATORS:

102-12, 13, 16, 17, 18, 20, 22, 23, 24, 26, 28, 30, 31, 32
 201-1, 4, 204-1, 205-2, 206-1,
 407-1, 410-1, 415-1, 419-1

SDGs:

5.2, 5.3, 5.5, 5.7
 8.1, 8.2, 8.3, 8.8
 9.1, 9.4, 9.5
 16.1, 16.3, 16.5, 16.6, 16.7

beyond that of revenue generation and its activity can generate a positive impact where it operates its stores. Favoring local economies, ensuring a fair salary and working conditions, sharing of expertise and partnering with local companies is part of this area of focus.

ESG governance

Dufroy's top-management oversees the development and implementation of Dufroy's ESG Strategy. Since 2019, the highest responsibility over ESG-related decisions relies on the Board of Directors' Lead Independent Director who, among others, oversees the Group's ESG strategy development and execution, ensuring alignment with the business strategy.

Execution of the sustainability strategy is led by the Group CEO. He presides over the interdisciplinary ESG Committee, which meets every two months and is attended by several members of Dufroy's Global Executive Committee team (GEC), as well as Global Heads of other relevant functions. This committee meets at least six times a year and is supported by Dufroy's ESG department for the day-to-day execution of the strategy.

Socio-economic compliance

Having operations in 64 countries means complying with different national laws and regulations, as well as maintaining an active dialogue to foster ongoing stakeholder and social engagement. For this reason, from a global perspective, Dufroy's position towards compliance necessarily needs to have a more holistic and broader approach by also taking into account



international norms and best practices, including the 10 Principles of the UN Global Compact. In this regard, Dufry has a number of initiatives and control mechanisms in place that permit the company to monitor and ensure compliance with national and international laws and follow respective ethical standards.

Governance & corporate policies

Dufry believes that active corporate governance is important to the development of the company and also as a way to ensure the sustainable provision of long-term benefits for shareholders, employees and society.

Dufry's Governance system serves as a control mechanism in relation to a number of elements, including bribery and corruption, tax, executive remuneration, shareholders' voting possibilities and internal control. Most of these topics are covered in the Corporate Governance Section.

Especially relevant for the sustainability of our industry is the corruption and bribery phenomena, which can be the cause of negative economic, social and environmental impacts. From a business perspective, corruption distorts the functioning of the market and undermines governance institutions and in general, the rule of law.

In the case of Dufry, the subject of corruption is of considerable importance, as the company expands its operations to many countries with elevated corruption levels and participates in many public procurement processes to bid for airport, seaport and other concessions around the globe each year.

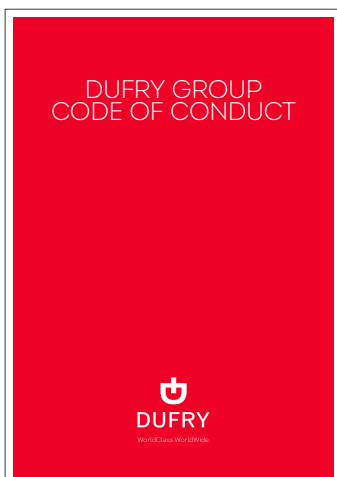
Dufry prohibits bribery and corruption at all times and in any form. We believe that in order to remain a solid business leader, all business must be conducted ethically and in full accordance with all applicable laws, rules, and regulations. Dufry requires all of its employees, officers and directors to behave at all times with honesty, ethics and within the confines of applicable law and in full compliance with Dufry's Code of Conduct. Where laws, rules or customs exist that are different from the principles set out in the Code of Conduct, Dufry employees, officers and directors are required to follow whichever sets the higher standard in this regard.

Dufry also wants its employees, officers and directors to fully respect the safeguarding of integrity and fair dealing when carrying out their activities on behalf of Dufry and to promote the sustainability, diversity, decent work, human rights, zero tolerance to harassment and discrimination standards adopted by the Dufry Group as set out in the Code of Conduct.

Dufry's Code of Conduct outlines the types of conduct, which are not permissible, and imposes strict rules in relation to charitable contributions and sponsorships, as well as gifts, hospitality and entertainment expenses and facilitation payments, to minimize the risk of corruption. In addition, the rules require careful due diligence to be conducted on any external partner Dufry is working with, including a procedure that must be followed to vet all new joint venture partners, consultants for business development projects, counterparts to M&A transactions and other similar counterparts.

Dufry also conducts compliance training of employees, officers and directors, as applicable on an ongoing basis. These training sessions reflect the ongoing changes introduced in our Code of Conduct. Dufry's Compliance Department regularly evaluates the content of Dufry's training on Compliance and Corporate Policies. The efforts of the Compliance Department are fully coordinated with, and supported by, the COOs of each Region and the respective HR departments, who help identify the individuals, including new hires, who should receive the training.

Dufry properly investigates all complaints and prohibits retaliation or discrimination against any employees, officers and directors who report a concern made in good faith. Since 2018, two new Group-wide reporting channels have been initiated to sit alongside the email reporting channel compliance@dufry.com: (1) a world-wide, toll-free hotline in 9 languages (English, Spanish, Portuguese, French, Italian, Man-





darin, Russian, Greek and German) also accessible via local dial-in numbers for all countries in which Dufry operates; and (2) the online reporting website www.dufry-compliance.com. These reporting channels, run by an independent third party, ensure the integrity of such investigations by acting as a centralized contact point, through which any wrongdoing or corruption concern are reported directly to the Compliance Department for further investigation.

Individuals who receive training have been selected based on the following criteria:

1. Community heads at Headquarters (Finance, Treasury, Procurement, Business Development, Internal Audit, HR, IT, Commercial, Marketing, Customer Service)
2. Local managers with exposure to business development, external partners and third-party contractors
3. Managers with exposure to procurement negotiations
4. Managers with exposure to government officials such as airport authorities, customs or other public authorities
5. Managers with signatory power or appointed as directors or officers of a Dufry Group subsidiary
6. Investor Relations managers
7. Members of the Legal and Governance Department
8. Members of the Internal Audit Department, Loss Prevention and ERM department
9. HR managers worldwide.

GOVERNANCE & CORPORATE POLICIES TRAINING

DIVISION	Managers trained / retrained in 2020
HQ	235
Europe & Africa & Middle East	327
Asia Pacific	108
North America	122
Central and South America	127
Total	919

As reflected in the table, during 2020, over 900 managers at all levels of the organization have completed this training. Dufry employees, who are not included in the list above, are familiarized with Dufry's governance and corporate policies via a series of videos available through various internal channels, including the Group's intranet Dufry Gate, or the learning management system Dufry Connect, among others. New employees, officers and directors are provided with a copy of the Dufry Code of Conduct when they join the

company and are required to acknowledge acceptance of its terms in writing. Additionally, Dufry employees, officers and directors have access to all of Dufry's compliance and corporate policies, including its Code of Conduct on Dufry Gate for their reference.

Risk management and control

Dufry adopts a risk management model based on three levels. This model is applicable to all subsidiaries of the Group. The company is supported by an Enterprise Risk Management software called GRC (Governance, Risk and Compliance), which allows a comprehensive identification and management of potential risks that may affect the business.

First level – The commitment of Dufry and all its subsidiaries with integrity and transparency begins with its own staff. Dufry requires all its employees, officers and directors to act at all times in accordance with the provisions of the Code of Conduct. The latter describes the types of behavior not allowed, and imposes strict rules regarding the operation of the business.

In addition, the rules require each employee, officer and director to perform due diligence and carefully assess new external partners with whom Dufry plans to work, including a procedure to be followed to examine all new minority partners, consultants for business development projects, partners for transactions & M&As and similar counterparts.

Second level – There are different governance functions across the organization including the Compliance, Legal, Finance and Human Resources departments in charge of monitoring the main risks and establishing the most appropriate controls to mitigate, as well as ensuring compliance with the policies and procedures of the Group. The scope of the Compliance and Corporate Governance function is based on the following pillars:

- Review and compliance with the set of global company policies
- Establishment of the overall framework of approvals of the Group and establishing a policy of "four eyes" for validations
- Training, both for the members of the staff identified with greater exposure to risk and for the rest of the employees
- Global corporate risk management
- Creating internal communication channels to ensure the integrity of the compliance program.



Third level – The Group's Internal Audit provides independent and objective monitoring and consulting services designed to add value and improve Dufry's operations. This function covers all subsidiaries and applies a systematic and disciplined approach to evaluate and improve the effectiveness of governance processes as well as risk management and control, including assessing risk management procedures and the potential committing of fraud. The main risks identified in the course of internal audits are reported to senior management and the Audit Committee of the Board of Directors, and its status is updated periodically until resolution or acceptance are given by the governing bodies.

Stakeholder interaction and dialogue

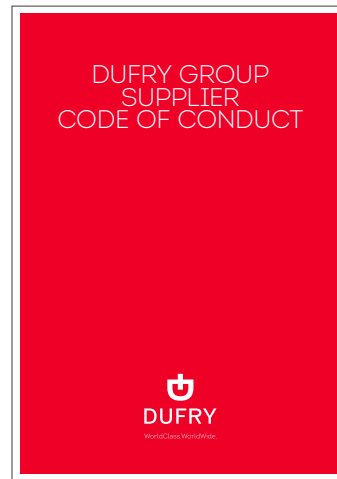
Engaging with our stakeholders on a regular basis to understand their expectations, needs and concerns is part of our ongoing commitment to sustainability. We interact with our stakeholders in a number of different ways, both formal and informal. For 2020, the group of relevant stakeholders included in our materiality assessment remains valid, and includes airports and other landlords, customers, employees, investors (incl. shareholders, bondholders and lending banks), public authorities, suppliers, media and communities.

The eco-system illustration included in the ESG Strategy on page 72 graphically describes the close interaction of Dufry with its core stakeholders. Especially remarkable is the interaction with both suppliers and landlords, which permits Dufry to provide a superior service to customers. Known in the industry as the Trinity (airport authorities & other landlords, retailers and suppliers), the tight lines and collaboration between these three groups allow for an improved dialogue and mutual understanding between landlords, retailers and suppliers, to the ultimate benefit of our customers. This interaction has been especially critical and valuable during 2020 in helping us to find common solutions to mitigate the impact of the COVID-19 pandemic and its effects over travel.

Beyond the Trinity described above, our employees and investors are the other two key stakeholders contributing to our company's success. Dufry how-

ever, holds relationships with a larger group of stakeholders, which include:

- **Travel Retail Associations and Industry Bodies:** Dufry is an active member of each of the relevant regional and national industry associations in the geographies in which it operates (see pages 56 / 57). We are proud to have senior staff members on the Board of some of the most respected industry bodies – ETRC, MEADFA, IAADFS, ASUTIL, UKTRF or the Duty Free World Council. This gives Dufry a voice in industry debates, ensuring that it plays a proactive role in shaping the industry's future.
- **Government & Public Institutions** – The relationship with this group is of major importance, as they are the generators and guardians of laws and regulations that circumscribe Dufry's operating environment. New laws and regulations can have a significant impact on the business and Dufry needs to be aware of any changes and be prepared to influence draft regulations and react to comply as needed.
- **Service Providers** – Understanding the relationship of Dufry with key service providers – mainly with IT, and logistics suppliers among others – is fundamental for Dufry to have a more holistic view of its ESG impact and to assess and eventually address improvement areas.
- **Media** – Is an important group for Dufry as it permits the company to communicate with some of our main stakeholders. Dufry strives to build strong and close collaborative relationships with media and our communications teams maintain direct and long-term relations with media representatives and influencers and provide them with timely information on a wide range of global, regional and local topics.
- **ESG Community** – Comprised of ESG rating agencies and the ESG community of the travel retail and airport industry, the relationship with this group of stakeholders permits our company to have a better understanding of the main topics of concern on a global basis and identify areas of improvement within our ESG reporting and communication.
- **Communities and Charities** – As part of its social commitment, Dufry supports many activities in communities in which it operates. Dufry has a particular focus on education, youth development and charities for children and encourages its employees to work as active members at a local level. For detailed information, please see our Community Engagement section on pages 110 – 116.



Partnerships with landlords and suppliers

The Trinity approach mentioned above is of special interest for Dufrey as a way of achieving the company’s ultimate objective of delivering a superior shopping experience for our customers. The pursuit of this objective however requires both joint collaboration – in the way the offer is presented to customers – and in ensuring that the responsibility towards society and the environment expected from Dufrey, is also demonstrated by our partners.

Supplier Code of Conduct

As stipulated in its Supplier Code of Conduct, Dufrey expects suppliers and business partners to comply with the law, stipulated contract conditions and international best practices in respect of human rights, the environment, health and safety and labor standards. As a further step towards achieving a more sustainable supply chain, in 2017 Dufrey developed its Supplier’s Code of Conduct, with the purpose of ensuring that our suppliers across all product categories, have in place and apply accepted business standards, as described by the UN Global Compact, regarding:

- Ethics and integrity
- Labor and employment practices and working conditions
- Environmental compliance and sustainability
- Product safety and security.

Combined with the Corporate Governance and the Remuneration Reports, both the Supplier Code of Conduct and the Dufrey Code of Conduct provide detailed insights on how Dufrey assumes its responsibility concerning social, ethical and environmental standards and how we put into practice the principles of sustainable development in our day-to-day work. Both Codes were updated in 2020 to reflect developments in law, regulation and professional ethics and are available in the sustainability section of our website: www.dufrey.com/sustainability-dufrey

We expect all of our suppliers and business partners to comply with the principles included in Dufrey Supplier’s Code of Conduct, and ultimately to replicate these standards further down their supply chain. In 2020, we continued our effort, to proactively share the Code with additional suppliers from all product categories, and have planned a complete re-engagement process with all key suppliers for 2021.

Industry recognition

Dufrey has a proven track-record in delivering successful shopping concepts, specialized stores and marketing activations, some of them in close collaboration with airport and brand partners. Testament to this successful collaboration is the Frontier Award granted to Dufrey’s UK subsidiary, World Duty Free, and Heathrow Airport for a joint marketing campaign. These awards, known as the “Oscars” of the duty free and travel retail industries, celebrate the very best of innovation and creativity within the travel retail sector. Under the name of “Destination Beauty”, a campaign that spanned five weeks and consisted of a series of beauty events covering London Fashion Week and Chinese Golden Week was implemented. The event highlighted five exclusive destination-themed make up styles, created by five leading global beauty



houses specific to this campaign and went live across all four terminals at London Heathrow Airport. This is a true example of an outstanding Trinity collaboration between brand partners, airport landlord and Dufrey that served to gain international recognition.

This is just one example of industry recognition granted. For a detailed list of other awards won by Dufrey, please visit our website at www.dufrey.com/en/company/our-awards

Corporate citizenship

Dufrey is aware of its responsibilities towards society. As a corporate citizen, Dufrey is expected to contribute to the production of higher standards of living, wealth and quality of life wherever the company operates, whilst maintaining profitability for shareholders. Dufrey showcases its strong corporate citizenship foundations through its undeniable commitment to ethical behavior when doing business, as described in the Community Engagement section of the annual report.

This is paired with Dufrey's participation in several industry initiatives geared towards safeguarding the consumer and to environmental protection. Amongst others, Dufrey has contributed to the development of several Codes of Conduct for the travel retail industry (such as the UK Code of Conduct on Disruptive Passengers and the ETRC and DFWC Codes of Conduct on Sale of Alcohol), and is a member of the ACI Climate Change Task Force. Dufrey is also a signatory member of the UN Global Compact since January 2020 and has actively promoted the adoption of the UN Sustainable Development Goals (SDG) through awareness campaigns organized in cooperation of airport landlords and the UN.

Stakeholder Value Allocation

As part of its corporate citizenship, Dufrey contributes to the economic development of the economies in countries where it operates through the payment of fair and competitive salaries, taxes and the purchase of local products and services. As a way of assessing the economic impact of our business, Dufrey annually discloses its stakeholder value allocation, which reflects the direct monetary impact of its operation over its main stakeholders.

Accrued value allocated to our employees in form of remuneration and social security payments amounted to CHF 716.0 million in fiscal year 2020. CHF 325.5 million were interest expenses as payments to our bondholders and lending banks. Due to the loss before tax recognized in 2020 as a consequence of the COVID-19 pandemic, Dufrey recorded an income in current income tax, mainly based on tax losses in certain jurisdictions. In addition, the Company generated tax losses which can be carried forward and used against future taxable profits. The total income on income taxes recognized in the income statement 2020 amounted to CHF 130.7 million. As described on page 8 in the Chairman letter, the Board of Directors had originally planned to propose a dividend payment of CHF 4.00 per share to the General Meeting of Shareholders held in May 2020. However, due to the COVID-19 pandemic and the impacts on the industry and on Dufrey's business, the final proposal to the General Meeting was not to pay any dividend in 2020, in order to protect the liquidity of the Company. With respect to the 2021 General Meeting of Shareholders, the Board of Directors will propose to keep the dividend payment suspended, thus continuing the strong focus on protecting the liquidity.

Additionally, Dufrey contributes every year to a comprehensive number of social initiatives, which are described in the Community Engagement section of this report in page 110.

WE SUPPORT





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COMMUNITY ENGAGEMENT

The support of charitable institutions and causes, as a way of giving back to society, has been inherent in the growth and evolution of Dufry since its early years. During 2020, either at global, country or location level, Dufry has lent support – either financially, or by raising awareness, or through the volunteer work of our staff – to a number of nonprofit organizations and social or humanitarian initiatives, as well as supporting cultural events and entities.

2020 will be a year marked by the COVID-19 pandemic and its impact over all aspects of our lives. That has also been reflected in our interactions with the communities in the many locations in which we operate. Aware of the extreme pressure that health and assistance services experienced during the toughest months of the pandemic, we made contributions by donating food, confectionery and sanitary products to hospitals and care homes at the time they were most needed.

Nevertheless, the sponsoring and support of disadvantaged children, young people and their families, together with enabling them access to education, has remained the main line of action in our corporate community initiatives. At country level, similar projects have been supported and, in some of these operations, our employees have actively participated in the process of selecting the projects we support, reinforcing the engagement and motivation to collaborate with the initiatives.

Dufry's support to these causes is sustained in direct monetary contributions complemented by the paramount role of our customers, who help us raising additional funds by buying charitable products in our stores in support of different NGOs, as well as by making donations in the boxes available in some of our airport locations. The pandemic and its impact in terms

of the reduction of passenger numbers, has inevitably reduced the amounts raised through the sale of products in our stores. However, it has not stopped Dufry from giving the much needed support, despite the challenging conditions of this year.

Towards the end of 2020, we celebrated the soft launch of Captain Dufry, our first global charitable initiative. Captain Dufry is a soft toy dog and the profits from the sale of Captain Dufry toys will be donated to the SOS Children's Villages. Dufry has supported this charity for over ten years and benefits from this global initiative will serve to improve the living conditions of many children and their families. Beyond the financial objective pursued with Captain Dufry, this initiative will also serve to increase awareness around SOS Children's Villages and their activities. Captain Dufry has already made his debut in many of our airport stores, and we will continue with his rollout throughout 2021.

We are also very proud of the activities carried out by our staff to support disadvantaged communities and charitable initiatives, often during their own free time. The pandemic has brought new needs that went beyond the material dimension, and these new needs have been addressed by many of our employees, who have gone "above and beyond" in terms of the help they have given to colleagues, neighbors and anyone in need around them. Where and when possible, we have supported and funded them and made the individuals and their great work visible to the rest of their colleagues, by using our internal communication channels. This serves a two-fold purpose, helping them to obtain vital, additional support and also providing a way of recognizing and thanking them for their philanthropic efforts.

The initiatives and projects described in the next few pages represent some of the most prominent projects

we support. The progress made and the encouraging results of our on-going support to these initiatives – the earliest Dufrey supported project started in 1995 – make us feel very proud and is an incentive to strengthen our ties with them. Despite the COVID-19 related negative impacts on the travel and retail industries, and on our business results in 2020, we strongly believe that the most vulnerable in our communities need the continuous support of Dufrey and companies like us.

SOS Children's Villages supported programs in Brazil, Mexico and Kenya

Dufrey and SOS Children's Villages have been working together for more than ten years, supporting families worldwide with the aim that no child should grow up alone. Back in 2009, Dufrey began sponsorship of an initial project focused on preventive care in Igarassu, in the northeast of Brazil. The construction of a social center was a tangible example of investing in the care of children and young people. Dufrey has been continuing to support the running costs and training classes of the center ever since. In 2020, our donation benefited nearly 400 infants, young children and teenagers with their mothers and enabled them to join family strengthening programs focused on building self-esteem, improving gender relations and preventing domestic violence. Mothers were given the opportunity to leave their children in the child-care center during the day so that they could go to work and earn a living for themselves and their children. In addition to supporting this center, Dufrey finances the annual family-budgets, medical costs and school fees for children in the SOS Children's Village of Igarassu.

In Mexico, Dufrey supports SOS Children Villages Family strengthening programs in Comitán. Located in southern Mexico in the state of Chiapas, historically one of the poorest in Mexico, this city is known for its high rates of poverty and social exclusion. The programs of SOS Children's Villages in the social center in Comitán ensure that children are included in early childhood development programs. The program aims to alleviate hardship in the community in a holistic and sustainable manner, provide childminding and day-care programs, which enable working parents or single mothers to leave their children in safe hands. Mothers hence have better opportunities to go to work and earn their own income, as they can count on day-care solutions for their children. Fathers on the other hand receive awareness raising support in connection with educational matters and are helped and encouraged to become more constructively involved in family responsibility, thus improving the overall quality of life for these families. The financial support covers ex-

penses for food, school expenditures, medical assistance and educational staff. Dufrey's contribution in 2020 supported more than 1,000 beneficiaries.

In 2020, Dufrey started supporting a family strengthening program in Nairobi, Kenya. This program seeks sustainable and innovative ways to prevent family separation and address the situation of those children who are at risk of losing care from their biological family. The pillars of this program are family empowerment and community empowerment to achieve the ultimate development of children through provision of quality care and protection. Community-based partners are strategically identified, assessed and engaged to help create a strong safety net around the vulnerable children and youth in the community. Diverse partners are actively sought and resources mobilized to increase impact through the provision of proper nutrition, quality education and healthcare, decent housing, training and development for young people, capacity development for caregivers and community-based partners, as well as emergency response when necessary.

Beyond Dufrey's global contribution to SOS Children's Villages, a number of our operations – including those in Italy, Sweden and Finland – also support the local SOS Children's Villages projects in their corresponding countries. Their contributions, big and small, help this organization in their objective of keeping families together, providing alternative care when needed, supporting young people on their path to independence, and advocating for the rights of children.

Captain Dufrey – Dufrey's first truly global charity initiative

Supporting charities and contributing to the communities where it operates has always been at the core of Dufrey's way of doing business. Over the years this has crystallized in a long list of charitable initiatives supported at local level by our operations. The last quarter of 2020 however saw the kick-off of Dufrey's first global charity initiative with the launch of Captain Dufrey.

Captain Dufrey is a soft toy dog wearing a Dufrey scarf and aviator hat with goggles, which is gradually being made available across Dufrey stores in 23 countries. However, the most important part of this toy is not that visible: benefits obtained from the sale of Captain Dufrey will be donated to charities and, for the next couple of years, Dufrey has collaborated with SOS Children's Villages to receive the proceeds of this initiative.

Captain Dufry is available at an accessible price and designed to be an irresistible “feel-good” impulse purchase. This item gives Dufry’s customers the perfect opportunity to buy a gift that truly makes children feel special – both their loved ones and those in need of support around the world.

The availability of Captain Dufry in stores is supported with in-store communication and signage to build awareness. Dufry is identifying high visibility spaces across the stores where Captain Dufry is to be made available – including dedicated sales displays and gondolas. On top of this, Dufry customers are offered additional options to donate using the Red By Dufry App, hence, increasing the possibilities of helping this charity initiative even more.

One Water – selling bottles to provide sustainable clean water

World Duty Free continues to be one of The One Foundation’s main commercial supporters, a role it has held almost since the beginning of the partnership in 2016. World Duty Free sells the charity’s bottled “One Water” and branded jute bags in all of its UK airport stores. To date, World Duty Free has raised £ 2.3 million for clean water and sanitation projects, changing in the process over 417,000 lives.

In 2020, World Duty Free helped continued to help improving water services in low-income areas in Nairobi through the promotion of household connections and pre-paid water dispensers. World Duty Free’s support has also helped to repair broken water points in rural communities in Malawi, to train community members to manage and maintain their water points for future sustainability, and to help deliver piped water systems in Rwanda.

Over the years, World Duty Free employees have been selected to go on trips to Malawi as part of a staff incentive to recognize stores that have shown the most growth in terms of One Water related sales. Employees who were nominated to go on the trip, are real advocates for the brand and the experience provides them with a chance to see for themselves the life changing work that One Water is doing. In 2020, six employees from our UK operation traveled to Rwanda to see the impact of The One Foundation’s work on the ground and see how this life-changing program is working with key stakeholders such as local government, communities and utility companies to deliver piped water into the districts of Rulindo, Kicukiro and Gicumbi.

These journeys to Africa are a great way to inspire our staff to get involved and keep supporting the One Water projects, taking back to the stores and our customers all that they have learnt.

Awareness campaign of the United Nations’ Sustainable Development Goals

The #YouNeedToKnow campaign to raise awareness of United Nation’s Agenda 2030 and its 17 Sustainable Development Goals returned for the fourth year in a row to Zurich and Basel airports in January 2020, in time to grab the attention of people heading to the World Economic Forum Annual Meeting in Davos.



The campaign was first launched in Geneva in November 2016. It has since travelled around the world’s largest airports, including Zurich, Madrid, London Heathrow, Malpensa in Milano, Mexico and Moscow. Between January 15 and February 14, 2020 the around 80,000 daily travelers transiting through Zurich airport were greeted at a 50 m² pop-up stand showcasing communication material related to the UN Sustainable Development Goals (SDGs), including videos, publications and games, urging them to rally around the Global Goals and think about how to rid the world of poverty, provide quality education, guarantee gender equality and foster economic growth, among the many challenges the world must tackle swiftly.

Charity Water Project in Zurich and Basel Airports

The Charity Water project launched in 2014 as a joint project between Flughafen Zurich AG and Dufry, continued in 2020. With the sale of bottles of mineral water in our airport stores, Dufry has been able to support several charity organizations, which are usually updated every year.

In 2020, Dufry has continued its cooperation with the Children’s Hospital (Kinderspital Zurich, locally known as “Kispi”). The Children’s Hospital is a non-profit pri-



CAPTAIN DUFRY

Benefits of the sale are donated to SOS Children's Villages.



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1 NAIROBI | KENYA
Dufry supports SOS Children's Village's family strengthening programs in Nairobi, Kenya.

2 IGARASSU | BRAZIL
Dufry continued to sponsor SOS Children's Village preventive care in Igarassu, Brazil.

vate institution serving all children and adolescents. It is the largest university children's hospital in Switzerland and one of the leading centers for pediatric and adolescent medicine in Europe. Each year, approximately 2,300 dedicated employees are committed to care for the wellbeing of more than 100,000 young patients, from the first day of life to the age of 18. At the same time, with the sale of bottled water in our stores at Basel Airport we continued to support the NGO Krebskranke Kinder Basel, an NGO supporting children with cancer being treated in the University Children's Hospital of Basel. This foundation plays an important role in helping families financially with uncovered costs related to childhood cancer, as well as providing professional support for families in this difficult phase of their life.

Sponsoring children's education in Haiti

As corporate sponsor since 2014, Dufry continued its support to the Hand in Hand for Haiti Foundation, supporting the NGO's Student Sponsoring Program. Hand in Hand for Haiti runs the "Lycee Jean-Baptiste Pointe du Sable", which was built as part of the collective response to the humanitarian crisis in Haiti, following the catastrophic earthquake of January 12, 2010. Through Dufry's sponsorship, children receive trilingual education in French, English and Creole, as well as meals, health services, uniforms and school supplies and free bus transportation to and from school.

Rio de Janeiro, Brazil - Helping to build the future of young teenagers

Since 1995, Dufry has been sponsoring a social promotion program in Rio de Janeiro aimed at improving the skills of young people and, hence, increasing their employability. This program features free professional education to young people from communities around Galeão Airport, including various classes and education modules such as English, computer classes, retail operations, professional orientation, teamwork, leadership, rules of etiquette, ethics and citizenship. The daily classes are attended by 16 to 20 year-old female and male students, who receive free meals, medical and dental care, uniforms, school and educational materials as well as transportation assistance. The commitment of Dufry with this program goes a stage further by supporting attendees in their first steps into professional life. Dufry coaches students on their career progression, alerting them to any job opportunities within Dufry's organization or with external partners and giving support on how to successfully face a recruitment process. This program is also an institution amongst Dufry employees and one of the initiatives Dufry Brazil staff feel very proud of. Our staff in Brazil act as mentors to the program's students and

every year, more than 60 volunteers from both Dufry and its Brazilian partners get involved.

Over the 25 years that this program has run, it has proved to be a great success. Employability rates usually reach high levels for participating students and since Dufry started its collaboration, over 730 teenagers have benefited. And, whilst during 2020 the education activity was canceled due to the pandemic, Dufry is determined to keep supporting this program.

Hudson supports communities in need

In 2020, Hudson continued its long-term partnership with Communities in Schools (CIS), raising funds through its in-store donation program. CIS is the largest and leading school dropout prevention group in the United States, serving nearly 1.6 million at-risk students. With COVID-19 disrupting in-school learning, Hudson's partnership with CIS was more important than ever this year. Hudson's funds have helped CIS in providing technology for remote learning as well as access to mental health resources, social services and regular meals that students relied on from schools prior to COVID-19. Over the past 10 years, Hudson has raised more than USD 4 million for Communities in Schools, serving more than 15 million students during the duration of the partnership.

In late 2019 and into the beginning of 2020, Hudson also raised funds for Habitat for Humanity of Greater Los Angeles to rebuild areas devastated by wildfires in Southern California. Raising more than USD 136,000 through in-store fundraising, the donations supported the Disaster Relief Program, which serves low-income families whose homes were damaged or destroyed in wildfires. Combined with funds raised previously for Habitat for Humanity wildfire relief, Hudson has donated over USD 336,000 to-date.

Manchester HOME project

Opened in 2015, HOME is Manchester's cultural organization founded by the merger of two of the city's long-standing arts venues - Cornerhouse, established in 1985 and the Library Theatre Company, founded in 1952. World Duty Free's partnership with the Greater Manchester Arts Centre (HomeMcr) supports work with local schools, youth centers and community centers in the Wythenshawe area (south of Manchester).

Since 2016, World Duty Free has funded workshops at The Wythenshawe Community Workshop and projects at the Wythenshawe Primary & Secondary School. These projects provide opportunities to young people and pupils to expand their horizons, develop new skills and increase their confidence. The opportunity for

children and young people to take part in creative workshops that help to develop a range of skills are fun, but most importantly, the projects give the group a chance to maximize their potential for future training and employment.

Mind – for better mental health

On its second year of a three-year partnership, World Duty Free in the UK continued collaboration with Mind, the mental health charity supporting individuals who suffer from mental health problems. Mind empowers people through advice, support and clear information. They campaign to improve services, battle stigma and end discrimination. In addition to its support of Mind, World Duty Free UK staff in Scotland and Northern Ireland continued supporting the Scottish Association for Mental Health (SAMH) and Inspire respectively. All three charities work towards the shared goal of supporting people with mental health problems and promoting awareness and understanding of mental health.

Mental health was one of the side effects of the 2020 COVID-19 pandemic. The months of lockdown and the anxiety and uncertainty generated by the sickness, have had a huge impact on mental health, with new mental health problems developing and existing ones getting worse. The importance of the work of this NGO hence became even more relevant, and the raising of awareness about mental problems, as well as how to get help and tackle them, became more urgent. The most remarkable event of the year coincided with the celebration of World Mental Health Day, when World Duty Free colleagues in the UK supported Mind through a number of activities organized to raise awareness, connect with colleagues and raise funds.

Fundación Aladina – supporting children with Cancer

Fundación Aladina is a Spanish NGO that provides comprehensive support to many cancer-diagnosed children and teenagers and their families. The support given include psychological and emotional support, as well as material and financial assistance. With its do-



3 **COMITÁN | MEXICO**
SOS Children Village in Comitán, Mexico, improves education and quality of life.

3



4

4 **THE ONE FOUNDATION | RWANDA**
In Rwanda, One Foundation trains community members to manage and maintain water points.

nations, Dufry supported Aladina's Extraordinary Special, which finances the purchase of prosthesis, wigs, wheelchairs, hearing aids, physical therapy sessions, funerals, and any other expenses incurred as a result of the child's illness. The support during 2020 was especially needed due to the growing needs that emerged as a consequence of the pandemic.

Support to multiple projects in Greece

Hellenic Duty Free Shops supplied fuel to heat up schools in the Northern areas of Greece. It also sponsors a variety of annual events that take place in areas where the company operates and supports a number of organizations through fund raising activities and direct donations. Amongst others, Hellenic Duty Free Shops have supported Make a Wish Hellas, SOS Children's Villages Greece, Galilee Palliative Care Center and the Skytali Hellenic Heart-Lung Transplant Association.

Ongoing support to Richmond Hospital Foundation in Vancouver

For the fourth consecutive year, World Duty Free Vancouver continued its support to the Richmond Hospital and its community of care, by raising over USD 38,000 towards the Acute Care Tower for Richmond Hospital. Realizing the need for a new tower and understanding the impact it will have for health care in the community, World Duty Free Vancouver has committed to raising USD 100,000 towards the ACT (Acute Care Tower) NOW campaign within three years. Richmond Hospital urgently needs a new Acute Care Tower to replace the original hospital tower, which is more than 50 years old, seismically unstable and obsolete with a severely deficient infrastructure and unable to meet the needs of Richmond's dramatically growing and ageing population.

Supporting healthcare workers on the frontline

Dufry and especially our staff were aware of the extreme pressure that the national medical and health services were going through during 2020, especially in the first few months of the COVID-19 pandemic and the latter months of the year. And as Dufry had to start closing down stores due to travel restrictions, there was an opportunity to make donations to hospitals and care homes of the food and confectionery products that would otherwise expire in warehouses across many locations. In the case of the UK, a number of members of our staff volunteered to make multiple product deliveries to selected hospitals and care homes located near the airports where Dufry operates. This was coupled with lots of fundraising activities to support the UK's National Health Service and

other local causes in real need during these challenging times.

In Spain, over 9,000 facemasks and hydro-gels were donated by Dufry to Spanish hospitals in response to the lack of self-protection materials suffered at the beginning of the pandemic, providing much needed support to medical professionals.

And a long list of other local contributions

There is a long list of yet more causes our staff contribute to and this has continued to grow in 2020. The high school scholarships program initiated a few years ago in Korea; the supply of school furniture in Argentina; and countless numbers of charity runs, bike rides, bake sales and more to support the many deserving projects. All these initiatives are often initiated by members of our staff and backed by Dufry, both with financial contributions and creating internal awareness to increase participation amongst our employees. We are very proud of our staff and the response given over the year, including a long list of individuals who have cared for those around them and lent support to local communities and colleagues in need, during this very challenging year.

FINANCIAL REPORT 2020



DUFRY

WorldClass.WorldWide.

MOST CHALLENGING YEAR ENDS WITH STRONG LIQUIDITY

DEAR ALL

2020 was a challenging year for the travel retail industry. Dufry's results were heavily impacted by COVID-19, with turnover reaching CHF 2,561.1 million and organic growth of -69.8%. Our company had to deal with temporary and alternating closures of the majority of its operations in the second quarter 2020, with re-openings having started gradually from June onwards. Due to both, the closures forced by governmental travel restrictions and the low visibility on the pandemic's extent and duration, we had to react quickly and decisively across all levels of the organization and in close collaboration with our stakeholders such as landlords, global brands and suppliers, employees, banks, and our bond- and shareholders. Despite these challenges, we succeeded in significantly reducing our recurring cost base, organizational complexity and average monthly cash consumption and built a strong financial position of CHF 1,905.7 million in liquidity as of end-December 2020.

Dufry's capital structure strengthened.

Throughout 2020, Dufry worked on several strategic and financial initiatives. In March, we immediately implemented an action plan which included initiatives to accelerate sales volumes, stop inventory build, reduce personnel and other expenses as well as renegotiating rents to safeguard profitability, secure cash flow generation and protect liquidity.

Based on forecasts of industry associations and independent data providers, Dufry applied a -40%, -55% and -70% turnover scenario versus 2019 to the full-

year 2020, and provided guidance on concession fees, personnel and other expenses accordingly. At the earliest point, we were able to reduce our average monthly cash consumption to CHF 70-75 million in a zero-sales worst-case scenario. Average monthly cash outflow has been better throughout the second half of 2020.

In April 2020, Dufry announced initiatives to strengthen its capital structure and liquidity position. Dufry successfully placed CHF 350 million in senior bonds due 2023, conditionally convertible into shares, with maturity on May 4, 2023, and 5,000,000 new shares out of existing authorized capital as well as 500,000 treasury shares, generating gross proceeds of CHF 151.3 million.

The company also secured commitments from some of its lending banks based on a term sheet for an approx. CHF 397.0 million 12-months facility with two 6-months extensions, which allowed Dufry to convert current uncommitted into committed facilities. Dufry also secured access to a total of CHF 205.0 million of COVID-19-related government-backed loans in different jurisdictions.

Dufry entered into an agreement with its bank consortium to waive the existing financial covenants of 4.5x net debt/adjusted operating cash flow (LTM/constant FX) until end of June 2021 and assign a higher leverage covenant of 5x net debt/adjusted operating cash flow (LTM/constant FX) for the September and December 2021 testing periods.

Dufry also recommended to shareholders to cancel the 2020 dividend payment to reduce short-term cash outflows in this unprecedented situation; the Annual General Meeting granted the motion in May 2020.

¹ For a glossary of financial terms and key performance indicators please see page 239 of this Annual Report.

1,906

CHF 1,905.7 million
liquidity as of
end December 2020.

During Q2 2020, the COVID-19 pandemic had spread globally and it became clear that short-term disruptions were ongoing, while mid-term impacts were unpredictable. Based on preparations for a Group-wide efficiency program initiated in 2019 and with implementation planned from 2020 onwards, we decided to accelerate the reorganization of the company to adapt it to the new business environment. Our cash consumption, defined as EFCF, during the first half 2020 was mainly attributable to concession fee payments, inventory build and tax, whereas during the rest of the year, cash consumption, was significantly reduced to a monthly average of CHF 45.7 million in the second half of 2020. For the full year 2020 we achieved savings of CHF 1,312.1 million consisting of MAG reliefs of CHF 551.4 million, personnel and other expense savings of CHF 527.3 million and CHF 233.4 million respectively, significantly overachieving the previously communicated target of around CHF 1 billion.

Significant structural cost savings.

We expect to generate structural savings of around CHF 400 million, with around CHF 280 million from personnel costs and around CHF 120 million from other expense savings, not including some inflation in the mid-/long-term.

As part of our reorganization to further simplify our corporate structure, we acquired all remaining equity interest in Hudson for approximately CHF 280 million, and delisted the company from the New York Stock Exchange.



Dufrey's shareholders approved the financing of the transaction through a capital increase by way of a rights offering at Dufrey's Extraordinary General Meeting (EGM) in October, and the transaction was closed in December 2020. The North-American business was already fully consolidated by Dufrey before the transaction and delisting; the reintegration contributes materially to the anticipated cost savings.

Sufficient liquidity to navigate crisis.

As part of the capital increase in October, Dufrey had secured participation commitments from two new important shareholders Advent International and Alibaba Group. Immediately following the closing of the offering, Advent International owned a stake of 11.4% in Dufrey and Alibaba Group of 6.1%. Dufrey entered into an additional agreement, under which Alibaba Group invested CHF 69.5 million in Dufrey via mandatory convertible notes, generating total gross proceeds of CHF 890 million through the capital increase. The liquidity position of Dufrey at the end of December 2020 amounted to CHF 1,905.7 million, giving us enough stability to navigate the crisis and financial flexibility to act on selected growth opportunities during and beyond the recovery.

Financial performance impacted.

Turnover

In 2020, turnover reached -69.8% versus 2019 in constant currency, mainly impacted by the pandemic-related travel restrictions. Organic growth for the year stood at -69.8% with like-for-like at -67.2% due to reduced passenger traffic across most airports and other travel-related channels globally. Net new concessions represented -2.6%. The translational FX effect in the period was -1.3% mainly as a result of the USD weakness.

Despite the shift in travel behavior due to restrictive measures - more domestic and intra-regional travel, strongest decline in international and business - the category mix remained nearly unchanged compared to FY 2019 with highest demand for perfumes & cosmetics, followed by food & confectionary. Duty-paid gained in demand driven by domestic and intra-regional travel, with no significant channel shift despite travel restrictions.

Turnover in **Europe, Middle East and Africa** was CHF 1,144.5 million in 2020 from CHF 4,434.2 million one year ago. Organic growth in the division reached -73.2%.

Performance improved in July and August across Europe, especially in Southern Europe with the peak of the summer holidays and supported by the lifting of travel restrictions. From end-August onwards, some countries such as Spain, France, and the UK saw increased COVID-19 cases, resulting in renewed travel limitations put in place more broadly from end of September onwards. The Mediterranean region, but also Eastern Europe, Russia, the Middle East and Africa performed above average for the region, driven by less restrictions and available travel corridors, e.g. between Russia and Turkey.

Asia-Pacific's turnover reached CHF 160.0 million in 2020 from CHF 691.6 million in 2019 and organic growth for the year stood at -75.4 %, as Dufrey's footprint in the region is geared towards international travel, which is still highly impacted. The APAC region was the first impacted and closing borders for inbound and outbound travel as the pandemic appeared in the region. The majority of the shops in Dufrey's Asia-Pacific locations were closed, including Australia, Hong Kong, Indonesia, Malaysia, South Korea, as conditions were not beneficial for international travel.

Central and South America's turnover stood at CHF 497.3 million in 2020 versus CHF 1,536.1 million in 2019, with organic growth in the region reaching -65.8% in the year.

Central America and Caribbean, including Mexico, Dominican Republic and the Caribbean Islands, were performing more robustly compared to all other regions, driven by intra-regional travel from the US and South America as well as international travel as more flexible travel conditions met continued demand. The cruise business located in the region, was heavily impacted. South America saw demand pick-up in the fourth quarter amid border shop openings and increase of domestic and intra-regional travel, with re-openings in Argentina, Brazil, Peru, among others.

Turnover in **North America** amounted to CHF 644.4 million compared to CHF 1,935.8 million in 2019 and organic growth came in at -65.3 % in the year. The region, especially the US, performed above group average due to the higher exposure to domestic travel. Intra-regional travel from the US to Central America was also supportive. Our operations in Canada remained negatively impacted due to a higher expo-

sure to international flights and ongoing restrictive measures. The performance was driven by Hudson convenience stores, food and beverage and other duty-paid offerings.

FINANCIAL RESULTS

Gross profit

Gross Profit reached CHF 1,377.3 million in 2020 compared to CHF 5,323.2 million in the previous year, reaching a Gross Profit margin of 53.8%. Our Margin was affected by the turnover mix from the retail versus the wholesale business, short-term inventory management through wholesale and promotions, and a higher duties and freight ratio. One-time inventory write-offs related to the heavily impacted cruise business and liquidation programs performed during 2020 accounted for 350 base points. Purchasing prices have not been affected by the pandemic and we expect a normalization of our Gross Profit margin throughout 2021 and 2022.

Adjusted Operating Profit (Adjusted EBIT)

Adjusted Operating Profit (adjusted EBIT) was at CHF -1,561.6 million in 2020 versus CHF 767.7 million the same period of 2019.

Lease expenses reflected an income of CHF 8.0 million in 2020 compared to CHF -1,372.9 million in 2019. Expenses decreased due to lower level of sales and COVID-19 related reliefs of minimal guaranteed amounts (MAG) negotiated with airport authorities and landlords. MAG reliefs refer to waiving of fixed rent components and implementing variable concession schemes instead, or to adjusting fixed MAGs to lower passenger numbers as well as reduced flights and operating hours. Up to December 31, 2020 we were able to close several lease obligation agreements releasing about CHF 551.4 million of MAGs, thereof CHF 380.3 million recognized in the 2020 P&L statement as MAG reliefs, with the remainder subject to different IFRS-16 accounting treatments and recognition over time. In our pursuit of the best result for Dufrey, many concession negotiations included changes in terms not covered by the IFRS 16 expedient, thus resulting in a lease modification, i.e. reduced right-of-use assets and lease obligations generating lower depreciations in future periods rather than the recognition of the MAG relief in 2020.

Personnel expenses amounted to CHF -716.0 million in 2020, from CHF -1,243.3 million one year earlier, thus representing a decrease of -42.4% compared to 2019. Savings were driven by our efficiency program, which included reducing costs at all levels, making use of

government support schemes whenever possible, as well as the implementation of voluntary salary reduction schemes. Personnel expenses include CHF 73.3 million for restructuring accrued in 2020.

Other expenses net reached CHF -328.2 million in 2020 versus CHF -561.6 million in the same period last year. The decrease of -41.6% compared to 2019 reflects our initiatives to reduce as much as possible all operating expenses and other cost items, as well as the effect of implementing the centralized OPEX management as part of the our Group re-organization.

**Total savings
2020 amounted
to CHF 1.3 billion.**

Depreciation, amortization and impairment amounted to CHF -2,841.9 million in 2020 versus CHF -1,777.0 million last year. The increase is related to the recognition of impairments of CHF -1,193.2 million in 2020 as a consequence of the pandemic, whereof CHF -443.1 million are impairments on right-of-use assets and CHF -712.8 million refer to impairments on acquisition-related intangible assets. Nearly all our shops worldwide were required to close to help curb the spread of COVID-19 or have been subject to very low passenger traffic, all these affecting severely the actual turnover, as well as projections. An overall amount of CHF 1,024.8 million of impairments is related to depreciable and amortizable asset, and represent a timing shift in this regard. Only CHF 131.1 million are related to goodwill impairments, which were already disclosed with half-year 2020. As we have grown heavily in the past through acquisitions, future cash flow inherent to the corresponding concessions are capitalized on our balance sheet based on the purchase acquisition accounting. In a unprecedented year like this, these cash flows have not crystalized, leading almost mechanically to impairments.

Net Profit

Net Profit to Equity Holders reached CHF -2,513.7 million in 2020 versus CHF -26.5 million in the same period last year. Financial results (excluding Lease Interest and FX) amounted to CHF -191.8 million versus CHF -127.6 million in the previous period, due to one-off expenses related to financing measures, as well as lower interest income.

Income tax reached CHF 130.7 million versus CHF -78.2 million last year, driven by the loss situation of

most of operations. Minorities were CHF -226.8 million for 2020 versus CHF 56.6 million last year.

Adjusted Net Profit reached CHF -1,658.4 million in 2020 versus CHF 349.3 million last year. The respective adjusted Earnings per Share (EPS) based on 58.5 million of weighted average shares outstanding was CHF -28.4 in the period versus CHF 7.00 in the previous year.

Cash flow

Cash flow metrics proved relatively resilient considering the significant drop in sales caused by the pandemic-related shop closures. Adjusted operating cash flow reached CHF -405.9 million in 2020 compared to CHF 960.0 million in 2019. Equity Free Cash Flow stood at CHF -1,027.3 million in 2020 compared to CHF 383.3 million in the previous year.

Net lease payments in full-year 2020 amounted to CHF -401.8 to million versus CHF -1,263.7 million last year. The reduction was driven by reliefs received from landlords.

Changes in working capital reached CHF -313.9 million in 2020, compared to CHF -24.4 million in 2019; changes in core working capital amounted to CHF -155.2 million compared to CHF 22.4 million in 2019. The main drivers for the variation were the decrease in trade payables of CHF -462.4 million with full payments to suppliers in Q4 2020 as well as other accounts payable due to a decrease in accrued concession fee payables of CHF -98.4 million. Inventories decreased by CHF -296.3 million due to inventory restructuring and efficiencies in liquidations. We expect a working capital inflow in 2021, with a full reversal with sales normalization.

Capex was significantly reduced from CHF -245.3 million in 2019 to CHF -106.0 million in 2020, as we put Capex investments on hold as much as possible since March 2020 and by adapting our overall Capex deployment approach. Therefore, Dufrey expects no catch-up in Capex in the short- or mid-term.

Net Debt and Liquidity Position

Net Debt amounted to CHF 3,344.2 million at the end of December 2020 compared to CHF 3,102.0 million in December 2019. Our liquidity position stood at CHF 1,905.7 million as of December 31, 2020, including:

- Cash and cash equivalents of CHF 360.3 million
- Available credit lines of CHF 1,441.3 million
- Available uncommitted lines of CHF 104.1 million

Considering all measures taken throughout 2020, we expect to be well positioned for the re-opening and growth acceleration beyond the current crisis. For 2021, we provide again, as for Full-Year 2020, turnover scenarios to the market, which are in line with estimates of leading industry associations. Scenarios and respective sensitivities for concession fees, personnel expenses, other expenses, Capex as well Equity Free Cash Flow are provided in our Full-Year 2020 on Dufrey's Investor Relations website.

Managing costs and cash flow in 2021.

We expect a stabilization of the business in 2021 while we engage in opportunities ahead of us: growth opportunities in Asia, through digitalization, further channel diversification, and new or renewed concessions in established channels. Visibility regarding a full recovery to 2019 turnover levels is still limited, with industry associations estimating a full recovery of passenger numbers to a 2019 level between the end of 2022 and 2024. However, based on the efficiencies created through our reorganization, our cost saving targets and tight cash management, we expect a return to 2019 profitability and cash generation levels even before full turnover recovery.

I would like to thank our customers, shareholders, bondholders, banks, analysts and key advisors for their continued trust in Dufrey and their support throughout this difficult year, to initiate and execute the right measures to help us emerge stronger and be in the best position to be able to take advantage of the opportunities we see on the way ahead.

Kind regards,



Yves Gerster

CONSOLIDATED CASHFLOW

IN MILLIONS OF CHF	2020	2019
Net cash flow from operating activities	(345.3)	2,107.7
Lease payments, net	(401.8)	(1,263.7)
Capex	(106.0)	(245.3)
Interest received	23.3	31.2
Free cash flow	(829.8)	629.9
Interest paid	(168.8)	(181.2)
Cash flow related to minorities	(34.7)	(68.7)
Proceeds from other financial assets	6.0	3.3
Equity free cash flow	(1,027.3)	383.3
Acquisition of Hudson shares / Business combinations	(275.4)	(48.7)
Financing activities, net	1,020.5	(220.3)
FX adjustments and other	39.9	69.9
Decrease / (Increase) in net debt	(242.3)	184.2

CONSOLIDATED INCOME STATEMENT

	2020		2019	
	IN MILLIONS OF CHF	IN %	IN MILLIONS OF CHF	IN %
CONTINUING OPERATIONS				
Turnover	2,561.1	100.0%	8,848.6	100.0%
Cost of sales	(1,183.8)	46.2%	(3,525.4)	39.8%
Gross profit	1,377.3	53.8%	5,323.2	60.2%
Lease expenses	8.0	(0.3%)	(1,372.9)	15.5%
Personnel expenses	(716.0)	28.0%	(1,243.3)	14.1%
Depreciation, amortization and impairment	(2,841.9)	111.0%	(1,777.0)	20.1%
Other expenses and other income, net*	(328.1)	12.8%	(497.2)	5.6%
Operating profit / (loss)	(2,500.8)	(97.6%)	432.8	4.9%
Finance income, finance expenses and foreign exchange gain / (loss), net	(370.4)	14.5%	(324.5)	3.7%
Profit / (loss) before taxes	(2,871.2)	(112.1%)	108.3	1.2%
Income tax	130.7	(5.1%)	(78.2)	0.9%
Net profit / (loss)	(2,740.5)	(107.0%)	30.1	0.3%
ATTRIBUTABLE TO				
Non-controlling interests	(226.8)		56.6	
Equity holders of the parent	(2,513.7)		(26.5)	
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Basic earnings per share in CHF	(43.01)		(0.53)	
OTHER DUFYR KPI'S				
Adjusted operating profit	(1,561.6)		767.7	
Adjusted net profit	(1,658.4)		349.3	
Adjusted earnings per share in CHF	(28.37)		7.00	

* Includes CHF 64.4 million non-recurring income in 2019

COLLECTION



ESTÉE L

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	2020	2019
Net sales	7	2,477.6	8,609.8
Advertising income		83.5	238.8
Turnover		2,561.1	8,848.6
Cost of sales		(1,183.8)	(3,525.4)
Gross profit		1,377.3	5,323.2
Lease expenses	8	8.0	(1,372.9)
Personnel expenses	9	(716.0)	(1,243.3)
Depreciation, amortization and impairment	10	(2,841.9)	(1,777.0)
Other expenses	11	(361.6)	(618.8)
Other income	12	33.4	121.6
Operating profit / (loss)		(2,500.8)	432.8
Finance expenses	13	(385.4)	(387.0)
Finance income	13	14.9	71.7
Foreign exchange gain / (loss)	13	0.1	(9.2)
Profit / (loss) before taxes		(2,871.2)	108.3
Income tax	14	130.7	(78.2)
Net profit / (loss)		(2,740.5)	30.1
ATTRIBUTABLE TO			
Non-controlling interests		(226.8)	56.6
Equity holders of the parent		(2,513.7)	(26.5)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share in CHF	25.4	(43.01)	(0.53)
Diluted earnings per share in CHF	25.4	(43.01)	(0.53)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	2020	2019
Net profit / (loss)		(2,740.5)	30.1
OTHER COMPREHENSIVE INCOME			
Changes in the fair value of equity investments at FVOCI	15	-	0.3
Remeasurements of post-employment benefit plans	15	1.0	(16.0)
Income tax	14, 15	0.6	1.7
Items not being reclassified to net income in subsequent periods, net of tax		1.6	(14.0)
Exchange differences on translating foreign operations	15	(237.1)	(10.5)
Net gain / (loss) on hedge of net investment in foreign operations		24.2	1.8
Share of other comprehensive income of associates	15, 19	0.2	(0.4)
Items to be reclassified to net income in subsequent periods, net of tax		(212.7)	(9.1)
Total other comprehensive income, net of tax		(211.1)	(23.1)
Total comprehensive income, net of tax		(2,951.6)	7.0
ATTRIBUTABLE TO			
Non-controlling interests		(244.5)	53.4
Equity holders of the parent		(2,707.1)	(46.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	31.12.2020	31.12.2019
ASSETS			
Property, plant and equipment	16	453.3	627.1
Right-of-use assets	17	4,438.7	4,328.1
Intangible assets	18	2,196.9	3,236.1
Goodwill	18	2,369.3	2,611.3
Investments in associates	19	7.1	31.9
Deferred tax assets	31	145.5	122.1
Net defined benefit assets	33	-	3.4
Other non-current assets	20	257.2	303.1
Non-current assets		9,868.0	11,263.1
Inventories	21	659.6	1,050.0
Trade and credit card receivables	22	17.1	44.2
Other accounts receivable	23	315.0	422.0
Income tax assets		35.0	26.1
Cash and cash equivalents		360.3	553.5
Current assets		1,387.0	2,095.8
Total assets		11,255.0	13,358.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	24	839.3	2,645.3
Non-controlling interests	24, 26	78.7	462.7
Total equity		918.0	3,108.0
Borrowings	27	3,650.6	3,602.2
Lease obligations	28	4,022.9	3,319.0
Deferred tax liabilities	31	321.9	396.8
Provisions	32	42.5	41.1
Employee benefit obligations	33	32.6	47.4
Other non-current liabilities	30	43.5	88.3
Non-current liabilities		8,114.0	7,494.8
Trade payables		154.9	645.6
Borrowings	27	53.9	53.2
Lease obligations	28	1,397.5	1,085.7
Income tax payables		34.2	87.9
Provisions	32	49.5	56.6
Other liabilities	30	533.0	827.1
Current liabilities		2,223.0	2,756.1
Total liabilities		10,337.0	10,250.9
Total liabilities and shareholders' equity		11,255.0	13,358.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Capital reserve for convertible notes	Employee benefit reserve	Trans- lation reserves	Retained earnings			
Balance at January 1, 2020		252.8	3,475.5	(92.5)	-	(32.5)	(329.9)	(628.1)	2,645.3	462.7	3,108.0
Net Profit / (loss) of the period		-	-	-	-	-	-	(2,513.7)	(2,513.7)	(226.8)	(2,740.5)
Other comprehensive income / (loss)	15	-	-	-	-	1.6	(195.0)	-	(193.4)	(17.7)	(211.1)
Total comprehensive income / (loss) for the period		-	-	-	-	1.6	(195.0)	(2,513.7)	(2,707.1)	(244.5)	(2,951.6)
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(33.5)	(33.5)
Issuance of shares	24	148.5	809.4	-	-	-	-	-	957.9	-	957.9
Related transaction costs	24	-	(35.0)	-	-	-	-	-	(35.0)	-	(35.0)
Issuance of mandatory convertible notes	24.3	-	-	-	69.5	-	-	-	69.5	-	69.5
Related transaction costs	24.3	-	-	-	(1.1)	-	-	-	(1.1)	-	(1.1)
Sale of treasury shares	25.3	-	-	68.8	-	-	-	-	68.8	-	68.8
Share-based payments		-	-	22.4	-	-	-	(27.3)	(4.9)	(1.7)	(6.6)
Loss on sale of treasury shares		-	-	-	-	-	-	(55.1)	(55.1)	-	(55.1)
Equity component of convertible bond		-	-	-	-	-	-	28.9	28.9	-	28.9
Tax effect on equity transactions	14	-	-	-	-	-	-	(0.2)	(0.2)	(0.1)	(0.3)
Total transactions with or distributions to owners		148.5	774.4	91.2	68.4	-	-	(53.7)	1,028.8	(35.3)	993.5
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Put-option held by non-controlling interests		-	-	-	-	-	-	8.0	8.0	24.3	32.3
Other changes in participation of non-controlling interests		-	-	-	-	-	-	(135.7)	(135.7)	(128.5)	(264.2)
Total changes in ownerships interests in subsidiaries	26	-	-	-	-	-	-	(127.7)	(127.7)	(104.2)	(231.9)
Balance at December 31, 2020		401.3	4,249.9	(1.3)	68.4	(30.9)	(524.9)	(3,323.2)	839.3	78.7	918.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
		Share capital	Share premium	Treasury shares	Employee benefit reserve	Hedging & revalu- ation reserves	Trans- lation reserves	Retained earnings			
Balance at January 1, 2019		269.4	4,060.6	(520.8)	(18.1)	(0.3)	(324.1)	(567.9)	2,898.8	442.9	3,341.7
Net Profit / (loss) of the period		-	-	-	-	-	-	(26.5)	(26.5)	56.6	30.1
Other comprehensive income / (loss)	15	-	-	-	(14.4)	0.3	(5.8)	-	(19.9)	(3.2)	(23.1)
Total comprehensive income / (loss) for the period		-	-	-	(14.4)	0.3	(5.8)	(26.5)	(46.4)	53.4	7.0
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to shareholders	24.1	-	(199.8)	-	-	-	-	-	(199.8)	-	(199.8)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(73.8)	(73.8)
Share capital reduction	24	(16.6)	(385.3)	401.9	-	-	-	-	-	-	-
Assignment of treasury shares		-	-	26.4	-	-	-	(27.8)	(1.4)	(2.0)	(3.4)
Share-based payments		-	-	-	-	-	-	13.3	13.3	0.4	13.7
Income tax on equity transactions	14	-	-	-	-	-	-	1.6	1.6	1.2	2.8
Total transactions with or distributions to owners		(16.6)	(585.1)	428.3	-	-	-	(12.9)	(186.3)	(74.2)	(260.5)
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Put option held by non-controlling interests	26	-	-	-	-	-	-	-	-	(55.7)	(55.7)
Other changes in participation of non-controlling interests	26	-	-	-	-	-	-	(20.8)	(20.8)	96.3	75.5
Changes in participation of non-controlling interests	26	-	-	-	-	-	-	(20.8)	(20.8)	40.6	19.8
Balance at December 31, 2019		252.8	3,475.5	(92.5)	(32.5)	-	(329.9)	(628.1)	2,645.3	462.7	3,108.0

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxes		(2,871.2)	108.3
ADJUSTMENTS FOR:			
Depreciation, amortization and impairment	10	2,841.9	1,777.0
Increase / (decrease) in allowances and provisions		32.2	0.6
Early termination of lease contracts		1.2	-
Other non-cash items		(3.6)	9.7
Relief of lease obligations		(380.3)	-
Loss / (gain) on sale of non-current assets		5.2	3.0
Loss / (gain) on foreign exchange differences		-	9.6
Finance expense	13	385.4	387.0
Finance income	13	(14.9)	(71.7)
Cash flow before working capital changes		(4.1)	2,223.5
Decrease / (increase) in trade and other accounts receivable		75.8	(98.4)
Decrease / (increase) in inventories		296.3	2.8
Increase / (decrease) in trade and other accounts payable		(686.0)	71.2
Dividends received from associates	19	-	5.6
Cash generated from operations		(318.0)	2,204.7
Income tax paid ¹		(27.3)	(97.0)
Net cash flows from operating activities		(345.3)	2,107.7
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	(101.1)	(199.3)
Purchase of intangible assets	18	(17.9)	(54.1)
Purchase of financial assets		(0.4)	(0.1)
Purchase of interest in associates	19	(0.4)	(2.5)
Proceeds from lease income		3.9	5.9
Payment of loans receivable granted		1.4	-
Proceeds from loans receivable repaid		0.1	3.2
Proceeds from sale of property, plant and equipment		12.5	8.7
Proceeds from sale of financial assets		4.9	0.2
Other investing activities		(1.1)	(0.6)
Interest received		23.2	31.2
Business combinations, net of cash		-	(48.1)
Net cash flows used in investing activities		(74.9)	(255.5)

¹ In 2019, Income tax paid includes a refund of CHF 17.7 (EUR 15.1) million from Spanish tax authorities.

CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

IN MILLIONS OF CHF	NOTE	2020	2019
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs for financial instruments ²	29	(13.4)	(2.5)
Transaction costs for equity instruments		(36.1)	-
Repayment of 3 rd party loans payable		(1.0)	-
Proceeds from convertible bonds	30	350.0	823.3
Proceeds from bank debt	29	557.2	90.7
Repayment of bank debt	29	(756.5)	(976.7)
Issuance of shares		957.9	-
Dividends paid to shareholders of the parent	24	-	(199.8)
Dividends paid to non-controlling interests	26.1	(33.3)	(70.5)
Proceeds from mandatory convertible notes	24	69.5	-
Proceeds from sale of treasury shares	25.3	13.7	-
Acquisition of non-controlling interests in Hudson Ltd		(275.4)	-
Contributions (paid to) / from non-controlling interests		(1.0)	4.3
Lease payments		(405.7)	(1,269.5)
Interest paid ³		(168.8)	(199.3)
Net cash flows used in financing activities		257.0	(1,800.0)
Currency translation on cash	29	(30.0)	(36.9)
Decrease / Increase in cash and cash equivalents		(193.2)	15.3
CASH AND CASH EQUIVALENTS AT THE			
- beginning of the period		553.5	538.2
- end of the period		360.3	553.5

² Transaction costs for financial instruments includes fees paid for the issuance of financing instruments (2020: Convertible bonds; 2019: Senior Notes).

³ In 2019, Interest paid includes CHF 18.0 million call premium and other fees paid for the cancellation and amendment of financing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. CORPORATE INFORMATION

Dufrey AG (the "Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is the world's leading global travel retail company. It operates over 2,300 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich.

The consolidated financial statements of Dufrey AG and its subsidiaries (Dufrey or the "Group") for the year ended December 31, 2020 and the respective comparative information were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 4, 2021, and are subject to the approval of the Annual General meeting to be held on May 18, 2021.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Dufrey AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets, liabilities (including derivative instruments) and defined benefit plan assets, that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. The consolidated financial statements are presented in millions of Swiss Francs "CHF". All values are rounded to the nearest one hundred thousand, except when indicated otherwise.

2.2 THE ENTITY'S ABILITY TO CONTINUE AS A GOING CONCERN – COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Governmental organizations have taken various actions to combat the spread of COVID-19, including imposing stay-at-home orders and closing "non-essential" businesses and their operations for certain periods of time.

The Group mainly operates travel retail businesses, which are significantly adversely impacted by COVID-19-related concerns, event cancellations, and business and government-imposed restrictions. These concerns and restrictions have led to a significant decrease in passenger travel and resulted in sharply reduced customer traffic and sales across our businesses. Consequently, the Group's revenues declined during 2020 compared with the same period in 2019 by approximately 71%.

In response to the COVID-19 pandemic, the Group most recently has taken the following measures:

- the Group is renegotiating almost all of its concession agreements to better align payment commitments to the current business environment and in particular to reduce fixed payments;
- as of September 2020, the Group has implemented a re-organization and restructuring program to adapt its organization to the new business environment and to accelerate growth and support profitability during the recovery phase of the economic and public health crisis resulting from COVID-19;
- in October 2020 and in connection with the Group's plan to acquire the remaining equity interest in Hudson Ltd. for USD 311 million and to delist Hudson Ltd. from the New York Stock Exchange, Dufry AG has conducted an equity increase through the issuance of 24,696,516 fully paid-in registered shares in the amount of CHF 820.3 million;
- on November 18, 2020, Dufry placed CHF 69.5 million in bonds due 2023, mandatory convertible into shares of the Company;
- in December 2020, Dufry successfully closed the merger with its subsidiary Hudson Ltd ("Hudson") which will improve the cost structure of the company going forward;
- the Group did not pay a dividend for the 2019 financial year and Dufry currently does not plan to propose to pay a dividend for the 2020 financial year.

In addition, in May 2020, we have entered into an amendment of certain borrowing instruments which, among other things, waived compliance with certain financial covenants until June 30, 2021 and which prevented a covenant breach that would have otherwise occurred as a result of the deterioration in adjusted operating cash flows due to COVID-19. Currently, financial covenants included in our borrowing instruments require the Group to comply with:

(i) a maximum ratio of total drawn debt to adjusted operating cash flow of 5.0:1.0 for the test periods ending September 30, 2021 and December 31, 2021 (and a maximum ratio of 4.5:1.0 for the test periods ending March 31, 2022 and thereafter),

(ii) a minimum ratio of adjusted operating cash flow to total interest expense (excluding lease interest) of 3.0:1.0 for the test periods ending September 30, 2021 and thereafter, and

(iii) a minimum liquidity available of CHF 300 million on a monthly basis until and including June 30, 2021.

Dufrey cannot predict extent or duration of the on-going COVID-19 pandemic and its impact on the Group and its financial position, results of operations and cash flows. This includes that the Group, as a result of the deterioration in adjusted operating cash flows, may breach financial covenants included in the Group's borrowing instruments after the covenant waiver period and our borrowings might become due on demand. There can be no assurance that we would be able to successfully negotiate further covenant waivers with our lenders in such an event. It may also be necessary to raise additional capital from investors or financing from lenders.

As a result of these matters caused by the COVID-19 pandemic, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore, whether the Group will be able to realize its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the consolidated financial statements.

We are closely monitoring developments related to the ongoing pandemic and have taken and continue to take steps intended to mitigate the potential risks to us. Although it is not certain that these efforts will be successful, management believes that the actions that it has taken to date are sufficient to currently mitigate the material uncertainty and has therefore prepared the consolidated financial statements on a going concern basis.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements of Dufrey comprise all entities directly or indirectly controlled by Dufrey (its subsidiaries) as at December 31, 2020 and December 31, 2019 respectively for the comparative information.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Dufrey obtains control, and continue to be consolidated until the date when such control is lost. The Group controls an entity when Dufrey is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intra group balances, transactions, unrealized gains or losses or dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If Dufrey loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- derecognizes the carrying amount of any non-controlling interest as well as derecognizes the cumulative translation differences recorded in equity,
- recognizes the fair value of the consideration received, recognizes the fair value of any investment retained as well as recognizes any surplus or deficit in the statement of profit or loss,
- recognizes any receivable from / payable to this former subsidiary.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Goodwill and Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, Dufry selects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related transaction costs are expensed and presented in other expenses. When Dufry acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Thereafter any change in the fair value of the contingent consideration not classified as equity will be recognized through the statement of profit or loss.

Dufry measures goodwill at the acquisition date as:

The fair value of the consideration transferred;

- plus the recognized amount of any non-controlling interests in the acquiree;
- plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree;
- less the net recognized amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Dufry's group of cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and an operation within is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless there are specific allocations identifiable.

b) Foreign currency translation

Each subsidiary in Dufry uses its corresponding functional currency. Items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are recorded at the date of the transaction in the functional currency using the exchange rate of such date.

Monetary assets and liabilities denominated in foreign currencies are re-measured using the functional currency exchange rate at the reporting date and the difference is recorded as unrealized foreign exchange gains / losses. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the statement of profit or loss, except where the hedges on net investments allow the recognition through other comprehensive income, until the respective investments are disposed of. Deferred tax related to unreal-

ized exchange differences is accounted for accordingly. Non-monetary items are measured at historical cost in the respective functional currency.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufrey (CHF), using the exchange rate at the reporting date. The statements of profit or loss of the subsidiaries are translated using the average exchange rates of the respective month in which the transactions occurred. The net translation differences are recognized in other comprehensive income. On disposal of a foreign entity or when control is lost, the deferred cumulative translation difference recognized within equity relating to that particular operation is recognized in the statement of profit or loss as gain or loss on sale of subsidiaries.

Goodwill, intangible assets and fair value adjustments identified during a business combination (purchase price allocation) are treated as assets and liabilities in the functional currency of such operation.

Principal foreign exchange rates applied for valuation and translation:

IN CHF	AVERAGE RATE		CLOSING RATE	
	2020	2019	31.12.2020	31.12.2019
1 USD	0.9385	0.9935	0.8851	0.9678
1 EUR	1.0703	1.1124	1.0814	1.0853
1 GBP	1.2041	1.2691	1.2106	1.2844

c) Net sales

Turnover is comprised of net sales and advertising income and is recognized from contracts with customers. The Group recognizes revenue from retail sales and the related cost of goods sold at the point in time, when it sells and hands over directly at the stores to the traveler consumables or fashion products manufactured by third parties. These transactions have to be settled by cash or credit card on delivery. Net sales are measured at fair value of the consideration received for the goods sold, excluding discounts or sales taxes.

d) Advertising income

The Group's advertising income is resulting from several distinctive marketing support activities, not affecting the retail price, performed by Dufrey after having been developed and coordinated together with our suppliers. The income is recognized in the period the advertising is performed. The compensation will be received on contractual terms. Usually Dufrey is not entitled to offset the income with trade payables related with the same supplier. An allowance on these advertising receivables is recognized to reflect the risks and uncertainties in relation with the final achievements of incentives based on thresholds, to be confirmed after the end of the respective program.

e) Cost of sales

Cost of sales are recognized when the Company sells the products and comprise the purchase price and the cost incurred until the products arrive at the warehouse, i.e. import duties, transport, purchase discounts (price-offs) as well as inventory valuation adjustments and inventory losses.

f) Lease expenses

Dufrey adopted the new temporary amendment to IFRS 16 for the full year 2020 (note 2.5). Basically the amendment allows to consider that renegotiations related to COVID-19 are not modifications, and can be recognized directly as lease expense.

g) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Dufrey are recognized at the proceeds received, net of direct issue costs. Repurchase of Dufrey's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of Dufrey's own equity instruments.

h) Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issuance of shares or options are shown in the statement of changes in equity as transaction costs for equity instruments, net of tax.

For Dufrey shares purchased by Dufrey AG or any subsidiary, the consideration paid, including any directly attributable expenses, net of income taxes, is deducted from equity until the shares are cancelled, assigned or sold. Where such ordinary shares are subsequently sold, any consideration received, net of any direct transaction expenses and income tax, is included in equity.

i) Pension and other post-employment benefit obligations

The employees of the subsidiaries are eligible for retirement, invalidity and death benefits under local social security schemes prevailing in the countries concerned and defined benefit or defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are either funded through regular contributions made by the employer or the employee or unfunded. The cost of providing benefits under defined benefit plans is determined using the projected unit credit method. The plan assets are valued at fair value.

Re-measurements, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognized in the statement of financial position with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- the date that Dufrey recognizes restructuring related costs

Net interest is calculated by applying the discount rate to the net defined benefit obligation (asset). Dufrey recognizes the following changes in the net defined benefit obligation in the statement of profit or loss:

- Service costs comprising current service costs are disclosed under "personnel expenses". Past service costs, gains and losses on curtailments and non-routine settlements are shown under "other expenses"
- Net interest expense or income under "finance expenses" or "finance income"

Based on pension legislation of certain countries the employer and/or the employees have the obligation to remedy any default situation of the pension foundation, which usually would result in higher periodic contributions. At the statement of financial position date, there was no such default situation. The actuarial calculations based on IAS 19 resulted in a defined benefit obligation/asset as presented in note 33.

j) Share-based payments

Equity settled share-based payments to employees and other third parties providing services are measured at the fair value of the equity instruments at grant date. The fair value determined at grant date of the equity-settled share-based payments is expensed on a pro rata basis over the vesting period, based on the estimated number of equity instruments that will eventually vest. At the end of each reporting period, Dufrey revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of profit or loss such that the cumulative expense reflects the revised estimate.

Where the terms of an equity settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the holder of the option as measured at the date of modification.

k) Taxation

Income tax expense represents the sum of the current income tax and deferred tax. Where the functional currency is not the local currency, the position includes the effects of foreign exchange translation on deferred tax assets or deferred tax liabilities.

Income tax positions not relating to items recognized in the statement of profit or loss, are recognized in correlation to the underlying transaction, either in other comprehensive income or equity.

Current income tax

Income tax receivables or payables are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where Dufrey operates and generates taxable income.

Income tax relating to items recognized in other comprehensive income is recognized in the same statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets or liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits or tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against

which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date applicable for each respective company.

l) Property, plant and equipment

These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The useful lives applied are as follows:

- Real estate (buildings) 20 to 40 years
- Leasehold improvements the shorter of the lease term or 10 years
- Furniture and fixtures the shorter of the lease term or 5 years
- Motor vehicles the shorter of the lease term or 5 years
- Computer hardware the shorter of the lease term or 5 years

m) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease obligations. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment. The contractual term of our assets is up to 40 years.

To contain a lease, an agreement has to convey the right to control the use of an identified asset throughout the period of use in exchange for consideration, so that the lessee has the right to obtain substantially all of the economic benefits from the use of the identified asset and direct the use of the identified asset (i. e. direct how and for what purpose the asset is used). The lease term corresponds to the non-cancellable period of each contract and where the Group is reasonably certain of exercising renewal options contractually foreseen. Right-of-use assets are

capitalized at a value equivalent to the lease obligation at inception and depreciated over the useful life of the asset, except for leases with a lease term (or remaining upon adoption) of less than 12 months or leases of low value assets.

Initial direct costs for contracts signed in the past were not recognized as part of the right-of-use asset at the date of initial adoption.

Short-term leases with a duration of less than 12 months and low value leases, as well as those lease elements, not complying with the principles of recognition defined by IFRS 16 are recognized in Profit or Loss when incurred.

The standard affects the accounting of:

a) Shops

Dufrey enters into lease agreements with operators of airports, seaports, railway stations etc. to operate retail shops which in substance are considered leases. These lease agreements contain complex features, which include variable payment based on sales, which cannot be lower than a minimal threshold (MAG). The MAG can be fixed or variable depending on certain parameters. The MAG amounts may: a) be fixed by the lease agreement or b) be calculated based on a percentage of fees paid in the previous year, or c) adjusted based on an index. In these cases, the unavoidable portions of the fees are considered as in substance fixed payments, despite having a variable component. Management signs and renews on average more than 50 agreements every year with a typical duration of 5 to 10 years.

These agreements do not contain a residual value guarantee. In some cases, the current parts of the lease obligations are secured with bank guarantees in case the Group would not fulfill its contractual commitments. Dufrey has capitalized all elements of the lease contracts in accordance with IFRS 16 when at the commencement of the agreement such commitments are in substance fixed. Payment obligations that do not have a fixed or in substance fixed commitment, will continue to be presented as variable lease expense. Dufrey has identified a number of agreements in its portfolio which are not fulfilling the principles of recognition defined by IFRS 16, i. e. they have minimal guaranteed payments based on non-predictable parameters or variables, such as actual number of passengers, which will continue to be presented as variable lease expense.

b) Other buildings

Lease agreements for offices or warehouse buildings will usually qualify for capitalization under IFRS 16.

c) Vehicles and other

Dufrey has also entered into many other lease agreements for e. g. vehicles, hard or software, and other assets, which in accordance with IFRS 16 will qualify for capitalization of leases.

n) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below CHF 5,000, division North America below USD 25,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

o) Intangible assets

These assets mainly comprise of concession rights and brands. Usually these assets are capitalized at cost, but when identified as part of a business combination, these assets are capitalized at fair value as at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Following initial recognition, the cost model is applied to intangible assets. Intangible assets with finite lives are amortized over the useful economic life. Intangible assets with an indefinite useful life are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis. The brand assets have indefinite useful life, whereas the concession rights have a useful life based on the lease term, which can be up to 40 years.

p) Software

Software is valued at amortized historical cost, or in case of internal developments by the sum of costs incurred less amortization.

q) Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal or its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

r) Associates

Associates are all entities over which Dufrey has significant influence but not control, generally accompanying a shareholding interest of more than 20% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost. The carrying amount is increased or decreased to recognize changes in the Group's share of net assets of the associate after the date of acquisition and decreased by dividends declared. Dufrey's investment in associates includes goodwill identified on acquisition.

Dufrey's share of post-acquisition net profit/(loss) is recognized in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Dufrey's share of losses in an associate equals or exceeds its interest in the associate, Dufrey does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to net profit/(loss) where appropriate.

Dufrey determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Dufrey calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount within the finance expense in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between Dufry and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Dufry.

Dilution gains and losses arising in investments in associates are recognized in the statement of profit or loss.

s) Inventories

Inventories are valued at the lower of historical cost or net realizable value.

The historical costs are determined according to the weighted average cost method. Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. Beside the purchase price of the goods less the discounts or rebates obtained, the historical cost includes import duties and transport cost. Dufry purchases most of the inventory centrally and provides the subsidiaries the goods in their reporting currency, i.e. free of currency risk for them.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory allowances are set up for slow-moving and obsolete stock. Expired items are fully written off.

t) Trade and credit card receivables

These accounts include receivables related to the sale of merchandise.

u) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand or current bank accounts as well as current deposits at banks with initial maturity below 91 days. Credit card receivables with a maturity of up to 4 working days are included as cash in transit. Current investments are included in this position if they are highly liquid, readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

v) Lease obligations

At the commencement date of the lease, the Group recognizes lease obligations measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. Amounts resulting from a remeasurement of the lease obligation due to an index or a rate are recognized against right-of-use assets.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease obligations is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease obligations is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Dufrey uses a discount rate which is the aggregation of the risk free rate for the respective currency and lease duration, increased by individual company risk factors.

The lease obligation represents the net present value of fixed or in substance fixed lease payments over the lease term. The implied interest charge is presented as interest expenses on lease obligation. Where a lease agreement does not specify a discount rate and as the subsidiaries are financed internally, Dufrey uses a discount rate which is the aggregation of the risk free rate for the respective currency and lease duration, increased by individual company risk factors.

Usually our lease contract do not specify interest, so that the accrued interest are considered a part of the minimal in substance fix commitments, which are presented in the cash flow from financing. In case the lease payments are higher due to variable fee clauses, these amounts are presented as cash outflow from operations.

w) Provisions

Provisions are recognized when Dufrey has a present obligation (legal or constructive) as a result of a past event, it is probable that Dufrey will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate at the end of the reporting period of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, contingent liabilities and contingent assets and the amount initially recognized less cumulative income recognized in accordance with IFRS 15 Revenue from contracts with customers.

Onerous contracts

Present obligations arising under onerous contracts are measured and recognized as provisions. An onerous contract is considered to exist if Dufrey has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings

A restructuring provision is recognized when Dufrey has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. Amounts of restructuring are shown in other provisions.

Lawsuits and duties

A lawsuits and duties provision is recognized to cover uncertainties dependent on the outcome of ongoing lawsuits in relation with taxes or "contractual commitments", other than income taxes and duties.

x) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented in the other operational result.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in the other operational result.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented as net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the finance income or finance expenses in the statement of profit or loss as applicable.

(iv) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, receivables for refund from suppliers and related services the Group applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 39 for further details.

y) Trade, other accounts receivable and cash and cash equivalents

Trade and other receivables (including credit cards receivables, other accounts receivable, cash and cash equivalents) are measured at amortized cost using the effective interest.

z) Financial liabilities

i) Financial liabilities at FVPL

These are stated at fair value, with any gains or losses arising on re-measurement recognized in the statement of profit or loss. The net gain or loss recognized in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the finance income or finance expenses in the statement of profit or loss. Fair value is determined in the manner described in note 35.

ii) Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

iii) Derecognition of financial liabilities

Dufrey derecognizes financial liabilities only when the obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously (see note 29.1).

ab) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 34.

Movements in the hedging reserve in shareholders' equity are shown in note 24.5. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within OCI. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within OCI. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI. When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss within other finance income or finance expense. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold. See notes 27.1 and 27.2 for further details.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the statement of profit or loss and are included in other finance income or finance expense.

Further details of derivative financial instruments are disclosed in note 35.

2.5 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new or revised Standards and Interpretations adopted in these consolidated financial statements (effective January 1, 2020).

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- COVID-19 Related Rent Concessions – amendment to IFRS 16

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards, except for the COVID-19 related rent concessions:

COVID-19 related rent concessions – Amendment to IFRS 16

On May 28, 2020, the IAS-Board issued an amendment to IFRS 16 providing lessees with an exemption from assessing whether a COVID-19 related relief of lease obligations is a lease modification, requiring lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications. Dufrey adopted this amendment, applying it for the full year 2020. The exemption applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and subject to certain conditions. Dufrey recognized in 2020 a net relief of lease obligations of CHF 380.3 million presented as lease (expenses)/income (see note 8).

Other amendments and interpretations

These apply for the first time in 2020, but do not have an impact on consolidated financial statements of the Group.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Dufry's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods, are discussed below.

Impairment tests

Dufry annually tests goodwill and intangible assets with indefinite useful lives and assesses other non-financial assets for impairment indications. Where required, the company performs impairment tests which are based on the discounted value models of future cash flows. The underlying calculation requires the use of estimates. The estimates and assumptions used are disclosed in note 18.1.1 and 18.1.3.

Onerous contracts

Some of the long-term lease agreements include clauses to prevent early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement. The conditions for an onerous contract will be met, when the business behind such a contract presents a non-profitable outlook. In this event, an impairment of the tangible, intangible and Right-of-Use assets may be required, or even a provision based on the present value of the unavoidable future negative cash flows expected is established. The unavoidable costs are the lower of the costs of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. Further details are given in note 32.

Income taxes

Dufry is active in numerous jurisdictions which makes it subject to local income tax. Significant judgment is required in determining the taxability of certain transactions based on the local tax regulations. In case of uncertainties for some transactions in relation with the correct tax treatment, Dufry recognizes a tax expense and a liability for the amounts required to settle the estimated tax obligations. Where the final tax outcome is different from the carrying amounts, such difference will impact the net profit in the period in which the obligations become certain. Further details are given in notes 14 and 31.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the credits can be utilized. Management judgment is required to determine the amount of future taxable profits that can be generated in each jurisdiction, and the limitations in use of the respective tax credits to calculate the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details are given in note 31.

Provisions

Management makes assumptions in relation to the expected outcome and required cash outflows based on the development of each individual case. Further details are given in note 32.

Share-based payments

Dufrey measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating such fair values depends on the terms and conditions of the grant, as well as, the most appropriate inputs to the valuation model including the expected probability that the triggering clauses will be met. The result will be the expected quantity of shares to be assigned. The assumptions and models used are disclosed in note 25.

Pension and other post-employment benefit obligations

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, future salary and pension increases as well as mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 33.

Purchase price allocation

The determination of the fair values of the identifiable assets (especially the concession rights) and the assumed liabilities (especially the contingent liabilities recognized as provisions), resulting from business combinations, is based on valuation techniques such as the discounted cash flow model. Some of the inputs to this model are partially based on assumptions and judgments and any changes thereof would affect the carrying values.

Consolidation of entities where Dufrey has control, but holds minority voting rights

Dufrey considers controlling certain entities indirectly, even when it holds less than the majority of the voting rights, when it is exposed to or has the rights to variable returns from the involvements with the investee and has the ability to affect those returns through its power over the entity. These indicators are evaluated at the time of first consolidation and reviewed when there are changes in the statutes or composition of the executive board of these entities. Further details on non-controlling interests are disclosed in notes 26 and the list "Material indirect subsidiaries" in the financial statements of Dufrey AG.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED/EFFECTIVE

Certain new accounting standards and interpretations were issued that are not effective for 2020. Dufrey will adopt these when they become mandatory. From the current point of view they are not expected to have a material impact in future reporting periods.

5. SEGMENT INFORMATION

Dufrey's risks and returns are predominantly affected by the fact that Dufrey operates in different countries. Therefore, Dufrey presents the segment information as it does internally to the Global Executive Committee, using geographical segments and the distribution centers as an additional segment.

The Group implemented a new company organization which became effective on September 1, 2020. The comparative figures have been presented accordingly to reflect these changes.

The list of most important subsidiaries indicates the entities consolidated in each segment in the financial statements of Dufrey AG.

The Group is presenting as alternative performance indicator an Adjusted Operating Profit to its chief operating decision maker. This indicator is calculated from operating profit before amortizations and impairments of intangible assets or goodwill related to acquisitions.

2020 IN MILLIONS OF CHF	TURNOVER			ADJUSTED OPER- ATING PROFIT (unaudited)	EMPLOYEES (FTE) (unaudited)
	with external customers	with other divisions	TOTAL		
Europe, Middle East and Africa (EMEA)	1,144.5	-	1,144.5	(1,069.3)	9,924
Asia Pacific	160.0	-	160.0	(73.3)	664
Central & South America	497.3	-	497.3	(205.2)	3,933
North America	644.4	-	644.4	(212.5)	2,866
Global Distribution Centers	114.9	376.3	491.2	(1.3)	408
Total divisions	2,561.1	376.3	2,937.4	(1,561.6)	17,795
Eliminations	-	(376.3)	(376.3)	-	-
Dufrey	2,561.1	-	2,561.1	(1,561.6)	17,795

2019 IN MILLIONS OF CHF	TURNOVER			ADJUSTED OPER- ATING PROFIT (unaudited)	EMPLOYEES (FTE) (unaudited)
	with external customers	with other divisions	TOTAL		
Europe, Middle East and Africa (EMEA)	4,434.2	-	4,434.2	408.4	12,999
Asia Pacific	691.6	-	691.6	21.7	1,629
Central & South America	1,536.1	-	1,536.1	171.5	7,269
North America	1,935.8	-	1,935.8	149.5	8,776
Global Distribution Centers	250.9	1,595.1	1,846.0	16.5	663
Total divisions	8,848.6	1,595.1	10,443.7	767.7	31,336
Eliminations	-	(1,595.1)	(1,595.1)	-	-
Dufrey	8,848.6	-	8,848.6	767.7	31,336

Dufrey generated 6.6 % (2019: 5.4%) of its turnover with external customers in Switzerland (domicile).

Adjusted Operating Profit

IN MILLIONS OF CHF	NOTE	2020	2019
Operating profit / (loss)		(2,500.8)	432.8
Adjusted for:			
Amortization of concession rights*	18	251.1	308.9
Impairment of concession rights*	18	556.8	26.0
Impairment of goodwill*	18	131.1	-
Adjusted operating profit		(1,561.6)	767.7

* Related to acquisitions.

Financial Position and other disclosures

31.12.2020 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX (EXPENSE) / INCOME	CAPITAL EXPENDITURE PAID	DEPRECIATION AMORTIZATION AND IMPAIRMENT
Europe, Middle East and Africa (EMEA)	6,154.9	4,144.9	79.6	(55.3)	(1,646.2)
Asia Pacific	567.7	541.1	(6.3)	(4.0)	(141.6)
Central & South America	1,386.5	779.5	1.1	(9.1)	(637.2)
North America	2,004.0	1,223.9	66.3	(42.3)	(379.7)
Global Distribution Centers	847.7	128.6	(0.1)	(4.1)	(20.7)
Total divisions	10,960.8	6,818.0	140.6	(114.8)	(2,825.4)
Unallocated positions	294.2	3,519.0	(9.9)	(4.2)	(16.5)
Dufrey	11,255.0	10,337.0	130.7	(119.0)	(2,841.9)

31.12.2019 IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX (EXPENSE) / INCOME	CAPITAL EXPENDITURE PAID	DEPRECIATION AMORTIZATION AND IMPAIRMENT
Europe, Middle East and Africa (EMEA)	6,398.7	3,038.0	(31.5)	(95.8)	(939.6)
Asia Pacific	740.8	646.8	(1.4)	(20.5)	(133.2)
Central & South America	2,126.1	913.4	(18.3)	(35.0)	(316.3)
North America	2,558.4	1,533.7	(14.4)	(72.5)	(361.1)
Global Distribution Centers	947.9	390.9	(4.8)	(3.1)	(5.8)
Total divisions	12,771.9	6,522.8	(70.4)	(226.9)	(1,756.0)
Unallocated positions	587.0	3,728.1	(7.8)	(26.5)	(21.0)
Dufrey	13,358.9	10,250.9	(78.2)	(253.4)	(1,777.0)

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Operating assets	10,960.8	12,771.9
Current assets of corporate and holding companies ¹	30.3	254.4
Non-current assets of corporate and holding companies	263.9	332.6
Total assets	11,255.0	13,358.9

¹ Includes notional Cash Pool overdrafts at Headquarters.

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Operating liabilities	6,818.0	6,522.8
Borrowings of corporate and holding companies, current	0.6	1.2
Borrowings of corporate and holding companies, non-current	3,510.5	3,592.9
Other non-segment liabilities	7.9	134.0
Total liabilities	10,337.0	10,250.9

6. ACQUISITIONS OF BUSINESSES

2020 TRANSACTIONS

There were no transactions during 2020.

2019 TRANSACTIONS

6.1 ACQUISITION OF REGSTAER M LLC, RUSSIA

RegStaer M Ltd. operates at the Vnukovo airport in Moscow a retail concession running for 15 years consisting of 6,800 square meters of duty-free and duty-paid shops offering a broad assortment of core duty free products, complemented with a selection of fashion and accessories. In 2019, the company generated net sales of CHF 83.7 (EUR 76.3) million, both unaudited figures, and an operating profit of CHF 9.0 (EUR 8.2) million. With this acquisition, Dufroy is present in all the airports of Moscow.

On November 6, 2019, the Group acquired 60% of RegStaer M LLC ("Vnukovo") through its majority owned (51%) subsidiary Dufroy Staer Holding Ltd for a total consideration partially contributed in shares, equivalent to CHF 80.2 (EUR 73.7) millions. The transaction was closed in November 2019, when the Group obtained control and the required regulatory approvals. The acquisition was accounted for using the acquisition method. The transaction costs in relation to this acquisition amounted to CHF 0.3 (EUR 0.3) million. The non-controlling interests, resulting from the transaction was measured at the proportionate share in the identifiable net assets.

Dufroy has integrated this company with its remaining operations in Russia into a subdivision which will generate synergies, which are reflected in the value of the goodwill besides other intangibles that are not recognized individually. The resulting goodwill is not amortized, is not tax deductible and is subject to annual impairment testing.

The fair value of the identifiable assets and liabilities of RegStaer M, LLC at the date of the acquisition are determined as follows:

IN MILLIONS OF	FINAL FAIR VALUE AT NOVEMBER 6, 2019	
	CHF	EUR
Inventories	16.7	15.4
Other current assets	1.5	0.5
Property, plant and equipment	10.9	10.1
Right-of-use assets	7.7	7.1
Concession rights	95.4	87.7
Trade payables	(3.3)	(3.0)
Lease obligations	(7.7)	(7.1)
Provisions	(2.0)	(1.8)
Other liabilities	(4.9)	(3.9)
Deferred tax liabilities	(19.2)	(17.6)
Identifiable net assets	95.1	87.4
Non-controlling interests (40.0%)	38.0	35.0
Dufrey's share in the net assets (60.0%)	57.0	52.4
Goodwill	23.1	21.3
Consideration in cash	41.3	38.0
Consideration in shares ¹	38.9	35.7
Total consideration	80.2	73.7

¹ The fair value of the shares contributed by the partner of Dufrey Staer Holding are derived from Dufrey's transaction.

From the date when Dufrey took control of RegStaer M, LLC operations in November 2019 until December 2019 these operations contributed CHF 12.4 (EUR 11.3) million in turnover and CHF 1.6 (EUR 1.4) million, in operating profit to the consolidated statement of profit or loss (both unaudited figures).

As part of the transaction, the Group entered into put and call options with the non-controlling interest holder Dufrey Staer Holding Ltd which mainly provide to our partner after a holding period of three years the option to sell its non-controlling interest (49%) subject to the completion of certain contractual conditions for a fair value of the entity to be determined upon exercise of the option.

The put option was accounted for as a liability in these financial statements and valued to the respective portion of the fair value of Dufrey Staer Holding. The difference between this value and the eliminated non-controlling interest was booked against the reserve for transactions with non-controlling interest in the Group's equity.

6.2 BROOKSTONE

On October 10, 2019, the Group acquired the business and assets related to the operations in Brookstone airport stores in the U.S.. Hudson obtained the license to use the Brookstone brand and trademarks. Brookstone sells a unique selection of innovative products in the categories travel, wellness, home and entertainment for a net consideration of CHF 7.4 million. Brookstone has been integrated into the Hudson Group. Through this acquisition, Hudson Group expects to expand the business and to generate cost synergies through the integration of Brookstone into its marketing and supply chain as well as support functions, which are reflected in the value of the goodwill CHF 2.7 million besides other intangibles like concession rights (CHF 5.5 million) that are recognized individually and the acquired non-controlling interests (CHF 2.4 million). The resulting goodwill is not amortized but is tax deductible and will be subject to annual impairment testing. The Group incurred in transaction costs in relation to this acquisition of CHF 0.5 million in 2019.

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	2020	2019
Perfumes and Cosmetics	774.8	2,744.4
Food, Confectionery and Catering	480.0	1,566.2
Wine and Spirits	413.8	1,427.0
Luxury goods	283.8	1,074.9
Tobacco goods	286.2	988.4
Electronics	61.3	194.7
Literature and Publications	46.5	171.0
Other	131.2	443.2
Total	2,477.6	8,609.8

Net sales by market sector:

IN MILLIONS OF CHF	2020	2019
Duty-free	1,379.1	5,260.4
Duty-paid	1,098.5	3,349.4
Total	2,477.6	8,609.8

Net sales by channel:

IN MILLIONS OF CHF	2020	2019
Airports	2,132.2	7,587.9
Border, downtown and hotel shops	114.4	295.3
Cruise liners and seaports	75.5	306.1
Railway stations and other	155.5	420.5
Total	2,477.6	8,609.8

8. LEASE (EXPENSES)/INCOME

IN MILLIONS OF CHF	2020	2019
Lease expenses ¹	(391.8)	(1,380.1)
Lease expenses short-term contracts	(3.0)	(5.2)
Lease expenses low value contracts	(0.9)	(1.4)
Sublease income from right-of-use assets	15.9	13.8
Relief of lease obligations ²	380.3	-
Change in provision for onerous contract	7.5	-
Total	8.0	(1,372.9)

¹ Lease expenses include only variable Lease expenses. Fixed and in substance fixed commitments are recognized in accordance with lease accounting as amortization of right-of-use assets or interest on lease obligations.

² See note 2.5 COVID-19 related rent concessions - Amendment to IFRS 16.

Most lease contracts require as compensation the higher of two amounts: a) a percentage of sales or b) a fixed minimal guaranteed amount (MAG). The fair value of these MAG commitments over the contractual term are presented usually as right-of-use assets and expensed as depreciation. Lease payments exceeding the MAG are presented as lease expenses and are normally calculated as a percentage of sales. Other lease contracts require only variable payments, which are fully presented as lease expense. For the following year, the Group estimates that the lease expenses may be between 17% and 21% of net sales.

Variable lease expense approximates the related cash flows due to the short payment term characteristic of these contracts.

9. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2020	2019
Salaries and wages	(552.9)	(980.0)
Social security expenses	(100.8)	(147.6)
Retirement benefits	(11.3)	(22.0)
Other personnel expenses	(51.0)	(93.7)
Total	(716.0)	(1,243.3)

During 2020, some governments initiated actions to reduce the financial implications to companies affected by the COVID-19 pandemic. Certain Dufrey subsidiaries have been granted government support in order to reduce the burden of personnel expenses during the lock-down periods. In this respect, Dufrey has accrued CHF 73.3 million.

Additionally, Dufrey took the initiative to adapt the Company to the current business environment by reducing personnel expenses based on the expected decline in sales of the respective subsidiaries. The reduction in personnel expenses includes early retirements, hold-backs of seasonal staff employment as well as the reduction of positions across the Group. In June 2020, the Company has decided on and announced the respective plans to implement these measures during the second half of 2020. The Company has incurred in total CHF 73.3 million in severance cost, of which CHF 37.6 million have been paid out during 2020 and CHF 35.7 million are accrued under personnel payables and short term provisions depending on the status of the restructuring measures.

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2020	2019
Depreciation of Property, Plant and Equipment	(166.2)	(184.2)
Impairment of Property, Plant and Equipment	(37.3)	(19.7)
Subtotal (note 16 Property, Plant and Equipment)	(203.5)	(203.9)
Depreciation of RoU	(1,178.1)	(1,170.3)
Impairment of RoU	(443.1)	-
Subtotal (note 17 Right-of-use Assets)	(1,621.2)	(1,170.3)
Amortization of Intangibles	(304.4)	(368.2)
Impairment of Intangibles	(712.8)	(34.6)
Subtotal (note 18 Intangible Assets and Goodwill)	(1,017.2)	(402.8)
Total	(2,841.9)	(1,777.0)

Aggregated information of impairments per division (segment)

IN MILLIONS OF CHF	2020			2019 ²		
	Property, Plant and Equipment	Right-of-use Assets	Intangible Assets ¹	Property, Plant and Equipment	Right-of-use Assets	Intangible Assets
Europe, Middle East and Africa (EMEA)	(31.1)	(417.4)	(269.6)	(8.6)	-	(9.6)
Asia Pacific	(0.4)	(8.5)	-	-	-	(1.0)
Central & South America	-	(13.7)	(384.2)	(7.0)	-	(24.0)
North America	(5.7)	(3.5)	(52.1)	(4.1)	-	-
Global Distribution Centers	(0.1)	-	(6.9)	-	-	-
Total	(37.3)	(443.1)	(712.8)	(19.7)	-	(34.6)

¹ Includes impairment of goodwill: CHF 50.1 million for division North America and CHF 81.0 million for division Central & South America.

² Refer to note 5 for changes in the segment information.

There have been no reversals of impairments during 2020 or 2019.

As a consequence of the pandemic, nearly all Dufrey shops worldwide were required to temporarily close to help curb the spread of COVID-19 or have been subject to very low passenger traffic, all these affecting severely the actual turnover, as well as our projections. Due to this, the Company recognized impairments of depreciable and amortizable assets as well as of goodwill (see also note 18.1 IMPAIRMENT TEST OF INTANGIBLE ASSETS).

11. OTHER EXPENSES

IN MILLIONS OF CHF	2020	2019
Repairs, maintenance and utilities	(56.9)	(91.4)
Credit card expenses	(38.3)	(115.2)
Professional advisor expenses	(51.6)	(59.7)
IT expenses	(47.9)	(51.0)
Freight & packaging material	(18.0)	(46.7)
Acquisition related transaction costs ¹	(12.6)	(2.9)
Other operational expenses	(32.0)	(50.3)
Advertising expenses	(10.2)	(31.8)
Office and admin expenses	(20.8)	(31.2)
Travel, car, entertainment and representation	(11.0)	(29.8)
Franchise fees and commercial services	(7.1)	(27.1)
Public relations expenses	(11.3)	(24.3)
Taxes, other than income tax expense	(17.6)	(21.9)
Ancillary premises expenses	(8.4)	(16.4)
Insurances	(14.0)	(13.6)
Bank expenses	(3.9)	(5.5)
Total	(361.6)	(618.8)

¹ Transaction costs in 2020 include costs in relation to aborted business combination transactions mainly in the USA.

12. OTHER INCOME

IN MILLIONS OF CHF	2020	2019
Sales tax recovery ¹	6.6	64.4
Selling income	9.6	24.0
Other operating income	17.2	33.2
Total	33.4	121.6

¹ In September 2019, a decision of the Federal Court in Rio de Janeiro in a lawsuit between one of our Brazilian subsidiaries and the Brazilian federal tax authority became final and non-appealable, consequently Dufrey assessed the recovery of these amounts as virtually certain and will claim back certain indirect tax payments made since 2009.

13. FINANCE INCOME AND FINANCE EXPENSES

FINANCE INCOME

IN MILLIONS OF CHF	2020	2019
INCOME ON FINANCIAL ASSETS		
Interest income on current deposits	22.5	28.5
Deferred gain on modification of financing arrangements	–	16.3
Other finance income	13.0	26.0
Interest income on financial assets	35.5	70.8
INCOME ON NON-FINANCIAL ASSETS		
Interest income	0.1	0.3
INCOME FROM FINANCIAL INVESTMENTS AND ASSOCIATES		
Share of result in associates	(25.4)	0.4
Gain on disposal of financial investments	4.7	0.2
Income from financial investments and associates	(20.7)	0.6
Total finance income	14.9	71.7

FINANCE EXPENSES

IN MILLIONS OF CHF	2020	2019
EXPENSES ON FINANCIAL LIABILITIES		
Interest expense	(325.5)	(348.7)
of which lease interest	(178.7)	(187.7)
of which bank interest	(134.0)	(144.8)
of which bank commitment fees	(1.4)	(4.6)
of which bank guarantees commission expense	(4.0)	(3.6)
of which related to other financial liabilities	(7.4)	(8.0)
Amortization / write off of arrangement fees	(13.1)	(10.2)
Other finance costs	(40.7)	(25.7)
Interest expense on financial liabilities	(379.3)	(384.6)
EXPENSES ON NON-FINANCIAL LIABILITIES		
Interest expense	(6.1)	(2.4)
Interest and other finance expenses	(6.1)	(2.4)
Total finance expenses	(385.4)	(387.0)

14. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

IN MILLIONS OF CHF	2020	2019
Current Income tax income / (expense)	35.1	(108.7)
of which corresponding to the current period	9.9	(110.3)
of which adjustments recognized in relation to prior years	25.2	1.6
Deferred Income tax income / (expense)	95.6	30.5
of which related to the origination or reversal of temporary differences	136.9	30.2
of which adjustments recognized in relation to prior years	(30.9)	9.0
of which relates to foreign exchange movements ¹	(11.5)	(10.7)
of which adjustments due to change in tax rates	1.1	2.0
Total	130.7	(78.2)

¹ In countries where Dufrey pays taxes in another currency than the functional currency, deferred tax assets and liabilities are impacted by foreign exchange fluctuations. These changes are presented as income tax.

Due to the profit/(loss) before tax recognized in 2020 as a consequence of the COVID-19 pandemic, Dufrey records a current income tax income mainly based on tax losses carried back in certain jurisdictions. Deferred tax income increased for the year, as a direct consequence of the impairment of acquisition related intangibles, where corresponding deferred tax liabilities were released through the profit or loss. In addition, Dufrey generated tax losses which can be carried forward and used against future taxable profits.

IN MILLIONS OF CHF	2020	2019
Consolidated profit / (loss) before taxes	(2,871.2)	108.3
Expected tax rate in %	20.8%	20.7%
Income tax at the expected rate	598.1	(22.4)
EFFECT OF		
Income not subject to income tax	0.1	0.4
Different tax rates for subsidiaries in other jurisdictions	1.6	12.3
Effect of changes in tax rates on previously recognized deferred tax assets and liabilities	1.2	2.0
Non-deductible expenses	(15.9)	(7.5)
Change of unrecognized tax loss carry-forwards	(268.1)	(32.5)
Net change of revision of estimates on the taxability / deductibility of temporary differences	(152.5)	(25.5)
Non recoverable withholding taxes	(3.8)	(8.6)
Income taxes in non-controlling interest holders	4.6	8.6
Adjustments recognized in relation to prior year	(5.7)	10.8
Foreign exchange movements on deferred tax balances ¹	(11.5)	(10.7)
Other items	(17.4)	(5.1)
Total	130.7	(78.2)

¹ In countries where Dufrey pays taxes in a currency other than the functional currency, deferred tax assets and liabilities are impacted by foreign exchange fluctuations between the functional and local currencies. These changes are included in the group's tax expense line.

The expected tax rate in % approximates the average income tax rate of the countries where the Group is active, weighted by the profit before taxes of the respective operations adjusted for impairments. For 2020, there were no major changes in tax rates noted for countries in which Dufrey is operating.

DEFERRED INCOME TAX RECOGNIZED IN OTHER
 COMPREHENSIVE INCOME OR IN EQUITY

IN MILLIONS OF CHF	2020	2019
RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Actuarial gains / (losses) on defined benefit plans	0.6	1.7
Total	0.6	1.7
RECOGNIZED IN EQUITY		
Tax effect on share-based payments ¹	(0.3)	2.8
Total	(0.3)	2.8

¹ Includes CHF -0.1 (2019: 1.2) million as equity attributable to non-controlling interests.

15. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2020 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings			
Remeasurement of post-employment benefits plans	1.0	-	-	-	1.0	-	1.0
Income tax effect	0.6	-	-	-	0.6	-	0.6
Subtotal	1.6	-	-	-	1.6	-	1.6
Exchange differences on translating foreign operations	-	-	(219.4)	-	(219.4)	(17.7)	(237.1)
Subtotal	-	-	(219.4)	-	(219.4)	(17.7)	(237.1)
Net gain / (loss) on hedge of net investment in foreign operations	-	-	24.2	-	24.2	-	24.2
Subtotal	-	-	24.2	-	24.2	-	24.2
Share of other comprehensive income of associates	-	-	0.2	-	0.2	-	0.2
Subtotal	-	-	0.2	-	0.2	-	0.2
Other comprehensive income	1.6	-	(195.0)	-	(193.4)	(17.7)	(211.1)

2019 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				TOTAL	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
	Employee benefit reserve	Hedging & revaluation reserves	Translation reserves	Retained earnings			
Remeasurement of post-employment benefits plans	(16.1)	-	-	-	(16.1)	0.1	(16.0)
Income tax effect	1.7	-	-	-	1.7	-	1.7
Subtotal	(14.4)	-	-	-	(14.4)	0.1	(14.3)
Exchange differences on translating foreign operations	-	-	(7.2)	-	(7.2)	(3.3)	(10.5)
Subtotal	-	-	(7.2)	-	(7.2)	(3.3)	(10.5)
Net gain / (loss) on hedge of net investment in foreign operations	-	-	1.8	-	1.8	-	1.8
Subtotal	-	-	1.8	-	1.8	-	1.8
Changes in the fair value of equity investments at FVOCI	-	0.3	-	-	0.3	-	0.3
Subtotal	-	0.3	-	-	0.3	-	0.3
Share of other comprehensive income of associates	-	-	(0.4)	-	(0.4)	-	(0.4)
Subtotal	-	-	(0.4)	-	(0.4)	-	(0.4)
Other comprehensive income	(14.4)	0.3	(5.8)	-	(19.9)	(3.2)	(23.1)

16. PROPERTY, PLANT AND EQUIPMENT

2020 IN MILLIONS OF CHF	LEASEHOLD IMPROVE- MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	633.9	52.9	491.3	55.6	8.1	55.8	1,297.6
Decrease in scope of consolidation	(0.2)	-	(0.2)	(0.1)	(0.2)	-	(0.7)
Additions	17.4	0.7	11.9	3.9	-	51.1	85.0
Disposals	(26.7)	(1.0)	(18.0)	(3.4)	(0.8)	(6.6)	(56.5)
Reclassification within classes	46.5	(36.5)	26.8	2.1	-	(38.9)	-
Reclassification to right-of-use	(1.0)	-	-	-	-	-	(1.0)
Reclassification to intangible assets	-	-	-	-	-	(3.7)	(3.7)
Currency translation adjustments	(51.5)	(0.8)	(39.4)	(8.9)	(0.7)	(3.8)	(105.1)
Balance at December 31	618.4	15.3	472.4	49.2	6.4	53.9	1,215.6
ACCUMULATED DEPRECIATION							
Balance at January 1	(301.6)	(21.8)	(282.5)	(20.9)	(4.9)	-	(631.7)
Decrease in scope of consolidation	0.2	-	0.2	0.1	0.1	-	0.6
Additions (note 10)	(83.9)	(0.9)	(67.1)	(13.3)	(1.0)	-	(166.2)
Disposals	21.1	1.0	14.1	3.1	0.8	-	40.1
Reclassification within classes	(10.6)	13.7	(3.1)	-	-	-	-
Currency translation adjustments	32.0	0.5	28.8	6.7	0.6	-	68.6
Balance at December 31	(342.8)	(7.5)	(309.6)	(24.3)	(4.4)	-	(688.6)
IMPAIRMENT							
Balance at January 1	(27.5)	(0.2)	(10.3)	(0.8)	-	-	(38.8)
Impairment (note 10)	(5.8)	-	(20.9)	(0.5)	-	(10.1)	(37.3)
Reclassification within classes	(1.5)	-	1.5	-	-	-	-
Currency translation adjustments	1.7	-	0.7	0.1	-	(0.1)	2.4
Balance at December 31	(33.1)	(0.2)	(29.0)	(1.2)	-	(10.2)	(73.7)
CARRYING AMOUNT							
At December 31, 2020	242.5	7.6	133.8	23.7	2.0	43.7	453.3

2019 IN MILLIONS OF CHF	LEASEHOLD IMPROVE- MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	627.7	49.7	396.0	47.0	7.6	62.9	1,190.9
Business combinations	11.4	-	-	-	-	1.1	12.5
Additions	69.9	2.1	40.0	11.2	1.3	70.4	194.9
Disposals	(46.2)	(0.3)	(32.7)	(5.5)	(0.8)	(3.6)	(89.1)
Reclassification within classes	(17.7)	3.1	85.5	3.7	0.1	(74.7)	-
Reclassification to intangible assets	-	-	-	(1.4)	-	-	(1.4)
Currency translation adjustments	(11.2)	(1.7)	2.5	0.6	(0.1)	(0.3)	(10.2)
Balance at December 31	633.9	52.9	491.3	55.6	8.1	55.8	1,297.6
ACCUMULATED DEPRECIATION							
Balance at January 1	(291.0)	(17.4)	(189.7)	(11.8)	(4.4)	-	(514.3)
Additions (note 10)	(86.9)	(5.2)	(76.8)	(14.1)	(1.2)	-	(184.2)
Disposals	35.1	0.2	24.5	5.0	0.7	-	65.5
Reclassification within classes	35.3	-	(36.3)	1.0	-	-	-
Reclassification to intangible assets	-	-	-	(0.1)	-	-	(0.1)
Currency translation adjustments	5.9	0.6	(4.2)	(0.9)	-	-	1.4
Balance at December 31	(301.6)	(21.8)	(282.5)	(20.9)	(4.9)	-	(631.7)
IMPAIRMENT							
Balance at January 1	(17.6)	(0.2)	(13.7)	(0.8)	-	-	(32.3)
Impairment (note 10)	(17.1)	-	(2.4)	(0.2)	-	-	(19.7)
Disposals	6.5	-	5.5	0.2	-	-	12.2
Currency translation adjustments	0.7	-	0.3	-	-	-	1.0
Balance at December 31	(27.5)	(0.2)	(10.3)	(0.8)	-	-	(38.8)
CARRYING AMOUNT							
At December 31, 2019	304.8	30.9	198.5	33.9	3.2	55.8	627.1

Cash flow used for purchase of property, plant and equipment

IN MILLIONS OF CHF	2020	2019
Payables for capital expenditure at the beginning of the period	(28.2)	(32.7)
Additions of property, plant and equipment	(85.0)	(194.9)
Payables for capital expenditure at the end of the period	10.7	28.2
Currency translation adjustments	1.4	0.1
Total Cash Flow	(101.1)	(199.3)

17. RIGHT-OF-USE ASSETS

2020 IN MILLIONS OF CHF	SHOPS	OTHER BUILDINGS	VEHICLES	OTHER	TOTAL
AT COST					
Balance at January 1	5,251.9	212.6	4.6	1.4	5,470.5
Decrease in scope of consolidation	(0.8)	-	-	-	(0.8)
Additions	1,840.3	38.9	2.0	0.8	1,882.0
Disposals ¹	(95.8)	(4.7)	(0.1)	-	(100.6)
Reclassification within classes ²	(1.5)	-	-	-	(1.5)
Reclassification from property, plant & equipment	1.0	-	-	-	1.0
Reclassification from intangible assets ³	94.3	-	-	-	94.3
Currency translation adjustments	(218.3)	(11.9)	(0.3)	(0.1)	(230.6)
Balance at December 31	6,871.1	234.9	6.2	2.1	7,114.3
ACCUMULATED DEPRECIATION					
Balance at January 1	(1,108.1)	(32.5)	(1.2)	(0.6)	(1,142.4)
Decrease in scope of consolidation	0.2	-	-	-	0.2
Additions (note 10)	(1,143.2)	(32.9)	(1.4)	(0.6)	(1,178.1)
Disposals ¹	53.9	1.5	0.1	-	55.5
Reclassification from intangible assets ³	(34.3)	-	-	-	(34.3)
Currency translation adjustments	64.5	2.2	0.1	0.1	66.9
Balance at December 31	(2,167.0)	(61.7)	(2.4)	(1.1)	(2,232.2)
IMPAIRMENT					
Balance at January 1	-	-	-	-	-
Impairment	(439.5)	(3.6)	-	-	(443.1)
Currency translation adjustments	(0.3)	-	-	-	(0.3)
Balance at December 31	(439.8)	(3.6)	-	-	(443.4)
CARRYING AMOUNT					
At December 31, 2020	4,264.3	169.6	3.8	1.0	4,438.7

¹ Disposals mainly relate to contractual term changes which led to derecognition of right-of-use assets.

² CHF 1.5 m is reclassified to other non-current asset as part of a lease contract re-negotiation in division Central & South America.

³ Transfers from concession right to right-of-use assets opening balances in Central & South America.

2019 IN MILLIONS OF CHF	SHOPS	OTHER BUILDINGS	VEHICLES	OTHER	TOTAL
AT COST					
Balance at January 1 at inception of IFRS 16	4,620.9	171.2	3.8	1.0	4,796.9
Business combinations (note 6)	3.3	7.7	-	-	11.0
Additions	790.0	37.0	0.9	0.5	828.4
Disposals ¹	(79.3)	(0.6)	-	-	(79.9)
Currency translation adjustments	(83.0)	(2.7)	(0.1)	(0.1)	(85.9)
Balance at December 31	5,251.9	212.6	4.6	1.4	5,470.5
ACCUMULATED DEPRECIATION					
Balance at January 1 at inception of IFRS 16	-	-	-	-	-
Additions (note 10)	(1,135.1)	(33.3)	(1.3)	(0.6)	(1,170.3)
Disposals ¹	2.6	0.1	-	-	2.7
Currency translation adjustments	24.4	0.7	0.1	-	25.2
Balance at December 31	(1,108.1)	(32.5)	(1.2)	(0.6)	(1,142.4)
CARRYING AMOUNT					
At December 31, 2019	4,143.8	180.1	3.4	0.8	4,328.1

¹ Early termination of leases.

18. INTANGIBLE ASSETS AND GOODWILL

2020 IN MILLIONS OF CHF	CONCESSION RIGHTS				TOTAL	GOODWILL
	Acquisition related	Plain	BRANDS	OTHER		
AT COST						
Balance at January 1	4,764.5	211.2	270.7	324.0	5,570.4	2,612.9
Business combinations (note 6)	-	-	-	-	-	2.7
Additions (note 18.1.4)	-	0.3	-	17.3	17.6	-
Disposals	-	(0.7)	-	(59.9)	(60.6)	-
Reclassification within classes	(0.3)	-	-	0.3	-	-
Reclassification from property, plant and equipment	-	-	-	3.7	3.7	-
Reclassification to right-of-use ¹	-	(94.3)	-	-	(94.3)	-
Currency translation adjustments	(237.7)	(12.8)	(0.8)	(12.4)	(263.7)	(118.0)
Balance at December 31	4,526.5	103.7	269.9	273.0	5,173.1	2,497.6
ACCUMULATED AMORTIZATION						
Balance at January 1	(1,930.4)	(85.3)	(3.3)	(206.2)	(2,225.2)	-
Additions (note 10)	(251.1)	(14.9)	-	(38.4)	(304.4)	-
Disposals	-	0.8	-	45.6	46.4	-
Reclassification to right-of-use ¹	-	34.3	-	-	34.3	-
Currency translation adjustments	112.8	8.3	-	9.3	130.4	-
Balance at December 31	(2,068.7)	(56.8)	(3.3)	(189.7)	(2,318.5)	-
IMPAIRMENT						
Balance at January 1	(100.7)	-	-	(8.4)	(109.1)	(1.6)
Impairment (note 10)	(556.8)	(8.0)	(5.5)	(11.4)	(581.7)	(131.1)
Disposals	-	-	-	13.5	13.5	-
Reclassification within classes	-	(3.9)	-	3.9	-	-
Currency translation adjustments	18.7	0.7	-	0.2	19.6	4.4
Balance at December 31	(638.8)	(11.2)	(5.5)	(2.2)	(657.7)	(128.3)
CARRYING AMOUNT						
At December 31, 2020	1,819.0	35.7	261.1	81.1	2,196.9	2,369.3

¹ Transfers from concession right to right-of-use assets opening balances in Central & South America.

2019 IN MILLIONS OF CHF	CONCESSION RIGHTS				TOTAL	GOODWILL
	Acquisition related	Plain	BRANDS	OTHER		
AT COST						
Balance at January 1	4,716.9	205.3	274.4	289.3	5,485.9	2,603.1
Adjustment on IFRS 16 implementation	-	(6.8)	-	-	(6.8)	-
Adjusted Balance at January 1	4,716.9	198.5	274.4	289.3	5,479.1	2,603.1
Business combinations (note 6)	100.8	-	-	0.1	100.9	23.1
Additions (note 18.1.4)	-	9.6	-	40.1	49.7	-
Disposals	-	(0.8)	-	(4.5)	(5.3)	-
Reclassification from property, plant & equipment	-	-	-	1.4	1.4	-
Currency translation adjustments	(53.2)	3.9	(3.7)	(2.4)	(55.4)	(13.3)
Balance at December 31	4,764.5	211.2	270.7	324.0	5,570.4	2,612.9
ACCUMULATED DEPRECIATION						
Balance at January 1	(1,648.5)	(66.4)	(3.3)	(174.0)	(1,892.2)	-
Adjustment on IFRS 16 implementation	-	3.2	-	-	3.2	-
Adjusted Balance at January 1	(1,648.5)	(63.2)	(3.3)	(174.0)	(1,889.0)	-
Additions (note 10)	(308.9)	(21.5)	-	(37.8)	(368.2)	-
Disposals	-	0.8	-	4.1	4.9	-
Reclassification from property, plant and equipment	-	-	-	0.1	0.1	-
Currency translation adjustments	27.0	(1.4)	-	1.4	27.0	-
Balance at December 31	(1,930.4)	(85.3)	(3.3)	(206.2)	(2,225.2)	-
IMPAIRMENT						
Balance at January 1	(76.9)	-	-	-	(76.9)	(1.6)
Impairment (note 10)	(26.0)	-	-	(8.6)	(34.6)	-
Disposals	(0.1)	-	-	-	(0.1)	-
Currency translation adjustments	2.3	-	-	0.2	2.5	-
Balance at December 31	(100.7)	-	-	(8.4)	(109.1)	(1.6)
CARRYING AMOUNT						
At December 31, 2019	2,733.4	125.9	267.4	109.4	3,236.1	2,611.3

18.1 IMPAIRMENT TEST OF INTANGIBLE ASSETS

Brands and goodwill are subject to impairment testing on annual basis or when indicators of impairment exist. Concession rights and other amortizable intangible assets are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

In March 2020, practically all our operations have suffered significant operational restrictions as well as a significant drop of passengers as a direct consequence of measures against the spread of COVID-19. At present, we foresee a recovery starting as soon as the vaccinations progress noticeably. However, there is no assurance when and how far these restrictions will be released.

The management performed impairment tests as of March 31, 2020 for selected operations presenting an indication of impairment. Triggered by the ongoing pandemic, as of September 30, 2020 the management performed impairment tests on all material assets of the group. Although the company has only indicative orientations on how to estimate the duration of the lock-downs required by most countries, as well as how the business performance will recover thereafter, management assumed for these impairment tests, that sales will still be impacted in the first part of 2021 and the international air traffic will start recovering stepwise as of the second half of 2021. We have assumed that most sales locations will achieve sales levels close to those of 2019 in 2023. However, the developments for each country will be affected by local circumstances and politics which cannot be predicted precisely.

18.1.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following groups of cash generating units (CGU's). These groups also reflect the reportable segments that are expected to benefit from the synergies of the business combinations:

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Europe, Middle East and Africa (EMEA)	1,544.3	1,527.9
Asia Pacific	32.7	86.8
Central & South America	511.0	643.7
North America	239.3	311.2
Global Distribution Centers	42.0	41.7
Total carrying amount of goodwill	2,369.3	2,611.3

The recoverable amounts of each group of cash generating unit (GCGU) is determined based on value-in-use calculations which require the use of assumptions (see table with key assumptions below). The calculations use cash flow projections based on financial forecasts approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a constant terminal growth rate that does not exceed the long-term average growth rate for the respective market and is consistent with forecasted growth included in the travel retail industry reports. The financial results of the global distribution centers have been broken down by GCGU and allocated accordingly.

The key assumptions used for determining the recoverable amounts of goodwill are:

CASH GENERATING UNITS IN PERCENTAGE (%)	POST TAX DISCOUNT RATES		PRE TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
	2020	2019	2020	2019	2020*	2019
Europe, Middle East and Africa (EMEA)	6.90	6.95	7.86	8.06	2.5-121.2	3.3-5.4
Asia Pacific	7.62	8.27	9.05	9.35	3.0-161.5	4.9-7.3
Central & South America	9.40	8.66	11.38	10.33	3.4-64.3	4.4-5.9
North America	6.67	7.39	9.14	10.32	1.8-104.4	1.9-7.4

* The forecasted high growth rates are due to the low base in 2020 due to the COVID-19 pandemic.

As basis for the calculation of these discount rates, the Group uses the weighted average cost of capital, based on the following risk free interest rates (derived from the past 5 year average of prime 10-year bonds rates): CHF -0.34%, EUR 0.05%, USD 1.88% (2019: CHF -0.32%, EUR 0.25%, USD 2.17%). In 2020, the Group used for certain WACC components (e.g. equity ratio and beta) weighting factors from the year 2019, as Management considered these more representative for long term projections.

For the calculation of the discount rates and WACC (weighted average cost of capital), the Company used the following re-levered beta:

	2020	2019
Beta factor	1.01	1.01

Sensitivity analysis to changes in assumptions

With regard to the assessment of value-in-use, Dufry believes that no reasonably possible change (+/- 1 %) in any of the above key assumptions would cause the recoverable amount of the CGU to materially fall below the carrying amount, except for the goodwill allocated to the division Central and South America, where the carrying amount would exceed the value in use by CHF 77.9 (2019: CHF 206.8) million, if the interest rate increases by 1 %, or by CHF 10.9 (2019: CHF 151.2) million if the sales drop 1 %, or by CHF 106.6 (2019: CHF 183.1) million if the operating profit margin is 1 % lower.

18.1.2 Key assumptions used for value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Sales growth
- Growth rate used to extrapolate
- Gross margin and suppliers prices
- Lease expense and lease payments
- Discount rates

Sales growth

Recovery of sales and the respective growth rates depend on the further development of the COVID 19 pandemic and speed of vaccinations. Management based its assumptions on information available at the time of the preparation of the financial statements and assumes that sales will still be severely impacted in 2021 and the international air traffic will start recovering stepwise during the second half of 2021. Our sales growth assumptions include most locations reaching 2019 sales levels by 2023.

Growth rates used to extrapolate

For the periods after 5 years, Dufrey has used growth rates between 0.8% - 1.5% (2019: 0.0% - 2.0%) to extrapolate the cash flow projections.

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2021. These values are maintained over the planning period or where specific actions are planned and have been increased or decreased in accordance with these planned actions. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced.

Lease expense and lease payments

The company applied the future fixed payments based on its contracts and estimated variable lease payments based on expected sales developments. For 2021 we have assumed based on offers and ongoing negotiations that lessors will provide us with certain reliefs of lease payments for a period of up to 12 months. Where the contractual terms of certain operations come to an end during the projected periods, the company has analyzed the renewal conditions and the market situation and assumed renewals where the situation and conditions are favorable.

Discount rates

The discount rates, which include third party debt and equity components, are affected by the following factors:

- For the liability component, the rate is based on the average interest of the past 5 years of the respective ten-year government bond and is increased by the company's effective bank spread and adjusted by the effective blended tax rate and country risk of the respective group of GCGU.
- For the equity component, a 5% equity risk premium is added to the base rate commented above and adjusted by the Beta factor of Dufrey's peer group.

The same methodology is used by management to determine the discount rate used in discounted cash flow (DCF) valuations, which are a key instrument to assess business potential of new or additional investment proposals.

18.1.3 Brands

While at corporate level the Group is recognized under the name of Dufrey, for retail purposes, it is applying several brands including, among others, Dufrey, Hudson, World Duty Free or Nuance. The book values of these brand names remain at fair value recognized at acquisition and are subject to annual impairment testing. In 2020, Dufrey fully impaired the brand Colombian Emeralds amounting to CHF 5.5 million. With regard to the assessment of value-in-use for the remaining brands, Dufrey believes that no reasonably possible change (+/-1%) in any of the below key assumptions would cause that the recoverable amount falls materially below the carrying value of the respective brand name.

The recoverable amount is determined using the Relief of Royalty method that considers a steady cash flow income from the royalty income after tax on projected sales for each brand. The following table indicates the key assumptions used for the valuation of the main brands:

BRAND NAMES IN PERCENTAGE (%)	ROYALTY INCOME RATE AFTER TAX		POST TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
	2020	2019	2020	2019	2020	2019
Dufrey	0.31	0.30	6.50	6.88	3.1-78.9	2.1-9.8
Hudson News	1.10	1.10	6.47	7.39	2.1-101.0	1.9-8.4
Nuance	0.32	0.32	5.59	6.23	2.6-129.6	2.5-3.8
World Duty Free	0.31	0.33	5.61	6.25	2.6-128.2	2.5-3.8

These sales growth rates are in line with the assumptions used for the impairment test of goodwill. The post tax discount rates represent the weighted average cost of capital (WACC) of the markets where the brands are generating sales.

18.1.4 Cash flows used for purchase of intangible assets

IN MILLIONS OF CHF	2020	2019
Payables for capital expenditure at January 1	(0.2)	(4.7)
Additions of intangible assets	(17.6)	(49.7)
Payables for capital expenditure at December 31	-	0.2
Currency translation adjustments	(0.1)	0.1
Total Cash Flow	(17.9)	(54.1)

19. INVESTMENTS IN ASSOCIATES

This includes mainly Lojas Francas de Portugal SA which operates duty-paid and duty-free shops in the airport of Lisbon, as well as other airports in Portugal.

These investments are accounted for using the equity method.

Summarized statement of financial position

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	31.12.2020
Cash and cash equivalents	1.1	8.2	9.3
Other current assets	11.4	15.0	26.4
Non-current assets	7.8	17.1	24.9
Financial debt	(4.6)	0.3	(4.3)
Other current liabilities	(10.4)	(17.9)	(28.3)
Non-current liabilities	(4.9)	(14.1)	(19.0)
Net assets	0.4	8.6	9.0
Proportion of Dufrey's ownership	49%		
Dufrey's share of the equity	0.2	6.9	7.1

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	31.12.2019
Cash and cash equivalents	4.3	11.4	15.7
Other current assets	27.7	13.8	41.5
Non-current assets	61.3	10.3	71.6
Other current liabilities	(28.5)	(20.0)	(48.5)
Non-current liabilities	(12.3)	(5.9)	(18.2)
Net assets	52.5	9.6	62.1
Proportion of Dufrey's ownership	49%		
Dufrey's share of the equity	25.7	6.2	31.9

Summarized statement of comprehensive income

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	2020
Turnover	108.5	29.3	137.8
Depreciation, amortization and impairment	(53.5)	(1.5)	(55.0)
Financial expenses	(0.2)	(0.1)	(0.3)
Income tax	-	-	-
Net profit / (loss)	(52.0)	(2.6)	(54.6)
OTHER COMPREHENSIVE INCOME			
Items to be reclassified to net income in subsequent periods	(0.2)	0.5	0.3
Total other comprehensive income	(0.2)	0.5	0.3
Total comprehensive income	(52.2)	(2.1)	(54.3)
DUFREY'S SHARE			
Net profit / (loss)	(25.4)	-	(25.4)
Total other comprehensive income	(0.1)	0.3	0.2
Total comprehensive income	(25.5)	0.3	(25.2)

IN MILLIONS OF CHF	LOJAS FRANCAS DE PORTUGAL SA	OTHER ASSOCIATES	2019
Turnover	302.2	44.3	346.5
Depreciation, amortization and impairment	(17.6)	(0.8)	(18.4)
Financial expenses	(0.3)	-	(0.3)
Income tax	(3.1)	(0.2)	(3.3)
Net profit / (loss)	5.1	(0.8)	4.3
OTHER COMPREHENSIVE INCOME			
Items to be reclassified to net income in subsequent periods	(0.5)	(0.1)	(0.6)
Total other comprehensive income	(0.5)	(0.1)	(0.6)
Total comprehensive income	4.6	(0.9)	3.7
DUFREY'S SHARE			
Net profit / (loss)	2.5	(2.1)	0.4
Total other comprehensive income	(0.3)	(0.1)	(0.4)
Total comprehensive income	2.2	(2.2)	-

The information above reflects the amounts presented in the financial statements of the associates (and not Dufrey's share of those amounts) adjusted for differences in accounting policies between the associates and Dufrey.

Reconciliation of the carrying amount of its investments

IN MILLIONS OF CHF	LOJAS FRANÇAS DE PORTUGAL SA	OTHER ASSOCIATES	TOTAL
Carrying value at January 1, 2019	29.1	6.5	35.6
Additions	-	2.5	2.5
Net profit / (loss)	2.5	(2.1)	0.4
Dividends received	(5.6)	-	(5.6)
Other comprehensive income	(0.3)	(0.1)	(0.4)
Currency translation adjustments	-	(0.6)	(0.6)
Carrying value at December 31, 2019	25.7	6.2	31.9
Additions	-	0.4	0.4
Net profit / (loss)	(25.4)	0.1	(25.3)
Dividends received	-	-	-
Other comprehensive income	(0.1)	0.3	0.2
Currency translation adjustments	-	(0.1)	(0.1)
Carrying value at December 31, 2020	0.2	6.9	7.1

20. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Guarantee deposits	104.1	108.1
Loans and contractual receivables	27.0	34.3
Lease receivables	4.1	7.5
Prepayment for leases	47.3	56.5
Tax receivable	80.3	94.6
Other	0.5	7.4
Subtotal	263.3	308.4
Allowances	(6.1)	(5.3)
Total	257.2	303.1

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2020	2019
Balance at January 1	(5.3)	(3.0)
Creation	(1.4)	(2.8)
Utilized	-	0.4
Currency translation adjustments	0.6	0.1
Balance at December 31	(6.1)	(5.3)

21. INVENTORIES

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Inventories at cost	771.3	1,123.1
Inventory allowance	(111.7)	(73.1)
Total	659.6	1,050.0

Cost of sales includes inventories written down to net realizable value and inventory losses of CHF 98.8 (2019: 39.5) million.

22. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Trade receivables	15.4	37.9
Credit card receivables	9.6	12.0
Gross	25.0	49.9
Allowances	(7.9)	(5.7)
Net	17.1	44.2

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Not due	5.0	14.7
OVERDUE		
Up to 30 days	1.0	3.0
31 to 60 days	0.4	1.9
61 to 90 days	0.4	1.7
More than 90 days	0.7	10.9
Total overdue	2.5	17.5
Trade receivables, net	7.5	32.2

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2020	2019
Balance at January 1	(5.7)	(3.3)
Creation	(1.4)	(3.1)
Utilized	-	0.1
Reclassification	(0.9)	0.5
Currency translation adjustments	0.1	0.1
Balance at December 31	(7.9)	(5.7)

23. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Advertising receivables	92.6	168.5
Services provided to suppliers	9.9	20.0
Loans receivable	3.0	2.4
Receivables from subtenants and business partners	2.0	3.8
Personnel receivables	3.1	3.4
Accounts receivables	110.6	198.1
Prepayments of lease expenses and rents	41.9	47.3
Prepayments of sales and other taxes	113.1	108.3
Prepayments to suppliers	9.7	15.6
Prepayments, other	9.0	14.5
Prepayments	173.7	185.7
Receivables from subleases	2.2	4.7
Guarantee deposits	7.8	5.7
Derivative financial assets	11.5	8.5
Accrued income	0.1	0.1
Other	40.5	36.8
Other receivables	62.1	55.8
Total	346.4	439.6
Allowances	(31.4)	(17.6)
Total	315.0	422.0

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2020	2019
Balance at January 1	(17.6)	(18.2)
Creation*	(17.0)	(0.6)
Released	0.7	0.8
Utilized	0.3	0.6
Reclassification	0.9	(0.5)
Currency translation adjustments	1.3	0.3
Balance at December 31	(31.4)	(17.6)

* The increase in the allowance is triggered by the current COVID-19 crises as many of our suppliers and business partners are impacted and therefore the recoverability of our receivables.

24. EQUITY

IN MILLIONS OF CHF	NOTE	31.12.2020	31.12.2019
Attributable to equity holders of the parent			
Share capital	24.1	401.3	252.8
Share premium	24.1	4,249.9	3,475.5
Treasury shares	25.3	(1.3)	(92.5)
Mandatory convertible notes	24.3	68.4	-
Employee benefit reserve	24.4	(30.9)	(32.5)
Translation reserves	24.6	(524.9)	(329.9)
Retained earnings	24.7	(3,323.2)	(628.1)
Total		839.3	2,645.3
Non-controlling interests		78.7	462.7
Total Equity		918.0	3,108.0

24.1 FULLY PAID ORDINARY SHARES

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2019	53,871,707	269.4	4,060.6
Redeemed shares	(3,304,541)	(16.6)	(385.3)
Distribution to shareholders	-	-	(199.8)
Balance at December 31, 2019	50,567,166	252.8	3,475.5
Share capital increases	29,696,516	148.5	809.4
Share issuance costs	-	-	(35.0)
Balance at December 31, 2020	80,263,682	401.3	4,249.9

On April 20, 2020, Dufrey has issued and placed 5,000,000 new shares out of the authorized capital at CHF 27.50 per share and the gross proceeds from the placement are CHF 137.5 million.

On October 6, 2020, the Extraordinary General Meeting of Dufrey approved the issuance and offering of an ordinary share capital increase of up to 24,696,516 shares with a nominal value of CHF 5 each.

On October 20, 2020, the offering period closed and finally 24,696,516 new shares have been placed resulting in an increase of the share capital of CHF 123.5 million and a gross proceeds of CHF 820.4 million.

24.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

AUTHORIZED SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2019	-	-
Shareholders' resolution as of May 9, 2019	5,000,000	25,000
Balance at December 31, 2019	5,000,000	25,000
Share capital increase from authorized capital	(5,000,000)	(25,000)
Balance at December 31, 2020	-	-

CONDITIONAL SHARE CAPITAL	NUMBER OF SHARES	IN THOUSANDS OF CHF
Balance at January 1, 2019	888,432	4,442
Balance at December 31, 2019	888,432	4,442
Increase of conditional share capital	11,811,568	59,058
Balance at December 31, 2020	12,700,000	63,500

24.3 MANDATORY CONVERTIBLE NOTES

	NUMBER OF NOTES	IN THOUSANDS OF CHF
Balance at December 31, 2019	-	-
Issue of mandatory convertible notes	695	69,500
Mandatory convertible notes issuance costs		(1,100)
Balance at December 31, 2020	695	68,400

On November 18, 2020 Dufrey, via its subsidiary Dufrey One B. V., placed CHF 69.5 million in bonds due 2023, which are mandatory convertible into shares of the Company. The convertible bonds have been issued at par with a denomination of CHF 100,000 per note and carry a coupon of 4.1%, payable semi-annually in arrears. At maturity on November 18, 2023 the bonds will convert to shares at a price of CHF 33.22 per share. Such shares will be sourced from conditional capital or from existing shares.

24.4 EMPLOYEE BENEFITS RESERVE

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2019	(18.1)		
Remeasurement of post-employment benefit plans	(16.1)	0.1	(16.0)
Income tax	1.7	-	1.7
Balance at December 31, 2019	(32.5)		
Remeasurement of post-employment benefit plans	1.0	-	1.0
Income tax	0.6	-	0.6
Balance at December 31, 2020	(30.9)		

24.5 HEDGING AND REVALUATION RESERVES

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2019	(0.3)	-	(0.3)
Gain / (loss) arising on changes in fair value of financial instruments:			
- Fair value changes of equity investments	0.3	-	0.3
Balance at December 31, 2019	-	-	-
Balance at December 31, 2020	-	-	-

24.6 TRANSLATION RESERVES

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2019	(324.1)		
Exchange differences arising on translating the foreign operations	(7.2)	(3.3)	(10.5)
Net gain / (loss) on hedge of net investments in foreign operations ¹ (note 27.2)	1.8	-	1.8
Share of other comprehensive income of associates	(0.4)	-	(0.4)
Balance at December 31, 2019	(329.9)		
Exchange differences arising on translating the foreign operations	(219.4)	(17.7)	(237.1)
Net gain / (loss) on hedge of net investments in foreign operations (note 27.2)	24.2	-	24.2
Share of other comprehensive income of associates	0.2	-	0.2
Balance at December 31, 2020	(524.9)		

¹ Foreign exchange gains and losses on financing instruments that are designated as hedging instruments for net investments in foreign operations are included in the translation reserves.

24.7 RETAINED EARNINGS

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IN MILLIONS OF CHF	IN MILLIONS OF CHF	IN MILLIONS OF CHF
Balance at January 1, 2019	(567.9)		
Net profit / (loss)	(26.5)	56.6	30.1
Dividends to non-controlling interests	-	(73.8)	(73.8)
Assignment of treasury shares	(27.8)	(2.0)	(29.8)
Share-based plan expenses	13.3	0.4	13.7
Income tax on equity transactions	1.6	1.2	2.8
Share capital increase Dufry Colombia	(21.3)	-	(21.3)
Put option held by non-controlling interests	-	(55.7)	(55.7)
Other changes in participation of non-controlling interests	0.5	96.3	96.8
Balance at December 31, 2019	(628.1)		
Net profit / (loss)	(2,513.7)	(226.8)	(2,740.5)
Loss on disposal of treasury shares	(55.1)	-	(55.1)
Share-based payments	(27.3)	(1.7)	(29.0)
Put option held by non-controlling interests	8.0	24.3	32.3
Income tax on equity transactions	(0.2)	(0.1)	(0.3)
Dividends to non-controlling interests	-	(33.5)	(33.5)
Equity component of convertible bond	28.9	-	28.9
Other changes in participation of non-controlling interests*	(135.7)	(128.5)	(264.2)
Balance at December 31, 2020	(3,323.2)		

* Mainly relates to the acquisition of the non-controlling interests of Hudson Ltd CHF (148.9) million – see note 26.

25. SHARE-BASED PAYMENT PLANS

25.1 SHARE PLAN OF DUFRY AG

During 2020, Dufry did not grant any awards.

On December 12, 2019, Dufry granted to selected members of the senior management the award 2019 consisting of 81,334 performance share units (PSU). The PSU award 2019 has a contractual life of 29 months and will vest on May 2, 2022. At grant date the fair value of one PSU award 2019 represented the market value for one Dufry share at that date, i. e. CHF 97.36. As of December 31, 2020, none of the PSU award 2019 forfeited and 81,334 PSU award 2019 remain outstanding.

On December 12, 2018, Dufry granted to the members of the senior management the award 2018 consisting of 136,443 PSU units. The PSU award 2018 has a contractual life of 29 months and will vest on May 1, 2021. At grant date the fair value of one PSU award 2018 represented the market value for one Dufry share at that date, i. e. CHF 91.48, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2020, 6,897 of the PSU award 2018 forfeited, so that 129,546 PSU award 2018 remain outstanding.

Holders of one PSU award 2019 or 2018 will have the right to receive free of charge up to two Dufrey shares depending on the effective cumulative amount of cash earnings per share (Cash EPS) reached by Dufrey during the grant year of award and the following two years compared with the target (2019: CHF 23.82, 2018: CHF 24.27). The Cash EPS equals the basic earnings per share adjusted for amortization of intangible assets identified during business combinations and acquisition transaction expenses. As of 2019, the plan administrator adjusted the cash EPS targets for 2019 and onwards by adjusting it also regarding the interest expense on lease obligation. If at vesting the cumulative adjusted EPS is at target level, each PSU grants one share. If the cumulative adjusted EPS is at 150 % of the target (maximum threshold) or above, each PSU grants 2 shares at vesting, and if the adjusted EPS is at 50 % of the target (minimum threshold) or below, no share will be granted at vesting. If the adjusted EPS is between 50 % and 150 % of the target, the number of shares granted for each PSU will be allocated on a linear basis. Additionally, the allocation of shares is subject to an ongoing contractual relationship of the participant with Dufrey throughout the vesting period. Holders of PSU are not entitled to vote or receive dividends like shareholders do.

On May 4, 2020, the PSU-award 2017 vested and the company assigned and delivered, free of charge 118,800 Dufrey shares to the holders of these certificates. The performance of the PSU award 2017 was measured against the target Cash EPS of CHF 24.98 and achieved a payout ratio of 0.945 Dufrey shares per PSU award 2017.

On May 4, 2021, the PSU-award 2018 will vest and the company estimates that it will not assign and deliver any Dufrey shares to the holders of these certificates as the minimum performance required by the PSU award 2018 was not achieved.

25.2 SHARE PLAN OF HUDSON LTD.

During 2020, Hudson did not grant any awards.

On September 10, 2019, Hudson Ltd granted to selected members of its senior management the Hudson-award 2019 consisting of 405,674 PSU's units and 135,243 RSU's units. Both plans have a contractual life of 32 months and will vest on May 2, 2022. At grant date the fair value of one PSU or RSU award 2019 represents the market value for one Hudson share at that date, i. e. CHF 12.23 (USD 12.64), adjusted by the probability that participants comply with the ongoing contractual relationship clauses. As of December 31, 2020, all PSU's and all RSU's Hudson-award 2019 have been converted into cash-settled plans.

On November 1, 2018, Hudson Ltd granted to selected members of its senior management the Hudson-award 2018 consisting of 435,449 PSU's units and 145,150 RSU's units. Both plans have a contractual life of 30 months and will vest on May 1, 2021. At grant date the fair value of one PSU or RSU award 2018 represented the market value for one Hudson share at that date, i. e. CHF 20.85 (USD 21.06), adjusted by the probability that participants comply with the ongoing contractual relationship clauses. As of December 31, 2020, all PSU- and all RSU Hudson-award 2018 have been converted into cash settled plans.

Originally, the holders of one PSU Hudson-award 2019 or 2018 would have had the right to receive free of charge up to two Hudson Ltd Class A common shares based on the cumulative results achieved by Hudson over a three year period on three performance metrics (PM) against the respective targets measured in USD and thus as follows: 30 % based on Sales of CHF 5,937 (USD 6,135) (2018: CHF 5,719 or USD 5,828) million, 30 % based on EBITDA of CHF 731 (USD 755) (2018: CHF 694.8 or USD 708) million and 40 % based on Cash EPS of CHF 2.21 (USD 2.28) (2018: CHF 2.17 or USD 2.22). Whereby the Cash EPS equals the basic Earnings per Share adjusted for amortization and impairment of intangible assets identified during business combinations and non-recurring effects.

As of 2019, the plan administrator adjusted the cash EPS targets for 2019 and onwards by adjusting it also regarding the interest expense on lease payments. If at vesting the effective cumulative PM are at target level, each PSU grants one share. If a cumulative PM is at 150 % of the target (maximum threshold) or above, each PSU will grant at vesting the specific PM weight of two shares, and if a PM is at 50 % of the PM target (minimum threshold) or below, no share will be granted at vesting. If a PM is between 50 % and 150 % of the target, the payout ratio will be allocated on a linear basis. Finally, the number of shares granted for each PSU will be the sum of the three payout ratios. Additionally, the allocation of shares is subject to an ongoing contractual relationship of the participant with Hudson throughout the vesting period. Holders of PSU are not entitled to vote or receive dividends, like shareholders do. The plans consider different rights in case of early termination.

On November 12, 2020, and as a consequence of the delisting of Hudson Ltd, the administrator modified the plan to cancel all unvested RSUs and PSUs, effective as of the delisting date, and convert them into the right to receive a cash payment, equal to the product of CHF 6.90 (USD 7.70) and the number of shares underlying the RSU and PSU awards, respectively. The number of shares underlying each PSU will be calculated based on the achieved results against the Performance Targets as commented in the paragraph above for the period through the delisting date. All other conditions and service vesting terms remain unchanged.

On February 5, 2020, the last part of the IPO-award became due and the company assigned and delivered, free of charge 263,136 Hudson Ltd Class A common shares to the holders of these awards.

In 2020, Dufry recognized through profit and loss for all these share-based plans expenses for a total of CHF 0.3 (2019: 18.1) million.

25.3 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
Balance at January 1, 2019	4,169,089	(520.8)
Redeemed shares	(3,304,541)	401.9
Assigned to holders of PSU / RSU-Awards	(234,467)	26.4
Balance at December 31, 2019	630,081	(92.5)
Disposal of shares	(500,000)	68.8
Assigned to holders of PSU-Awards	(118,800)	22.4
Balance at December 31, 2020	11,281	(1.3)

25.4 EARNINGS PER SHARE

25.4.1 Earnings per share attributable to equity holders of the parent

Basic

Basic earnings per share are calculated by dividing the net profits/(loss) attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

IN MILLIONS OF CHF / QUANTITY	2020	2019
Net profit / (loss) attributable to equity holders of the parent	(2,513.7)	(26.5)
Weighted average number of ordinary shares outstanding	58,450,437	49,885,624
Basic earnings per share in CHF	(43.01)	(0.53)

Diluted

Diluted earnings per share are calculated by dividing the net profits/(loss) attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

IN MILLIONS OF CHF / QUANTITY	2020	2019
Net profit / (loss) attributable to equity holders of the parent	(2,513.7)	(26.5)
Weighted average number of ordinary shares outstanding	58,450,437	49,885,624
Diluted earnings per share in CHF	(43.01)	(0.53)

25.4.2 Adjusted EPS

Dufrey uses the adjusted EPS as an alternative performance indicator (non-IFRS figure). The table below shows how this indicator has been derived from:

IN MILLIONS OF CHF / QUANTITY	NOTE	2020	2019
Net profit / (loss) attributable to equity holders of the parent		(2,513.7)	(26.5)
ADJUSTED FOR			
Amortization of concession rights*	18	251.1	308.9
Impairment of concession rights*	18	556.8	26.0
Impairment of goodwill*	18	131.1	-
Interest on lease obligation	13	178.7	187.7
Transactions expenses*	6	-	2.9
Deferred income tax on above lines		(172.6)	(90.6)
Minority interest on above lines		(89.8)	(59.1)
Adjusted net profit		(1,658.4)	349.3
Weighted average number of ordinary shares outstanding		58,450,437	49,885,624
Adjusted EPS		(28.37)	7.00

* related to acquisitions.

25.4.3 Weighted average number of ordinary shares

IN THOUSANDS	2020	2019
Outstanding shares	58,664,860	52,441,248
Less treasury shares	(214,423)	(2,555,624)
Used for calculation of basic earnings per share	58,450,437	49,885,624
EFFECT OF DILUTION		
PSU / RSU Awards	-	-
Used for calculation of earnings per share adjusted for the effect of dilution	58,450,437	49,885,624

For movements in shares see note 24 Equity and note 25.3 Treasury shares.

26. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS HOLDERS

The following transactions have been recognized in equity attributable to non-controlling interests holders:

IN MILLIONS OF CHF	NOTE	2020	2019
Hudson Ltd 42.6% acquired	26.1	(126.5)	-
Put Option held by NCI to sell 49% of Dufry Staer Holding Ltd ¹		24.3	(55.7)
Dufry DFASS Colombia SAS 49% acquired		-	12.1
Other non-controlling interests disposed		(5.3)	(0.7)
Change in Dufry's interest		(107.5)	(44.3)
Brookstone acquisition - final purchase price allocation ¹	6.2	2.3	0.1
RegStaer M Ltd (Vnukovo acquisition) 40%	6.1	-	38.0
Dufry Staer Holding Ltd share capital increase		-	39.7
Business combinations (see note 6)		2.3	77.8
Division North America, changes in share capital of several subsidiaries		3.5	4.1
Duty Free Carribean (Bahamas) Ltd 40%		-	1.4
Dufry DFASS Colombia SAS share capital increase		-	1.5
Dufry Thomas Julie Korea Co. Ltd share capital increase		-	0.2
Other		(2.5)	(0.1)
Share capital changes		1.0	7.1
Total		(104.2)	40.6

¹ No cash flow effects in current financial period.

26.1 TRANSACTION WITH NON-CONTROLLING INTERESTS IN HUDSON LTD

On December 1, 2020, Dufry acquired the remaining 42.6 % (CHF 126.5 million) of the voting equity interest of Hudson Ltd for a total consideration of CHF 275.4 (USD 302.9) million. Dufry offered to the shareholders of Hudson Class A shares a price of USD 7.70 per share. After the completion of this transaction, the trading of the Hudson shares on the New York Stock Exchange has been suspended. The Company has financed this transaction with a capital increase (note 24).

As the Group already controlled this entity before the partial acquisition, there is no change in the sales or operating profit of the Group. This transaction was accounted for as a transaction between equity holders for the Group.

26.2 RECONCILIATION OF CASH FLOWS 2020

Cash flows used for the acquisition of non-controlling interests

IN MILLIONS OF CHF	2020
Total consideration paid in cash	(275.4)
Carrying value of the non-controlling interest in Hudson Ltd.	126.5
Difference recognized in retained earnings within equity (note 24.7)	(148.9)

26.3 INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

In 2020, Dufrey allocated CHF (226.8) (2019: 56.6) million of net loss to non-controlling interests (NCI). Within the Dufrey Group, the net earnings allocated to non-controlling interests is predominantly related to the Hudson sub-group, totaling CHF (112.3) (2019: 38.7) million. On December 1, 2020, Dufrey acquired the remaining 42.6 % of Hudson. Hudson has many subsidiaries, most of them with non-controlling interests. Details about the name of these subsidiaries, location of primary operations, Hudson's share in ownership and share capital of these subsidiaries, sorted by state of incorporation, have been disclosed in the list of most important subsidiaries at the end of these financial statements.

Airport authorities in the United States frequently require companies to partner with local business partners based on Airport Concession Disadvantaged Business Enterprise ("ACDBE") regulation. Dufrey may partner with third parties to win new business opportunities and maintain existing ones. Consequently, Dufrey's business model contemplates the involvement of local partners. Net profits from these operating subsidiaries attributed to Dufrey and to non-controlling interests holders reflect the applicable ownership structure. The net profits and dividend payments attributable to non-controlling interests exclude expenses incurred by Dufrey at the acquisition of these businesses, which are not attributable to the local partners, such as acquisition related interest expenses, income taxes and amortization of intangible assets from acquisitions.

FINANCIAL POSITION OF COMPANIES WITH NCI

31.12.2020 IN MILLIONS OF CHF	HUDSON LTD.	OTHER ¹	TOTAL
Dividends paid to NCI	-	(33.3)	(33.3)
Current assets	-	174.9	174.9
of which cash and cash equivalents	-	41.4	41.4
Non-current assets	-	1,171.7	1,171.7
Current liabilities	-	490.1	490.1
of which financial liabilities	-	435.2	435.2
Non-current liabilities	-	802.2	802.2
of which financial liabilities	-	742.8	742.8
Net assets	-	54.3	54.3
Equity attributable to NCI	-	78.7	78.7

¹ Other subsidiaries with non-controlling interests.

31.12.2019 IN MILLIONS OF CHF	HUDSON LTD.	OTHER ¹	TOTAL
Dividends paid to NCI ²	(39.8)	(30.7)	(70.5)
Current assets	537.0	527.2	1,064.2
of which cash and cash equivalents	307.8	71.4	379.2
Non-current assets	2,203.6	1,146.1	3,349.7
Current liabilities	523.2	520.3	1,043.5
of which financial liabilities	282.3	500.8	783.1
Non-current liabilities	1,589.0	417.5	2,006.5
of which financial liabilities	1,549.7	368.3	1,918.0
Net assets	628.4	735.5	1,363.9
Equity attributable to NCI	310.4	152.3	462.7

² NCI's of Hudson.

FINANCIAL RESULT OF COMPANIES WITH NCI

2020 IN MILLIONS OF CHF	HUDSON LTD.	OTHER ¹	TOTAL
Turnover	644.4	391.5	1,035.9
Depreciation, amortization and impairment	(379.7)	(395.0)	(774.7)
Finance income	1.2	0.2	1.4
Finance expense	(78.8)	(43.8)	(122.6)
Income tax	66.3	11.9	78.2
Net profit / (loss)	(251.4)	(328.2)	(579.6)
of which attributable to NCI ²	(112.3)	(114.5)	(226.8)
Other comprehensive income	24.2	28.6	52.8
Total comprehensive income	(227.2)	(299.6)	(526.8)
of which attributable to NCI	(128.5)	(116.0)	(244.5)

2019 IN MILLIONS OF CHF	HUDSON LTD.	OTHER ¹	TOTAL
Turnover	1,935.8	996.5	2,932.3
Depreciation, amortization and impairment	(361.1)	(165.6)	(526.7)
Finance income	4.7	1.7	6.4
Finance expense	(88.5)	(22.5)	(111.0)
Income tax	(14.4)	(10.1)	(24.5)
Net profit / (loss)	46.0	52.0	98.0
of which attributable to NCI ²	38.7	17.9	56.6
Other comprehensive income	22.2	(12.2)	10.0
Total comprehensive income	68.2	39.8	108.0
of which attributable to NCI	40.5	12.9	53.4

¹ Other subsidiaries with non-controlling interests.

² The net earnings attributable to NCI represent the share the NCI have in the result of the respective subsidiaries prepared on local GAAP's. The net earnings attributable to the Group for these operations represent the remaining part of the net earnings adjusted to comply with IFRS as well as adjusted with the fair value adjustments made at the time of acquisitions.

27. BORROWINGS

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Bank debt overdrafts	15.1	8.7
Bank debt loans	34.7	40.5
Third party loans	4.1	4.0
Borrowings, current	53.9	53.2
Bank debt loans	1,672.3	1,931.9
Senior Notes	1,975.5	1,658.4
Third party loans	2.8	11.9
Borrowings, non-current	3,650.6	3,602.2
Total	3,704.5	3,655.4
OF WHICH ARE		
Bank debt	1,722.1	1,981.1
Senior Notes	1,975.5	1,658.4
Third party loans	6.9	15.9

BANK DEBT

IN MILLIONS OF CHF	31.12.2020	31.12.2019
BANK DEBTS ARE DENOMINATED IN		
US Dollar	1,017.9	677.5
British Pound	-	1,220.20
Swiss Franc	527.6	50.4
Subtotal	1,545.5	1,948.1
BANK DEBTS AT SUBSIDIARIES IN		
Euro*	124.3	-
Swiss Franc*	20.0	-
Various currencies	46.6	49.3
Deferred arrangement fees	(14.3)	(16.3)
Total	1,722.1	1,981.1

* Government backed COVID-19 loans.

NOTES

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Senior Notes denominated in Euro	1,676.2	1,682.2
Convertible Notes denominated in CHF	326.7	-
Deferred gain on modification of financing arrangements	(13.8)	(15.9)
Deferred arrangement fees	(13.6)	(7.9)
Total	1,975.5	1,658.4

DETAILED CREDIT FACILITIES

Dufrey negotiates and manages its main credit facilities centrally.

The bank credit agreements and the bank guarantee facilities contain covenants and conditions customary to this type of financing. In 2020 and 2019, Dufrey complied with the financial covenants and conditions contained in the bank credit agreements.

Bank credit facilities

IN MILLIONS OF	MATURITY	CURRENCY	CREDIT LIMIT IN FOREIGN CURRENCY	DRAWN AMOUNT IN CHF	
				31.12.2020	31.12.2019
Committed 5-year term loan (multi-currency)	03.11.2022	USD	700.0	619.6	677.5
Committed 5-year term loan (multi-currency)	03.11.2022	EUR	500.0	527.6	564.2
5+1+1-year revolving credit facility (multi-currency)	03.11.2024	EUR	1,300.0	398.3	706.4
Committed 12+6+6 month term and revolving facility	29.05.2021	EUR	367.0	-	-
Uncommitted current facilities	n.a.	EUR	50.0	-	-
Uncommitted current facilities	n.a.	CHF	50.0	-	-
Total				1,545.5	1,948.1

Notes

IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN FOREIGN CURRENCY	AMOUNT IN CHF	
					31.12.2020	31.12.2019
Convertible notes ¹	04.05.2023	1.00%	CHF	350.0	320.2	-
Senior notes	15.10.2024	2.50%	EUR	800.0	860.1	864.1
Senior notes	15.02.2027	2.00%	EUR	750.0	795.2	794.3
Total					1,975.5	1,658.4

¹ Equity component CHF 28.9 million.

WEIGHTED AVERAGE INTEREST RATE

The borrowings under these credit facilities bear interest at a floating rate (EURIBOR or LIBOR) plus spread. Below are the overall weighted average notional interest rates on the main currencies for the respective years:

INTEREST RATE IN PERCENTAGE (%)	2020	2019
Average on USD	3.41	4.03
Average on CHF	1.94	0.63
Average on EUR	2.26	3.30
Average on GBP	2.04	2.12
Weighted Average Total	2.44	2.97

27.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

The company has designated USD 292.9 million bank loans in relation to the following investments in subsidiaries:

IN MILLIONS OF	CURRENCY	AMOUNT IN HEDGING CURRENCY		AMOUNT IN CHF	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services SA, Duty Free Ecuador SA ¹	USD	292.9	292.9	259.2	283.4

¹ Dufrey had a hedge relationship with Dufrey do Brasil and WDFG UK Holdings Limited in the past, which are no longer designated, but for which the originally hedged foreign operation is still part of the Group. The related hedge gain accumulated in the CTA are amounted respectively to CHF 109.1 and CHF 75.5 millions.

There is no ineffectiveness for these hedges and the effect of hedging is presented in line item Net gain/(loss) on hedge of net investment in foreign operations in OCI.

27.2 EQUITY-LIKE LOANS

Dufrey granted to below mentioned foreign subsidiaries long-term loans. These loans are considered as part of Dufrey's net investment in foreign operations, as settlement is neither planned nor likely to occur in the foreseeable future.

IN MILLIONS OF	CURRENCY	AMOUNT IN FOREIGN CURRENCY		EQUIVALENT AMOUNT IN CHF	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Dufrey International AG	EUR	1,087.1	-	1,175.6	-
Nuance Group (Australia) Pty Ltd.	AUD	196.6	121.8	133.9	82.8
Dufrey Americas y Caribe Corp.	USD	10.2	10.2	9.0	9.9
Nuance Group (Sverige) AB	SEK	110.0	110.0	11.9	11.4
Dufrey Duty Free (Nigeria) Ltd.	USD	6.1	6.1	5.4	5.9
Total				1,335.8	110.0

Any translation difference arising on these loans are accounted for in equity in the line item Exchange difference on translating foreign operations.

28. LEASE OBLIGATIONS

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Lease obligations, current	1,397.5	1,085.7
Lease obligations, non-current	4,022.9	3,319.0
Total	5,420.4	4,404.7

29. BORROWINGS AND LEASE OBLIGATIONS, NET

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	LEASE OBLIGATIONS	BORROWINGS	NET DEBT
Balance at January 1, 2020	553.5	4,404.7	3,655.4	7,506.6
Cash flows from operating, financing and investing activities	(163.2)	-	-	163.2
Repayment of 3 rd party loans payable	-	-	(1.0)	(1.0)
Transaction costs for financial instruments	-	-	(13.4)	(13.4)
Proceeds from convertible bonds	-	-	350.0	350.0
Proceeds from bank debt	-	-	557.2	557.2
Repayment of bank debt	-	-	(756.5)	(756.5)
Lease payments	-	(405.7)	-	(405.7)
Cash flow	(163.2)	(405.7)	136.4	(106.2)
Additions and lease modifications	-	1,880.4	-	1,880.4
Interest on lease obligations	-	178.7	-	178.7
Relief on lease obligations	-	(380.3)	-	(380.3)
Early termination of lease obligations	-	(43.8)	-	(43.8)
Equity component of convertible bonds	-	-	(28.9)	(28.9)
Discounted interests	-	-	5.7	5.7
Arrangement fees amortization	-	-	11.9	11.9
Other non-cash movements	-	(3.9)	(33.2)	(37.1)
Currency translation adjustments	(30.0)	(154.8)	121.2	(3.6)
Unrealized exchange differences on the translation of net debt in foreign currencies	-	(54.9)	(164.0)	(218.9)
Other non-cash movements	(30.0)	1,421.4	(87.3)	1,364.1
Balance at December 31, 2020	360.3	5,420.4	3,704.5	8,764.6

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	LEASE OBLIGATIONS	BORROWINGS	NET DEBT
Balance at January 1, 2019	538.2	-	3,824.3	3,286.1
Lease obligation at January 1, 2019	-	4,784.3	-	4,784.3
Balance at January 1, 2019	538.2	4,784.3	3,824.3	8,070.4
Cash flows from operating, financing and investing activities	51.9	-	-	(51.9)
Transaction costs for financial instruments	-	-	(2.5)	(2.5)
Proceeds from convertible bonds	-	-	823.3	823.3
Proceeds from bank debt	-	-	90.7	90.7
Repayment of bank debt	-	-	(976.7)	(976.7)
Lease payments	-	(1,269.5)	-	(1,269.5)
Cash flow	51.9	(1,269.5)	(65.2)	(1,386.6)
Business combinations (note 6)	0.3	11.0	0.6	11.3
Additions to lease obligations	-	838.5	-	838.5
Interest on lease obligations	-	187.7	-	187.7
Early termination of lease obligations	-	(78.1)	-	(78.1)
Arrangement fees amortization	-	-	(13.7)	(13.7)
Foreign exchange adjustments	(36.9)	(69.2)	(90.6)	(122.9)
Other non-cash movements	(36.6)	889.9	(103.7)	822.8
Balance at December 31, 2019	553.5	4,404.7	3,655.4	7,506.6

On May 4, 2020 Dufrey, via its subsidiary Dufrey One B. V., placed CHF 350 million in convertible bonds due 2023, conditionally convertible into shares of the Company. The convertible bonds have been issued at par with a denomination of CHF 200,000 and carry a coupon of 1.0 %, payable semi-annually in arrears. At maturity on May 4, 2023 the bonds will be redeemed at par. During such time bondholders can opt to convert the bonds at a price of CHF 33.00 per share. Such shares will be sourced from conditional capital or from existing shares. On May 18, 2020, the General Assembly approved the respective increase of the conditional share capital to 12.7 million shares (at nominal value of CHF 5.00 each, CHF 63.5 million).

29.1 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Dufrey's notional cash pool is operated by a major finance institute. Based on enforceable master netting agreement, the respective balances at the end of the period have been set-off as follows:

IN MILLIONS OF CHF	BALANCE BEFORE GLOBAL POOLING	SET-OFF	NET BALANCE
31.12.2020			
Cash and cash equivalents	1,089.7	(729.4)	360.3
Borrowings, current	783.3	(729.4)	53.9
31.12.2019			
Cash and cash equivalents	1,922.7	(1,369.2)	553.5
Borrowings, current	1,422.4	(1,369.2)	53.2

29.2 LEGAL RESTRICTIONS ON MONEY TRANSFER

Cash and cash equivalents at the end of the reporting period include CHF 36.3 (2019: 67.5) million held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

30. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Concession fee payables	95.5	200.3
Other service related vendors	181.1	201.0
Personnel payables	150.9	144.9
Deferred lease expense	0.7	108.7
Sales and other tax liabilities	39.9	49.4
Put option Dufrey Staer Holding Ltd (note 6.1)	23.4	55.7
Financial derivative liabilities - current	-	24.4
Lease obligation due to tax refund (further comments on note 12)	17.4	30.0
Payables for capital expenditure	10.7	28.4
Interest payables	16.1	14.4
Payables to local business partners	1.4	1.8
Other payables	39.4	56.39
Total	576.5	915.4
THEREOF		
Current liabilities	533.0	827.1
Non-current liabilities	43.5	88.3
Total	576.5	915.4

31. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax asset and liabilities arise from the following positions:

IN MILLIONS OF CHF	31.12.2020	31.12.2019
DEFERRED TAX ASSETS		
Inventories	4.8	18.2
Property, plant and equipment	38.2	32.1
Intangible assets	29.8	35.1
Lease obligations	459.2	688.6
Provisions and other payables	52.3	40.5
Tax loss carry-forward	116.9	95.5
Other	8.7	5.4
Total	709.9	915.4
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(10.9)	(14.7)
Right-of-use assets	(493.6)	(687.8)
Intangible assets	(363.9)	(454.1)
Provisions and other payables	(7.6)	(4.3)
Other	(10.3)	(29.2)
Total	(886.3)	(1,190.1)
Deferred tax liabilities net	(176.4)	(274.7)

Deferred tax balances are presented in the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	2020	2019
Deferred tax assets	145.5	122.1
Deferred tax liabilities	(321.9)	(396.8)
Balance at December 31	(176.4)	(274.7)

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	2020	2019
Changes in deferred tax assets	23.4	(16.3)
Changes in deferred tax liabilities	74.9	29.1
Business combinations (note 6)	–	19.3
Currency translation adjustments	(2.4)	2.9
Deferred tax movements (expense) at December 31	95.9	35.0
THEREOF		
Recognized in the statement of profit or loss	95.6	30.5
Recognized in equity ¹	(0.3)	2.8
Recognized in OCI	0.6	1.7

Tax loss carryforward

Certain subsidiaries incurred tax losses, which according to the local tax legislation gives rise to a tax credit usable in future tax periods. However, the use of this tax benefit may be limited by local law in time (expiration) or in quantity or limited by the ability of the respective subsidiary to generate enough taxable profits in the future.

Deferred tax assets relating to unused tax losses carryforwards or temporary differences are recognized when it is probable that such tax credits can be utilized in future periods by the respective entity in accordance with the approved budget 2020 and the management projections thereafter.

The unrecognized tax losses carryforwards by expiry date are as follows:

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Expiring within 1 to 3 years	266.1	103.1
Expiring within 4 to 7 years	733.3	340.5
Expiring after 7 years	54.7	65.0
With no expiration limit	1,136.2	640.5
Total	2,190.3	1,149.1

Unrecognized deferred tax liabilities

Dufrey has not recognized deferred tax liabilities associated with investments in subsidiaries where Dufrey can control the reversal of the timing differences and where it is not probable that the temporary differences will reverse in the foreseeable future. Dufrey does not expect that these differences result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the investment is recovered.

32. PROVISIONS

IN MILLIONS OF CHF	CONTIN- GENT LIABILITIES	ONEROUS CONTRACTS	CLOSEDOWN	LAWSUITS AND DUTIES	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2020	11.3	38.6	2.3	23.4	3.6	18.5	97.7
Charge for the year	-	9.0	0.8	0.2	0.4	8.7	19.1
Utilized	(0.9)	(8.3)	(0.2)	(0.1)	(0.5)	(1.7)	(11.7)
Unused amounts reversed	-	(8.2)	-	(1.3)	-	(2.0)	(11.5)
Interest discounted	-	2.0	-	-	-	-	2.0
Reclassification within classes	-	-	(0.4)	-	-	0.4	-
Reclassification from /to other accounts	-	-	-	-	-	0.1	0.1
Currency translation adjustments	(0.6)	0.2	(0.1)	(1.7)	(0.3)	(1.2)	(3.7)
Balance at December 31, 2020	9.8	33.3	2.4	20.5	3.2	22.8	92.0
THEREOF							
Current	-	11.1	2.4	20.5	0.7	14.8	49.5
Non-current	9.8	22.2	-	-	2.5	8.0	42.5

Management believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in the areas described below, future expenses may be different from the amounts provisioned.

CONTINGENT LIABILITIES

Contingent liabilities are recognized in connection with business combinations, usually in relation with legal claims, from which the final outcome is difficult to assess.

ONEROUS CONTRACTS

Dufrey enters in certain non-cancellable long term lease agreements for shops. If the economic condition to operate such business deteriorates materially, it can happen that the present value of the unavoidable future cash flows is not enough to cover the carrying amount of the tangible or intangible assets, or even become negative so that the company would need to present a provision for onerous contracts. Estimating these future cash flows requires management to project future sales and operating profits. At balance sheet date, an amount of CHF 33.3 (2019: 38.6) million has been provided mainly in relation to two operations in the region Europe, Middle East and Africa (EMEA) and one operation in Central & South America.

CLOSE DOWN

The provision of CHF 2.4 (2019: 2.3) million relates mainly to two operations in Asia and Europe.

LAWSUITS AND DUTIES

The provision for lawsuits and duties of CHF 20.5 (2019: 23.4) million covers uncertainties related to the outcome of law suits in relation to taxes-other than income, duties or other claims in connection with our subsidiaries in India. The major cases relate to two subsidiaries in India which still keep open claims (CHF 11.1 million) in relation with customs duties and service taxes. Dufrey expects that both cases won't be finally judged in the next year. During 2020, Dufrey released the provision in Brazil.

LABOR DISPUTES

The provision of CHF 3.2 (2019: 3.6) million relates mainly to claims presented by sales staff in Brazil based on disputes due to the termination of temporary labor contracts.

OTHER

Other provisions comprise mainly potential liabilities to cover the cost for restoration of leased shops to their original condition at the end of the lease agreement and restructuring costs. The charges for the year relate to restructuring costs in Argentina.

CASH OUTFLOWS OF NON-CURRENT PROVISIONS

The cash outflows of non-current provisions as of December 31, 2020 are expected to occur in:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2022	23.4
2023	1.6
2024	0.9
2025	1.8
2026+	14.8
Total non-current	42.5

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Dufrey provides retirement benefits through a variety of arrangements comprised principally of stand-alone defined benefit or defined contribution plans, or state administered plans that cover a substantial portion of employees in accordance with local regulations and practices. The most significant plans in terms of the benefits accrued to date by participants are cash balance and final salary plans. Around 95.2% (2019: 99.5%) of the total defined benefit obligation and 95.3% (2019: 99.5%) of the plan assets correspond to pension funds in Switzerland (CH) and the United Kingdom (UK).

IN MILLIONS OF CHF	2020			2019		
	Funded	Unfunded	TOTAL	Funded	Unfunded	TOTAL
SWITZERLAND						
Fair value of plan assets	205.8	-	205.8	207.5	-	207.5
Present value of defined benefit obligation	217.7	-	217.7	236.1	-	236.1
Financial (liability) asset	(11.9)	-	(11.9)	(28.6)	-	(28.6)
UK						
Fair value of plan assets	217.5	-	217.5	209.5	-	209.5
Present value of defined benefit obligation	223.1	-	223.1	206.5	-	206.5
Financial (liability) asset	(5.6)	-	(5.6)	3.0	-	3.0
OTHER PLANS						
Fair value of plan assets	20.8	-	20.8	2.1	0.2	2.3
Present value of defined benefit obligation	22.4	13.5	35.9	1.9	18.8	20.7
Financial (liability) asset	(1.6)	(13.5)	(15.1)	0.2	(18.6)	(18.4)
CARRYING AMOUNT						
Net defined benefit assets	-	-	-	3.2	0.2	3.4
Employee benefit obligations	(19.1)	(13.5)	(32.6)	(28.6)	(18.8)	(47.4)

A description of the significant retirement benefit plans is as follows:

Reconciliation to the funded plans

IN MILLIONS OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
Net defined (obligation) / asset at January 1	(28.6)	3.0	(15.3)	4.6
Pension income / (expense) through statement of profit or loss	0.2	0.1	(7.4)	0.1
Remeasurements through other comprehensive income	11.3	(10.1)	(12.0)	(4.1)
Transfer payment	(0.3)	(0.6)	-	-
Contributions paid by employer	5.5	2.0	6.1	2.1
Currency translation	-	0.0	-	0.3
Net defined (obligation) / asset at December 31	(11.9)	(5.6)	(28.6)	3.0

33.1 SWITZERLAND

In Switzerland Dufrey's pension plan is a cash balance plan where contributions are made by employees and employer based on a percentage of the pensionable salary. The pension plan guarantees the amount accrued on the members saving account, as well as interest on those savings amounts. At retirement date, the savings account are converted into pensions, or optionally part of the savings can be paid out as a lump sum. The board of trustees on a discretionary basis, based on the annual performance and financial situation of the fund can grant increases in pension payment.

LEGAL FRAMEWORK

Pension plans in Switzerland are governed by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed as independent, legally autonomous units, a pension fund. Pension plans are overseen by a regulator as well as by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. The various insurance benefits are governed in regulations, with the BVG law specifying the minimum benefits that are to be provided. In case of an underfunding, various measures can be taken such as: a) increasing future contributions, b) revising the investment strategy or c) revising the benefits granted above the legally minimal benefits. The BVG law prescribes how the employer and employees have to jointly fund potential restructurings. Under Swiss pension law the employer cannot recover any surplus from the pension foundation.

MAIN RISKS

The main risks to which the pension fund is exposed are: a) mortality risk as if the effective average life result to be longer than the assumptions used based on the official demographic statistics, then pension payments would need to be done for longer periods, b) Market and liquidity risk as if the future rate of return on plan assets is lower to the actual discount rate used to calculate the conversion factor, then additional funds will be needed and c) Death and disability risk as if the amounts or number of effective cases are higher than the indications provided by the demographic statistics this can result in a mismatch of asset-liabilities relation of the pension fund. These risks are regularly monitored by an actuary and the Board of Trustees. The financial situation of the pension fund is presented annually in two reports, in accordance with the requirements of the BVG and IFRS respectively.

ASSET-LIABILITY MANAGEMENT

The Swiss pension fund currently invests in a diverse portfolio of asset classes including equities, bonds, property and alternative investments but do not currently use any more explicit asset-liability matching strategy instruments such as annuity purchase products or longevity swaps. With the investment strategy the board of trustees defines the allocation of asset classes, currencies and other risks, which takes into account requirements from BVG, and the objective of achieving an investment return which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plan. The board of trustees is responsible for the investment of the assets and reviews the investment portfolio from time to time at least once a year. The plan assets are deposited in a global custody bank account, whereby the investments in real estate funds are directly managed by a specialized 3rd party administration.

33.2 UNITED KINGDOM (UK)

Dufry participates in another defined benefit pension plan in the UK under specific regulatory frameworks. The Plan has been closed to new members for many years and as well as to existing members. Under the Plan, members are entitled to annual pensions on retirement at age 65 of one sixtieth of revalued pensionable salary for each year of service. Pensionable salary is defined as basic salary less the statutory Lower Earnings limit. The Plan is administered by a separate board of trustees which is legally separate from the Company. The Trustees are comprised of representatives of employer, employees and independent trustees. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regards to assets plus the day to day administration of the scheme. The pension payments are made from the trustee-administered funds; however, where plans are underfunded, the company meets the benefit payment obligation as it falls due.

Cost of defined benefit plans

IN MILLIONS OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
SERVICE COSTS				
Current service costs	(7.6)	-	(7.1)	-
Past service costs	7.8	-	-	-
Fund administration	-	-	(0.3)	-
Net interest	-	0.1	(0.1)	0.1
Total pension expenses recognized in the statement of profit or loss	0.2	0.1	(7.5)	0.1

The current and past service costs are included in personnel expenses, whereas fund administration expenses are included in the other expenses. The past service costs in 2020 are a consequence of the reduction of staff. Refer to comments in Note 9.

Remeasurements employee benefits

IN MILLIONS OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
Actuarial gains (losses) - experience	1.1	-	(4.3)	4.0
Actuarial gains (losses) - demographic assumptions	-	(0.9)	1.6	(0.4)
Actuarial gains (losses) - financial assumptions	3.9	(29.3)	(24.4)	(28.9)
Return on plan assets exceeding expected interest	6.3	20.4	15.1	21.3
Total remeasurements recorded in other comprehensive income	11.3	(9.8)	(12.0)	(4.0)

The following tables summarize the components of the funded status and amounts recognized in the statement of financial position for the plan:

Change in the fair value of plan assets

IN MILLIONS OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
	Balance at January 1	207.5	209.5	189.7
Interest income ¹	0.5	4.1	1.7	5.5
Return on plan assets, above interest income	6.4	20.4	15.2	21.3
Contributions paid by employer	5.7	2.0	6.2	2.1
Contributions paid by employees	3.4	-	3.6	-
Benefits paid	(17.1)	(5.8)	(8.9)	(6.6)
Administration costs	(0.3)	(0.6)	-	-
Currency translation	(0.3)	(12.1)	-	4.7
Balance at December 31	205.8	217.5	207.5	209.5

¹ Expected interest income on plan assets based on discount rate. See actuarial assumptions.

Change in present value of defined benefit obligation

IN MILLIONS OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
	Balance at January 1	236.1	206.5	205.0
Current service costs	7.6	-	7.1	-
Interest costs	0.6	4.0	1.8	5.4
Contributions paid by employees	3.4	-	3.6	-
Accrual of expected future administration costs	-	-	0.3	-
Actuarial losses / (gains) - experience	(1.0)	0.1	4.4	(3.9)
Actuarial losses / (gains) - demographic assumptions	-	0.9	(1.6)	0.4
Actuarial losses / (gains) - financial assumptions	(3.9)	29.3	24.4	28.9
Benefits paid	(17.1)	(5.8)	(8.9)	(6.6)
Past service cost - plan amendments	(7.8)	-	-	-
Currency translation	(0.2)	(11.9)	-	4.4
Balance at December 31	217.7	223.1	236.1	206.5
Net defined benefit (obligation) / asset at December 31	(11.9)	(5.6)	(28.6)	3.0

Actuarial assumptions

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. The main actuarial assumptions used are:

IN PERCENTAGE (%)	2020		2019	
	Switzerland	UK	Switzerland	UK
Discount rates	0.10	1.45	0.25	2.10
Future salary increases	1.25	-	1.50	-
Future pension increases	-	1.80	0.25	1.80
Average retirement age (in years)	64	65	64	65
Mortality table (generational tables)	2015	2019	2015	2018

The mortality table takes into account changes in the life expectancy.

Plan asset structure

The structure of categories of plan assets is as follows:

IN PERCENTAGE (%)	2020		2019	
	Switzerland	UK	Switzerland	UK
Shares	33.4	99.1	37.4	33.4
Bonds	20.2	-	20.2	0.0
Real estates	38.0	-	38.0	-
Other ¹	8.4	0.9	4.4	66.6
Total	100.0	100.0	100.0	100.0

¹ Includes liquid positions and alternative investments.

All assets held by the Pension fund in Switzerland and UK are fair-value-level 1 (quoted prices in active markets), except certain real estate and alternative investments in Switzerland which are fair-value-level 3 (significant unobservable inputs) representing 39.3% (2019: 27.7%) of the total assets.

The net outflow of funds due to pension payments can be planned reliably. Contributions are paid regularly to the funded pension plans in Switzerland and UK. Furthermore, the respective investment strategies take account of the need to guarantee the liquidity of the plan at all times. Dufrey does not make use of any assets held by these pension plans.

Plan participants

IN THOUSAND OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
ACTIVE PARTICIPANTS				
Number at December 31 (participants)	554	-	751	-
Average annual plan salary	86.0	-	84.0	-
Average age (years)	43.4	-	42.0	-
Average account balance	139.0	-	117.0	-
DEFERRED PARTICIPANTS				
Number at December 31 (participants)	-	1,114	-	1,114
Average annual plan pension	-	5.0	-	5.0
BENEFIT RECEIVING PARTICIPANTS				
Number at December 31 (participants)	158	1,095	150	1,095
Average annual plan pension	24.0	3.4	25.0	4.3

IN MILLIONS OF CHF	2021		2020	
	Switzerland	UK	Switzerland	UK
EXPECTED CASH FLOW FOR				
Contribution Employer	4.1	2.0	5.6	2.2
Contribution Employees	2.5	-	3.2	-
Weighted average duration of defined benefit obligation (years)	20.1	19.0	20.2	19.0

IN MILLIONS OF CHF	2020		2019	
	Switzerland	UK	Switzerland	UK
MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION				
Expected payments within 1 year	6.4	5.0	7.1	5.0
Expected payments in year 2	6.3	5.1	6.9	5.9
Expected payments in year 3	7.2	5.4	6.7	6.0
Expected payments in year 4	6.4	5.7	7.6	6.3
Expected payments in year 5	6.0	6.0	7.0	6.7
Expected payments in year 6 and beyond	29.1	31.2	32.1	32.2

Sensitivities of significant actuarial assumptions

The discount rate and the future salary increase were identified as significant actuarial assumptions.

The following impacts on the defined benefit obligation are to be expected:

2020 IN MILLIONS OF CHF	SWITZERLAND		UK	
	Increase	Decrease	Increase	Decrease
A CHANGE OF 0.5% IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY				
Discount rate	(17.0)	22.7	(21.9)	21.9
Salary rate	4.0	(3.6)	-	-

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Expected costs

IN MILLIONS OF CHF	2021	
	Switzerland	UK*
Current service cost	5.6	-
Fund administration expenses	0.2	-
Net interest expenses	-	-
Costs to be recognized in the statement of profit or loss	5.8	-

* The UK defined benefit plan is closed.

34. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

Except as detailed in the table Quantitative disclosures fair value measurement hierarchy for assets below, Dufrey considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

The following tables provide the fair value measurement hierarchy of Dufrey's assets and liabilities, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures fair value measurement hierarchy for assets

FAIR VALUE MEASUREMENT AT DECEMBER 31, 2020 USING					
DECEMBER 31, 2020 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
ASSETS MEASURED AT FAIR VALUE					
Derivative financial assets					
Foreign exchange forward contracts - OTHER	-	-	-	-	-
Foreign exchange swaps contracts - EUR	8.8	-	8.8	-	8.8
Foreign exchange swaps contracts - OTHER	0.8	-	0.8	-	0.8
Options - USD	1.9	-	1.9	-	1.9
Total (Note 37.3)	11.5	-	11.5	-	11.5
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Credit card receivables	9.4	-	9.4	-	9.6
FAIR VALUE MEASUREMENT AT DECEMBER 31, 2019 USING					
DECEMBER 31, 2019 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
ASSETS MEASURED AT FAIR VALUE					
Derivative financial assets					
Foreign exchange forward contracts - USD	0.2	-	0.2	-	0.2
Foreign exchange swaps contracts - EUR	3.5	-	3.5	-	3.5
Foreign exchange swaps contracts - OTHER	0.1	-	0.1	-	0.1
Cross currency swaps contracts - GBP	1.2	-	1.2	-	1.2
Options - USD	3.4	-	3.4	-	3.4
Total (Note 37.3)	8.4	-	8.4	-	8.4
Financial assets valued at FVOCI					
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Credit card receivables	11.7	-	11.7	-	12.0

There were no transfers between Level 1 and 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities

DECEMBER 31, 2020 IN MILLIONS OF CHF	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2020 USING				CARRYING AMOUNTS
	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange forward contracts - OTHER	-	-	-	-	-
Foreign exchange swaps contracts - EUR	-	-	-	-	-
Foreign exchange swaps contracts - OTHER	-	-	-	-	-
Put option Dufrey Staer Holding Ltd	23.4	-	-	23.4	23.4
Other options	-	-	-	-	-
Total (Note 37.3 and note 6.1)	23.4	-	-	23.4	23.4
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes CHF 350	610.7	610.7	-	-	320.2
Senior Notes EUR 800	827.4	827.4	-	-	860.1
Senior Notes EUR 750	757.8	757.8	-	-	795.2
Total	2,195.9	2,195.9	-	-	1,975.5
Floating rate borrowings USD	1,056.2	-	1,056.2	-	1,008.5
Floating rate borrowings CHF	561.7	-	561.7	-	522.7
Total	1,617.9	-	1,617.9	-	1,531.2

There were no transfers between Level 1 and 2 during the period.

FAIR VALUE MEASUREMENT AT DECEMBER 31, 2019 USING

DECEMBER 31, 2019 IN MILLIONS OF CHF	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	CARRYING AMOUNTS
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange forward contracts - USD	-	-	-	-	-
Foreign exchange forward contracts - OTHER	0.1	-	0.1	-	0.1
Foreign exchange swaps contracts - EUR	2.9	-	2.9	-	2.9
Cross currency swaps contracts - GBP	15.7	-	15.7	-	15.7
Put option Dufry Staer Holding Ltd	55.7	-	-	55.7	55.7
Other options	3.7	-	3.7	-	3.7
Total (Note 37.3)	78.1	-	22.4	55.7	78.1
Financial liabilities valued at FVPL					
Interest rate swaps	2.0	-	2.0	-	2.0
Total (Note 38.1)	2.0	-	2.0	-	2.0
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes EUR 800	892.6	892.6	-	-	864.1
Senior Notes EUR 750	823.2	823.2	-	-	794.3
Total	1,715.8	1,715.8	-	-	1,658.4
Floating rate borrowings USD	716.8	-	716.8	-	671.8
Floating rate borrowings CHF	53.4	-	53.4	-	50.0
Floating rate borrowings GBP	1,068.1	-	1,068.1	-	1,210.0
Total	1,838.3	-	1,838.3	-	1,931.8

There were no transfers between Level 1 and 2 during the period.

35. CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent less hedging and revaluation reserves for unrealized gains or losses on net investments, plus other equity-linked or equity-like instruments attributable to the parent.

The primary objective of Dufry's capital management is to ensure that it maintains an adequate credit rating and sustainable capital ratios in order to support its business and maximize shareholder value.

Dufry manages its financing structure and makes adjustments to it in light of its strategy and the long-term opportunities and costs of each financing source. To maintain or adjust the financing structure, Dufry may adjust dividend payments to shareholders, return capital to shareholders, issue new shares or issue equity-linked instruments or equity-like instruments.

Furthermore, Dufry monitors the financing structure using a combination of ratios, including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio Dufry includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

35.1 GEARING RATIO

The following ratio compares owner's equity to borrowed funds:

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Cash and cash equivalents	(360.3)	(553.5)
Borrowings, current	53.9	53.2
Borrowings, non-current	3,650.6	3,602.2
Borrowings, net	3,344.2	3,101.9
Equity attributable to equity holders of the parent	839.3	2,645.3
ADJUSTED FOR		
Accumulated hedged gains / (losses)	(91.0)	(64.1)
Effects from transactions with non-controlling interests ¹	1,503.4	1,375.7
Total capital ²	2,251.7	3,956.9
Total net debt and capital	5,595.9	7,058.8
Gearing ratio	59.8%	43.9%

¹ Represents the excess paid / (received) above fair value on shares acquired / (sold) from non-controlling interests as long as there is no change in control (IFRS 10.23).

² Includes all capital and reserves of Dufry that are managed as capital.

Dufry did not hold collateral of any kind at the reporting dates.

35.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2020		FINANCIAL ASSETS			NON-FINANCIAL ASSETS ¹	TOTAL
IN MILLIONS OF CHF	at amortized cost	at FVPL	SUBTOTAL			
Cash and cash equivalents	360.3	-	360.3	-	360.3	
Trade and credit card receivables	17.1	-	17.1	-	17.1	
Other accounts receivable	126.6	11.5	138.1	176.9	315.0	
Other non-current assets	211.5	0.4	211.9	44.9	256.8	
Total	715.5	11.9	727.4			

		FINANCIAL LIABILITIES			NON-FINANCIAL LIABILITIES ¹	TOTAL
IN MILLIONS OF CHF	at amortized cost	at FVPL	SUBTOTAL			
Trade payables	154.9	-	154.9	-	154.9	
Borrowings, current	53.9	-	53.9	-	53.9	
Lease obligations, current	1,397.5	-	1,397.5	-	1,397.5	
Other liabilities	489.4	-	489.4	43.6	533.0	
Borrowings, non-current	3,692.1	-	3,692.1	(41.5)	3,650.6	
Lease obligations, non-current	4,022.9	-	4,022.9	-	4,022.9	
Other non-current liabilities	43.5	-	43.5	-	43.5	
Total	9,854.2	-	9,854.2			

¹ Non-financial assets or non-financial liabilities comprise prepaid expenses (Incl. deferred bank fees set off from borrowings) and deferred income, which will not generate a cash outflow or inflow as well as other tax positions.

AT DECEMBER 31, 2019		FINANCIAL ASSETS			NON-FINANCIAL ASSETS	TOTAL
IN MILLIONS OF CHF	Loans and receivables	at FVPL	SUBTOTAL			
Cash and cash equivalents	553.5	-	553.5	-	553.5	
Trade and credit card receivables	44.2	-	44.2	-	44.2	
Other accounts receivable	226.7	8.5	235.2	186.8	422.0	
Other non-current assets	238.2	0.2	238.4	64.5	302.9	
Total	1,062.6	8.7	1,071.3			

		FINANCIAL LIABILITIES			NON-FINANCIAL LIABILITIES	TOTAL
IN MILLIONS OF CHF	at amortized cost	at FVPL	SUBTOTAL			
Trade payables	645.6	-	645.6	-	645.6	
Borrowings, current	53.2	-	53.2	-	53.2	
Lease obligations, current	1,085.7	-	1,085.7	-	1,085.7	
Other liabilities	749.2	24.4	773.6	53.5	827.1	
Borrowings, non-current	3,642.3	-	3,642.3	(40.1)	3,602.2	
Lease obligations, non-current	3,319.0	-	3,319.0	-	3,319.0	
Other non-current liabilities	88.3	-	88.3	-	88.3	
Total	9,583.3	24.4	9,607.7			

35.3 NET INCOME BY IFRS 9 VALUATION CATEGORY

Financial Assets at December 31, 2020

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest income	22.5	-	22.5
Other finance income	0.8	12.2	13.0
From interest	23.3	12.2	35.5
Foreign exchange gain / (loss) ¹	(225.0)	(4.1)	(229.1)
Impairments / allowances ²	(23.8)	-	(23.8)
Total - from subsequent valuation	(248.8)	(4.1)	(252.8)
Net (expense) / income	(225.5)	8.1	(217.3)

Financial Liabilities at December 31, 2020

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest expenses and arrangement fees	(325.8)	-	(325.8)
Other finance expenses	(10.2)	(6.4)	(16.6)
From interest	(336.0)	(6.4)	(342.4)
Foreign exchange gain / (loss) ¹	212.1	16.9	229.0
Total - from subsequent valuation	212.1	16.9	229.0
Net (expense) / income	(123.9)	10.5	(113.4)

¹ This position includes the foreign exchange gain / (loss) recognized on third party and intercompany financial assets and liabilities through consolidated statement of profit or loss.

² This position includes net income / (expense) from released impairments, allowances or recoveries during the period less the increase of impairments or allowances.

Financial Assets at December 31, 2019

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVOCI (NON-RECYCLABLE)	AT FVPL	TOTAL
Interest income	28.4	-	0.1	28.5
Other finance income	2.1	-	40.2	42.3
From interest	30.5	-	40.3	70.8
Foreign exchange gain / (loss) ¹	(59.6)	-	32.5	(27.1)
Impairments / allowances ²	(6.7)	-	-	(6.7)
Total – from subsequent valuation	(66.3)	-	32.5	(33.8)
Net (expense) / income	(35.8)	-	72.8	37.0

Financial Liabilities at December 31, 2019

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest expenses and arrangement fees	(352.1)	-	(352.1)
Other finance expenses	(0.7)	(18.2)	(18.9)
From interest	(352.8)	(18.2)	(371.0)
Foreign exchange gain (loss) ¹	70.4	(53.8)	16.6
Total – from subsequent valuation	70.4	(53.8)	16.6
Net (expense) / income	(282.4)	(72.0)	(354.4)

¹ This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and liabilities through consolidated statement of profit or loss.

² This position includes net income / expense from released impairments, allowances or recoveries during the period less the increase of impairments or allowances.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES

As a global retailer, Dufrey has worldwide activities which are financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. Dufrey's treasury manages the financing of the operations through centralized credit facilities to ensure an adequate allocation of these resources and simultaneously minimize the potential currency and financial risk impacts.

Dufrey continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. Dufrey seeks to minimize the currency exposure and interest rates risk using appropriate transaction structures or alternatively, using derivative financial instruments to hedge the exposure to these risks. The treasury policy forbids entering or trading financial instruments for speculative purposes.

37. MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. Dufry's objective is to minimize the impact on statement of profit or loss and to reduce fluctuations in cash flows through structuring the respective transactions to minimize market risks. In cases, where the associated risk cannot be hedged appropriately through a transaction structure, and the evaluation of market risks indicates a material exposure, Dufry may use financial instruments to hedge the respective exposure.

Dufry may enter into a variety of financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts, currency swaps and over the counter plain vanilla options.

During the current financial year, Dufry utilized foreign currency forward contracts and options for hedging purposes.

37.1 FOREIGN CURRENCY RISK MANAGEMENT

Dufry manages the cash flow surplus or deficits in foreign currency of the operations through FX-transactions in the respective local currency. Major imbalances in foreign currencies at Group level are hedged through foreign exchange forwards contracts. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions.

37.2 FOREIGN CURRENCY SENSITIVITY ANALYSIS

Among various methodologies to analyze and manage risk, Dufry utilizes a system based on sensitivity analysis. This tool enables Group treasury to identify the level of risk of each entity. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions.

Foreign Currency Exposure

IN MILLIONS OF CHF	USD	EUR	GBP	BRL	OTHER	TOTAL
DECEMBER 31, 2020						
Monetary assets	1,824.1	216.1	400.1	92.3	1,257.5	3,790.1
Monetary liabilities	1,742.1	2,093.7	211.9	172.2	1,237.9	5,457.8
Net currency exposure before foreign currency contracts and hedging	82.0	(1,877.6)	188.2	(79.9)	19.6	(1,667.7)
Foreign currency contracts	(454.0)	704.0	(195.0)	92.0	60.9	207.9
Hedging	244.8	1,175.6	-	-	(94.8)	1,325.6
Net currency exposure	(127.2)	2.0	(6.8)	12.1	(14.3)	(134.2)
DECEMBER 31, 2019						
Monetary assets	2,072.6	336.2	297.9	122.2	513.0	3,341.9
Monetary liabilities	2,067.7	1,050.7	1,425.3	289.8	451.7	5,285.2
Net currency exposure before hedging	4.9	(714.5)	(1,127.4)	(167.6)	61.3	(1,943.3)
Foreign currency contracts	(329.4)	696.9	1,111.0	219.1	(74.2)	1,623.4
Hedging	267.7	-	-	-	(94.2)	173.5
Net currency exposure	(56.8)	(17.6)	(16.4)	51.5	(107.1)	(146.4)

The sensitivity analysis includes all monetary assets and liabilities irrespective of whether the positions are third party or intercompany. Dufrey has considered some intercompany long-term loans as equity like loans. Consequently, the related exchange differences are presented in other comprehensive income and thereafter as translation reserve in equity. In addition, Dufrey has entered into cross currency swaps to reduce the currency exposure.

The foreign exchange rate sensitivity is calculated by aggregation of the net currency exposure of Dufrey entities at December 31 of the respective year. The values and risk disclosed here are the hedged and remaining net currency exposure assuming a 5% appreciation of the CHF against all other currencies.

A positive result indicates a profit, before tax in the statement of profit or loss or in the hedging and revaluation reserves when the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2020	31.12.2019
Effect on profit or loss based on USD	6.4	2.8
Other comprehensive income based on USD	12.2	13.4
Effect on profit or loss based on EUR	(0.1)	0.9
Other comprehensive income based on EUR	58.8	-
Effect on profit or loss based on GBP	0.3	0.8
Effect on profit or loss based on BRL	(0.6)	(2.6)

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2020	31.12.2019
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	3,790.1	3,341.9
Less intercompany financial assets in foreign currencies	(3,331.4)	(2,847.4)
Third party financial assets held in foreign currencies	458.7	494.5
Third party financial assets held in reporting currencies	268.7	576.8
Total third party financial assets¹	727.4	1,071.3
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	5,457.8	5,285.2
Less intercompany financial liabilities in foreign currencies	(3,160.5)	(1,607.0)
Third party financial liabilities held in foreign currencies	2,297.3	3,678.2
Third party financial liabilities held in reporting currencies	7,556.9	5,929.5
Total third party financial liabilities¹	9,854.2	9,607.7

¹ See note 35.2 Categories of financial instruments.

37.3 FOREIGN EXCHANGE FORWARD CONTRACTS AND FOREIGN EXCHANGE OPTIONS AT FAIR VALUE

As the management of the company actively pursues to naturally hedge the positions in each operation, the policy of Dufrey is to enter into foreign exchange forwards and options contracts only where needed.

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments, including foreign exchange forwards and foreign exchange swaps as well as cross currency swaps. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31 of each year.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2020	1,424.4	11.5	-
December 31, 2019	2,893.9	8.4	22.4

38. INTEREST RATE RISK MANAGEMENT

Dufrey manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters.

38.1 INTEREST RATE SWAP CONTRACTS

The following table shows the contracts or underlying principal amounts and fair values of derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs.

IN MILLIONS OF CHF	CONTRACT OR UNDER- LYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2020	-	-	-
December 31, 2019	677.5	-	2.0

38.2 INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis below has been determined based on the exposure to interest rates derivatives and non-derivative instruments at the reporting date. The risk analysis provided here assumes a simultaneous increase of 100 basis points of the interest rate of all interest bearing financial positions.

If interest rates had been 100 basis points higher whereas all other variables were held constant, Dufrey's net earnings for the year 2020 would increase by CHF 40.0 (2019: decrease by CHF 39.0) million.

38.3 ALLOCATION OF FINANCIAL ASSETS AND LIABILITIES TO INTEREST CLASSES

	IN %				IN MILLIONS OF CHF		
	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	TOTAL
AT DECEMBER 31, 2020							
Cash and cash equivalents	0.7%	2.7%	14.0	23.4	37.4	322.9	360.3
Trade and credit card receivables			-	-	-	17.1	17.1
Other accounts receivable	1.1%		0.3	-	0.3	137.8	138.1
Other non-current assets	2.5%	3.8%	5.6	2.0	7.6	204.3	211.9
Financial assets			19.9	25.4	45.3	682.1	727.4
Trade payables			-	-	-	154.9	154.9
Borrowings, current	5.0%	4.2%	49.0	4.9	53.9	-	53.9
Other liabilities			-	-	-	489.4	489.4
Borrowings, non-current	2.7%	2.1%	1,686.4	2,005.7	3,692.1	-	3,692.1
Lease obligations	1.6%	3.6%	0.5	5,419.9	5,420.4	-	5,420.4
Other non-current liabilities			-	-	-	43.5	43.5
Financial liabilities			1,735.9	7,430.5	9,166.4	687.8	9,854.2
Net financial liabilities			1,716.0	7,405.1	9,121.1	5.7	9,126.8

	IN %				IN MILLIONS OF CHF		
	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	TOTAL
AT DECEMBER 31, 2019							
Cash and cash equivalents	0.5%	1.5%	71.6	39.5	111.1	442.4	553.5
Trade and credit card receivables			-	-	-	44.2	44.2
Other accounts receivable	1.1%	6.3%	0.4	0.2	0.6	234.6	235.2
Other non-current assets	6.1%	2.0%	27.9	2.6	30.5	207.9	238.4
Financial assets			99.9	42.3	142.2	929.1	1,071.3
Trade payables			-	-	-	645.5	645.5
Borrowings, current	2.6%	4.3%	48.3	4.3	52.6	0.6	53.2
Other liabilities			-	-	-	773.6	773.6
Borrowings, non-current	2.9%	2.3%	1,948.1	1,694.2	3,642.3	-	3,642.3
Lease obligations	1.6%	4.2%	2.6	4,402.2	4,404.8	-	4,404.8
Other non-current liabilities			-	-	-	88.3	88.3
Financial liabilities			1,999.0	6,100.7	8,099.7	1,508.0	9,607.7
Net financial liabilities			1,899.1	6,058.4	7,957.5	578.9	8,536.4

39. CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to Dufrey.

Almost all Dufrey sales are retail sales made against cash or internationally recognized credit/debit cards. Dufrey has policies in place to ensure that other sales are only made to customers with an appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. Dufrey monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

The main banks where the Group keeps net assets positions hold a credit rating of A- or higher.

39.1 MAXIMUM CREDIT RISK

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents Dufrey's maximum exposure to credit risk.

40. LIQUIDITY RISK MANAGEMENT

Dufry evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping unused credit facilities with financial institutions (see note 2.2 and 27).

40.1 REMAINING MATURITIES FOR NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

The following tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities (based on the earliest date on which Dufry can receive or be required to pay). The tables include principal and interest cash flows.

AT DECEMBER 31, 2020 IN MILLIONS OF CHF	1-6 MONTHS	6-12 MONTHS	1-2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	368.4	3.6	-	-	372.0
Trade and credit card receivables	171	-	-	-	171
Other accounts receivable	124.4	2.3	-	-	126.7
Other non-current assets	0.8	2.2	29.6	200.5	233.1
Total cash inflows	510.7	8.1	29.6	200.5	748.9
Trade payables	154.9	-	-	-	154.9
Borrowings, current	39.6	31.5	-	-	71.1
Other liabilities	489.4	-	-	-	489.4
Borrowings, non-current	24.1	30.0	144.6	3,752.7	3,951.4
Lease obligations	816.6	580.9	1,169.9	3,435.0	6,002.4
Other non-current liabilities	-	-	43.5	-	43.5
Total cash outflows	1,524.6	642.4	1,358.0	7,187.7	10,712.7

AT DECEMBER 31, 2019 IN MILLIONS OF CHF	1-6 MONTHS	6-12 MONTHS	1-2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	570.1	19.6	-	-	589.7
Trade and credit card receivables	44.1	0.1	-	-	44.2
Other accounts receivable	214.2	12.5	-	-	226.7
Other non-current assets	2.6	3.1	16.5	241.5	263.7
Total cash inflows	831.0	35.3	16.5	241.5	1,124.3
Trade payables	644.9	0.7	-	-	645.6
Borrowings, current	48.0	39.0	-	-	87.0
Other liabilities	748.0	1.2	-	-	749.2
Borrowings, non-current	37.1	39.3	144.6	3,762.8	3,983.8
Lease obligations	517.4	568.3	796.3	3,146.1	5,028.1
Other non-current liabilities	-	-	88.3	-	88.3
Total cash outflows	1,995.4	648.5	1,029.2	6,908.9	10,582.0

40.2 REMAINING MATURITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

Dufry holds derivative financial instruments at year-end of net CHF 11.5 millions of which CHF 10.0 million has a maturity below 6 months and CHF 1.5 million more than one year.

41. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to Dufrey if the party directly or indirectly controls, is controlled by, or is under common control with Dufrey, has an interest in Dufrey that gives it significant influence over Dufrey, has joint control over Dufrey or is an associate or a joint venture of Dufrey. In addition, members of the key management personnel of Dufrey or close members of the family are also considered related parties as well as post-employment benefit plans for the benefit of employees of Dufrey.

The related party transactions and relationships for Dufrey are the following:

IN MILLIONS OF CHF	2020	2019
PURCHASE OF GOODS FROM		
Hudson RPM, literature and publications	1.4	16.5
PURCHASE OF SERVICES FROM		
Pension Fund Dufrey, post-employment benefits	5.6	6.1
ACCOUNTS PAYABLES/(RECEIVABLES) AT DECEMBER 31		
Hudson RPM	(1.7)	0.1
Pension Fund Dufrey	0.3	0.8

The transactions with associates are the following:

IN MILLIONS OF CHF	2020	2019
PURCHASE OF SERVICES FROM		
Lojas Francas de Portugal S.A.	(3.4)	(2.7)
Nuance Basel LLC (Sochi)	(0.2)	-
Nuance Group (Chicago) LLC	-	(0.2)
SALES OF SERVICES TO		
Lojas Francas de Portugal S.A.	1.5	1.5
Nuance Basel LLC (Sochi)	0.2	0.4
Nuance Group (Chicago) LLC	0.1	0.7
SALES OF GOODS TO		
Lojas Francas de Portugal S.A.	8.1	41.9
Nuance Basel LLC (Sochi)	1.6	3.6
Puerto Libre Int. SA	0.4	-
Nuance Group (Chicago) LLC	-	1.7
ACCOUNTS RECEIVABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	1.4	1.6
Nuance Basel LLC (Sochi)	9.0	10.9
Nuance Group (Chicago) LLC	0.6	1.2
NCM Brookstone Stores Georiga, LLC	0.5	0.4
ACCOUNTS PAYABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	-	0.1
Nuance Group (Chicago) LLC	-	0.2

The compensation to members of the Board of Directors and the Global Executive Committee for the services provided during the respective years includes all forms of consideration paid, payable or provided by Dufry, including compensation in company shares as follows:

IN MILLIONS OF CHF	2020	2019
BOARD OF DIRECTORS		
Number of directors	10	9
Current employee benefits	6.8	6.2
Post-employment benefits	0.2	0.3
Total compensation	7.0	6.5
GLOBAL EXECUTIVE COMMITTEE		
Number of members	8	10
Current employee benefits	26.0	16.9
Post-employment benefits	1.8	1.8
Share-based payments (income) / expense ¹	(1.1)	5.1
Total compensation	26.7	23.8

¹ Expenses accrued during the year for members of the Global Executive Committee.

For further information regarding participations and compensation to members of the Board of Directors or Global Executive Committee, please refer to the remuneration report at the end of the annual report.

42. EVENTS AFTER REPORTING DATE

42.1 CHANGES IN LEASE CONTRACTS IN 2021

In February 2021, Dufry renegotiated two existing lease contracts, removing fixed payments (fixed MAG), which will result in a de-recognition of CHF 114.9 million current and CHF 587.9 million non-current lease obligations, respectively CHF 636.4 million in right-of-use assets.



To the General Meeting of
Dufrey AG, Basel

Basel, March 8, 2021

Statutory auditor's report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Dufrey AG and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of profit or loss, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 126 to 220) give a true and fair view of the consolidated financial position of the Group as at December 31, 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 *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)*, 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.

Material uncertainty related to going concern

We draw attention to note 2.2 of the consolidated financial statements, which indicates that the Group's financial position, results of operations and cash flows have been significantly adversely impacted by the COVID-19 pandemic. This fact together with other matters disclosed in note 2.2 indicates that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



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. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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 consolidated financial statements.



Valuation of goodwill

Area of Focus

As of December 31, 2020, the Group has recorded goodwill of CHF 2,369 million. The carrying value of goodwill is tested annually for impairment or when indicators of impairment are present. The impairment assessment for goodwill is dependent on the estimation of future cash flows and the weighted average cost of capital applied.

Due to the significance of the carrying values of goodwill and the judgment involved in performing the impairment tests, this matter was considered significant to our audit.

The accounting policies regarding goodwill applied by the Group are explained in the notes to the consolidated financial statements in sections 2.4a and 2.4q. Further details on goodwill and the annual impairment test are disclosed in notes 3, 10, 18 and 18.1 to the consolidated financial statements.

Our audit response

We performed audit procedures to assess the appropriateness of the Group's impairment test valuation model and evaluated the Group's key assumptions, with the support of our valuation specialists. We performed analyses over the projected sales growth rates used in the cash flow projections during the forecast period and the terminal growth rate assumptions. In addition, we performed lookback analyses assessing historical expense and profit ratios against the Group's assumptions. Further, we independently determined the appropriate weighted average costs of capital and compared them against the rates used by the Group. Our work included an evaluation of the Group's sensitivity analysis on changes to the key assumptions, to quantify the downside changes that could result in an impairment and the respective disclosures in the consolidated financial statements.

Our audit procedures did not lead to any reservations concerning the valuation of goodwill.

Valuation of concession right intangibles and right-of-use assets

Area of Focus

As of December 31, 2020, the Group has recorded concession right intangibles and right-of-use assets with definite useful lives of CHF 1,855 million and CHF 4,439 million, respectively. Concession right intangibles and right-of-use assets are measured at historical cost less amortization/depreciation and impairment. The Group assesses at each reporting date whether there are indicators of impairment. Whenever such indicators are identified, the carrying value of the respective cash generating unit, to which the respective concession right intangibles and right-of-use assets belong to, are tested for impairment. Due to the significance of the carrying values of concession right intangibles and right-of-use assets and the judgment involved in performing impairment tests or in assessing future economic benefits, this matter was considered significant to our audit.

The accounting policies regarding concession right intangibles and right-of-use assets applied by the Group are explained in the notes to the consolidated financial statements in sections 2.4o and 2.4m. Further details on concession right intangibles, right-of-use assets and the impairment test are disclosed in notes 3, 17 and 18 to the consolidated financial statements.



Our audit response

We assessed the Group's process for identifying indicators of potential impairment. For those cash generating units for which there were impairment indicators identified, we performed audit procedures to assess the appropriateness of the Group's impairment test valuation model and evaluated the Group's key assumptions, with the support of our valuation specialists. We performed analyses over the projected sales growth rates used in the cash flow projections during the forecast period. In addition, we performed lookback analyses assessing historical expense and profit ratios against the Group's assumptions and corroborated fixed lease payments against contractual agreements on a sample basis. Further, we independently determined the appropriate weighted average costs of capital and compared them against the rates used by the Group.

Our audit procedures did not lead to any reservations concerning the valuation of concession right intangibles and right-of-use assets.

Accounting for lease contracts

Area of Focus

As of December 31, 2020, the Group has right-of-use assets of CHF 4,439 million and lease obligations of CHF 5,420 million (current and non-current). These represent 39% and 52% of the Group's total assets and total liabilities, respectively.

Key assumptions regarding lease accounting are disclosed in the notes (note 8, 17, 28, and 29). Due to the risk of incompleteness of lease contracts recognized, inaccurate consideration and inappropriate accounting assessment of contractual information, and risk of misapplication of the COVID-19 related rent concession practical expedient, this matter was considered significant to our audit.

Our audit response

We obtained an understanding of the Group's accounting policies and processes implemented including the process to identify changes to contractual information of lease contracts, to assess the right-of-use assets and lease obligations. We tested a sample of additions or changes to lease contracts and analyzed whether these represented lease modifications or should be accounted for as separate leases. We evaluated the Group's analysis of the application of the COVID-19 related rent concession practical expedient by selecting a sample of the underlying contract amendments and analyzing the Group's assessment.

Our audit procedures did not lead to any reservations concerning the accounting for lease contracts.



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 statutory financial statements and the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Siro Bonetti
Licensed audit expert

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

IN THOUSANDS OF CHF	NOTE	2020	2019
Financial income		2,938	15
Franchise fee income		-	3,091
Other income		20	-
Total income		2,958	3,106
Personnel expenses	8	11,092	(17,536)
General and administrative expenses		(3,875)	(4,973)
Management fee expenses		(12,570)	(5,437)
Impairment of investments in subsidiaries	7	(844,725)	(390,000)
Financial expenses		(8,634)	(9,035)
Expenses related with capital increase		(8,019)	-
Taxes		(981)	(2,195)
Total expenses		(867,713)	(429,176)
(Loss) / profit for the year		(864,755)	(426,070)

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2020

IN THOUSANDS OF CHF	NOTE	31.12.2020	31.12.2019
ASSETS			
Cash and cash equivalents		10,625	17
Current receivables third parties		88	12,954
Current receivables subsidiaries		1,387	415
Current receivables other group companies		1,341	371
Loan to subsidiaries		475,000	-
Prepaid expenses and accrued income		54	13
Current assets		488,495	13,770
Investments in subsidiaries	3	3,003,690	3,848,415
Non-current assets		3,003,690	3,848,415
Total assets		3,492,185	3,862,185
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current interest bearing liabilities		2,537	17,831
Current liabilities third parties		7,891	3,373
Current liabilities participants and bodies		1,036	1,034
Current liabilities subsidiaries		8,717	4,424
Current liabilities other group companies		-	36
Deferred income and accrued expenses		6,228	27,791
Current liabilities		26,409	54,489
Non-current interest-bearing liabilities subsidiaries		-	408,050
Non-current liabilities		-	408,050
Total liabilities		26,409	462,539
Share capital	5.1	401,318	252,836
Legal capital reserves			
Reserve from capital contribution	5.1	4,287,731	3,420,326
Reserve from capital contribution for own shares held at subsidiaries	5.1	1,698	86,700
Legal retained earnings			
Other legal reserves		5,927	5,927
Voluntary retained earnings			
Results carried forward	12	(366,143)	59,927
(Loss)/ profit for the year	12	(864,755)	(426,070)
Treasury shares	6	-	-
Shareholders' equity		3,465,776	3,399,646
Total liabilities and shareholders' equity		3,492,185	3,862,185

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Dufry AG (the “Company”) is a publicly listed company. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich.

Dufry AG was incorporated in 1865 and is registered with the commercial register in the canton of Basel Stadt, Switzerland. The Company has registered offices in Basel, Brunngässlein 12.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

We have prepared the statutory financial statements in accordance with the accounting principles as set out in Art. 957 to Art. 963b of the Swiss Code of Obligations (“CO”). Since we have prepared our consolidated financial statements in accordance with the International Financial Reporting Standards (“IFRS”), a recognized accounting standard, we have, in accordance with the CO, elected to forego presenting the statement of cash flows, the additional disclosures and the management report otherwise required by the CO. Our financial statements may be influenced by the creation and release of excess reserves.

All amounts are presented in Swiss francs (“CHF”), unless otherwise indicated.

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2.2 THE ENTITY’S ABILITY TO CONTINUE AS A GOING CONCERN – COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Governmental organizations have taken various actions to combat the spread of COVID-19, including imposing stay-at-home orders and closing “non-essential” businesses and their operations for certain periods of time.

The company mainly invests in travel retail businesses, which are significantly adversely impacted by COVID-19-related concerns, event cancellations, and business and government-imposed restrictions. These concerns and restrictions have led to a significant decrease in passenger travel and resulted in sharply reduced customer traffic and sales across the businesses we are invested in. Consequently, the Dufry Group's ("Group") revenues declined during 2020 compared with the same period in 2019 by approximately 71%.

In response to the COVID-19 pandemic, the Group most recently has taken the following measures:

- the Group is renegotiating almost all of its concession agreements to better align payment commitments to the current business environment and in particular to reduce fixed payments;
- as of September 2020, the Group has implemented a re-organization and restructuring program to adapt its organization to the new business environment and to accelerate growth and support profitability during the recovery phase of the economic and public health crisis resulting from COVID-19;
- in October 2020 and in connection with the Group's plan to acquire the remaining equity interest in Hudson Ltd. for USD 311 million and to delist Hudson Ltd. from the New York Stock Exchange, Dufry AG has conducted an equity increase through the issuance of 24,696,516 fully paid-in registered shares in the amount of CHF 820.3 million;
- on November 18, 2020, Dufry placed CHF 69.5 million in bonds due in 2023, mandatory convertible into shares of the Company;
- in December 2020, Dufry successfully closed the merger with its subsidiary Hudson Ltd ("Hudson") which will further improve the cost structure of the company going forward;
- the Group did not pay a dividend for the 2019 financial year and we currently do not plan to propose to pay a dividend for the 2020 financial year.

In addition, in May 2020, the company and some of its subsidiaries have entered into an amendment of certain borrowing instruments which, among other things, waived compliance with certain financial covenants until June 30, 2021 and which prevented a covenant breach that would have otherwise occurred as a result of the deterioration in adjusted operating cash flows due to COVID-19. Currently, financial covenants included in our borrowing instruments require the Group to comply with

(i) a maximum ratio of total drawn debt to adjusted operating cash flow of 5.0:1.0 for the test periods ending September 30, 2021 and December 31, 2021 (and a maximum ratio of 4.5:1.0 for the test periods ending March 31, 2022 and thereafter),

(ii) a minimum ratio of adjusted operating cash flow to total interest expense of 3.0:1.0 for the test periods ending September 31, 2021 and thereafter, and

(iii) a minimum liquidity available of CHF 300 million on a monthly basis until and including June 30, 2021.

We cannot predict extent or duration of the on-going COVID-19 pandemic and its impact on the Group and consequently the Company and its financial position, results of operations and cash flows. This includes that the Group, as a result of the deterioration in adjusted operating cash flows, may breach financial covenants included in the Group's borrowing instruments after the covenant waiver period and our borrowings might become due on demand. There can be no assurance that we would be able to successfully negotiate further covenant waivers with our lenders in such an event. It may also be necessary to raise additional capital from investors or financing from lenders.

As a result of these matters caused by the COVID-19 pandemic, there is a material uncertainty that may cast significant doubt upon the Group's and therefore the Company's ability to continue as a going concern and therefore, whether the Company will be able to realize its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

We are closely monitoring developments related to the ongoing pandemic and have taken and continue to take steps intended to mitigate the potential risks to us. Although it is not certain that these efforts will be successful, management believes that the actions that it has taken to date are sufficient to currently mitigate the material uncertainty and has therefore prepared the financial statements on a going concern basis.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in subsidiaries

Investments are held at historical cost. The Company reviews the carrying amount of these investments annually, and if events and circumstances suggest that this amount may not be recoverable, an impairment is recognized in the statement of profit or loss.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity. Gains or losses arising out of transactions with treasury shares are recorded in the statement of profit or loss.

Share-based payments

The Company accrues personnel expenses related to share-based payment plans for the respective period in deferred income and accrued liabilities. Any difference between the acquisition costs of treasury shares and the accrual created for the plan will be recognized in the statement of profit or loss, when the shares are assigned to the member of the share-based payment plans.

Current and non-current interest-bearing liabilities

Interest-bearing liabilities are recognized at their nominal value in the statement of financial position.

Exchange rate differences

All assets and liabilities denominated in foreign currencies are translated into CHF using year-end exchange rates, except investments in subsidiaries, which are recognized at historical values. Net unrealized exchange losses are recognized in the statement of profit or loss and net unrealized gains are deferred within accrued expenses. Realized exchange gains or losses arising from business transactions denominated in foreign currencies are recognized in the statement of profit or loss.

3. DIRECT SUBSIDIARIES

IN THOUSANDS	SHARE IN CAPITAL AND VOTING RIGHTS		SHARE CAPITAL		CURRENCY
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	
Dufry International AG, Switzerland	100%	100%	1,000	1,000	CHF
Dufry Corporate AG, Switzerland	100%	100%	100	100	CHF
Dufry Holdings & Investments AG, Switzerland	100%	100%	1,000	1,000	CHF

4. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN PERCENTAGE (%) OF OUTSTANDING REGISTERED SHARES	31.12.2020	31.12.2019
Group of shareholders consisting of legal entities AI Louvre (Luxembourg) S.à.r.l. and Taobao China Holding Limited, such group representing the interests of Advent International Corporation and Alibaba Group Holding Limited	17.55%	-
State of Qatar	6.91%	6.92%
Compagnie Financiere Rupert	5.00%	5.00%
Norges Bank (the Central Bank of Norway)	4.89%	2.78%
Group of shareholders consisting of various companies and legal entities representing the interests of: Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust	4.25%	15.53%
Government of Singapore	3.92%	5.05%
FMR LLC	3.19%	-
Fidelity Investment Trust	3.02%	-
Franklin Resources, Inc.	2.03%	4.95%
Black Rock, Inc.	1.74%	4.34%

5. SHARE CAPITAL

5.1 ORDINARY SHARES

IN THOUSANDS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	RESERVE FROM CAPITAL CONTRIBUTION
Balance at January 1, 2019	53,871,707	269,359	3,983,404
Redeemed shares	(3,304,541)	(16,523)	(385,330)
Distribution to shareholders	-	-	(199,748)
Reclass from reserve from capital contribution for own shares held at subsidiaries	-	-	22,000
Balance at December 31, 2019	50,567,166	252,836	3,420,326
Share capital increases	29,696,516	148,483	782,403
Reclass from reserve from capital contribution for own shares held at subsidiaries	-	-	85,002
Balance at December 31, 2020	80,263,682	401,318	4,287,731

On April 20, 2020, Dufry has issued and placed 5,000,000 new shares out of the authorized capital at CHF 27.50 per share and the gross proceeds from the placement are CHF 137.5 million.

On October 6, 2020, the Extraordinary General Meeting of Dufry approved the issuance and offering of an ordinary share capital increase of up to 24,696,516 shares with a nominal value of CHF 5 each.

On October 20, 2020, the offering period closed and finally 24,696,516 new shares have been placed resulting in an increase of the share capital of CHF 123.5 million and a gross proceeds of CHF 820.4 million.

5.2 CONDITIONAL SHARE CAPITAL

IN	SHARES	CHF
Balance at January 1, 2019	888,432	4,442,160
Balance at December 31, 2019	888,432	4,442,160
Increase of conditional share capital	11,811,568	59,057,840
Balance at December 31, 2020	12,700,000	63,500,000

5.3 AUTHORIZED SHARE CAPITAL

IN	SHARES	NOMINAL VALUE IN CHF
Balance at January 1, 2019	-	-
Balance at December 31, 2019	5,000,000	25,000,000
Share capital increase	(5,000,000)	(25,000,000)
Balance at December 31, 2020	-	-

6. TREASURY SHARES

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2019	3,379.1	412,116
Assigned to holders of PSU & RSU Awards	(234.5)	(26,480)
Share capital reduction	(3,304.5)	(401,853)
Share purchases	159.9	16,217
Balance at December 31, 2019	-	-
Share purchases	618.8	16,892
Assigned to holders of PSU Awards	(118.8)	(3,142)
Disposal of shares	(500.0)	(13,750)
Balance at December 31, 2020	-	-

7. IMPAIRMENTS OF INVESTMENTS IN SUBSIDIARIES

Dufry AG has reviewed the valuation of its investments in Dufry International AG and Dufry Holdings & Investments AG, since its subsidiaries have been adversely affected by the COVID-19 pandemic. Based on the assessment performed, the Company recognized an impairment of CHF 844.7 million.

8. PERSONNEL EXPENSES

The Company recorded a reversal of a provision for share-based payment as the underlying performance conditions are not likely to be met. No new share-based payment plan was granted during the period. Dufry AG employed less than 10 employees in 2020 and 2019.

9. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The Company belongs to the Swiss value added tax (VAT) group of Dufry International AG, and thus carries joint liability to the Swiss federal tax administration for VAT. Members of the VAT group as of December 31, 2020, are:

DUFRY International AG	DUFRY Corporate AG
DUFRY Samnaun AG	DUFRY Holdings & Investments AG
DUFRY Participations AG	DUFRY AG
DUFRY Russia Holding AG	DUFRY Altay AG
DUFRY Trading AG	The Nuance Group AG
DUFRY Basel Mulhouse AG	

10. CONTINGENT LIABILITIES

The Company jointly and severally with Dufry International AG and Dufry Financial Services B. V. guaranteed the following credit facilities:

IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL AMOUNT IN LOCAL CURRENCY	GUARANTEED AMOUNT IN CHF	
					31.12.2020	31.12.2019
MAIN BANK CREDIT FACILITIES						
Committed 5-years term loan	03.11.2022		USD	700.0	619.6	677.5
Committed 5-years term loan (multi-currency)	03.11.2022		EUR	500.0	527.6	564.2
5+1+1 - years revolving credit facility (multi-currency)	03.11.2024		EUR	1,300.0	421.0	706.4
12+6+6-months term loan	29.05.2021		EUR	367.0	-	-
Subtotal					1,568.2	1,948.1
SENIOR NOTES						
Senior notes	15.10.2024	2.50%	EUR	800.0	865.1	868.2
Senior notes	15.02.2027	2.00%	EUR	750.0	811.1	814.0
Convertible notes	04.05.2023	1.00%	CHF	350.0	350.0	-
Mandatory Convertible Note	18.11.2023	4.10%	CHF	69.5	69.5	-
Subtotal					2,095.7	1,682.2
GUARANTEE FACILITY						
Uncommitted guarantee facility	n.a.		EUR	49.0	53.0	28.8
Subtotal					53.0	28.8
Total					3,716.9	3,659.1

There were no assets pledged as of December 31, 2020 and 2019.

11. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GLOBAL EXECUTIVE COMMITTEE IN DUFYR AG

The following members of the Board of Directors or of the Global Executive Committee of Dufry AG (including related parties) held directly or indirectly shares or share options of the Company as at December 31, 2020 and December 31, 2019 (members not listed do not hold any shares or options):

IN THOUSANDS	31.12.2020			31.12.2019		
	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIPATION	SHARES	FINANCIAL INSTRUMENTS ^{1,2}	PARTICIPATION(2)
MEMBERS OF BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	758.3	-	0.94%	966.0	23.7	1.96%
H. Jo Min, Independent Lead Director	0.7	-	0.00%	0.5	-	0.00%
Jorge Born, Director	31.7	-	0.04%	22.0	-	0.04%
Julián Díaz Gonzalez, Director and Group CEO	230.3	28.9	0.32%	233.0	63.3	0.59%
Steven Tadler, Director	19.0	-	0.02%	13.0	-	0.03%
Lynda Tyler-Cagni, Director	3.6	-	0.00%	-	-	-
ADDITIONAL FORMER MEMBERS OF THE BOARD OF DIRECTORS (IN 2019)						
Andrés Holzer Neumann, Director	n/a	n/a	n/a	3,991.0	0.0	7.89%
Total Board of Directors	1,043.6	28.9	1.34%	5,225.5	87.0	10.51%
MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
Julián Díaz Gonzalez, Director and Group CEO	230.3	28.9	0.32%	233.0	63.3	0.59%
José Antonio Gea, Deputy Group CEO	41.7	17.1	0.07%	33.0	26.8	0.12%
Yves Gerster, CFO	3.7	5.3	0.01%	2.2	7.0	0.02%
Eugenio Andrade, CEO Operations	5.3	12.6	0.02%	1.0	17.1	0.04%
Roger Fordyce, CEO North America	4.5	-	0.01%	3.6	1.4	0.01%
Andrea Belardini, Chief Commercial Officer	13.7	10.3	0.03%	18.7	16.2	0.07%
Luis Marin, Global Chief Corporate Officer	10.8	9.0	0.02%	7.8	13.5	0.04%
Pascal C. Duclos, Group General Counsel	-	12.6	0.02%	-	20.7	0.04%
ADDITIONAL FORMER MEMBERS OF GLOBAL EXECUTIVE COMMITTEE (IN 2019)						
Javier Gonzalez	n/a	n/a	n/a	3.3	7.4	0.02%
René Riedi	n/a	n/a	n/a	1.1	14.0	0.03%
Total Global Executive Committee	310.0	95.8	0.51%	303.7	187.4	0.97%

¹ The financial instruments for the members of the Global Executive Committee (and J. Díaz González also in the table of the Board of Directors) refer to their holdings of PSU (granted).

² The 2019 financial instruments held by J. Díaz González include the equivalent of 17.5 thousands of shares and for J. C. Torres Carretero 23.7 thousands of shares held through various financial instruments, the detailed terms of which are as disclosed to the SIX Exchange Regulation and published on August 3, 2019.

In addition to the above, the shareholders' group consisting, among others, of different legal entities controlled by Juan Carlos Torres and Julián Díaz González holds sale positions of 0.97 % through options (778,160 voting rights) as of December 31, 2020 (as of December 31, 2019: the shareholders' group consisting, among others, of different entities controlled by Andrés Holzer Neumann, Juan Carlos Torres and Julián Díaz González holds sale positions of 3.62% through options 1,829,190 voting rights).

The detailed terms of these financial instruments are as disclosed to SIX Exchange Regulation and published on January 9, 2021 (for positions as of December 31, 2020; for sale position as of December 31, 2019: publication of disclosure notice on August 3, 2019). Disclosure notices are available on the SIX Exchange Regulation website:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

12. PROPOSED APPROPRIATION OF RETAINED EARNINGS AND CAPITAL DISTRIBUTION

IN THOUSANDS OF CHF	2020	2019
Proposed appropriation of retained earnings		
Result carried forward	(366,143)	59,927
Loss for the year	(864,755)	(426,070)
Retained earnings at December 31	(1,230,898)	(366,143)
Proposed distribution out of retained earnings		
Balance at beginning of the year	3,420,326	3,983,404
Distribution out of reserve from capital contribution	-	(199,748)
Share capital increase	782,403	-
Share capital reduction	-	(385,330)
Reclass from reserve from capital contribution for own shares held at subsidiaries	85,002	22,000
Reserve from capital contribution at December 31	4,287,731	3,420,326

13. EVENTS AFTER REPORTING DATE

No significant events occurred after December 31, 2020 up to March 4, 2021 that would have a material impact on these financial statements.

14. MATERIAL INDIRECT SUBSIDIARIES

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31, 2020	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
EUROPE, MIDDLE EAST AND AFRICA (EMEA)						
ADF Shops CJSC	Yerevan	Armenia	R	100	553,834	AMD
World Duty Free Group Helsinki Ltd	Vantaa	Finland	R	100	2,500	EUR
Dufry France SA	Nice	France	R	100	8,291	EUR
World Duty Free Group Germany GmbH	Düsseldorf	Germany	R	100	250	EUR
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
Hellenic Distributions S.A.	Athens	Greece	D	100	6,296	EUR
Nuance Group (India) Pvt. Ltd	Bangalore	India	R	100	1,035,250	INR
Dufrital SpA	Milan	Italy	R	60	466	EUR
Aldeasa Jordan Airports Duty Free Shops Ltd	Amman	Jordan	R	100	705	USD
WDFG SA, Kuwait Branch	Kuwait City	Kuwait	R	100	2,383	KWD
Nuance Group (Malta) Ltd	Luqa	Malta	R	52	2,796	EUR
Dufry Maroc SARL	Casablanca	Morocco	R	80	2,500	MAD
RegStaer M Ltd	Moscow	Russia	R	60	142	EUR
Lenrianta CSJC	St. Petersburg	Russia	R	100	315	EUR
Dufry East	Moscow	Russia	R	100	712	USD
D. d.o.o. Belgrade	Belgrade	Serbia	R	100	693,078	RSD
World Duty Free Group SA	Madrid	Spain	H/R	100	19,831	EUR
Sociedad de Distribucion Comercial Aeroportuaria de Canarias, S.L.	Telde	Spain	R	60	667	EUR
Dufry Shops Colombo Limited	Colombo	Sri Lanka	R	100	30,000	LKR
Nuance Group (Sverige) AB	Stockholm	Sweden	R	100	100	SEK
The Nuance Group AG	Zurich	Switzerland	R	100	82,100	CHF
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
Urat Güm. Magaza İletim. ve Ticaret A.Ş.	Antalya	Turkey	R	100	1,161	EUR
Dufry Sharjah FZC	Sharjah	U. Arab. Emirates	R	50	2,054	AED
WDFG UK Limited	London	UK	R	100	360	GBP
Nuance Group (UK) Ltd	London	UK	R	100	50	GBP
WDFG Ferries Limited	London	UK	R	100	50	GBP
ASIA PACIFIC						
Nuance Group (Australia) Pty Ltd	Melbourne	Australia	R	100	210,000	AUD
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
The Nuance Group (HK) Ltd	Hong Kong	China	R	100	-	HKD
The Nuance Group (Macau) Ltd	Macau	China	R	100	49	HKD
Dufry (Shanghai) Commercial Co., Ltd	Shanghai	China	R	100	123,547	CNY
Dufry Thomas Julie Korea Co. Ltd	Busan	South Korea	R	85	1,100,000	KRW
CENTRAL & SOUTH AMERICA						
Dufry Jamaica Ltd.	St. James	Jamaica	R	100	-	USD
Interbaires SA	Buenos Aires	Argentina	R	100	47,536	USD
DFC Ltd - Barbados	St. Michael	Barbados	R	100	5,000	USD
Dufry Lojas Francas Ltda	Sao Paulo	Brazil	R	87	99,745	USD
Dufry do Brasil DF Shop Ltda	Rio de Janeiro	Brazil	R	87	98,175	USD
Aldeasa Chile, Ltd	Santiago de Chile	Chile	R	100	2,517	USD
Dufry Colombia SAS	Bogota	Colombia	R	100	3,120	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	-	USD
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	268	USD

AS OF DECEMBER 31, 2020	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
WDFG, Peru S.A.C.	Lima	Peru	R	100	1,010	USD
Alliance Duty Free, LLC	San Juan	Puerto Rico	R	100	2,213	USD
Navinten SA	Montevideo	Uruguay	R	100	126	USD
Dufry Cruise Services, Inc.	Miami	USA	R	100	-	USD
NORTH AMERICA						
WDFG Vancouver LP	Vancouver	Canada	R	100	9,500	CAD
The Nuance Group (Canada) Inc.	Toronto	Canada	R	100	13,260	CAD
Hudson Group Canada Inc	Vancouver	Canada	R	100	-	CAD
Hudson Group (HG) Retail, LLC	New Jersey	USA	H/R	100	-	USD
Seattle Air Ventures	Olympia	USA	R	75	-	USD
WDFG North America LLC	Delaware	USA	H/R	100	-	USD
Hudson Las Vegas JV Hudson News O'Hare JV	Las Vegas	USA	R	73	-	USD
Hudson News O'Hare JV	Chicago	USA	R	70	-	USD
HG Logan Retailers JV	Boston	USA	R	80	-	USD
Airport Management Services LLC	Los Angeles	USA	H/R	100	-	USD
JFK Air Ventures II JV	New York	USA	R	80	-	USD
HG Magic Concourse TBIT	Los Angeles	USA	R	68	-	USD
AMS of South Florida JV	Fort Lauderdale	USA	R	31	-	USD
HG Midway JV	Chicago	USA	R	65	-	USD
HG St Louis JV	St. Louis	USA	R	70	-	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	-	USD
HG National JV	Virginia	USA	R	70	-	USD
HG PHL Retailers JV	Philadelphia	USA	R	65	-	USD
WDFG TAC ATL Retail LLC, Atlanta	Delaware	USA	R	86	-	USD
AMS-SJC JV	San Jose	USA	R	100	-	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	91	-	USD
HG-CV-Epicure-Martinez San Diego, JV	San Diego	USA	R	71	-	USD
Dufry Newark Inc	Newark	USA	R	100	-	USD
HG Denver JV	Denver	USA	R	76	-	USD
WDFG LTLATL JV LLC, Atlanta	Delaware	USA	R	70	-	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	-	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	-	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	73	-	USD
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	-	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	75	-	USD
GLOBAL DISTRIBUTION CENTERS						
International Operations & Services (HK) Ltd	Hong Kong	Hong Kong	D	100	109,000	HKD
International Operations & Services (UY) S.A.	Montevideo	Uruguay	D	100	50	USD
International Operations & Services (USA) LLC	Miami	USA	D	100	398	USD
OTHER COMPANIES						
Dufry Financial Services B.V.	Eindhoven	Netherlands	H	100	-	EUR
Dufry One BV	Eindhoven	Netherlands	H	100	-	EUR



To the General Meeting of
Dufry AG, Basel

Basel, March 8, 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Dufry AG (the "Company"), which comprise the statement of financial position, statement of profit or loss, and notes (pages 225 to 236), for the year ended December 31, 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 about 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 December 31, 2020 comply with Swiss law and the Company's articles of incorporation.

Emphasis of Matter

We draw attention to note 2.2 of the financial statements, which indicates that the Company's financial position, results of operations and cash flows have been significantly adversely impacted by the COVID-19 pandemic. This fact together with other matters disclosed in note 2.2 indicates that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



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. In addition to the matter described in the "Emphasis of matter" section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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 financial statements.



Valuation of investments in subsidiaries

Area of focus

As of December 31, 2020, investments in subsidiaries amounted to CHF 3,004 million and accounted for 86% of the Company's total assets. Investments in subsidiaries are held at historical cost less impairments. The Company reviews the carrying amount of the investments in subsidiaries annually, and if events and circumstances suggest that this amount may not be recoverable, an impairment is recognized in the statement of profit or loss. Due to the significance of the carrying values of the investments in subsidiaries and the judgment involved in performing the impairment tests, this matter was considered significant to our audit. Further details on the Company's investments in subsidiaries are disclosed in notes 2.3, 3 and 7 to the financial statements.

Our audit response

We tested, with the support of our valuation specialists, the appropriateness of the valuation approach and evaluated the Company's key assumptions, including growth rates used in the cash flow projections during the forecast period, the weighted average cost of capital applied and the valuation of the Dufry Group. We assessed the difference between the carrying amounts of the investments in subsidiaries and their recoverable amount.

Our audit procedures did not lead to any reservations concerning the valuation of investments in 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 recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Siro Bonetti
Licensed audit expert

DUFYR'S ALTERNATIVE PERFORMANCE MEASURES

Dufry believes that disclosing adjusted results of the Group's performance enhances the financial markets' understanding of the company because the adjusted results enable better comparison across years. Adjusted results exclude exceptional expenses and income such as acquisitions, divestitures, impairments and amortization of acquisition-related intangible assets, which can differ significantly from year to year, as well as recurring solely IFRS 16 accounting-related items such as interest on lease obligations. For this same reason, Dufry uses these adjusted results in addition to IFRS as important factors in internally assessing the Group's performance.

Organic growth

IN MILLIONS OF CHF	2020	2019
Like-for-like ¹	(67.2%)	0.6%
Net new concessions ²	(2.6%)	2.4%
Organic Growth	(69.8%)	3.0%

Adjusted operating profit

(see note 6. Segment information in financial report)

Adjusted net profit

IN MILLIONS OF CHF	2020	2019
Net profit / (loss) attributable to equity holders of the parent	(2,513.7)	(26.5)
Amortization of concession rights ³	251.1	308.9
Impairment of concession rights ³	556.8	26.0
Impairment of goodwill	131.1	-
Interest on lease obligations	178.7	187.7
Transaction expenses ³	-	2.9
Deferred income tax on above lines	(172.6)	(90.6)
Minority interests on above lines	(89.8)	(59.1)
Adjusted net profit	(1,658.4)	349.3
Weighted average number of ordinary shares outstanding	58,450,437	49,885,624
Adjusted EPS in CHF	(28.37)	7.00

¹ Sales on same space as previous comparable period.

² Store openings minus store closings in the period under review.

³ Related to acquisitions.

Net debt

IN MILLIONS OF CHF	2020	2019
Borrowings (current and non-current)	3,704.5	3,655.4
Less cash and cash equivalents	(360.3)	(553.5)
Net debt	3,344.2	3,101.9

Core net working capital

IN MILLIONS OF CHF	2020	2019
Inventories	659.6	1,050.0
Trade and credit card receivables	17.1	44.2
Less trade payables	154.9	645.6
Core net working capital	521.8	448.6

Capex

IN MILLIONS OF CHF	2020	2019
Purchase of property, plant and equipment	(101.1)	(199.3)
Purchase of intangible assets	(17.9)	(54.1)
Other investing activities	0.5	(0.6)
Proceeds from sale of property, plant and equipment	12.5	8.7
Capex	(106.0)	(245.3)

Adjusted operating cash flow

IN MILLIONS OF CHF	2020	2019
Cash flow before working capital changes	(4.1)	2,223.7
Lease payments	(405.7)	(1,269.6)
Proceeds from lease income	3.9	5.9
Adjusted operating cash flow	(405.9)	960.0

Equity free cash flow

IN MILLIONS OF CHF

Net cash flow from operating activities

	2020	2019
Lease payments	(405.7)	(1,269.6)
Proceeds from lease income	3.9	5.9
Capex	(106.0)	(245.3)
Interest received	23.3	31.2
Free cash flow	(829.8)	629.9
Interest paid	(168.8)	(181.2)
Cash flow related to minorities	(34.7)	(68.7)
of which purchase of interest in associates	(0.4)	(2.5)
of which dividends paid to non-controlling interests	(33.3)	(70.5)
of which contributions (paid to) / from non-controlling interests*	(1.0)	4.3
Other financial assets	6.0	3.3
of which purchase of financial assets	(0.4)	(0.1)
of which proceeds from sale of financial assets	4.9	0.2
of which proceeds from loans receivable repaid	1.5	3.2
Equity free cash flow	(1,027.3)	383.3

* excluding acquisition of non-controlling interests in Hudson Ltd in 2020.

The financial reports are available under:

<https://www.dufry.com/en/investors/ir-reports-presentations-and-publications>
Page section "Presentation of results and other publications" – select Financial Reports

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2021 please refer to pages 288 / 289 of this Annual Report.

CORPORATE GOVERNANCE

INTRODUCTION

This Report is prepared in accordance with the Corporate Governance Directive (DCG) of SIX Exchange Regulation. All information within this Corporate Governance Report and within the Remuneration Report (see page 268) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2020 (if not specifically mentioned otherwise).

The Articles of Incorporation are available on the Company website, www.dufry.com, section Investors – Corporate Governance – Articles of Incorporation: www.dufry.com/en/investors/corporate-governance page section “Featured downloads – Articles of Incorporation”

Dufry engages with shareholders, analysts and investors on a regular basis to better understand their expectations, needs and concerns as part of the company's stakeholder dialogue strategy and its ESG engagement. Such feedback received is taken into consideration when evolving the company strategy as well as corporate governance and remuneration matters. In this context, management and the investor relations team had 1,620 contacts with shareholders and investors combining personal meetings, video conferences, calls and emails in 2020.

In 2020, the COVID-19 pandemic had an impact on the organization and conduct of the Ordinary General Meeting and the Extraordinary General Meeting of Shareholders, as well as on the physical attendance of members of the Board of Directors during their meetings and during meetings of the different Committees. The specific details of the impact that this extraordinary pandemic situation in 2020 had on the usual organization are explained in detail in the respective sections.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

For an overview of the management organizational chart and operational Group structure, please refer to page 17 of this Annual Report.

Listed company as of December 31, 2020

COMPANY

Dufry AG, Brunngässlein 12, 4052 Basel, Switzerland (hereinafter “Dufry AG” or the “Company”)

LISTING

Registered shares: SIX Swiss Exchange

MARKET CAPITALIZATION BASED ON SHARES ISSUED

CHF 4,461,055,446 as of December 31, 2020

PERCENTAGE OF SHARES HELD BY DUFY AG

0.014% of Dufry AG share capital as of December 31, 2020

SECURITY NUMBERS

Registered shares:
ISIN-Code CH0023405456, Swiss Security-No. 2340545,
Ticker Symbol DUFN

Non-listed consolidated entities as of December 31, 2020

For a table of the operational non-listed consolidated entities please refer to page 235 in the section Financial Statements of this Annual Report*.

The previously listed North American subsidiary Hudson Ltd., which was separately listed on the New York Stock Exchange (as of February 1, 2018), was fully re-integrated into Dufry AG by a merger transaction, which successfully closed on December 1, 2020. Hudson Ltd. was delisted from the New York Stock Exchange on December 11, 2020.

* Including the company names, locations, percentage of shares held, share capital. The list of consolidated entities does not include all subsidiaries of the Company, but the most important subsidiaries in terms of sales for Retail and Distribution Center companies and in terms of total assets for holding companies.

1.2 SIGNIFICANT SHAREHOLDERS

Pursuant to the information provided to the Company by its shareholders in compliance with the Financial Market Infrastructure Act during 2020, the following shareholders disclosed significant positions as of December 31, 2020¹.

Further details regarding these shareholders and shareholder groups as well as additional information regarding the individual disclosure notices in 2020 are available on the website of SIX Exchange Regulation at:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

SHAREHOLDER	Long position through financial instruments ²			Net long position
	Through shares		Short positions ³	
Group of shareholders consisting of legal entities AI Louvre (Luxembourg) S.à.r.l. and Taobao China Holding Limited, such group representing the interests of Advent International Corporation and Alibaba Group Holding Limited ⁴	17.55%	2.61%	-	20.16%
State of Qatar ⁵	6.91%	1.13%	-	8.04%
Compagnie Financiere Rupert ⁶	5.00%	-	-	5.00%
Norges Bank (the Central Bank of Norway) ⁷	4.89%	-	-	4.89%
Group of shareholders consisting of various companies and legal entities including Travel Retail Investment S.C.A., and Hudson Retail Partners, LLC, such group representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust ⁸	4.25%	-	-0.97%	3.28%
Government of Singapore ⁹	3.92%	-	-	3.92%
FMR LLC ¹⁰	3.19%	-	-	3.19%
Fidelity Investment Trust ¹¹	3.02%	-	-	3.02%
JP Morgan Chase & Co. ¹²	0.03%	3.46%	-3.46%	0.03%

¹ The percentage of voting rights has to be read in context with the relevant and applicable stock exchange and disclosure rules. The actual shareholdings may differ from the figures indicated in the table, as the Company must only be notified by its shareholders if one of the thresholds defined in Article 120 of the Financial Market Infrastructure Act is crossed.

² Financial instruments such as convertible bonds, conversion and share purchase rights, granted (written) share sale rights.

³ Share sale rights (especially put options) and granted (written) conversion and/or share purchase rights as well as financial instruments that provide for or permit cash settlement as well as other differential transactions (e.g. contracts for difference and/or financial futures).

⁴ Beneficial owners of these shares are: Advent International Corporation, Boston, MA/USA, and Alibaba Group Holding Limited, Grand Cayman, Cayman Islands. Shares are directly held by the following legal entities: AI Louvre (Luxembourg) S.à.r.l., Luxembourg/Grand Duchy of Luxembourg (for Advent International Corporation) and Taobao China Holding Limited, Hong Kong S.A.R./China (for Alibaba Group Holding Limited).

⁵ Shares and financial instruments directly held by Qatar Holding LLC, Doha/Qatar. The beneficial holder of the shares is the Qatar Investment Authority, Doha/Qatar, which was established and is controlled by the State of Qatar.

⁶ Shares directly held by Richemont Luxury Group Ltd, St Helier/Jersey. The beneficial holder of the shares is Compagnie Financiere Rupert, Geneva/Switzerland.

⁷ Norges Bank (the Central Bank of Norway), Oslo, Norway. Of the total share position of 4.89%, 1.62% relate to securities lending positions and similar transactions.

⁸ Beneficial owners of these shares are: Andrés Holzer Neumann, Wilen (Sarnen)/Switzerland, Julián Díaz González, Altendorf/Switzerland, Juan Carlos Torres Carretero, Meggen/Switzerland, James S. Cohen, Alpine NJ/USA, James S. Cohen Family Dynasty Trust, Teaneck, NJ/USA. Shares are directly held by the following companies and legal entities: Travel Retail Investment S.C.A., Luxembourg/Grand Duchy of Luxembourg, Petrus PTE Ltd, Singapore/Singapore, Witherpoon Investments LLC, Wilmington, DE/USA, Petrus AG, Basel/Switzerland, Laguna Partners AG, Luzern/Switzerland, JDG Partners AG, Luzern/Switzerland, JLC Investments, LLC, Teaneck, NJ/USA and Hudson Retail Partners, LLC, Teaneck, NJ/USA. Of the total share position of 4.25%, 0.48% relate to delegated voting rights.

⁹ Shares directly held by GIC Private Limited ("GIC"), Singapore/Singapore. The beneficial holder of the shares is the Government of Singapore, Singapore/Singapore. GIC is wholly owned by the Government of Singapore ("GOS"). GIC acts as the fund manager for GoS and the Monetary Authority of Singapore.

¹⁰ FMR LLC, Boston, MA/USA.

¹¹ Fidelity Investment Trust, Boston, MA/USA

¹² Shares and financial instruments directly held by JPMorgan Chase Bank, N.A., Ohio/USA. The indirect holder of the shares and financial instruments is JPMorgan Chase & Co., New York, NY/USA.

In addition, Dufrey AG disclosed a purchase position of 0.02% of the voting rights and a sale position of 16.37% of the voting rights as of October 20, 2020. The sale position mainly relates to the CHF 350.0 million 1.0% Guaranteed Senior Convertible Bonds 2023 and CHF 69.5 million 4.1% Mandatory Convertible Notes 2023 (both convertibles together represent an underlying 12,698,174 shares, corresponding to 15.82% of the voting rights registered in the commercial register as of December 31, 2020 – see also section 2.7 on page 248). The remaining sale position of 0.54% relates to the Dufrey participation plan (PSU plan).

Understandings among shareholders

The type of understanding among the members of the group of shareholders consisting of the legal entities AI Louvre (Luxembourg) S.à.r.l. and Taobao China Holding Limited, representing the interests of Advent International Corporation and Alibaba Group Holding Limited, respectively, is a lock-up agreement expiring on April 22, 2021 (see Disclosure Notice published on October 27, 2020).

The type of understanding among the members of the group of shareholders consisting of various companies and legal entities representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen and James S. Cohen Family Dynasty Trust is one or more shareholder agreements (see Disclosure Notice published on January 9, 2021).

1.3 CROSS-SHAREHOLDINGS

Dufrey AG has not entered into cross-shareholdings with other companies in terms of capital shareholdings or voting rights in excess of 5%.

2. CAPITAL STRUCTURE

2.1 SHARE CAPITAL

As of December 31, 2020, the Company's capital structure is as follows:

ORDINARY SHARE CAPITAL

CHF 401,318,410 (nominal value) divided in 80,263,682 fully paid registered shares with nominal value of CHF 5 each

CONDITIONAL CAPITAL

CHF 63,500,000 (nominal value) divided in 12,700,000 to be fully paid registered shares with nominal value of CHF 5 each

AUTHORIZED CAPITAL

None

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 267 of this Corporate Governance Report.

2.2 DETAILS ON CONDITIONAL AND AUTHORIZED CAPITAL

Conditional capital

Article 3bis of the Articles of Incorporation, dated October 21, 2020, reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 63,500,000 by the issuance of up to 12,700,000 fully paid registered shares with a nominal value of CHF 5 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its group companies.
2. The preferential subscription rights of the shareholders shall be excluded in connection with the issuance of convertible debentures, debentures with option rights or other financing instruments. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.
3. The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the restrictions set forth in Article 5 of these Articles of Incorporation.
4. The Board of Directors may limit or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if:

- a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or
 - b) the issuance occurs in domestic or international capital markets or through a private placement; or
 - c) the instruments are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company or one of its group companies.
5. If advance subscription rights are denied by the Board of Directors, the following shall apply:
- a) Conversion rights may be exercised only for up to 15 years; and option rights only for up to 7 years from the date of the respective issuance.
 - b) The respective financing instruments must be issued at the relevant market conditions.

The conditional share capital of CHF 63,500,000 represents 15.82% of the issued ordinary share capital of the Company registered in the commercial register as of December 31, 2020.

Authorized capital

As of December 31, 2020, the Company has no authorized capital.

2.3 CHANGES IN CAPITAL OF DUFY AG

NOMINAL SHARE CAPITAL

December 31, 2018	CHF 269,358,535
December 31, 2019	CHF 252,835,830
December 31, 2020	CHF 401,318,410

CONDITIONAL CAPITAL

December 31, 2018	CHF 4,442,160
December 31, 2019	CHF 4,442,160
December 31, 2020	CHF 63,500,000

AUTHORIZED CAPITAL

December 31, 2018	None
December 31, 2019	CHF 25,000,000
December 31, 2020	None

Changes in capital in 2020

On April 23, 2020, Dufry successfully completed the placement of 5,000,000 new shares and 500,000 treasury shares, by way of an accelerated bookbuilding. The 5,000,000 new shares were issued from the existing authorized capital. Thereafter the ordinary share capital amounted to CHF 277,835,830 (55,567,166 shares) and the authorized capital to zero. The change

in capital was registered in the commercial register on April 24, 2020.

At the Ordinary General Meeting of Shareholders on May 18, 2020, shareholders approved the Board of Directors' proposal to increase the previously existing conditional capital from CHF 4,442,160 (888,432 shares) to CHF 63,500,000 (12,700,000 shares). The change of the conditional capital was registered in the commercial register on May 19, 2020.

At the Extraordinary General Meeting of Shareholders on October 6, 2020, shareholders approved the Board of Directors' proposal for an ordinary increase of the share capital by a maximum of up to CHF 123,482,580 (24,696,516 shares). On October 20, 2020, Dufry successfully completed the capital increase in an amount of CHF 123,482,580 (24,696,516 shares). After the capital increase, the ordinary share capital amounts to CHF 401,318,410 (80,263,682 shares). The change in capital was registered in the commercial register on October 21, 2020.

Changes in capital in 2019

At the Ordinary General Meeting of Shareholders on May 9, 2019, shareholders approved the Board of Directors' proposal to cancel the 3,304,541 registered shares purchased under the share buyback program completed on October 31, 2018. As a result, the share capital decreased from CHF 269,358,535 (53,871,707 shares) to CHF 252,835,830 (50,567,166 shares). The change in capital was registered in the commercial register on July 22, 2019.

The same Ordinary General Meeting of Shareholders also approved the Board of Directors' proposal to create authorized capital in the amount of CHF 25,000,000 (5,000,000 shares).

Changes in capital in 2018

The capital of Dufry AG remained unchanged in fiscal year 2018.

2.4 SHARES

As of December 31, 2020, the share capital of Dufry AG is divided into 80,263,682 fully paid in registered shares with a nominal value of CHF 5 each.

The Company has only one category of shares. The shares are issued in registered form. All shares are entitled to dividends if declared. Each share entitles its holder to one vote. The Company maintains a share register showing the name and address of the shareholders or usufructuaries. Only persons registered as

shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company.

2.5 PARTICIPATION CERTIFICATES AND PROFIT SHARING CERTIFICATES

The Company has not issued any non-voting equity securities, such as participation certificates ("Partizipationsscheine") or profit sharing certificates ("Genussscheine").

2.6 LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATION OF REGISTERED SHARES

- Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. In the share register, the name and address of the shareholders or usufructuaries is recorded. Changes must be reported to the Company.
- Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the shares in their own name and for their own account.
- The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.2% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the share register with the right to vote if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.2% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement (see also Article 5 of the Articles of Incorporation). Nominees are only entitled to represent registered shares held by them at a General Meeting of Shareholders provided that they are registered in the share register and they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the General Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not represented at the General Meeting of Shareholders.
- Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partner-

ships who act in concert to circumvent the regulations concerning the nominees (esp. as syndicates), shall be treated as one single nominee within the meaning of the above mentioned regulation.

- The Board of Directors may cancel the registration, with retroactive effect if appropriate, if the registration was effected based on false information or in case of breach of the agreement between the nominee and the Board of Directors.
- After consulting the party involved, the Company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.
- The limitations for registration in the share register described above also apply for shares acquired or subscribed by the exercise of subscription, option or conversion rights.

Exceptions granted in the year under review

The Company has not granted any exceptions during the year under review.

Required quorums for a change of the limitations of transferability

A change of the limitations on the transfer of registered shares or the removal of such limitations requires a resolution of the General Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented.

2.7 CONVERTIBLE BONDS AND OPTIONS

Convertible bonds

As of December 31, 2020, the Company had the following convertible bonds/notes outstanding:

GUARANTEED SENIOR CONVERTIBLE BONDS

Issuer	Dufry One B.V., Eindhoven/NL
Listing	SIX Swiss Exchange
Size of issue	CHF 350,000,000
Outstanding amount as of Dec 31, 2020	CHF 350,000,000
Principal amount	CHF 200,000 per bond
Interest rate	1.0% per annum, payable semi-annually (May 4 and November 4)
Maturity	May 4, 2023
Convertible into	Registered shares of Dufry AG (10,606,061 shares)
Conversion price	CHF 33.00 (subject to adjustments)
Conversion period	May 4, 2020 up to and including April 19, 2023
Source of shares	Conditional capital and/or issued and outstanding shares
ISIN-No.	CH0540633051
Swiss Security-No.	54063305
Ticker symbol	DUF20
Potential dilution	The underlying 10,606,061 registered shares to be potentially issued as a result of the conversion of the senior convertible bonds represent 13.21% of the issued and listed registered shares as of December 31, 2020.

MANDATORY CONVERTIBLE NOTES

Issuer	Dufry One B.V., Eindhoven/NL
Listing	No listing
Size of issue	CHF 69,500,000
Outstanding amount as of Dec 31, 2020	CHF 69,500,000
Principal amount	CHF 100,000 per note
Interest rate	4.1% per annum, payable semi-annually (May 18 and November 18)
Maturity	November 18, 2023
Convertible into	Registered shares of Dufry AG (2,092,113 shares)
Conversion price	CHF 33.22 (subject to adjustments)
Conversion period	November 18, 2020 up to and including November 6, 2023
Source of shares	Conditional capital and/or issued and outstanding shares
ISIN-No.	CH0576402173
Swiss Security-No.	57640217
Ticker symbol	n/a
Potential dilution	The underlying 2,092,113 registered shares to be potentially issued as a result of the conversion of the mandatory convertible notes represent 2.61% of the issued and listed registered shares as of December 31, 2020.

Options

As of December 31, 2020, the Company had no outstanding warrants or options to acquire shares issued by or on behalf of the Company. Dufry has certain share-based payments, the essentials of which are disclosed in the "Remuneration Report" on page 268 ff.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

As of December 31, 2020, the Board of Directors comprised ten Board members compared with nine members as of December 31, 2019.

The members of the Board of Directors are elected individually and for a term of office extending until completion of the next Ordinary General Meeting of Shareholders. The Chairman of the Board of Directors and the members of the Remuneration Committee are directly elected by the General Meeting of Shareholders.

The table on page 249 sets forth the name and year of first election as a member of the Board of Directors for each respective member, followed by their Curricula Vitae with a short description of each member's business experience, education and activities.

Changes in the Board of Directors in fiscal year 2020

Andrés Holzer Neumann, member of the Board of Directors of Dufry AG since 2004, did not stand for re-election at the Ordinary General Meeting of Shareholders on May 18, 2020. For details of his Curriculum Vitae please refer to page 236 of the Annual Report 2019, which can be downloaded from the Company website under the following link: www.dufry.com/en/investors/ir-reports-presentations-and-publications page section "Presentation of results and other publications – select Financial Reports"

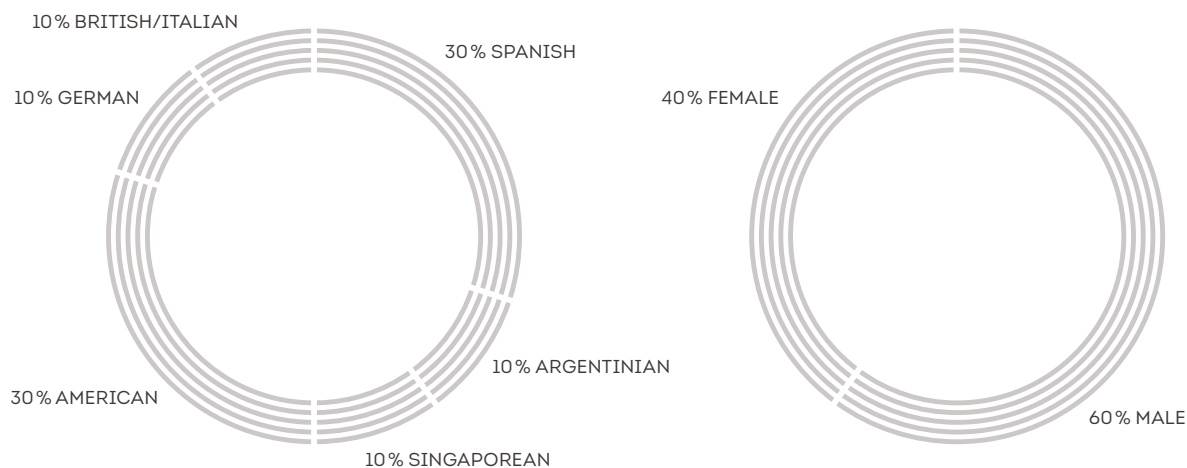
The Ordinary General Meeting of Shareholders, held on May 18, 2020, elected Mary J. Steele Guilfoile as a new member of the Board of Directors, replacing Mr. Holzer Neumann.

In addition, the Extraordinary General Meeting of Shareholders, held on October 6, 2020, elected Ranjan Sen as a new member of the Board of Directors. Following this Extraordinary General Meeting of Shareholders, the Board of Directors consists of ten members.

BOARD OF DIRECTORS AS OF DECEMBER 31, 2020

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFREY	DATE OF FIRST ELECTION
Juan Carlos Torres Carretero	Chairman of Dufre AG Executive Vice President of	Spanish	Chairman Lead Independent	2003
Heekyung Jo Min	CJ Cheiljedang	American	Director	2016
Jorge Born	CEO of Bomagra S.A. Senior Vice President of	Argentinian	Director	2010
Claire Chiang	Banyan Tree Holdings Limited	Singaporean	Director	2016
Julián Díaz González	Group CEO of Dufre AG	Spanish	Director, Group CEO	2013
Mary J. Steele Guilfoile	Partner of The Beacon Group, LP CEO and President of	American	Director	2020
Luis Maroto Camino	Amadeus IT Group Managing Partner of	Spanish	Director	2019
Ranjan Sen	Advent International Managing Director of	German	Director	2020
Steven Tadler	Exeter Capital	American	Director	2018
Lynda Tyler-Cagni	CEO of Only the Best Agency	British and Italian	Director	2018

DIVERSITY OF THE BOARD OF DIRECTORS



The Chairman of the Board of Directors is male, the Independent Lead Director is female. Over the past years, the Board of Directors was consistently renewed and currently, 70% of the Board members have a tenure of 5 years or less.

3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS



**JUAN CARLOS TORRES
CARRETERO**
Executive Chairman, born 1949,
Spanish

Education

MS in physics from Universidad Complutense de Madrid and MS in management from MIT's Sloan School of Management.

Professional Background

Many years of private equity and senior management operating experience. 1988 Joined Advent International, a private equity firm, in Boston as a partner. 1991 - 1995 Partner at Advent International in Madrid. 1995 - 2016 Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America.

Current Board Mandates

Dufrey AG and Chairman of Acamar Partners Acquisition Corp.



HEEKYUNG JO MIN
Lead Independent Director,
born 1958, American

Education

Ph. D in Business Administration from Seoul Business School (aSSIST), MBA from Columbia University Graduate School of Business in New York, and a BA from Seoul National University.

Professional Background

2004 - 2005 Executive Vice President at Prudential Investments and Securities Co. in Korea. 2006 Country Advisor, Global Resolutions in Korea. 2007 - 2010 Director General of the Investment Promotion Bureau at the Incheon Free Economic Zone (IFEZ) in Korea. Since 2011, Senior Executive Vice President and Head of Corporate Social Responsibility of CJ Cheiljedang Corporation in Korea. Ms. Min speaks regularly on the subject of sustainability and ESG (Environment, Social, Governance).

Current Board Mandates

Dufrey AG, Asia New Zealand Foundation (Honorary Advisor) and CJ Welfare Foundation.



JORGE BORN
Director, born 1962,
Argentinian

Education

B.S. in economics from the Wharton School of the University of Pennsylvania.

Professional Background

2001 - 2010 Deputy Chairman of Bunge Ltd. 1992 - 1997 Head of Bunge's European operations. Before 1997 various capacities in the commodities trading, oil seed-ing processing and food products areas in Argentina, Brazil, the United States and Europe for Bunge Ltd. 2004 - 2005 Board member of Dufrey AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.

Current Board Mandates

Dufrey AG, Hochschild Mining, Ltd. and Fundación Bunge y Born (Chairman).



CLAIRE CHIANG
Director, born 1951,
Singaporean

Education

Masters in Philosophy from the University of Hong Kong and an Undergraduate Degree from the University of Singapore.

Professional Background

Founder and Managing Director of Banyan Tree Gallery, and Co-founder and Senior Vice President of Singapore listed Banyan Tree Holdings Limited since 1994. Member of Parliament for the Government of Singapore from 1997 to 2001.

Current Board Mandates

Dufrey AG, ISS A/S, Banyan Tree Holdings Limited, Banyan Tree Gallery (Singapore) Pte. Ltd. and Mandai Safari Park Holdings Pte. Ltd.



JULIÁN DÍAZ GONZÁLEZ
Director, Group Chief Executive Officer, born 1958, Spanish

Education

Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.

Professional Background

1989 - 1993 General Manager at TNT Leisure, S.A. 1993 - 1997 Division Director at Aldeasa. 1997 - 2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000 - 2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufrey AG.

Current Board Mandates

Dufrey AG.



MARY J. STEELE GUILFOILE
Director, born 1954, American

Education

Bachelor of Science from Boston College Carroll School of Management, MBA from Columbia Business School, Licensed, certified public accountant.

Professional Background

1996 - 2000 Partner, CFO and COO of The Beacon Group, LLC, a private equity, strategic advisory and wealth management partnership. 2000 - 2002 Several management positions such as Executive Vice President and Corporate Treasurer at JPMorgan Chase & Co. and Chief Administrative Officer of its investment bank. Serves as a member of the Boards of Directors of C.H. Robinson Worldwide, Inc. (since 2012), The Interpublic Group of Companies, Inc. (since 2007) and Pitney Bowes, Inc. (since 2018). Since 2002 serves as a Chairwoman of MG Advisors, Inc. and has been a Partner of The Beacon Group, LP since 1998.

Current Board Mandates

Dufrey AG, C.H. Robinson Worldwide, Inc., The Interpublic Group of Companies, Inc., Pitney Bowes, Inc., Chair of MG Advisors, Inc.

Ms. Steele Guilfoile served as a member of the Board of Directors of Hudson Ltd. from 2018 until her election to the Board of Directors of Dufrey AG on May 18, 2020. As of that date, she stepped down from the Hudson Board of Directors.



LUIS MAROTO CAMINO
Director, born 1964, Spanish

Education

Bachelor's degree in Law from the Universidad Complutense Madrid, MBA from the Instituto de Estudios Superiores de la Empresa, Madrid (IESE), further qualifications from Stanford, Harvard Business School, INSEAD and IMD.

Professional Background

2000 Joined Amadeus IT Group, a leading player in the travel and tourism industry, where he served as Deputy CEO, CFO and Director Marketing Finance. Prior to joining Amadeus, he held several managerial positions at the Bertelsmann Group. Since 2011, CEO and President of Amadeus IT Group.

Current Board Mandates

Dufrey AG and Amadeus IT Group.



RANJAN SEN
Director, born 1969,
German

Education

Degree in Business Administration from Richmond University in London.

Professional Background

Many years of private equity and banking experience. 2003 Joined Advent International as Director. Since 2016 Managing Partner at Advent International. Member of the European and Asian Investment Advisory Committee and Head of the German office in Frankfurt of Advent International.

Current Board Mandates

Dufry AG, Inpost S.A.



STEVEN TADLER
Director, born 1959,
American

Education

Master in Business Administration from Harvard Business School. B.S., with distinction, from the University of Virginia.

Professional Background

1985 joined Advent International as Managing Partner and held that position until 2019. Since 2020 Managing Director at Exeter Capital, a private equity firm focused on investing in consumer-facing businesses. Serves as a Director of Advent International Corp (since 2002) and wTe Corporation (since 1989). Previous board mandates include Dufry AG (2010 – 2013), Skill-soft (2020 – 2014), Transunion (2012 – 2017), Bojangles' (2011 – 2019)

Current Board Mandates

Dufry AG, Advent International Corp (non-executive) and wTe Corporation.



LYNDA TYLER-CAGNI
Director, born 1956,
British and Italian

Education

B.A. (Hons) in Languages, Economics & Politics from the University of Kingston, London.

Professional Background

Lynda Tyler-Cagni is the founder and CEO at Only the Best Agency Ltd, a consulting company advising and representing talent primarily in the fashion, retail and FMCG sectors since 2015. She also served as a Director at Atlantia SpA, an Italian listed global operator in the motorway and airport infrastructure sector until November 2018. Ms. Tyler-Cagni previously served on the Board of World Duty Free Group as a non-executive and independent member and chair of the HR & Remuneration Committee (from 2013 until the acquisition of World Duty Free Group by Dufry AG in 2015). She was also an advisor to the management Board of Bonpoint and held various management positions with Fast Retailing Group, Uniqlo and Ermenegildo Zegna.

Current Board Mandates

Dufry AG and EDHEC Paris.

Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann (member of the Board of Directors until May 18, 2020) and Julián Díaz González (Director) are members of a group of shareholders, which held a 4.25% purchase position of Dufrey AG as of December 31, 2020. See for details the disclosure under "1.2 Significant Shareholders" on page 244 of this Annual Report.

Due to his intense involvement with the Company's management, the Chairman of the Board of Directors, Mr. Juan Carlos Torres Carretero is considered an executive Chairman. Mr. Julián Díaz González acts as Group Chief Executive Officer. All other current members of the Board of Directors are non-executive members and are also considered as independent members. None of the current members of the Board of Directors (except Julián Díaz González as Group CEO) have ever been in a managerial position at Dufrey AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 41 on page 219 and to the information provided in the Remuneration Report on page 268 ff. of this Annual Report.

3.3 RULES IN THE ARTICLES OF INCORPORATION REGARDING THE NUMBER OF PERMITTED MANDATES OUTSIDE THE COMPANY

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 267 of this Corporate Governance Report.

In accordance with Article 24 para. 2 of the Articles of Incorporation, dated October 21, 2020, no member of the Board of Directors may hold more than four additional mandates in listed companies and ten additional mandates in non-listed companies. The following mandates are not subject to the limitations under para. 2 of this Article:

- a) mandates in companies which are controlled by the Company or which control the Company;
- b) mandates held at the request of the Company or any company controlled by it. No member of the Board of Directors may hold more than ten such mandates; and
- c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors may hold more than ten such mandates.

Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities

that are under joint control or the same beneficial ownership are deemed one mandate.

3.4 ELECTION AND TERMS OF OFFICE

In accordance with Article 13 of the Articles of Incorporation, dated October 21, 2020:

- The Board of Directors shall consist of at least three and at most eleven members. At the Extraordinary General Meeting of Shareholders on October 6, 2020, the shareholders approved the Board of Directors' proposal to amend Article 13 para. 1 of the Articles of Incorporation and to increase the maximum size of the Board of Directors from previously nine members to eleven members.
- Members of the Board of Directors and the Chairman of the Board of Directors shall be elected for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.
- The members of the Board of Directors and the Chairman of the Board of Directors may be re-elected without limitation.
- If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a Chairman from among its members for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.
- Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee by the General Meeting of Shareholders, the Board of Directors determines its own organization. The Board of Directors shall elect a Vice-Chairman. It shall appoint a Secretary who does not need to be a member of the Board of Directors.

All members of the Board of Directors, with exception of Mr. Ranjan Sen, were elected in individual elections at the Ordinary General Meeting of Shareholders held on May 18, 2020. Mr. Sen was elected as a new member of the Board of Directors at the Extraordinary General Meeting of Shareholders held on October 6, 2020. The Ordinary General Meeting of Shareholders re-elected Juan Carlos Torres Carretero as Chairman of the Board of Directors. Ms. Heekyung Jo Min, Ms. Claire Chiang as well as Mr. Jorge Born were elected in individual elections as members of the Remuneration Committee at this Ordinary General Meeting of Shareholders.

3.5 INTERNAL ORGANIZATIONAL STRUCTURE

Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee (which are to be elected by the General Meeting of Shareholders), the Board of Directors

THE BOARD COMMITTEES AS OF DECEMBER 31, 2020

MEMBER OF THE BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Juan Carlos Torres Carretero	Chairman Lead Independent	-	-	-
Heekyung Jo Min	Director	-	-	Committee Chairwoman
Jorge Born	Director	Committee Chairman	Committee Chairman	Committee Member
Claire Chiang	Director	-	Committee Member	Committee Member
Julián Díaz González	Director / Group CEO	-	-	-
Mary J. Steele Guilfoile ¹	Director	Committee Member	-	-
Luis Maroto Camino	Director	Committee Member	-	-
Ranjan Sen ²	Director	-	-	-
Steven Tadler	Director	Committee Member	Committee Member	-
Lynda Tyler-Cagni	Director	-	Committee Member	-
Number of meetings in fiscal year 2020	15	4	3	4
Average attendance ratio³	98%	100%	83%	92%

¹ Member of the Board of Directors since the Ordinary General Meeting of Shareholders held on May 18, 2020.

² Member of the Board of Directors since the Extraordinary General Meeting of Shareholders held on October 6, 2020.

³ The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in Committee meetings are not included in the percentage calculations. For the newly elected Board members, their attendance ratio is calculated as of the date of election at the General Meeting of Shareholders.

determines its own organization. It shall elect the Lead Independent Director or a Vice-Chairman, the members of the Audit Committee and of the Nomination Committee, and appoint a Secretary who does not need to be a member of the Board of Directors.

As of December 31, 2020, Dufrey AG has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. All three Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

Audit Committee

Members as of December 31, 2020: Jorge Born (Chairman Audit Committee), Mary J. Steele Guilfoile, Luis Maroto Camino, Steven Tadler.

The members of the Audit Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, who has not been an executive member of the Dufrey Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the Auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as the review to propose whether the Board of Directors should accept the Company's accounts. The Audit Committee regularly reports to the Board of Directors on its decisions, assessments, findings and proposes appropriate actions. The Audit Committee generally meets at the same dates the Board of Directors meetings take place (usually 4 - 5 times per year), although the Chairman may call meetings as often as business requires.

In fiscal year 2020, the Audit Committee held 4 meetings (Q1: 1 meeting, Q3: 2 meetings, and Q4: 1 meeting). Due to the COVID-19 pandemic and related travel restrictions, 2 of these meetings were held as physical meetings and 2 as video conference meetings. The length of the physical meetings and video conferences was approximately 2 to 3 hours in 2020. The auditors attended 2 meetings via video conference. The Chairman of the Board of Directors usually participates as a guest in the Audit Committee meetings. Members of

the Global Executive Committee attended the meetings or video conferences of the Audit Committee as follows: Group CEO 4 meetings and the CFO (who acts as Secretary of the Audit Committee) 4 meetings, Global Chief Corporate Officer 1 meeting.

Nomination Committee

Members as of December 31, 2020: Jorge Born (Chairman Nomination Committee), Claire Chiang, Steven Tadler, Lynda Tyler-Cagni.

The members of the Nomination Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, who has not been an executive member of the Dufrey Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Nomination Committee assists the Board of Directors in fulfilling its nomination related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the Group CEO and the Board of Directors, reviewing the curriculum vitae, credentials and experience of the candidates proposed by the Board of Directors to fill vacancies on the Board of Directors or for the position of the Group CEO, making recommendations on Board composition and balance, presenting to the Board a proposal of succession plan for the position of the Group CEO at least once a year, and reviewing the adequacy of the selection system and criteria used for the appointment of the members of the Global Executive Committee. The Nomination Committee meets as often as business requires (usually 2–4 meetings per year).

The Nomination Committee held 3 meetings (1 of which by video conference) in the fiscal year 2020 that lasted about 2 to 3 hours (Q1: 1 meeting, Q2: 1 meeting and Q3: 1 meeting). Members of the Global Executive Committee attended these meetings as follows: Group CEO 3 meetings.

Remuneration Committee

Members as of December 31, 2020: Heekyung Jo Min (Chairwoman Remuneration Committee), Jorge Born, Claire Chiang.

The members of the Remuneration Committee are all non-executive and independent members of the Board

of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, who has not been an executive member of the Dufrey Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed by the General Meeting of Shareholders until the next Ordinary General Meeting of Shareholders and be re-eligible.

The Remuneration Committee assists the Board of Directors in fulfilling its remuneration related matters. It is responsible for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Remuneration Committee makes recommendations regarding the proposals of the Board of Directors in relation to the maximum aggregate amount of compensation of the Board and of the Global Executive Committee to be submitted to the General Meeting of Shareholders of the Company for approval, as well as in relation to the remuneration package of the Group CEO and the members of the Board. The Remuneration Committee makes proposals on the grant of options or other securities under any management incentive plan of the Company, if any. The Remuneration Committee reviews and recommends to the Board of Directors the Remuneration Report. The Remuneration Committee meets as often as business requires (usually 4 meetings per year).

The Remuneration Committee held 4 meetings (2 of which by video conferences) in the fiscal year 2020 that lasted about 2 to 3 hours (Q1: 1 meeting, Q3: 1 meeting, Q4: 2 meetings). The Chairman of the Board of Directors usually participates as a guest in the Remuneration Committee meetings. Members of the Global Executive Committee attended these meetings as follows: Group CEO 4 meetings.

Work method of the Board of Directors

As a rule, the Board of Directors meets about six to seven times a year (usually at least once per quarter). Additional meetings or conference calls are held as and when necessary. The Board of Directors held 15 meetings during fiscal year 2020. Due to the COVID-19 pandemic and related travel restrictions in fiscal year 2020, the Board of Directors held 2 of these meetings as physical meetings and 13 as video conference meetings. These meetings of the Board of Directors lasted about 4 hours. The Chairman determines the agenda and items to be discussed at the Board meetings. All members of the Board of Directors can request to add further items on the agenda.

The Group CEO, the CFO, the Deputy Group CEO and the Group General Counsel, also acting as Secretary to the Board, usually attend the meetings of the Board of Directors. Other members of the Global Executive Committee may attend meetings of the Board of Directors as and when required. Members of the Global Executive Committee attended these meetings of the Board of Directors in 2020 as follows: Group CEO 15 meetings, CFO 13 meetings, Deputy Group CEO 6 meetings, Group General Counsel 14 meetings and Global Chief Corporate Officer 2 meetings.

The Board of Directors also engages specific advisors to address specific matters when required. External financial advisors attended pertinent portions of 4 meetings of the Board of Directors in 2020. The external Auditors attended 2 meetings of the Audit Committee in 2020.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is the ultimate corporate body of Dufrey AG. It further represents the Company towards third parties and shall manage all matters which by law, the Articles of Incorporation or the Board regulations have not been delegated to another body of the Company.

In accordance with the Board regulations ("Organisationsreglement"), the Board of Directors has delegated the operational management of the Company to the Group CEO who is responsible for overall management of the Dufrey Group. The following responsibilities remain with the Board of Directors:

- Ultimate direction of the business of the Company and the power to give the necessary directives;
- Determination of the organization of the Company;
- Administration of the accounting system, financial control and financial planning;
- Appointment and removal of the members of the committees installed by itself as well as the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- Ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
- Preparation of the business report, the remuneration report and the General Meetings of Shareholders and to carry out the resolutions adopted by the General Meeting of Shareholders;
- Notification of the judge if liabilities exceed assets;

- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in share capital and the amendments of the Articles of Incorporation entailed thereby;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- To approve any non-operational or non-recurring transaction not included in the annual budget and exceeding the amount of CHF 10,000,000;
- To issue convertible debentures, debentures with option rights or other financial market instruments;
- To approve the annual investment and operating budgets of the Company and the Dufrey Group;
- To approve the executive regulations promulgated in accordance with the board regulations; and
- To propose an independent voting rights representative for election to the General Meeting of Shareholders, and to appoint an independent voting rights representative in the event of a vacancy.

Except for the Chairman of the Board of Directors, who has single signature authority, the members of the Board have joint signature authority, if any.

3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE SENIOR MANAGEMENT

The Board of Directors ensures that it receives sufficient information from the management to perform its supervisory duty and to make the decisions that are reserved to the Board through several means:

- Dufrey Group has an internal management information system that consists of financial statements, performance indicators and risk management. Information to management is provided on a regular basis according to the cycles of the business: sales on a weekly basis; income statement, cash management and key performance indicators (KPI) including customer, margins and investment information, balance sheet and other financial statements on a monthly basis. The management information is prepared on a consolidated basis as well as on a regional basis. Financial statements and key financial indicators/ratios are submitted to the entire Board of Directors on a quarterly basis.
- During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the management present on all affairs of the Company and the Group.
- Outside of Board meetings, each member of the Board may request from the Group CEO information

concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.

- The Group CEO reports at each meeting of the Board of Directors on the course of business of the Company and the Group in a manner agreed upon from time to time between the Board and the Group CEO. Apart from the meetings, the Group CEO reports immediately any extraordinary event and any change within the Company and within the Dufrey Group to the Chairman.
- For attendance of the members of the Global Executive Committee at meetings of the Board of Directors or meetings of the Board Committees please refer to section "3.5 Internal organizational structure" above.
- The Audit Committee met 4 times in 2020 with management to review the business, better understand laws, regulations and policies impacting the Dufrey Group and its business and support the management in meeting the requirement and expectations of stakeholders. In meetings of the Audit Committee, the CFO acts as Secretary to the Committee. The Auditors are invited to the meetings of the Audit Committee and attended 2 meetings of the Audit Committee in 2020. Among these meetings some or part of them are also held without management.
- The Global Internal Audit department provides independent risk-based and objective assurance reviews, loss prevention advice, and risk exposure analysis to group companies through three different activities streams: Internal Audit, Investigations and Enterprise Risk Management.
- Internal auditing is an independent function that provides objective assurance and consulting activity, aiming to improve the organization's operations. The selection of Internal Audit reviews to be executed during the year is based on specific methodology throughout the Dufrey Group and includes the consideration of internal and external factors. In fiscal year 2020, the Global Internal Audit had to adjust to the circumstances created by the COVID-19 pandemic and conducted over 20 reviews, examining Headquarters activities, regional functions and Distribution Centers. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.
- The Global Investigations activity was created to prevent losses and misappropriations within the group. The day-to-day work is designed to leverage profitability using advanced data mining and anti-fraud techniques. Currently, validations are performed monthly or bi-monthly for all group companies and results are proven to provide valuable

information for loss prevention purposes. Additionally, Dufrey is continuously trying to use new data mining techniques to establish validations that can enhance the coverage and create a higher assurance level over the key retail risks.

- Dufrey has in place an Enterprise Risk Management program which sets out the approach for assessing compliance with: relevant laws, corporate policies and procedures, tax regulations, agreements or contracts and integrity policy, anticipating externally imposed guidelines and preventing losses. The program is sponsored by the Global Executive Committee and based on the concept of direct stakeholder assurance feedback, and is distributed among all operations and areas.
- All the results of these Global Internal Audit activities are communicated to key management in charge and to the Group's senior management, including all the members of the Global Executive Committee on an on-going basis, and also to the Audit Committee.
- Detailed information on the financial risk management is provided in Notes 36 to 40 in the consolidated financial statements of this Annual Report.

4. GLOBAL EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE

As of December 31, 2020, the Global Executive Committee comprised eight executives compared to ten members as of December 31, 2019.

The Global Executive Committee under the control of the Group CEO, conducts the operational management of the Company pursuant to the Company's board regulations. The Group CEO reports to the Board of Directors on a regular basis.

The following table sets forth the name and year of appointment of the respective members, followed by their Curricula Vitae with a short description of each member's business experience, education and activities.

All agreements entered into with the members of the Global Executive Committee are entered for an indefinite period of time.

GLOBAL EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2020

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Julián Díaz González	Spanish	Group Chief Executive Officer (Group CEO)	2004
Yves Gerster	Swiss	Chief Financial Officer (CFO)	2019
José Antonio Gea ¹	Spanish	Deputy Group Chief Executive Officer (Deputy Group CEO)	2004
Eugenio Andrades	Spanish	Chief Executive Officer Operations (CEOO)	2016
Luis Marin	Spanish	Global Chief Corporate Officer (GCCO)	2014
Pascal C. Duclos	Swiss	Group General Counsel (GGC)	2005
Andrea Belardini	Italian	Chief Commercial Officer (CCO)	2019
Roger Fordyce	American	Chief Executive Officer North America	2019

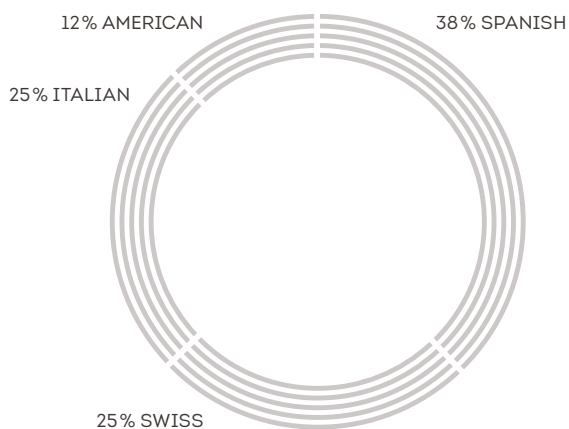
¹ J. A. Gea stepped down from his position of Deputy Group CEO and member of the Global Executive Committee as per December 31, 2020.

ADDITIONAL GLOBAL EXECUTIVE COMMITTEE MEMBER AS OF JANUARY 1, 2021

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Salvatore Aricò	Italian	Chief Organization & Transformation Officer	2021

DIVERSITY OF THE GLOBAL EXECUTIVE COMMITTEE

AS OF JANUARY 1, 2021



4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS



JULIÁN DÍAZ GONZÁLEZ
Group Chief Executive Officer,
born 1958, Spanish

Education

Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.

Professional Background

1989 – 1993 General Manager at TNT Leisure, S.A. 1993 – 1997 Division Director at Aldeasa. 1997 – 2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000 – 2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

Current Board Mandates

Dufry AG.



YVES GERSTER
Chief Financial Officer, born 1978,
Swiss

Education

Degree in Business Administration & Finance, University of Basel.

Professional Background

1999 – 2003 Assistant Group Treasurer at Danzas Management AG. 2003 – 2006 Assistant Group Treasurer at Bucher Industries AG. November 2006 – 2019 Global Head Group Treasury at Dufry International AG. Since April 2019 Chief Financial Officer at Dufry AG.



JOSÉ ANTONIO GEA
Deputy Group Chief Executive
Officer, born 1963, Spanish

Education

Degree in economics and business sciences from Colegio Universitario de Estudios Financieros.

Professional Background

1989 – 1995 various positions at TNT Express Espana, S.A. Director of Blue Cow Division (1993 – 1995). 1995 – 2003 various managerial positions at Aldeasa. Left Aldeasa as Director of Operations. 2004 – 2017 Global Chief Operating Officer at Dufry AG. Since 2018 Deputy Group Chief Executive Officer at Dufry AG until December 31, 2020.



EUGENIO ANDRADES
Chief Executive Officer Operations, born 1968, Spanish

Education

Degree in Mining Engineering at Politécnica University of Madrid. MS of Economics and Strategy of Colorado School of Mines, Colorado/USA.

Professional Background

Prior to 1996 Consultant at McKinsey & Co and Carboex, a subsidiary of Endesa. 1996 – 2001 Director of Strategy & Development and Investor Relations at Aldeasa. 2001 Chief Executive Officer Jordan and Middle East region at Aldeasa. 2002 – 2007 Director of Strategy & Development and Investor Relations at Aldeasa. 2007 – 2010 Commercial Director and Operations Coordinator at Aldeasa. 2011 – 2014 Chief Commercial Officer at World Duty Free Group. 2014 – 2015 Chief Executive Officer at World Duty Free Group. 2016 – 2017 Chief Executive Officer Division UK, Central and Eastern Europe at Dufrey AG. 2018 Chief Executive Officer Operations and Strategy at Dufrey AG. January 2019 – August 2020 Chief Executive Officer Europe, Africa and Strategy at Dufrey AG. Since September 2020 Chief Executive Officer Operations at Dufrey AG.



LUIS MARIN
Global Chief Corporate Officer, born 1971, Spanish

Education

Degree in Economic Sciences and Business Administration from Universidad de Barcelona.

Professional Background

1995 – 1998 Auditor at Coopers & Lybrand. 1998 – 2001 Financial Controller at Derbi Motocicletas – Nacional Motor S.A. 2001 – 2004 Head of Finance and Administration of Spanish subsidiaries of Areas (member of the French group Elior). Joined Dufrey in 2004, as Business Controlling Director and since 2012 also responsible for mergers and acquisitions. 2014 Appointed Chief Corporate Officer. Since 2018 Global Chief Corporate Officer at Dufrey AG.



PASCAL C. DUCLOS
Group General Counsel, born 1967, Swiss

Education

Licence en droit from Geneva University School of Law, L.L.M. from Duke University School of Law. Licensed to practice law in Switzerland and admitted to the New York Bar.

Professional Background

1991 – 1997 Senior attorney at law at Geneva law firm Davidoff & Partners. Also academic assistant at the University of Geneva School of Law (1994 – 1996). 1999 – 2001 Attorney at law at New York law firm Kreindler & Kreindler. 2001 – 2002 Financial planner at UBS AG in New York. 2003 – 2004 Senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy. Since 2005 General Counsel and Secretary to the Board of Directors at Dufrey AG.



ANDREA BELARDINI
Chief Commercial Officer,
born 1968, Italian

Education

Degree in Business and Economics, University of Rome (La Sapienza).

Professional Background

1991-1996 various positions as Controller and Project Manager at Carlson Wagonlit Travel. 1997-1999 Director of Operations Italy at Carlson Wagonlit Travel. 1999-2000 Vice President Operations South Europe at Carlson Wagonlit Travel. 2000-2004 Executive Vice President Strategy & Development at Aeroporti di Roma. 2004-2009 Executive Vice President Commercial Business Management & Development at Aeroporti di Roma. 2009-2015 Chief Executive Officer Europe at Nuance Group (since 2013 also Global Chief Commercial Officer at Nuance Group). 2016 - August 2020, Chief Executive Officer Division Asia Pacific and Middle East at Dufrey AG. Since September 2020 Chief Commercial Officer at Dufrey AG.



ROGER FORDYCE
Chief Executive Officer
North America, born 1955,
American

Education

Bachelor of Arts in Psychology from SUNY Stony Brook.

Professional Background

Prior to 1988 positions as Manager at Dobbs/Aeroplex, WH Smith, and Greenman Bros. 1988 Joined Hudson Group as a District Manager. 1992-1996 Vice President of Operations at Hudson Group. 1996-2008 Senior Vice President of Operations at Hudson Group. 2008-2018 Executive Vice President and Chief Operating Officer at Hudson Group. Since January 2019 Chief Executive Officer North America (Hudson Group) at Dufrey AG.



SALVATORE ARICÒ
Chief Organization & Transformation Officer, born 1971, Italian

Education

Degree in Business and Economics, University of Turin.

Professional Background

Prior to 2001 various managerial positions at ING and Burgo Group. 2001-2005 Head of Organization & Human Resources at Unilever Italia. 2006-2009 Human Resources Director at L'Oreal Italia. 2010-2014 Executive Vice President Human Resources at Nuance Group. 2014-2020 Global Organization & Human Resources Director at Dufrey AG. Since January 2021 Chief Organization & Transformation Officer at Dufrey AG.

Other activities and vested interests

As of December 31, 2020, none of the members of the Global Executive Committee of Dufrey AG has had other activities in governing and supervisory bodies of, or advisory functions to, important Swiss or foreign organizations, institutions or foundations under private and public law outside Dufrey Group, or held any public or political office. The business Division North America was separately listed on the New York Stock Exchange under the name of Hudson Ltd. until December 11, 2020. Roger Fordyce, the Chief Executive Officer North America is also Chief Executive Officer and used to be a member of the Board of Directors of the now delisted Hudson Ltd. Julián Díaz González is a member of the Board of Directors of the listed Dufrey AG and used to be a member of the Board of Directors of the delisted Hudson Ltd. too.

Changes in the Global Executive Committee in fiscal year 2020 and as of January 1, 2021

On June 9, 2020, Dufrey announced that it is adapting its organization to the new business environment to accelerate growth and support profitability during the recovery phase of the economic crisis and beyond. The new organizational structure, which became effective September 1, 2020, included integration of Headquarters and Divisions as well as re-grouping countries within certain Divisions. The changes also involved a new structure of the Global Executive Committee. The number of Global Executive Committee members was reduced from ten to eight members. As part of the organizational changes, Eugenio Andrades became Chief Executive Officer Operations (previously CEO Division Europe, Africa and Strategy) and Andrea Belardini was appointed Chief Commercial Officer (previously CEO Division Asia Pacific and Middle East). René Riedi (previously CEO Division Central and South America) and Javier González (previously Chief Marketing and Digital Innovation Officer) left the Global Executive Committee as of September 1, 2020, but continue to support the Company in management capacities.

On December 31, 2020, José Antonio Gea (Deputy Group CEO) stepped down from his position and from the Global Executive Committee. As of January 1, 2021, Salvatore Aricò joined the Global Executive Committee as Chief Organization & Transformation Officer. As of January 1, 2021, the Global Executive Committee continues to have eight members.

Details regarding the Curricula Vitae of Javier González and René Riedi are available on pages 245/246 in the Annual Report 2019. The Annual Report 2019 can be downloaded from the Company website under the following link:

www.dufrey.com/en/investors/ir-reports-presentations-and-publications
page section "Presentation of results and other publications – select Financial Reports"

4.3 RULES IN THE ARTICLES OF INCORPORATION REGARDING THE NUMBER OF PERMITTED MANDATES OUTSIDE THE COMPANY

In accordance with Article 25 para. 1 of the Articles of Incorporation, dated October 21, 2020, no member of the Global Executive Committee may hold more than two additional mandates in listed companies and four additional mandates in non-listed companies. The following mandates are not subject to the limitations under para. 1 of this Article:

- a) mandates in companies which are controlled by the Company or which control the Company;
- b) mandates held at the request of the Company or any company controlled by it. No member of the Global Executive Committee may hold more than ten such mandates; and
- c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Global Executive Committee may hold more than ten such mandates.

For definition of "mandate" please refer to section 3.3 above. For the website link regarding the Articles of Incorporation please see page 267 of this Corporate Governance Report.

4.4 MANAGEMENT CONTRACTS

Dufrey AG does not have management contracts with companies or natural persons not belonging to the Group.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMS

Detailed information of compensation, shareholdings and loans to active and former members of the Board of Directors and of the Global Executive Committee in fiscal year 2020 is included in the Remuneration Report on pages 268 to 286 of this Annual Report.

5.2 DISCLOSURE OF RULES IN THE ARTICLES OF INCORPORATION REGARDING COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE MANAGEMENT

For rules in the Articles of Incorporation regarding the approval of compensation by the General Meeting of Shareholders, the supplementary amount for changes in the executive management as well as the general compensation principles please refer to Articles 20 – 22 of the Articles of Incorporation. The Articles of Incorporation do not contain any rules regarding loans, credit facilities or post-employment benefits for the members of the Board of Directors and executive management. The rules regarding agreements with members of the Board of Directors and of the executive management in terms of duration and termination are stipulated in Article 23.

Dufrey's Articles of Incorporation are available on the Company website www.dufrey.com – section Investors – Corporate Governance – Articles of Incorporation. For the website link regarding the Articles of Incorporation please see page 267 of this Corporate Governance Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 267 of this Corporate Governance Report.

6.1 GENERAL MEETINGS OF SHAREHOLDERS IN 2020 UNDER THE COVID-19 SITUATION

Due to the COVID-19 pandemic, both the Ordinary General Meeting of Shareholders held on May 18, 2020, as well as the Extraordinary General Meeting of Shareholders held on October 6, 2020, were held without the presence of shareholders. This was based on Article 6a of the Ordinance 2 and Article 27 of the Ordinance 3 issued by the Swiss Federal Council on measures to prevent the spread of COVID-19. The shareholders were able to exercise their rights at both General Meetings of Shareholders through the Independent Voting Rights Representative. The proxy and voting instruction forms could either be sent by mail or via email in a scanned form, or shareholders were also able to use the electronic voting platform (www.net-vote.ch/dufry) for their voting instructions.

6.2 VOTING RIGHTS AND REPRESENTATION

Each share recorded as a share with voting rights in the share register confers one vote on its registered holder. Each shareholder duly registered in the share register on the record date may be represented at the General Meeting of Shareholders by the independent voting rights representative or any person who is authorized to do so by a written proxy. A proxy does not need to be a shareholder. Shareholders entered in the share register as shareholders with voting rights on a specific qualifying date (record date) designated by the Board of Directors shall be entitled to vote at the General Meeting of Shareholders and to exercise their votes at the General Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a General Meeting of Shareholders if they are registered in the share register in accordance with Article 5 para. 4 of the Articles of Incorporation and if they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the General Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not being represented at the General Meeting of Shareholders.

6.3 THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

In accordance with Article 10 para. 3 of the Articles of Incorporation, dated October 21, 2020, the independent voting rights representative shall be elected by the General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General Meeting of Shareholders. Re-election is possible. If the Company does not have an independent voting rights representative, the Board of Directors shall appoint the independent voting rights representative for the next General Meeting of Shareholders.

The Company may also make arrangements for electronic voting (Article 11 para. 5). Resolutions passed by electronic voting shall have the same effect as votes by ballot.

The Ordinary General Meeting of Shareholders held on May 18, 2020, re-elected Altenburger Ltd legal + tax, Kuesnacht-Zurich, as the independent voting rights representative until the completion of the Ordinary General Meeting of Shareholders in 2021. Altenburger Ltd legal + tax is independent from the Company and has no further mandates for Dufrey AG.

For the upcoming Ordinary General Meeting of Shareholders on May 18, 2021, the Company will once more enable its shareholders to send their voting instructions electronically to the independent voting rights representative Altenburger Ltd legal + tax through the platform: www.netvote.ch/dufry

The corresponding instructions regarding registration and voting procedures on this electronic platform will be sent to the shareholders together with the invitation to the General Meeting of Shareholders.

6.4 QUORUMS

The General Meeting of Shareholders shall be duly constituted irrespective of the number of shareholders present or of shares represented. Unless the law or Articles of Incorporation provide for a qualified majority, an absolute majority of the votes represented at a General Meeting of Shareholders is required for the adoption of resolutions or for elections, with abstentions, blank and invalid votes having the effect of "no" votes. The Chairman of the Meeting shall have a casting vote.

A resolution of the General Meeting of Shareholders passed by at least two thirds of the votes repre-

ented and the absolute majority of the nominal value of shares represented shall be required for:

1. a modification of the purpose of the Company;
2. the creation of shares with increased voting powers;
3. restrictions on the transfer of registered shares and the removal of such restrictions;
4. restrictions on the exercise of the right to vote and the removal of such restrictions;
5. an authorized or conditional increase in share capital;
6. an increase in share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase;
7. the restriction or denial of pre-emptive rights;
8. the change of the place of incorporation of the Company;
9. the dismissal of a member of the Board of Directors;
10. an increase in the maximum number of members of the Board of Directors;
11. a modification of the eligibility requirements of the members of the Board of Directors (Article 24 para. 1 of the Articles of Incorporation);
12. the dissolution of the Company;
13. other matters where statutory law provides for a corresponding quorum.

6.5 CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders shall be called by the Board of Directors or, if necessary, by the Auditors. One or more shareholders with voting rights representing in the aggregate not less than 10% of the share capital can request, in writing, that a General Meeting of Shareholders be convened. Such request must be submitted to the Board of Directors, specifying the items and proposals to appear on the agenda.

The General Meeting of Shareholders shall be convened by notice in the Swiss Official Gazette of Commerce (SOGC) not less than 20 days before the date fixed for the Meeting. Registered shareholders will also be informed by ordinary mail.

6.6 AGENDA

The invitation for the General Meeting of Shareholders shall state the day, time and place of the Meeting, and the items and proposals of the Board of Directors and, if any, the proposals of the shareholders who demand that the General Meeting of Shareholders be called or that items be included in the agenda.

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 may request that an item be included in the agenda of a General Meeting of Shareholders. Such a request must be made in writing to the Board of Directors at the latest 60 days before the Meeting and shall specify the agenda items and the proposals made.

6.7 REGISTRATION INTO THE SHARE REGISTER

The record date for the inscription of registered shareholders into the share register in view of their participation in the General Meeting of Shareholders is defined by the Board of Directors. It is usually around 2 weeks before the Meeting. Shareholders who dispose of their registered shares before the General Meeting of Shareholders are no longer entitled to vote with such disposed shares.

7. CHANGE OF CONTROL AND DEFENSE MEASURES

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 267 of this Corporate Governance Report.

7.1 DUTY TO MAKE AN OFFER

An investor who acquires more than 33 1/3% of all voting rights (directly, indirectly or in concert with third parties) whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding (Article 135 Financial Market Infrastructure Act, FMIA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Article 125 para. 4 FMIA).

7.2 CLAUSES ON CHANGE OF CONTROL

In case of change of control, the share-based payments as disclosed in the Remuneration Report shall vest immediately.

In case of change of control, all amounts drawn under the USD 700,000,000, EUR 500,000,000 and EUR 1,300,000,000 multicurrency term and revolving credit facilities agreements shall become immediately due and payable. Furthermore, upon the occurrence of a change of control, Dufrey may be required to repurchase the EUR 800,000,000 Senior Notes due 2024 and the EUR 750,000,000 Senior Notes due 2027 at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest.

In addition, upon the occurrence of a change of control, under the CHF 350,000,000 Senior Convertible Bonds due 2023 and the CHF 69,500,000 Mandatory Convertible Notes, Dufrey may be required, at the option of the holders, to redeem the bonds at 100% of the principal amount plus accrued and unpaid interest.

According to Article 23 of the Articles of Incorporation, employment and other agreements with the members of the Global Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months. The current contracts with the members of the Global Executive Committee contain termination periods of twelve months or less.

8. AUDITORS

8.1 AUDITORS, DURATION OF MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Pursuant to the Articles of Incorporation, the Statutory Auditors shall be elected each year and may be re-elected. Ernst & Young Ltd have been the Statutory Auditors since 2004. Jolanda Dolente has been the Lead Auditor since 2019.

For governance reasons, the Board of Directors has decided in fiscal year 2020 to re-tender the audit mandate, since Ernst & Young Ltd has acted as Statutory Auditors of the Company for a period of 17 years. After careful examination of several audit offers, the Board of Directors, based on a recommendation by the Audit Committee, has decided to propose to the Ordinary General Meeting of Shareholders on May 18, 2021, Deloitte as the new Statutory Auditors. The Board of Directors would like to thank Ernst & Young Ltd for the very long and good cooperation.

8.2 AUDITING FEE

The auditing fees for 2020 for the audit of the consolidated and statutory financial statements of Dufrey AG and its subsidiaries are CHF 6.0 million.

8.3 ADDITIONAL FEES

During 2020, Ernst & Young billed additional fees for audit-related services (quarterly reviews and comfort letters), agreed-upon procedures and tax services in the amount of CHF 1.4 million, CHF 0.3 million and CHF 0.1 million, respectively.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee as a committee of the Board of Directors reviews and evaluates the performance and independence of the Statutory Auditors at least once each year. Based on its review, the Audit Committee recommends to the Board of Directors which external Auditor should be proposed for election at the General Meeting of Shareholders. The decision regarding this agenda item is then taken by the Board of Directors. As explained under section 8.1, the Board of Directors will propose to the Ordinary General Meeting of Shareholders on May 18, 2021, to elect Deloitte as new Statutory Auditors.

When evaluating the performance and independence of the Statutory Auditors, the Audit Committee puts

special emphasis on the following criteria: Global network of the audit firm, professional competence of the lead audit team, understanding of Dufrey's specific business risks, personal independence of the lead auditor and independence of the audit firm as a company, coordination of the Statutory Auditors with the Audit Committee and the Senior Management / Finance Department of Dufrey Group, practical recommendations with respect to the application of IFRS regulations.

Within the yearly approved budget, there is also an amount permissible for non-audit services that the Statutory Auditors may perform. Within the scope of the approved and budgeted amount, the Chief Financial Officer can delegate non-audit related mandates to the Auditors.

The Audit Committee agrees the scope of and discusses the results of the external audit with the Statutory Auditors. The Statutory Auditors prepare a comprehensive report addressed to the Board of Directors once per year, informing them in detail on the results of their audit. The Statutory Auditors also review the interim consolidated financial statements before they are released.

Representatives of the Statutory Auditors are regularly invited to meetings of the Audit Committee, namely to attend during those agenda points that deal with accounting, financial reporting or auditing matters.

In addition, the Audit Committee reviews regularly the internal audit plan. Internal Audit reports are communicated to management in charge and the Company's senior management on an on-going basis and 5 briefings were done to the Audit Committee in 2020.

During the fiscal year 2020, the Audit Committee held 4 meetings (2 of which by video conferences). The Statutory Auditors were present at 2 of those meetings. The Board of Directors has determined the rotation interval for the Lead Auditor to be seven years, as defined by the Swiss Code of Obligation; such rotation occurred the last time in 2019.

9. INFORMATION POLICY

Dufry is committed to an open and transparent communication with its shareholders, financial analysts, potential investors, the media, customers, suppliers and other interested parties.

Dufry AG used to publish its financial reports on a quarterly basis in English. As of the 2020 financial year, Dufry releases a quarterly trading statement for Q1 and Q3 instead of publishing full financial results. Dufry will continue to publish full financial results for the half-year and full year periods. This change was made to focus on a more meaningful time period of six months, thus allowing to assess the detailed performance of the Company with a reduced influence by quarterly volatility and by the more pronounced seasonality caused by the IFRS 16 implementation. All financial reports and media releases containing financial information continue to be available on the Company website.

In addition, Dufry AG organizes presentations and conference calls with the financial community and media to further discuss details of the reported earnings or on any other matters of importance. The Company undertakes roadshows for institutional investors on a regular basis.

Details and information on the business activities, Company structure, financial reports, media releases and investor relations are available on the Company's website:

www.dufry.com

The official means of publication of the Company is the Swiss Official Gazette of Commerce:

www.shab.ch

Web-links regarding the SIX Exchange Regulation push-/pull-regulations concerning ad-hoc publicity issues are:

www.dufry.com/en/media/press-releases

www.dufry.com/en/media/press-release-registration-form

The current Articles of Incorporation are available on Dufry's website under:

www.dufry.com/en/investors/corporate-governance page section "Featured downloads – Articles of Incorporation"

The financial reports are available under:

www.dufry.com/en/investors/ir-reports-presentations-and-publications page section "Presentation of results and other publications – select Financial Reports"

For the Investor Relations and Corporate Communications contacts, the Corporate Headquarter address and a summary of anticipated key dates in 2021 please refer to pages 288 / 289 of this Annual Report.

REMUNERATION REPORT

DEAR SHARE- HOLDERS

2020 turned out to be a most difficult year for many companies and industries – and especially so for the travel retail and tourism industry. As reported in detail by our CEO and CFO in their respective letters, Dufry suffered from the persistent spread of the COVID-19 pandemic and the related travel restrictions and limitations. Despite these challenges, we were able to quickly adapt our company to the new business environment and to prepare ourselves for the recovery phase. As I write this letter to you, we still face substantial restrictive measures across many countries worldwide, but remain hopeful that COVID-19 will ebb away during the course of 2021 and we will be able to see a significant upturn in traveling and travel retail again.

Remuneration Report and compensation approvals at the Shareholders' Meeting on May 18, 2020

In a consultative, non-binding vote during our ordinary Shareholders' Meeting 2020, the Remuneration Report 2019 was approved by 88.53% of the votes represented. The Board of Directors' proposal for the maximum aggregate amount of compensation for the Board of CHF 8.5 million covering the period from the AGM 2020 to the AGM 2021 was accepted with a majority of 89.39%. The proposal for the maximum aggregate amount of compensation for the Global Executive Committee of CHF 34.0 million for the financial year 2021 was approved with 91.46%.

As in previous years, Dufry will submit the current Remuneration Report 2020 to a consultative vote at our ordinary Shareholders' Meeting on May 18, 2021.

Remuneration Committee in 2020

Our Remuneration Committee consists of three non-executive and independent members of the Board of Directors, who are elected annually by the General Meeting of Shareholders. At the General Meeting held

on May 18, 2020, the current three members, Jorge Born, Claire Chiang and myself were elected individually with high approval rates of above 92% for each member.

The Remuneration Committee reviews the remuneration system, including the bonus scheme and long-term incentive plan (Performance Share Unit plan), on an annual basis to ensure alignment with shareholders' interests and best practices and to provide fair and transparent management compensation. We use competitive benchmarking including peer group comparisons and the service of external consultants.

In fiscal year 2020, the Remuneration Committee held 4 meetings, with an attendance ratio of 92%.

Remuneration changes in 2020

The following changes were made in fiscal year 2020, impacting the remuneration of the Board of Directors and of the Global Executive Committee:

Board of Directors:

- 30% reduction in Board and Committee fees for the three-month period from April to June 2020. All members of the Board of Directors agreed to and participated in this voluntary fee reduction initiative.
- The Board of Directors was expanded from nine to ten members as of the Extraordinary Shareholders' Meeting on October 6, 2020. Mr. Ranjan Sen was elected as a new member to our Board of Directors as of that date.

Global Executive Committee:

- New Global Executive Committee structure with eight members (ten members previously) was implemented in the context of the company reorganiza-

tion announced on June 9, 2020, and effective September 1, 2020.

- 30% salary reduction for the three-month period from April to June 2020. This was also on a voluntary basis, and all members of the Global Executive Committee agreed to and participated in this salary reduction.
- For the annual bonus (short-term incentive), the key performance indicators used in 2019 were replaced with new targets to address the COVID-19 related market environment and the respective restructuring efforts of the company. The new key performance indicators for the annual bonus in 2020 were (i) Turnover and (ii) Agreements with airport authorities to get relief of the fixed minimal guaranteed amount on sales ("MAG" Relief). Further, a special bonus was approved to additionally reward exceptional individual performances by members of the Global Executive Committee in 2020, as they have been instrumental in rescuing the company and initiating innovative, forward-looking steps to set up the company for emerging stronger post-COVID and beyond.
- The long-term Performance Share Units (PSU) plan for fiscal year 2020 was suspended and no PSU were granted in the year under review. The existing PSU plan will remain effective as such and resume as soon as business performance recovery allows.
- With the delisting of Hudson Ltd. from the NY Stock Exchange and the full re-integration of Hudson Group into Dufry, adjustments were necessary to the previous long-term incentive plans for Hudson employees. Within the Global Executive Committee, this only concerned the CEO North America and his Hudson LTI plan holdings.

Shareholder dialogue and interactions during 2020

Dufry has a consistent and open dialogue with shareholders, analysts, potential investors as well as with the media through direct phone calls, emails, roadshows, participation at brokers' investor seminars, dedicated Dufry investor days and one-to-one meetings. Feedback received during these contacts is analyzed in detail and the results are taken into consideration when evolving the Company strategy, ESG engagement, corporate governance or remuneration matters. In 2020, management and the investor relations team were in regular contact with shareholders and investors through personal meetings, calls and emails. Discussions with these stakeholders mainly involved questions and explanations on the company restructuring efforts, our strategic initiatives and above all the challenges that we face in the current business environment.

The business year 2020 will be remembered as the most challenging period in our company history so far. We are proud that we have weathered this storm and are prepared to take full advantage of the travel and travel retail recovery with a leaner corporate structure and a strong balance sheet.

On behalf of the Remuneration Committee and the entire Board of Directors, I would like to thank you, our esteemed shareholders, for your continued contributions and trust in Dufry and in our long-term strategy.

Yours sincerely,



Heekyung Jo Min
Chairwoman of the Remuneration Committee

INTRODUCTION

The worldwide COVID-19 pandemic and the related travel restrictions brought the overall tourism, air travel and travel retail industries to a near standstill in March and April 2020. The negative impact continued with changing intensity throughout the business year 2020 as well as the first months of 2021. Due to the ongoing high dynamic of the pandemic and the low visibility on the overall improvement of travel conditions such as the lifting of travel restrictions, it is still very difficult to provide an outlook for the 2021 evolution of passenger flows. Therefore, a hopefully improving, but still very challenging market environment for the travel retail industry and for Dufrey has to be expected for 2021.

But, as challenging as the business environment might be today, our long-term success depends on our ability to motivate, attract and retain outstanding individuals who will ensure that Dufrey remains a strong company, a reliable employer and a good working place for our staff. In order to achieve these goals, we continue to provide appropriate and competitive remuneration to all our employees and to support their development and working careers.

This Remuneration Report provides information on the remuneration system and compensation paid to the members of the Board of Directors and the Global Executive Committee for fiscal year 2020. The Report is prepared in accordance with Articles 13-17 of the Ordinance against excessive Compensation (OaeC) and item 5 of the Annex to the Corporate Governance Directive (DCG) of SIX Exchange Regulation, governing disclosure of remuneration systems and compensation paid to members of the Board of Directors and the Global Executive Committee.

The Remuneration Report will be presented to the General Meeting of Shareholders on May 18, 2021, for a consultative vote.

GOVERNANCE

Dufrey's Articles of Incorporation contain specific rules concerning the election; the constitution and the powers of the Remuneration Committee (Art. 17 and 18); the approval of compensation by the Meeting of Shareholders (Art. 20); the supplementary amount in case of changes in the Global Executive Committee (Art. 21); the general compensation principles (Art. 22); the agreements with members of the Board of Directors and of the Global Executive Committee (Art. 23); the eligibility of members of the Board of Directors

(Art. 24) as well as the maximum number of mandates outside the company that a member of the Board of Directors or of the Global Executive Committee may hold (Art. 24 and 25). For the website link regarding the Articles of Incorporation please see page 267 of the Corporate Governance Report.

Based on Dufrey's Articles of Incorporation and in line with the OaeC, the Board of Directors has the overall responsibility for defining the personnel and remuneration policy used for the entire Group, as well as the general terms and conditions of employment for members of the Global Executive Committee. It approves the individual compensation of the members of the Board of Directors and the Global Executive Committee. As an exception, the individual compensation of the Chief Executive Officer North America - until December 11, 2020 separately listed as Hudson Ltd. - was approved directly by the Board of Directors of Hudson Ltd. In 2020, the Hudson Board of Directors included Juan Carlos Torres Carretero as Chairman, Julián Díaz González as Vice-Chairman, Andrés Holzer Neumann as Member and Mary J. Steele Guilfoile as Member (January 1 to May 18, 2020). The total size of the Hudson Board was 8 Directors in fiscal year 2020 (2019: 9 Directors).

Since January 1, 2015, the General Meeting of Shareholders has to approve the proposal of the Board of Directors in relation to the maximum aggregate amounts of compensation of the Board of Directors for the period until the next Ordinary General Meeting of Shareholders and of the Global Executive Committee for the following fiscal year. The vote at the Ordinary General Meeting of Shareholders has binding effect for these maximum aggregate amounts of compensation. Thereafter, the approval of the individual compensation to the members of the Board of Directors and of the Global Executive Committee (within the limits approved by the General Meeting of Shareholders) is with the Board of Directors (for the CEO of Hudson Ltd. with the Board of Directors of Hudson Ltd.).

The Remuneration Committee, which consists of three non-executive independent members of the Board of Directors, supports the Board of Directors in fulfilling all remuneration related duties. The General Meeting of Shareholders held on May 18, 2020, elected Ms. Heekyung Jo Min and re-elected Ms. Claire Chiang and Mr. Jorge Born (all individually elected) as members of the Remuneration Committee for a term of office until completion of the next Ordinary General Meeting of Shareholders in 2021. Heekyung Jo Min has been appointed as Chairwoman of the Remuneration Committee.

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2020

MEMBER OF THE BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE
Juan Carlos Torres Carretero, Chairman	-	-	-
Heekyung Jo Min, Lead Independent Director	Committee Chairwoman	-	-
Jorge Born, Director	Committee Member	Committee Chairman	Committee Chairman
Claire Chiang, Director	Committee Member	-	Committee Member
Julián Díaz González, Director / Group CEO	-	-	-
Mary J. Steele Guilfoile, Director	-	Committee Member	-
Luis Maroto Camino, Director	-	Committee Member	-
Ranjan Sen, Director	-	-	-
Steven Tadler, Director	-	Committee Member	Committee Member
Lynda Tyler-Cagni, Director	-	-	Committee Member

For further details regarding the responsibilities of the Remuneration Committee and the meetings held in fiscal year 2020 please refer to section 3.5 Internal

Organizational Structure of the Corporate Governance Report.

COMPENSATION COMPARISONS

Dufry reviews remuneration of the Global Executive Committee through a competitive benchmarking to ensure that total compensation levels remain competitive to attract and retain talent. During the course of 2020, the Board of Directors consulted Pricewaterhouse-Coopers AG (PwC) for its annual review on the structure and level of executive compensation arrangements, including short- and long-term components. As part of this annual review process, the Company conducted a benchmark analysis on compensation levels for members of the Global Executive Committee using third party compensation survey data and disclosed information from various companies. The peer group for compensation benchmarking has been selected considering Swiss listed companies and also factoring in geographic spread, demographic size of employee base and complexity of the industry. The Company continually reviews its approach to market benchmarks to ensure they remain relevant. The list of companies in 2020 included ABB, Adecco, Barry Callebaut, Clariant, Ems-Chemie, Geberit, Georg Fischer, Lafarge Holcim, Lindt, Lonza, Nestlé, Novartis, Richemont, Roche, Sika, Sonova, Straumann, Swatch and Swisscom. The peers are the same as in 2019 and have not been changed as Dufry considers the selected comparison criteria still valid, independently from the temporary impact of the COVID-19 pandemic.

Other divisions of PwC provided services as Tax and HR Advisors for other internal projects.

ADJUSTMENTS TO THE REMUNERATION SYSTEM IN 2020, MAINLY DUE TO THE COVID-19 RELATED MARKET CONDITIONS

The following changes were made, impacting remuneration of the Board of Directors and of the Global Executive Committee in fiscal year 2020:

Board of Directors:

- Board fee reduction initiative: A 30% reduction in the Board and Committee fees was implemented for the three month period from April to June 2020. This was on a voluntary basis and all members of the Board of Directors agreed to and participated in this fee reduction.
- Expansion of the Board of Directors from nine to ten members, in order to reflect appropriate representation of Advent International Corp., which is among the company's largest shareholders with a holding of 11.4% in voting rights. The election of Mr. Ranjan Sen as new member of the Board of Directors was effective as of the date of the Extraordinary General Meeting on October 6, 2020.

Global Executive Committee:

- New Global Executive Committee structure with reduced number of members (eight vs. ten members previously), implemented in the context of the company reorganization and effective September 1, 2020.
- Basic salary reduction initiative: A 30% salary reduction was implemented for the three month period from April to June 2020. This was on a volun-

tary basis and all members of the Global Executive Committee agreed to and participated in this salary reduction.

- Short-term incentive: For the annual bonus, Dufrey has replaced the previous key performance indicators (Organic Growth, Adjusted Operating Profit and Equity Free Cash Flow), which were used in the financial year 2019 with entirely changed targets to address the new, COVID-19 related market environment and the respective necessary measures to safeguard the resilience of the company and secure a setup for recovery. The new key performance indicators for the annual bonus in financial year 2020 were (i) Turnover and (ii) Agreements with airport authorities to get relief of the fixed minimal guaranteed amount on sales ("MAG" Relief - Minimum Agreed Guarantee Relief). Further, a special bonus was approved to additionally reward exceptional individual performances by members of the Global Executive Committee in 2020, as they have been instrumental in rescuing the company and initiating innovative, forward-looking steps to set up the company for emerging stronger post-COVID and beyond. For more details on the short-term incentive see corresponding section on page 277.
- Long-term incentive: Suspension of the long-term Performance Share Units (PSU) plan for the fiscal year 2020. No PSU were granted in fiscal year 2020. The existing PSU plan will remain effective as such and be resumed as soon as the recovery of the business performance allows.
- Remuneration of the CEO North America (Hudson Ltd.), who is a member of the Global Executive Committee: Upon the closing of the merger transaction whereby Dufrey acquired all remaining equity interests in Hudson Ltd. which it did not already own for USD 7.70 in cash per Hudson Class A share (transaction closed on December 1, 2020) and the subsequent delisting of Hudson Ltd. from

the New York Stock Exchange, the Hudson long-term incentive plan ceased to exist. Consequently, the plan participants receive a fixed price of USD 7.70 per share for their Restricted Share Units (RSU) and Performance Share Units (PSU). The number of shares underlying each PSU was calculated based on the achieved results against the performance targets of the Hudson PSU. For further information see Note 25.2 in the consolidated financial statements. Within the Global Executive Committee, this only concerned the CEO North America and his Hudson LTI plan holdings.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

REMUNERATION SYSTEM

The remuneration of the members of the Board of Directors is set to attract and retain highly qualified individuals to serve on the Board of Directors. The Board of Directors determines the amount of remuneration of its members, taking into account their responsibilities, experience and the time they invest in their activity as members of the Board of Directors.

The total compensation of the members of the Board of Directors, except for the Group Chief Executive Officer who does not receive any compensation in relation to his position as member of the Board, included the following elements in fiscal year 2020:

- Fixed fee in cash as members of the Board of Directors and members of Board Committees;
- For one member (H. J. Min) the fixed fees for her responsibilities as Lead Independent Director and her responsibilities to oversee Dufrey's ESG (environmental, social, governance) initiatives;
- For one member (A. Holzer Neumann) the fixed fee in cash as member of the Board of Directors of Hudson Ltd. (listed subsidiary) for the period January 1

POSITION / RESPONSIBILITY	REDUCED ANNUAL FEE 2020 ¹ IN THOUSANDS OF CHF	ANNUAL FEE 2020 IN THOUSANDS OF CHF	ANNUAL FEE 2019 IN THOUSANDS OF CHF
Chairman	1,859.7	2,010.5	2,010.5
Lead Independent Director ²	92.5	100.0	100.0
Member of the Board of Directors ³	231.3	250.0	250.0
Member responsible for the oversight on Dufrey's ESG initiatives ²	92.5	100.0	100.0
Member of the Remuneration Committee	46.3	50.0	50.0
Member of the Audit Committee	46.3	50.0	50.0
Member of the Nomination Committee	46.3	50.0	50.0

¹ Reduced annual fee 2020 reflects the voluntary 30 % fee reduction for the second quarter period April to June 2020.

² The fees mentioned for the position of Lead Independent Director and Supervision of ESG strategy are in addition to the usual fee as member of the Board of Directors (same as fees as a member of a Committee).

³ The Group CEO does not receive additional compensation as a Board member.

to May 18, 2020. Mr. Holzer Neumann stepped down from the Board of Directors of Dufrey AG on May 18, 2020, but remained a member of the Board of Directors at Hudson Ltd. until the merger;

- Mandatory social security contributions.

In addition, the Chairman of the Board of Directors, who is traditionally intensely involved with the Company's management under normal circumstances, and even more so in the COVID-year 2020, and is considered an executive Chairman, may also receive a performance bonus. In 2020, the Chairman had a pivotal role in Dufrey's efforts to raise over CHF 1.9 billion in liquidity, to broaden its shareholder base and in executing the successful Hudson merger. Consequently, his 2020 bonus was based on three metrics: Liquidity improvement, incorporation of additional long-term shareholders and merger of Hudson Ltd. (2019: bonus based on the budgeted Adjusted EPS for fiscal year 2019, which was a target of CHF 7.67 based on the new calculation of Adjusted EPS due to the adoption of IFRS 16 in 2019). The achievements regarding these three targets are: (i) A substantial improvement of Dufrey's financial position by more than CHF 1.9 billion in 2020 through a series of capital market transactions including the placement of shares, a capital increase through rights issues, the launch of two convertible bonds and newly agreed credit facilities and government-backed loans. (ii) Two new strategic and long-term shareholders with very significant participations, Advent International with 11.4% and Alibaba Group with 8.7% (including mandatory convertible bonds) of outstanding shares. (iii) The successful closing of the merger transaction with Hudson Ltd. and the subsequent delisting of Hudson in the fourth quarter of 2020, only four months after the announcement. The Hudson merger reduces organizational complexity and strengthens synergies with the important North America business and contributes to material structural savings of CHF 400 million for the Dufrey Group.

The bonus for the Chairman has a minimum threshold of 75% of the target that must be achieved otherwise no bonus will be paid and a maximum threshold of 130% of the target. The bonus for fiscal year 2020 is capped at 130% of the target bonus. The amount of the target bonus for fiscal year 2020 was set at 100% of the Chairman's annual board fee (2019: target bonus was also set at 100% of Chairman's board fee; with the cap at 130%). Since fiscal year 2019, the Chairman's bonus can be paid either in cash or in an equivalent number of shares allocated to him or as a mix between the two compensation instruments. The Board of Directors decided that the bonus for the Chairman for fiscal year 2020 will be paid in cash (2019: bonus also

paid in cash). With the exception of the variable compensation of the Chairman and of the Group CEO (each in their capacity as Chairman and Group Chief Executive Officer), the compensation of the members of the Board of Directors is not tied to particular targets.

Extraordinary assignments or work which a member of the Board of Directors performs for the Company outside of his / her activity as a Board member can be specifically remunerated and has to be approved by the Board of Directors. No extraordinary assignments outside Board activities have taken place in fiscal year 2020 (2019: Mr. Andrés Holzer Neumann received an additional fee of TCHF 150 as compensation for significant additional time spent on further developing the Company's retail concepts and new activities).

The Remuneration Committee discusses the annual compensation (board fees, committee fees, target bonus for Chairman) in separate meetings. The Chairman and the Group CEO usually participate as guests in these meetings without any voting rights. They leave the room, when their own compensation is discussed by the Remuneration Committee. The Remuneration Committee then makes proposals in relation to the compensation of each Board member to the entire Board of Directors. Thereafter, the Board of Directors decides collectively on the compensation of its members once per year, with all Board members being present during such meeting (Group CEO compensation reviewed and decided separately as described in the section "Remuneration of the members of the Global Executive Committee").

CHANGES IN THE REMUNERATION SYSTEM IN 2020 - BOARD OF DIRECTORS

- Board fee reduction initiative: A 30% reduction in the Board and Committee fees was implemented for the three month period from April to June 2020. This was on a voluntary basis and all members of the Board of Directors agreed to and participated in this fee reduction. The Board fees in general, prior to this specific reduction initiative were left unchanged compared to fiscal year 2019.

SUMMARY OF REMUNERATION IN FISCAL YEARS 2020 AND 2019

For 2020, the members of the Board of Directors (except the Chairman and the Group CEO) received a Board membership fee of TCHF 231.3 in cash and an additional TCHF 46.3 in cash for each membership in a Board Committee. The level of the Board fees (prior to the previously mentioned 30% voluntary fee reduc-

COMPENSATION OF THE BOARD OF DIRECTORS (AUDITED)

NAME, FUNCTION IN THOUSANDS OF CHF	2020			2019		
	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁹	TOTAL	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁹	TOTAL
Juan Carlos Torres Carretero, Chairman ^{1,4}	4,382.9	97.3	4,480.2	3,845.4	196.1	4,041.5
Heekyung Jo Min, Independent Lead Director ^{2,4}	473.1	-	473.1	497.9	-	497.9
Jorge Born, Director	370.0	22.3	392.3	400.0	23.4	423.4
Claire Chiang, Director	323.8	16.2	340.0	321.7	15.6	337.3
Julián Díaz González, Director and CEO ^{3,4}	-	-	-	-	-	-
Mary J. Steele Guilfoile, Director ^{4,5}	167.7	-	167.7	-	-	-
Luis Maroto Camino, Director ⁶	277.5	16.9	294.4	182.8	10.8	193.6
Ranjan Sen, Director ⁷	59.1	-	59.1	-	-	-
Steven Tadler, Director	323.8	-	323.8	321.7	-	321.7
Lynda Tyler-Cagni, Director	295.2	5.3	300.5	308.5	18.2	326.7
Subtotal for active members as at Dec 31	6,673.1	158.0	6,831.1	5,878.0	264.1	6,142.1
Andrés Holzer Neumann, Director ^{4,8}	172.0	4.2	176.2	400.0	19.6	419.6
Total	6,845.1	162.2	7,007.3	6,278.0	283.7	6,561.7

¹ The remuneration for Mr. Torres Carretero includes Board fee of CHF 1.86 million and bonus of CHF 2.52 million (2019: CHF 2.01 million Board fee and CHF 1.83 million bonus).

² Ms. Heekyung Jo Min was appointed as Lead Independent Director on July 25, 2019. In addition, she is responsible for the oversight of Dufry's ESG initiatives. The fees for these two responsibilities started to get paid as of November 2019.

³ Mr. Díaz González (Group CEO) does not receive any additional compensation as Board member.

⁴ In fiscal year 2020, the following Dufry Board members also served as members of the Board of Directors of Hudson Ltd.: Juan Carlos Torres Carretero, Julián Díaz González, Andrés Holzer Neumann, and Mary J. Steele Guilfoile (prior to her election as member of the Dufry Board of Directors on May 18, 2020. With her election to the Dufry Board of Directors, she stepped down from the Hudson Board of Directors). Andrés Holzer Neumann received a Board fee of USD 0.09 million in 2020 as a member of the Board of Directors of Hudson Ltd. for the period January 1 to May 18, 2020 (May 18 is the date when he stepped down from the Board of Directors of Dufry AG). In fiscal year 2019, the Dufry Board members also serving on the Board of Directors of Hudson Ltd. included Juan Carlos Torres Carretero, Julián Díaz González, Heekyung Jo Min (January to October 2019) and Andrés Holzer Neumann (as of December 18, 2019). Heekyung Jo Min received a Board fee of USD 0.17 million in 2019 for the period January to October for her services as member of the Board of Hudson Ltd. Juan Carlos Torres Carretero, Julián Díaz González and Andrés Holzer Neumann did not receive additional fees for their services as Hudson Board members in fiscal year 2019.

⁵ Director since AGM on May 18, 2020.

⁶ Director since AGM on May 9, 2019.

⁷ Director since EGM on October 6, 2020.

⁸ Director until AGM on May 18, 2020.

⁹ Amount includes mandatory employer social security contributions.

tion in the period April to June 2020) remained unchanged for the last six years, i.e. since the Ordinary General Meeting of Shareholders in April 2015 (see also table with normal and reduced annual fee 2020 on page 272). For the responsibilities of Lead Independent Director and for the oversight of Dufry's ESG strategy, both in place since fiscal year 2019, the Board of Directors set those fees at TCHF 100 each in 2019, and these fees remained unchanged in fiscal year 2020. The pay-out of these fees in 2020 (reflecting the 30 % voluntary reduction for the period April to June 2020) was TCHF 92.5 for each of the fees.

The Board fee for the Chairman position was last increased in 2017 and remained unchanged since then. The pay-out of the reduced fee (reflecting the 30 % voluntary reduction for the period April to June 2020)

amounted to TCHF 1,859.7 in 2020. The Chairman of the Board of Directors will receive a bonus of TCHF 2,523.2 for fiscal year 2020, to be paid in cash (2019: bonus in cash of TCHF 1,834.9). The bonus amounts to 126 % of the Chairman's annual board fee (2019: 91 % of board fee). For further details please refer to the remuneration table on this page.

On December 31, 2020, the Board of Directors comprised 10 members (December 31, 2019: 9 Board members). For fiscal years 2020 and 2019, covering the period between January 1 and December 31, the remuneration for the members of the Board of Directors is shown in the remuneration table on this page.

The remuneration difference compared with the previous year is mainly due to the changes in the total num-

RECONCILIATION BETWEEN REPORTED BOARD COMPENSATION AND AMOUNT APPROVED BY SHAREHOLDERS AT AGM

IN THOUSANDS OF CHF	BOARD COMPENSATION FOR FISCAL YEAR 2020 AS REPORTED	LESS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2020 TO THE AGM ON MAY 18, 2020 (4.5 MONTHS)	PLUS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2021 TO THE AGM ON MAY 18, 2021 (4.5 MONTHS)	TOTAL BOARD COMPENSATION FOR THE PERIOD FROM AGM 2020 TO AGM 2021	TOTAL MAXIMUM AMOUNT AS APPROVED BY SHAREHOLDERS AT THE AGM 2020 FOR PERIOD OF AGM 2020 TO AGM 2021	COMPEN- SATION RATIO
Total Board of Directors	7,007.3	(1,674.6)	1,847.1	7,179.8	8,500.0	84.5%

ber of Board members and the composition of the Board of Directors and of its Committees, the reduction of the Board and Committee fees due to the fee reduction initiative in 2020 as well as the different amount of bonus for the Chairman.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

For the years 2020 and 2019, no other compensation (other than mentioned in the table on page 274) was paid directly or indirectly to current or former members of the Board of Directors, or to their related parties. There are also no loans or guarantees received or provided to these Board members, nor to their related parties.

RECONCILIATION BETWEEN REPORTED BOARD COMPENSATION FOR FISCAL YEAR 2020 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2020 UNTIL THE AGM 2021

The Ordinary General Meeting of Shareholders held on May 18, 2020 approved a maximum aggregate amount of compensation of the Board of Directors for the term of office from the AGM 2020 to the AGM 2021 of CHF 8.5 million (CHF 8.5 million from AGM 2019 to AGM 2020). The table on this page shows the reconciliation between the reported Board compensation for fiscal year 2020 and the amount approved by the shareholders at the AGM 2020.

REMUNERATION OF THE MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE

NEW COMPOSITION OF THE GLOBAL EXECUTIVE COMMITTEE WITH 8 MEMBERS AS OF SEPTEMBER 1, 2020

On June 9, 2020, Dufrey announced a new organizational structure, effective as of September 1, 2020, that allowed the company to adapt to the new business environment, adding flexibility, agility and accelerating decision-making processes. The main changes were:

- Integration of headquarters and divisions and eliminating divisional management levels
- Simplifying first management level by grouping related functions
- Introducing new, reduced Global Executive Committee with 8 members (compared to 10 members prior to September 1, 2020)

As of September 1, 2020, and until December 31, 2020, the Global Executive Committee consisted of eight members (previously ten members). These members were the Group Chief Executive Officer, Deputy Group Chief Executive Officer, Chief Financial Officer, Chief Executive Officer Operations, Chief Executive Officer North America, Chief Commercial Officer, Chief Corporate Officer and the Group General Counsel. The table showing the remuneration to the Global Executive Committee on page 281 also includes the former two positions of Chief Executive Officer Central and South America and Chief Marketing and Innovation Officer (remuneration for these two members reflects period January 1 to August 31, 2020).

REMUNERATION SYSTEM

Dufrey aims to provide internationally competitive compensation to the members of its Global Executive

Committee (GEC) that reflects the experience and the area of responsibility of each individual member. The members of the Global Executive Committee receive compensation packages which consist of a fixed basic salary in cash, social benefits, allowances in kind, a performance related bonus and share-based incentive plans (as an exception, the share-based incentive plan (grant of Performance Share Units) was suspended for the fiscal year 2020 period).

The CEO of the Division North America, Hudson Ltd., which was separately listed on the New York Stock Exchange (merger transaction with Dufrey closed on December 1, 2020, with delisting of Hudson Ltd. on December 11, 2020), is a member of the Global Executive Committee, but participated in terms of his compensation packages (including the performance related bonus and long-term incentive plans) in a separate remuneration system and incentive plan for members of the Hudson Ltd. management.

All other members of the Global Executive Committee participate in the Dufrey remuneration system and incentive plans.

BASIC SALARY

The annual basic salary is the fixed compensation reflecting the scope and key areas of responsibilities of the position, the skills required to perform the role and the experience and competencies of the individual person. The basic salary is reviewed annually.

Generally, salary increases for members of the Global Executive Committee are usually done in line with increases for the broader workforce. In case of promotions, typically a more substantial salary increase may be warranted. Nevertheless, a newly promoted GEC member would get a base salary at the lower end of the expected range with a view to get above-average increases alongside his growing experience and with a view to get between the median and the upper half of

REMUNERATION COMPONENTS

	INSTRUMENT	PURPOSE	INFLUENCED BY
Basic salary	<ul style="list-style-type: none"> - Basic compensation - Paid in cash on monthly basis 	<ul style="list-style-type: none"> - To attract and retain management 	<ul style="list-style-type: none"> - Position - Competitive market environment - Experience of the person
Bonus ¹	<ul style="list-style-type: none"> - Annual bonus - Usually paid in cash 	<ul style="list-style-type: none"> - Pay for performance 	<ul style="list-style-type: none"> - Achievement of financial results of the Group
Share-based incentives PSU ¹	<ul style="list-style-type: none"> - Performance Share Units (PSU) if any, vesting conditional on performance 	<ul style="list-style-type: none"> - Rewarding long-term performance - Aligning compensation to shareholder interests 	<ul style="list-style-type: none"> - Fiscal year 2020: The long-term PSU plan was suspended for the fiscal year 2020 period. No PSU were granted in 2020. - Fiscal year 2019: PSU Award 2019 with Cumulative Adjusted EPS in CHF over 3 years (2019, 2020 and 2021). Vesting in 2022, if vesting conditions are reached. - Fiscal year 2018: PSU Award 2018 with Cumulation of Cash EPS in CHF for 2018 and Adjusted EPS in CHF for the years 2019 and 2020. Will not vest in 2021, as vesting conditions were not reached.
Other indirect benefits, post-employment benefits	<ul style="list-style-type: none"> - Allowances in kind - Social pension and insurance prerequisites 	<ul style="list-style-type: none"> - To attract and retain management 	<ul style="list-style-type: none"> - Market practice and position - Legal requirements of social benefits

¹ For the CEO North America (Hudson Ltd.) the bonus and share-based incentives were based on targets of Hudson Ltd. The previously existing share-based incentive scheme of Hudson included Restricted Share Units (RSU) and Performance Share Units (PSU). With Dufrey acquiring all remaining equity interests in Hudson Ltd. (transaction closed on December 1, 2020) and the subsequent delisting of Hudson Ltd. (on December 11, 2020), the Hudson long-term incentive plan ceased to exist.

the target range within 3–5 years. Also, higher salary increases may be warranted when there is an increase in responsibilities.

ANNUAL BONUS

The annual bonus is usually defined once per year and is based on a bonus target expressed as a percentage of the annual basic salary. The target bonus corresponds to the bonus award at 100% achievement of the pre-defined objectives. Each member of the Global Executive Committee has its own bonus. In the event that an executive reaches the objectives in full, the bonus pay-out will correspond to the targeted level. If one or more objectives are not reached, the bonus will be reduced. The minimum pay-out achievement threshold is 75% of the target, with the maximum pay-out cap at 130%. The effective bonus pay-out can be between a minimum of zero and the maximum capped amount of 130% of the target bonus for all members of the Global Executive Committee, including the Group CEO.

The targets for the annual bonus are set to be stretching but achievable and focus on key operational metrics and metrics related to key strategic initiatives. The Remuneration Committee considers the financial targets for the annual bonus to be commercially sensitive and that it would be detrimental to disclose details. The annual bonus is usually paid out in cash in the second quarter of the following year.

In fiscal year 2020, travel and travel retail were among the most damaged sectors worldwide due to COVID-19, with especially international travel practically non-existent throughout the year. The company had been in survival mode at the beginning of the crisis and the Board of Directors had to ensure that the members of

the Global Executive Committee who were instrumental for rescuing and transforming Dufry will remain with the company and are fully committed. As a result, the Board of Directors, upon proposal by the Remuneration Committee, decided in Q2, 2020, to set the targets for the Global Executive Committee mainly on two major components to ensure focus on securing the company's resilience and driving performance for recovery. These two elements include in detail:

- Turnover with 50% weighting;
- MAG relief (Agreements with airport authorities to get relief of the fixed minimal guaranteed amount on sales) with 50% weighting;
- The market and pandemic scenarios used to set the targets for these two elements considered external factors such as pace of recovery from the pandemic, travel and quarantine restrictions, and the potential agreements on MAG relief with airports;
- For the CEO North America, similar objectives were based on Hudson results only.

In the previous year 2019, the bonus was mainly related to measures regarding financial performance with the relevant weightings for the members of the Global Executive Committee being:

- 40% Organic Growth (Like-for-like growth + Net new concessions);
- 20% Adjusted Operating Profit (Operating profit + amortization of concession rights + impairment of concession rights + transaction expenses); and
- 40% Equity Free Cash Flow (Free Cash Flow - Interest paid - Cash Flow related to minorities +/- Other financing items) of the Dufry Group results.
- For the Division CEOs it was 40% Organic Growth and 20% Adjusted Operating Profit of their respective Division and 40% Equity Free Cash Flow of Dufry Group. For the CEO North America, the objectives were based on Hudson results only, with objectives

PERFORMANCE OBJECTIVES FOR ANNUAL BONUS ¹

FISCAL YEAR 2020	FISCAL YEAR 2019
OBJECTIVES FOR THE GLOBAL EXECUTIVE COMMITTEE ²	OBJECTIVES FOR THE GLOBAL EXECUTIVE COMMITTEE
50% Turnover	40% Organic Growth
50% MAG Relief	20% Adjusted Operating Profit
Special bonus for exceptional, individual performance	40% Equity Free Cash Flow
THRESHOLD LEVELS	THRESHOLD LEVELS
75% Minimum pay-out achievement level	75% Minimum pay-out achievement level
130% Maximum pay-out cap	130% Maximum pay-out cap

¹ For a glossary of the key performance indicators and other performance measures please refer to page 239 of this Annual Report.

² The two objectives in 2020 were relevant for all members of the Global Executive Committee, except the CEO North America (HudsonLtd.). For him, the metrics in 2020 were specific targets on Turnover and MAG relief of Hudson Ltd.

being 40 % Organic Growth, 35 % Adjusted EBITDA and 25 % Adjusted EPS.

For fiscal year 2020, the initial target bonus amounted to 110 % of the target basic salary (basic salary prior to the 30 % voluntary salary reduction in the period April to June 2020) for the Group CEO and to between 70 % and 105 % of the target basic salary for the other members of the Global Executive Committee (fiscal year 2019: 100 % for the Group CEO and between 50 % and 105 % for the other members of the Global Executive Committee). The achievement ratio regarding the Group results' targets of the two elements Turnover and MAG relief combined was 113.5 % for fiscal year 2020 (2019: achievement ratio for the elements Organic Growth, Adjusted Operating Profit and Equity Free Cash Flow combined was 53 %). The threshold limits were 75 % and 130 % for each metric.

Additionally, the Board of Directors, upon proposal of the Remuneration Committee, approved a special bonus payment in 2020 to reward exceptional, individual performance and to also guarantee the continuity and commitment of relevant members of the Global Executive Committee who are essential to overcome the crisis, manage re-openings and implement future oriented projects to drive recovery and growth in 2021 and beyond. Dufrey ended the most challenging year ever with exceptional strong liquidity and an improved strategic growth setup compared to before the COVID-19 crisis.

The company achieved savings of CHF 1,312.1 million in 2020, thereby significantly over-achieving its previously communicated target of CHF 1 billion. The decisive actions taken during the year also resulted in a lower than targeted cash consumption in the second half of 2020 of CHF 45.7 million versus a previously expected CHF 60 million monthly average. Furthermore, our successful execution of various financial initiatives, including a share placement, the issuance of convertible bonds and re-negotiation of bank loans, as well as a share rights issue led to CHF 1,992.9 million of gross proceeds to the company in 2020. Dufrey engaged in more than 1,600 meetings with shareholders and investors, 86 % more compared to 2019, thus bringing new important shareholders on board. Additionally, Dufrey entered into an agreement with its bank consortium to waive the existing financial covenants of 4.5x net debt/adjusted operating cash flow (LTM/constant FX) until end of June 2021 and assign a higher leverage covenant of 5x net debt/adjusted operating cash flow (LTM/constant FX) for the September and December 2021 testing periods. Dufrey closed the financial year 2020 with a strong liquidity position of CHF 1,905.7 million, which provides it with sufficient liquidity for driving re-openings and growth ac-

celeration along 2021 and beyond. The company also succeeded to already initiate strategic initiatives for 2021, especially by forming a JV with Alibaba Group to develop travel retail in China and to drive its global digital transformation, as well as by partnering with Hainan Development Holdings (HDH) to collaborate in duty-free operations in Hainan from 2021 onwards. Moreover, based on the re-organization, including the Hudson re-integration and successful delisting, and decisive restructuring measures implemented, Dufrey expects sustainable recurring fixed cost savings of around CHF 400 million going forward.

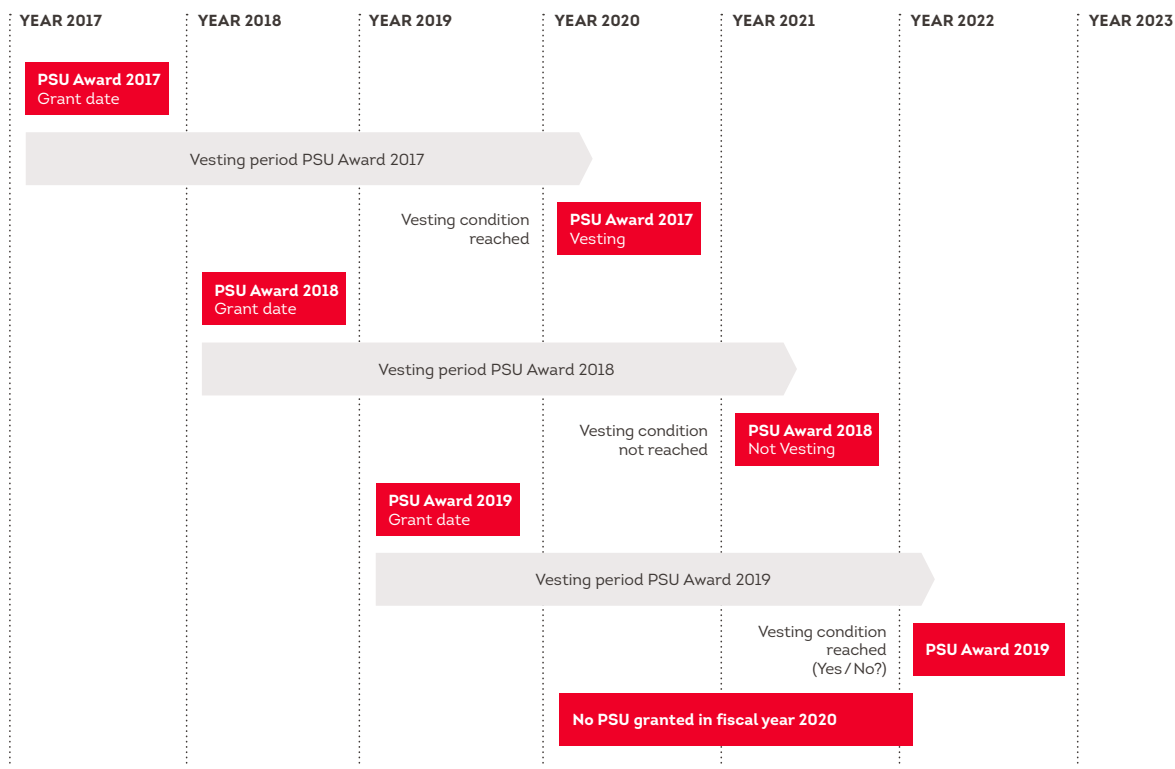
In fiscal year 2020, the total bonuses accrued as part of the compensation for the members of the Global Executive Committee represented between 121 % and 333 % of their target basic salary (100 % basic salaries before the 30 % voluntary salary reduction during three months) and amounted in aggregate to CHF 7.98 million for the two initial targets Turnover and MAG Relief and to CHF 10.03 million for the special bonus on individual, exceptional performances (2019: between 26 % and 97 % of their basic salary and an amount of CHF 4.63 million in the aggregate).

The bonus compensation for the members of the Global Executive Committee, other than the bonuses for the Group CEO and for the CEO North America, is approved by Dufrey's Remuneration Committee in coordination with the Group CEO. The Group CEO's bonus is determined based on achieved targets and proposed by the Remuneration Committee and decided by the Board of Directors usually once per year. The Remuneration Committee as well as the Board of Directors review the compensation of the members of the Global Executive Committee usually on a yearly basis. In fiscal year 2020, due to the special situations created by the COVID-19 pandemic, the details of the compensation scheme for the members of the Global Executive Committee was discussed and reviewed in the 4 meetings held by the Remuneration Committee and in 4 meetings of the Board of Directors. The bonus for the CEO North America was approved by Hudson's Remuneration Committee in consultation with the Group CEO who is also Vice-Chairman of the Board of Directors at Hudson Ltd.

SHARE-BASED INCENTIVES (PSU)

In 2013, Dufrey introduced a Performance Share Unit (PSU) plan for the members of the Global Executive Committee. The purpose of the plan is to provide the members of the Global Executive Committee (and since fiscal year 2015 also selected members of the Senior Management team) with an incentive to make significant and extraordinary contributions to the long-term per-

TIMING OF THE PSU PLANS



formance and growth of Dufry Group, enhancing the value of the shares for the benefit of the shareholders of the Company. The share-based incentive is also increasing the ability of Dufry Group to attract and retain persons of exceptional skills.

In 2020, the Board of Directors, upon proposal of the Remuneration Committee, decided to suspend the long-term PSU plan for the one-year period of fiscal year 2020. No PSU were awarded to the members of the Global Executive Committee or members of the Senior Management team in 2020. The PSU Award 2018, which was granted in fiscal year 2018 did not reach the vesting conditions set at the time of the grant and will therefore not vest in May 2021.

During the time of its separate listing on the New York Stock Exchange, Dufry's subsidiary Hudson Ltd. had its own long-term incentive (LTI) plan for members of the management of Hudson Ltd. Details of Hudson's LTI plan awards are available in Note 25.2 of the consolidated financial statements in this Annual Report. The LTI plan awards granted by Hudson were directly vesting into Hudson shares and were therefore not part of

the Dufry AG PSU plan. The CEO North America (Hudson Ltd.) was participating in the Hudson LTI plan which consisted of Restricted Share Units (RSU) and Performance Share Units (PSU), instead of the Dufry AG PSU plan. He was the only member of the Global Executive Committee that did not participate in the Dufry AG PSU plan. With Dufry acquiring all remaining equity interests in Hudson Ltd. which it did not already own for USD 7.70 in cash per Hudson Class A share (transaction closed on December 1, 2020) and the subsequent delisting of Hudson Ltd. from the New York Stock Exchange, the Hudson long-term incentive plan ceased to exist. The plan participants received a fixed price of USD 7.70 per share for their Restricted Share Units (RSU) and Performance Share Units (PSU). The number of shares underlying each PSU was calculated based on the achieved results against the performance targets of the Hudson PSU. For further information see Note 25.2 in the consolidated financial statements. Within the Global Executive Committee, this only concerned the CEO North America and his 2019 LTI plan holdings in Hudson.

DUFY AG PSU VESTING

DUFY AG PSU GRANTS 2020		DUFY AG PSU GRANTS 2019	
METRIC	PSU VESTING	METRIC	PSU VESTING
N/A	No PSU granted in fiscal year 2020 period	EPS basis	Based on Cumulative Adjusted EPS (three-year period 2019 - 2021)
		< minimum threshold (50 % of target)	No vesting
		at target	100% vesting (1 share per PSU)
		≥ maximum threshold (150 % of target)	Maximum vesting (2 shares per PSU)
		Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 2 shares per PSU)

From an economic point of view, Dufry's PSU are stock options with an exercise price of nil (the same applied for Hudson's RSU and PSU). However, they are expected to have no dilutive effect, as the shares for share-based incentives historically have been sourced from treasury shares held by the Company (or by Hudson in case of the Hudson RSU / PSU).

Details of the Performance Share Units (PSU)

The number of PSU allocated to each member of the Global Executive Committee in any given year takes into account the basic salary as well as the prevailing share price and assumes that the target will be achieved, i.e. that one share vests for each PSU. No PSU were awarded in fiscal year 2020, and the PSU Award 2018 will not vest in 2021, as vesting conditions were not reached. The share-based payments accrued, shown in the compensation table on page 281, does not reflect any accrued value for PSU in fiscal year 2020 (PSU Awards usually have a vesting period of three years; in 2019 the accrued value of the PSU awards represented about 61% of the basic salary for the Group CEO and between 41% and 92% of the basic salary for the other members of the Global Executive Committee). The PSU awards (which were granted in fiscal years 2018 and 2019) will only vest in the third year of the award period and are linked to specific performance criteria (see below). Once PSU are vesting, the shares will become immediately unrestricted and available to the plan participants. The structure of the PSU was identical in the case of the Hudson PSU, however with different performance metrics for Hudson.

Vesting conditions of the PSU 2019 and 2018 Awards, granted in fiscal year 2019 and 2018, respectively, are:

- The participant's ongoing contractual relationship on the vesting date; and
- The achievement of the performance target as described below.

As stated before, no PSU were granted in 2020.

Performance targets for the Dufry 2019 and 2018 PSU grants

The previously set performance targets of the Dufry 2019 and 2018 PSU grants (performance targets set at the time of the grant) remain unchanged. They are as follows:

2019 grant: The number of shares allocated for each PSU directly depends on the Company's Cumulative Adjusted EPS as a nominal amount in Swiss Francs of the three-year period preceding the vesting. In fiscal year 2019, the Target Cumulative Adjusted EPS (period 2019-2021) was set at CHF 23.82, based on the 2019 budgeted Adjusted EPS (of CHF 7.67) and applying a growth rate of 3.5% per annum. This annual growth rate was considered to be challenging in the Company's view and was in line with the target top line growth rate of 3-4% for the Group, at the time of the PSU grant in 2019.

Depending on the Cumulative Adjusted EPS achieved, each PSU will convert according to the following grid:

- Minimum threshold of 50% of target must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU.
- For a Cumulative Adjusted EPS at target, the participant shall be allocated one share for every PSU that has vested.

COMPENSATION OF THE MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE (AUDITED)

REMUNERATION COMPONENT IN THOUSANDS OF CHF	2020		2019	
	GEC ¹	CEO ²	GEC ¹	CEO ²
Basic salary	7,315.6	1,732.8	8,759.8	1,924.0
Bonus on targets Turnover and MAG Relief	7,981.0	2,337.3	4,627.7	1,121.2
Special bonus on individual, exceptional performance	10,027.3	1,079.8	-	-
Post-employment benefits ³	1,777.3	504.7	1,775.5	571.5
Other indirect benefits	688.5	23.1	373.3	23.1
Share-based payments accrued (3 years vesting period) ⁴	-	-	5,704.2	1,180.2
Total compensation accrued	27,789.7	5,677.7	21,240.5	4,820.0
Total compensation pay-out	29,234.6	6,093.3	27,038.7	7,281.2
Number of performance share units awarded (in thousands) ⁴	-	-	126.8	12.1

¹ The remuneration of the Global Executive Committee in fiscal year 2020 includes 8 members as of September 1, 2020 (previously 10 members in period January to August 2020 and in fiscal year 2019).

² The Group CEO is the highest paid member.

³ Amount includes employer social security contributions and pension contributions.

⁴ For valuation details of the Dufry performance share units see Note 25.1 of the consolidated financial statements. The accrued values in the table reflect the different valuations of the PSU in the different reporting years. PSU are calculated at target. In fiscal year 2020, no PSU were granted. Fiscal year 2019 also includes the Hudson RSU and PSU granted to the CEO North America (see Note 25.2 of the consolidated financial statements).

- For a Cumulative Adjusted EPS of 150% of target or above, which represents the maximum threshold, the participant shall be allocated two shares for every PSU that has vested.
- For a Cumulative Adjusted EPS higher than the minimum threshold but lower than the maximum threshold, the number of shares allocated from vested PSU is calculated on a linear basis.
- The maximum number of shares allocated is capped at two shares per vested PSU.

2018 grant: With the implementation of IFRS 16 (in fiscal year 2019) and the previously used Normalized Cash EPS metric no longer being continued as of January 1, 2019, the 2018 grant had been amended in fiscal year 2019 as follows: For the calculation of the cumulative achievement, the number of shares allocated for each PSU depended on a cumulation (period 2018 - 2020) of the formerly used Cash EPS for the year 2018 and the Adjusted EPS for the years 2019 and 2020. As the minimum threshold of 50% of target was not achieved - mainly as a result of the special market conditions due to the COVID-19 pandemic and the respective influence on Dufry's Annual Results 2020 - the PSU Award 2018 will not vest in May 2021 and will become nil and void. The plan participants will not be allocated any shares from the PSU Award 2018.

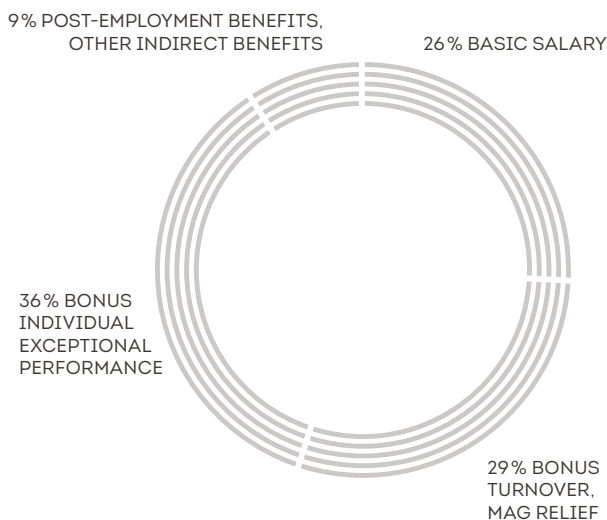
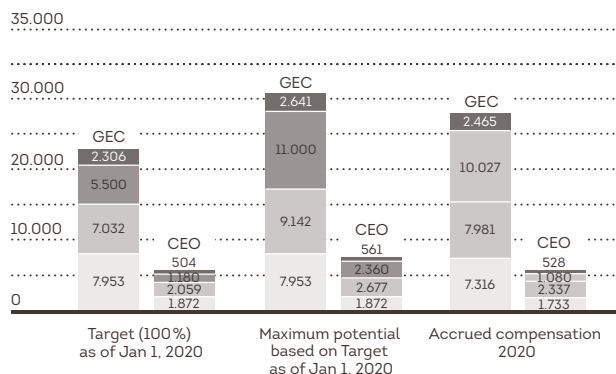
The Board of Directors (upon proposal by the Remuneration Committee) decided to suspend the long-term PSU plan for fiscal year 2020. Therefore, no (zero)

PSU were granted to the members of the Global Executive Committee in fiscal year 2020 (2019: in aggregate 50,134 PSU granted to nine members of the Global Executive Committee; excluding the CEO North America who participated in the Hudson LTI plan). Out of these amounts, no PSU were granted to the Group CEO in 2020 (2019: 12,122 PSU). The total number of shares that can be allocated to the eight members of the Global Executive Committee (GEC members as of December 31, 2020) would amount to the following: At target, 42,134 shares for the PSU Award 2019 and zero shares for the PSU Award 2018, as the Award 2018 will not vest in May 2021. At maximum (i.e. at a maximum of 2 shares per vested PSU from the 2019 and 2018 grants) it would amount to 84,268 shares for the PSU Award 2019 and zero shares for the PSU Award 2018. Overall, the number of persons usually qualified to receive PSU awards includes (since fiscal year 2015) not only the members of the Global Executive Committee, but also further selected members of the Senior Management team of Dufry (28 senior managers in 2020). In addition to the PSU awarded to the members of the Global Executive Committee, this further group of Senior Managers received in aggregate zero PSU in 2020 (2019: 26 managers and 31,200 PSU from the Award 2019; about 60 managers and 68,486 PSU from the PSU Award 2018, which will not vest in May 2021). The conditions of the Dufry PSU plans are identical for all plan participants (whether members of the Global Executive Committee or Senior Managers). The total number of shares that can be allocated to the Senior

REMUNERATION STRUCTURE GLOBAL EXECUTIVE COMMITTEE IN 2020



IN THOUSANDS OF CHF



Management team members (team members as of December 31, 2020) would amount to the following: At target, 39,200 shares for the PSU Award 2019, zero shares for the PSU Award 2018, as the Award 2018 will not vest in May 2021. At maximum, 78,400 shares for the PSU Award 2019 and zero shares for the PSU Award 2018.

For the PSU plan 2016 that vested in May 2019, 104.0% of the target number of shares were allocated to the plan participants. For the PSU plan 2017 that vested in May 2020, 94.5% of the target number of shares were allocated to the plan participants. For the PSU plan 2018, no shares will be allocated, as the PSU 2018 Award will not vest.

The total number of shares that can be allocated to all participants of the Dufry PSU Award 2019 (no PSU Award in 2020 and the PSU Award 2018 will not vest) would amount to the following: At target 81,334 shares, representing a total of 0.10% of the outstanding shares as at December 31, 2020. At maximum (i.e. at 2 shares per vested PSU from the PSU Award 2019) 162,668 shares, representing a total of 0.20% of the outstanding shares as at December 31, 2020. Historically, Dufry has always sourced its share-based compensation from treasury shares, so that no dilutive effect is expected from the PSU.

For a description of the performance targets of the PSU Award 2017 (which vested in May 2020) and the Award 2018 (which will not vest in May 2021), please refer

to the details in the Remuneration Report 2019 on pages 263 to 265 of the Annual Report 2019. Link to the Annual Report 2019: www.dufry.com/en/investors/ir-reports-presentations-and-publications Categories selection "Financial Reports"

The Dufry PSU plans have been approved by the Remuneration Committee and the Board of Directors. The Remuneration Committee reviews achievement of the respective performance target at a specific vesting date, upon proposal of the Group CEO, who as plan administrator will usually analyze and adjust potential exceptional and non-recurring events to normalize Adjusted EPS in relation to the PSU plan. No such adjustments were made in fiscal year 2020, as no PSU were granted in 2020. The Group CEO acts as Plan Administrator and therefore usually proposes the amount of each specific grant to each individual plan participant, which is reviewed by the Remuneration Committee. The grants made to the Group CEO are decided by the Remuneration Committee.

Hudson LTI plan ceased

The CEO North America (Hudson Ltd.) is the only member of the Global Executive Committee who participated in the previously existing Hudson long-term incentive plans. He was appointed to the Global Executive Committee as of January 18, 2019, and therefore also participated in the Hudson 2019 LTI plan (no LTI plan in 2020). Upon the closing of the merger transaction whereby Dufry acquired all remaining equity interests in Hudson Ltd. which it did not already own for

USD 7.70 in cash per Hudson Class A share (transaction closed on December 1, 2020) and the subsequent delisting of Hudson Ltd. from the New York Stock Exchange, the Hudson long-term incentive plan ceased to exist. The plan participants receive a fixed price of USD 7.70 per share for their Restricted Share Units (RSU) and Performance Share Units (PSU). The number of shares underlying each PSU was calculated based on the achieved results against the performance targets of the Hudson PSU.

Details of the previous Hudson LTI plan awards are available in the Notes to the consolidated financial statements (Note 25.2 share-based payments) of this Annual Report. The table with the compensation of the members of the Global Executive Committee on page 281 also includes the value of the Hudson RSU/PSU 2019 grants to the CEO North America (in "share-based payments accrued").

OTHER INDIRECT BENEFITS

The Company limits further benefits to a minimum. Fringe benefits such as health insurance, company car, or housing allowances have been granted to certain members of the Global Executive Committee. The total amounted to CHF 0.7 million in the aggregate in fiscal year 2020 (2019: CHF 0.4 million in aggregate for certain members of the Global Executive Committee).

CHANGES IN THE REMUNERATION SYSTEM IN 2020 - GLOBAL EXECUTIVE COMMITTEE

The Board of Directors, upon proposal by the Remuneration Committee, has decided on the following change to the remuneration system in fiscal year 2020:

- New Global Executive Committee structure with reduced number of members (eight members vs. ten members previously), effective September 1, 2020.
- Basic salary reduction initiative: A 30 % salary reduction was implemented in the three month period from April to June 2020. This was on a voluntary basis and all members of the Global Executive Committee agreed to and participated in this salary reduction.

- Short-term incentive: For the annual bonus, Dufrey has replaced the previous key performance indicators (Organic Growth, Adjusted Operating Profit and Equity Free Cash Flow), which were used in the financial year 2019 with entirely changed targets to address the new, COVID-19 related market environment and the respective necessary measures to safeguard the resilience of the company and secure a setup for recovery. The new key performance indicators for financial year 2020 were (i) Turnover and (ii) Agreements with airport authorities to get relief of the fixed minimal guaranteed amount on sales ("MAG" Relief - Minimum Agreed Guarantee Relief). Further, a special bonus was approved to additionally reward exceptional individual performances by members of the Global Executive Committee in 2020, as they have been instrumental in rescuing the company and initiating innovative, forward-looking steps to set up the company for emerging stronger post-COVID and beyond.
- Long-term incentive: Suspension of the long-term Performance Share Units (PSU) plan for the fiscal year 2020. No PSU were granted in fiscal year 2020.
- Remuneration of the CEO North America (Hudson Ltd.), who is a member of the Global Executive Committee: Upon the closing of the merger transaction whereby Dufrey acquired all remaining equity interests in Hudson Ltd. which it did not already own for USD 7.70 in cash per Hudson Class A share (transaction closed on December 1, 2020) and the subsequent delisting of Hudson Ltd. from the New York Stock Exchange, the Hudson long-term incentive plan ceased to exist. The plan participants receive a fixed price of USD 7.70 per share for their Restricted Share Units (RSU) and Performance Share Units (PSU). The number of shares underlying each PSU was calculated based on the achieved results against the performance targets of the Hudson PSU. See also Note 25.2 in the consolidated financial statements. Within the Global Executive Committee, this only concerned the CEO North America and his 2019 LTI plan holdings in Hudson.

COMPENSATION RATIO FOR REMUNERATION OF GLOBAL EXECUTIVE COMMITTEE (TEN MEMBERS) FOR 2020

IN THOUSANDS OF CHF	GEC COMPENSATION FOR FISCAL YEAR 2020 AS REPORTED	TOTAL MAXIMUM AMOUNT FOR GEC COMPENSATION AS APPROVED BY SHAREHOLDERS AT THE AGM 2019 FOR FISCAL YEAR 2020	COMPENSATION RATIO
Total Global Executive Committee	27,789.7	42,530.0	65.3%

SUMMARY OF REMUNERATION FOR FISCAL YEAR 2020

For fiscal year 2020, the remuneration of the Global Executive Committee includes the compensation of ten GEC members active in 2020 (eight members active January 1 to December 31; two members active January 1 to August 31). The remuneration for fiscal years 2020 and 2019, mentioned in the table on page 281 covers the period between January 1 and December 31.

The remuneration difference compared with the previous year is mainly due to the change in the number of members of the Global Executive Committee (8 members as of September 1, 2020 vs. 10 members previously), the 30% voluntary basic salary reduction in the period April to June 2020, the different individual bonus payments based on achievement of objectives and individual performances, as well as the fact that no PSU were granted in 2020.

COMPARISON AND COMPOSITION OF REMUNERATION OF THE GLOBAL EXECUTIVE COMMITTEE FOR FISCAL YEAR 2020

The charts on page 282 reflect the composition of the different remuneration components as well as the actual remuneration of the members of the Global Executive Committee for fiscal year 2020. In the chart, the actual remuneration is also compared to the compensation structure at target at the beginning of the year (as of January 1, 2020) and the maximum potential of compensation.

PAY-OUT COMPONENTS FOR FISCAL YEAR 2020

The pay-out of the bonus component for the Group CEO amounts to CHF 3.42 million, which represents 183% of the Group CEO's basic salary (at target 100%). As mentioned before, the Dufrey PSU Award 2018 will not vest in May 2021 and there will be no pay-out for the CEO or any other members of the Global Executive Committee from the Dufrey PSU Awards 2018.

The pay-out for the entire Global Executive Committee for fiscal year 2020 amounts to a total of CHF 29.23 million, of which CHF 6.09 million is the pay-out to the Group CEO.

RECONCILIATION BETWEEN REPORTED GLOBAL EXECUTIVE COMMITTEE COMPENSATION FOR FISCAL YEAR 2020 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2019 FOR FISCAL YEAR 2020

The Ordinary General Meeting of Shareholders held on May 9, 2019, approved a maximum aggregate amount of compensation for the members of the Global Executive Committee for the fiscal year 2020 of CHF 42.53 million. The approved maximum aggregate amount reflects the maximum possible pay-out calculated for each compensation element and took into account the ten members of the Global Executive Committee in office at the time the proposal to the AGM 2019 was made. The actual compensation ratio (accrued compensation) for the members of the Global Executive Committee compared with the amount approved by the General Meeting of Shareholders was 65.3%.

For fiscal year 2021, the Ordinary General Meeting of Shareholders held on May 18, 2020, approved a maximum aggregate amount of compensation for the members of the Global Executive Committee of CHF 34.0 million. The compensation ratio for 2021 will again be disclosed in the Remuneration Report 2021.

RESTATEMENT OF REMUNERATION COMPONENT FOR FISCAL YEAR 2018 (AUDITED)

In the process of preparing the Remuneration Report 2020, the Company identified a required correction of the reported amount of bonus component presented in the Remuneration Report of the fiscal year 2018. It did not disclose and include in the description and calculation of the accrued bonus that the objectives for the bonus component carried a multiplier factor, if the achievement ratio of one of the three objectives (EBITDA, Business Operating Model Efficiency, Free Cash Flow) was above 101%. The correctly stated amounts for the bonus for the fiscal year 2018 should have been the following (in CHF thousands): Bonus GEC 6,219.7; CEO 2,327.3 (instead of the reported: GEC 4,966.0, CEO 1,775.6). As a result, the total compensation accrued should have been stated as (in CHF thousands): GEC 20,227.8, CEO 6,411.2 (instead of the reported: GEC 18,974.1, CEO 5,859.6). The bonus amounts were paid out in 2019 and the restatement will not entail any further payments or actions.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

For the years 2020 and 2019, no other compensation was paid directly or indirectly to current or former members of the Global Executive Committee, or to their related parties. There are also no loans or guarantees received or provided to the Global Executive Committee members, or to related parties.

CONTRACTS OF EMPLOYMENT TERMS

According to Article 23 of the Articles of Incorporation, employment and other agreements with the members of the Global Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months. The current contracts with the members of the Global Executive Committee contain termination periods of twelve months or less.

PARTICIPATIONS IN DUFREY AG

The following members of the Board of Directors or of the Global Executive Committee of Dufrey AG (including related parties) directly or indirectly hold shares or share options (including PSU) of the Company as at December 31, 2020. Members not listed in the tables do not hold any shares or options.

IN THOUSANDS	DECEMBER 31, 2020			DECEMBER 31, 2019		
	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.	SHARES	FINANCIAL INSTRUMENTS ^{1,2}	PARTICIP.
MEMBERS OF BOARD OF DIRECTORS						
J. C. Torres Carretero, Chairman	758.3	-	0.94%	966.0	23.7	1.96%
H. Jo Min, Independent Lead Director	0.7	-	0.00%	0.5	-	0.00%
J. Born, Director	31.7	-	0.04%	22.0	-	0.04%
J. Díaz González, Director and Group CEO	230.3	28.9	0.32%	233.0	63.3	0.59%
S. Tadler, Director	19.0	-	0.02%	13.0	-	0.03%
L. Tyler-Cagni, Director	3.6	-	0.00%	-	-	-
ADDITIONAL FORMER MEMBERS OF THE BOARD OF DIRECTORS						
A. Holzer Neumann, Director	n/a	n/a	n/a	3,991.0	-	7.89%
Total Board of Directors	1,043.6	28.9	1.34%	5,225.5	87.0	10.51%
MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
J. Díaz González, Director and Group CEO	230.3	28.9	0.32%	233.0	63.3	0.59%
J. A. Gea, Deputy Group CEO	41.7	17.1	0.07%	33.0	26.8	0.12%
Y. Gerster, CFO	3.7	5.3	0.01%	2.2	7.0	0.02%
E. Andrades, CEO Operations	5.3	12.6	0.02%	1.0	17.1	0.04%
R. Fordyce, CEO North America	4.5	-	0.01%	3.6	1.4	0.01%
A. Belardini, Chief Commercial Officer	13.7	10.3	0.03%	18.7	16.2	0.07%
L. Marin, Global Chief Corporate Officer	10.8	9.0	0.02%	7.8	13.5	0.04%
P. Duclos, Group General Counsel	-	12.6	0.02%	-	20.7	0.04%
ADDITIONAL FORMER MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
J. Gonzalez, Chief Marketing and Digital Innovation Officer	n/a	n/a	n/a	3.3	7.4	0.02%
R. Riedi, Division CEO Central and South America	n/a	n/a	n/a	1.1	14.0	0.03%
Total Global Executive Committee	310.0	95.8	0.51%	303.7	187.4	0.97%

¹ The financial instruments for the members of the Global Executive Committee (and J. Díaz González also in the table of the Board of Directors) refer to their holdings of PSU (granted).

² The 2019 financial instruments held by J. Díaz González include the equivalent of 17.5 thousands of shares and for J. C. Torres Carretero 23.7 thousands of shares held through various financial instruments, the detailed terms of which are as disclosed to the SIX Exchange Regulation and published on August 3, 2019.

In addition to the above, the shareholders' group consisting, among others, of different legal entities controlled by Juan Carlos Torres and Julián Díaz González holds sale positions of 0.97% through options (778,160 voting rights) as of December 31, 2020 (as of December 31, 2019: the shareholders' group consisting, among others, of different entities controlled by Andrés Holzer Neumann, Juan Carlos Torres and Julián Díaz González holds sale positions of 3.62% through options (1,829,190 voting rights)).

The detailed terms of these financial instruments are as disclosed to SIX Exchange Regulation and published on January 9, 2021 (for positions as of December 31, 2020; for sale position as of December 31, 2019; publication of disclosure notice on August 3, 2019). Disclosure notices are available on the SIX Exchange Regulation website:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/



To the General Meeting of
Dufry AG, Basel

Basel, March 8, 2021

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry AG for the year ended December 31, 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 and sections labeled "audited" on pages 268 to 286 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 December 31, 2020 of Dufry AG complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

/s/ Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Siro Bonetti
Licensed audit expert

INFORMATION FOR INVESTORS AND MEDIA

REGISTERED SHARES

Issuer	Dufry AG
Listing	SIX Swiss Exchange
Type of security	Registered shares
Ticker symbol	DUFN
ISIN-No.	CH0023405456
Swiss Security-No.	2340545
Reuters	DUFN.S
Bloomberg	DUFN:SW

KEY DATES IN 2021

March 9, 2021	Results Fiscal Year 2020, Publication of Annual Report
May 18, 2021	Annual General Meeting
May 20, 2021	Trading Statement First Quarter 2021
August 10, 2021	Results First Half Year 2021
October 28, 2021	Trading Statement Third Quarter 2021

SENIOR NOTES

Issuer	Dufry One B.V.
Listing	The International Stock Exchange ("TISE")
Type of security	Senior Notes
Size of issue	EUR 800 million
Interest rate	2.5% p.a., paid semi-annually
Maturity	October 15, 2024
ISIN-No.	XS1699848914 (Serie REG S)
Bloomberg	DUFNSW

Issuer	Dufry One B.V.
Listing	The International Stock Exchange ("TISE")
Type of security	Senior Notes
Size of issue	EUR 750 million
Interest rate	2.0% p.a., paid semi-annually
Maturity	February 15, 2027
ISIN-No.	XS2079388828 (Serie REG S)
Bloomberg	DUFNSW

SENIOR CONVERTIBLE BONDS

Issuer	Dufry One B.V.
Listing	SIX Swiss Exchange)
Type of security	Guaranteed Senior Convertible bonds
Size of issue	CHF 350 million
Interest rate	1.0% p.a., paid semi-annually
Maturity	May 4, 2023
Convertible into	Registered shares Dufry AG
Conversion price	CHF 33.00
ISIN-No.	CH0540633051
Ticker symbol	DUF 20

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Company's website:



Latest news:



Articles of incorporation:



Financial reports:



SUSTAINABILITY REPORT 2020 ANNEX



DUFRY

WorldClass.WorldWide.

SUSTAINABILITY REPORT ANNEX

About the Report

Following its commitment to providing more visibility into its annual non-financial performance, and building on the steps taken in 2016 with the commissioning of its first Materiality Assessment to identify the sustainability topics and in 2017 with the preparation of the first Sustainability Report following international standards, Dufry has again aligned its Sustainability Report with the guidelines of the Global Reporting Initiative (GRI) Standards on its Core Option. Reporting in accordance with this international standard permits a more transparent and comparable approach to information and facilitates the tracking of sustainability performance indicators.

As indicated on page 80 of the 2020 Annual Report, Dufry has decided to voluntarily report information related to three additional GRI indicators: Emissions, Environmental Compliance and Public Policy. The rest of the GRI indicators remain unchanged compared to previous years. The Dufry 2020 Sustainability Report applies the 2016 version of the GRI Standards for most of the indicators; where noted "2016*" and "2018*" in this annex and in the GRI Index, it refers to the Standards issue date, not the date of the information presented. Additionally, for the 2020 report Dufry has aligned the GRI indicators with the United Nations' Sustainability Development Goals (SDG), thus enabling the reader of the report to have a better and more transparent understanding of Dufry's sustainability initiatives.

Dufry's ESG report is divided into two main sections. The main one - included in the annual report - gives the reader a wider view of Dufry, its relationship with its main stakeholders and its vision on sustainability. The second part of the report - which is annexed to the Annual Report and also available in the sustainability section of the corporate website, www.dufry.com, is this document which contains information presented in

several tables with quantitative indicators as per the GRI Standard indications. Both documents present data as of December 31, 2020

For easier tracking, a complete list of the indicators in the GRI Index is available on the website. That Index cross references indicators (GRI and SDG indicators) and page numbers, serving as a comprehensive guide to where the information on each topic may be found - either in the annual report, on the Group website or in this annex.

Scope

Dufry's 2020 Sustainability Report maintains the same scope of the 2019 report and includes information from all the 64 countries where Dufry operates. For the general profile and most of the GRI indicators, the information reported is global (i.e.: relevant to the whole group). For staff-related indicators - GRI 102-8, GRI 102-41, GRI 202 and GRI 400 series, information is broken down by five geographical divisions, following a similar structure to the one used in Dufry's financial report:

- HQ - Group Headquarters in Basel, Switzerland
- Europe, Middle East & Africa
- Asia Pacific
- North America
- Central and South America

More information about each of the countries included may be found on pages 40 - 57 of the annual report.

Should you have any comments about the content of the report or want to know more about Dufry's efforts towards sustainability, please email us to sustainability@dufry.com

INFORMATION ON EMPLOYEES AND OTHER WORKERS (USING GRI CODING)

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA	TOTAL
Headcounts	153	11,787	1,547	4,448	4,218	22,153
Male	83	4,302	422	1,338	1,698	7,843
Female	70	7,485	1,125	3,110	2,520	14,310
Number of Nationalities	36	115	29	45	43	133
	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA	
BREAKDOWN BY EMPLOYEE TYPE						
Headcounts	153	11,787	1,547	4,448	4,218	
Male	83	4,302	422	1,338	1,698	
Full time	71	3,658	348	1,217	1,557	
Part time	12	644	74	121	141	
Female	70	7,485	1,125	3,110	2,520	
Full time	43	4,818	816	2,707	2,322	
Part time	27	2,667	309	403	198	
BREAKDOWN BY CONTRACT TYPE						
Headcounts	153	11,787	1,547	4,448	4,218	
Male	83	4,302	422	1,338	1,698	
Permanent	83	4,046	353	1,335	1,689	
Temporary	-	256	69	3	9	
Female	70	7,485	1,125	3,110	2,520	
Permanent	70	7,049	934	3,056	2,516	
Temporary	-	436	191	54	4	
BREAKDOWN BY AGE GROUP						
Headcounts	153	11,787	1,547	4,448	4,218	
Male	83	4,302	422	1,338	1,698	
< 30 years	3	750	158	248	386	
30 - 50 years	61	2,603	218	613	1,078	
> 50 years	19	949	46	477	234	
Female	70	7,485	1,125	3,110	2,520	
< 30 years	5	1,186	369	458	592	
30 - 50 years	48	4,376	610	1,378	1,642	
> 50 years	17	1,923	146	1,274	286	
BREAKDOWN BY PROFESSIONAL LEVEL						
Headcounts	153	11,787	1,547	4,448	4,218	
Male	83	4,302	422	1,338	1,698	
Director / Top management	16	14	4	23	6	
Admin & Professional	67	872	100	206	456	
Sales & Ops Managers	-	240	41	289	100	
Sales & Ops Staff	-	3,176	277	820	1,127	
Female	70	7,485	1,125	3,110	2,520	
Director / Top management	2	7	34	13	1	
Admin & Professional	68	838	94	292	309	
Sales & Ops Managers	-	247	18	467	114	
Sales & Ops Staff	-	6,393	979	2,338	2,096	

Note: These tables provide additional information to that available in the Annual Report, page 95, including: breakdown of headcounts of relevant operations by gender, employee type, employee contract, age and professional level. For more consistent tracking, headcounts from the Distribution Centres have been reassigned to the divisions where these are located.

102-41 PERCENTAGE OF EMPLOYEES COVERED BY A COLLECTIVE BARGAINING AGREEMENT

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA	TOTAL
Headcounts	153	4,666	0	1,286	2,870	8,975
% over total	100 %	40 %	0 %	29 %	68 %	41 %

201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

It is not possible to determine if the changes in existing rules initiated by climate change will involve changes to business processes, with significant costs associated. Global regulation that could massively affect the predicted growth of international air traffic is rather unlikely due to the fact that it would necessarily need to be accompanied by restrictions for individual countries.

Stricter regulatory requirements due to climate change could eventually be an opportunity for some of our operations. As indicated on page 94 of the 2020 Annual Report, Dufry has retail shops in 44 of the 125 of the airports that have achieved either the optimization or carbon neutrality accreditations.

202-1 RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
RATIO (1.00 = MINIMUM WAGE)					
Male	1.00	1.08	1.00	1.13	1.33
Female	1.00	1.06	1.00	1.13	1.32

Note: In the Canton of Basel (Switzerland) where Dufry's HQ is located, there are different levels of minimum wage that depend on skills and experience. Likewise, we have not identified a benchmark for the UAE and Ireland and hence, these operations have been omitted from the Europe, Middle East & Africa calculation.

202-2 PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY

At Dufry, we believe talent has no nationality. Our operations and offices are very much linked to where they are based and this is reflected in the composition of our staff at all professional levels. As a general practice, and where possible, Dufry incorporates members of the local communities to its management team as this gives a better understanding and, as a result, a better running of the operations.

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
IN %					
Locally hired	66 %	95 %	98 %	96 %	98 %

204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS

The food, confectionery and catering category (which represents 19 % of Dufry's 2020 global sales) spent by far the largest proportion of its global procurement budget on local providers; approximately 60 %. This is followed by the Wine & Spirits category (17 % of the 2020 global sales), with 20 % of its budget spent on local brands, and the Luxury category (11 % of 2020 global sales), with 19 % of its budget spent on local providers. Tobacco goods (12 % of the 2020 global sales) allocated 2.5 % of its budget, while Perfume and Cosmetics (31 % of the 2020 global sales) spent approximately 1.5 % on local providers.

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Note that Dufry operates in airports that have a very marked seasonal pattern and traffic, especially in the Europe, Africa & Middle East region and Central & South America regions. Over the summer season – from April until October – these airports concentrate over 80% of the annual traffic. Staff is hence reinforced over each summer period. Wherever possible, Dufry employs the same staff year after year. However, these seasonal employment contracts are accounted as new hires in the table below and therefore also impact the turnover figures.

Further to this seasonal pattern, turnover figures in 2020 have been impacted by lay-off and furlough measures adopted as a consequence of the closing of certain airport operations and the reduction of air connections, which in many cases led to the temporary closing of stores.

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
HEADCOUNTS					
New Hires (absolute)	3	1,303	55	1,284	343
Male	-	478	15	420	129
< 30 years	-	187	6	195	61
30 – 50 years	-	248	7	156	63
> 50 years	-	43	2	69	5
Female	3	825	40	864	214
< 30 years	1	266	14	387	107
30 – 50 years	1	446	25	284	100
> 50 years	1	113	1	193	7
HEADCOUNTS					
Employee turnover (absolute)	84	3,505	446	6,831	2,191
Male	33	1,252	148	2,308	922
< 30 years	5	437	77	909	452
30 – 50 years	20	618	63	849	423
> 50 years	8	197	8	550	47
Female	51	2,253	298	4,523	1,269
< 30 years	13	738	132	1,743	615
30 – 50 years	30	1,060	144	1,694	591
> 50 years	8	455	22	1,086	63

Following the Global Sustainability Standards Board (GSSB) interpretation of the Standard, which states that “An organization is not required to comply with clause 2.1 in GRI 401: Employment 2016” Dufry has opted to disclose absolute hires and turnover absolute figures only and not ratios.

402-1 MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
IN WEEKS					
Minimum notice period	12	4	5	4	2

For certain countries the minimum notice period may change depending the scope of the operational changes: Cambodia (4 – 8 weeks), Hong-Kong (4 – 12 weeks), Singapore (4 – 12 weeks), UAE (4 – 12 weeks). For calculating the information for the indicator we have adopted average periods in these four locations. Argentina, Chile, Colombia, Dominican Republic, Ecuador, Trinidad & Tobago and Uruguay (for the Central & Southern America Region) and Ukraine (Europe, Middle East & Africa) did not report notice periods and they have been omitted from the calculation.

403-1 WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
IN %					
Staff represented in H&S committees	100%	100%	100%	17%	87%

Health & Safety applicable legislation changes from one country to another. And while in operations like Spain or the UK, 100% of the staff is covered by a joint management-worker committee, in others, like Greece or Brazil, the work done by this committee is outsourced and covered by a third-party company. There is not such a committee in our North America operation.

403-8 WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM BASED ON LEGAL OR RECOGNIZED STANDARDS

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA					
ABSOLUTE / IN %										
employees and workers who are not employees, covered by the H&S system	153	100%	1,178	100%	1,547	100%	4,448	100%	3,675	87%
employees and workers who are not employees, covered by the H&S system that has been INTERNALLY audited	-	n/a	3,589	31%	-	0%	-	0%	1,077	26%
employees and workers who are not employees, covered by the H&S system that has been EXTERNALLY audited	-	n/a	3,589	31%	-	0%	-	0%	-	0%

404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
HOURS OF TRAINING					
Total average	6.1	1.0	0.7	3.0	0.2
Male	5.7	0.6	0.2	3.3	0.2
Director / Top management	0	7.9	3.5	17.0	3.3
Admin & Professional	7.1	0.9	0.3	0.7	0.2
Sales & Ops Managers	-	1.5	0.2	7.7	1.2
Sales & Ops Staff	-	0.4	0.1	2.1	0.1
Female	6.7	1.2	0.8	2.8	0.2
Director / Top management	0	7.3	0.3	86.2	77.0
Admin & Professional	6.9	1.2	8.7	3.4	0.6
Sales & Ops Managers	-	2.5	0.9	6.1	0.4
Sales & Ops Staff	-	1.1	0.1	1.6	0.1

Training hours in general have been reduced as a large proportion of our staff saw contracts suspended as a consequence of closing of airports during the pandemic.

North America has a different system and criteria for tracking training hours have been applied, resulting in lower training hours recorded.

404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
IN %					
Total	100%	100%	100%	100%	100%
Male	100%	100%	100%	100%	100%
Director / Top management	100%	100%	100%	100%	100%
Admin & Professional	100%	100%	100%	100%	100%
Sales & Ops Managers	-	100%	100%	100%	100%
Sales & Ops Staff	-	100%	100%	100%	100%
Female	100%	100%	100%	100%	100%
Director / Top management	100%	100%	100%	100%	100%
Admin & Professional	100%	100%	100%	100%	100%
Sales & Ops Managers	-	100%	100%	100%	100%
Sales & Ops Staff	-	100%	100%	100%	100%

405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
IN %					
Director / Top management					
% male	88.9%	66.7%	10.5%	63.9%	85.7%
% female	11.1%	33.3%	89.5%	36.1%	14.3%
% minority groups	n/a	n/a	n/a	n/a	n/a
% < 30 years	0.0%	0.0%	0.0%	0.0%	0.0%
% 30 – 50 years	32.0%	33.3%	0.0%	0.0%	0.0%
% > 50 years	68.0%	66.7%	100.0%	100.0%	100.0%
Admin & Professional					
% male	49.6%	51.0%	51.5%	41.4%	60.1%
% female	50.4%	49.0%	48.5%	58.6%	39.9%
% minority groups	n/a	n/a	n/a	n/a	n/a
% < 30 years	3.6%	11.3%	19.5%	9.9%	10.1%
% 30 – 50 years	75.9%	67.4%	69.5%	53.4%	64.1%
% > 50 years	20.5%	21.3%	11.0%	36.6%	25.8%
Sales & Ops Managers					
% male	-	49.3%	69.5%	38.2%	46.7%
% female	-	50.7%	30.5%	61.8%	53.3%
% minority groups	n/a	n/a	n/a	n/a	n/a
% < 30 years	-	1.9%	2.2%	7.6%	6.8%
% 30 – 50 years	-	53.9%	60.0%	59.1%	76.0%
% > 50 years	-	44.2%	37.8%	33.3%	17.2%
Sales & Ops Staff					
% male	-	33.2%	22.1%	26.0%	35.0%
% female	-	66.8%	77.9%	74.0%	65.0%
% minority groups	n/a	n/a	n/a	n/a	n/a
% < 30 years	-	18.7%	37.5%	17.0%	25.0%
% 30 – 50 years	-	57.7%	50.7%	43.1%	64.8%
% > 50 years	-	23.6%	11.8%	39.9%	10.2%

406-1 INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
# OF INCIDENTS					
Total number	0	0	0	0	0
Remediation plans implemented	0	0	0	0	0
Remediation plan implemented and under supervision	0	0	0	0	0
Incidents no longer subject to action	0	0	0	0	0

410-1 SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES

Dufry does not employ in-house security personnel of its own. This is largely due to the fact that its retail stores are overwhelmingly located in airports, railway stations and on cruise ships (96% of 2020 global sales), where security is already strict and generally provided by the airport authority or cruise line itself. Where security personnel are required and contracted, Dufry expects its security service contractors to act in a manner consistent with local and national laws as well as with applicable human rights standards. Dufry outsources this service to trustworthy providers, regulated by local governments and with a reputable track-record of services, including the respect for human rights. We have not recorded for the period any case of human rights or any other type of abuse by the security personnel hired by Dufry.

415 PUBLIC POLICY

Dufry considers important to engage in discussions with various stakeholders – from policymakers, legislators and regulators to representatives of the business community and society – to understand the issues that are important and to help find constructive solutions to current challenges.

When it comes to political and charitable contributions, as established in the Dufry Code of Conduct, Dufry requires strict adherence to applicable laws and disclosure requirements in relation to political and charitable contributions and sponsorships. A Donation should be avoided where it would create the impression that it is made in exchange for a business advantage for Dufry.

Dufry does not make direct or indirect contributions to political causes that can present corruption risks, because they can be used to exert undue influence on the political process.

415-1 POLITICAL CONTRIBUTIONS

	HQ	EUROPE, MIDDLE EAST & AFRICA	ASIA PACIFIC	NORTH AMERICA	CENTRAL & SOUTH AMERICA
IN CHF					
Total number	0	0	0	0	0

416-1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

We are committed to ensuring that every product we sell is safe. Our procurement teams focus on preventing issues occurring by sourcing products from a reliable supply base. Dufry does not sell own-brand products.

Some of the products that Dufry sells are heavily regulated – especially alcohol and tobacco but also beauty and food. Dufry complies with all regulations and rules related to the products sold in the countries where it operates.

GRI CONTENT INDEX 2020



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GRI CONTENT INDEX 2020

Page indications in this Index refer to the 2020 Dufrey Annual Report unless otherwise noted.

* Dufrey 2020 Sustainability Report applies the 2016 & 2018 version of the Global Reporting Initiative (GRI) Standards; 2016* and 2018* refer to the Standards issue date, not the date of the information presented in this report.

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS/COMMENTS
GRI 102: GENERAL DISCLOSURES 2016*				
ORGANIZATIONAL PROFILE				
102-1	Name of the organization		Dufrey AG	
102-2	Activities, brands, products and services		Pages 30 – 39; 58 – 61; 62 – 63; 85 – 88	
102-3	Location of headquarters		Brunngässlein 12, 4052 Basel, Switzerland.	
102-4	Location of operations		Pages 56 – 57	
102-5	Ownership and legal form		Pages 231 – 232	
102-6	Markets served		Pages 40 – 57	
102-7	Scale of the organization		Pages 4; 231	
102-8	Information on employees and other workers	10.3	Pages 95 – 102, Sustainability Report Annex and https://www.dufrey.com/en/sustainability-dufrey	
102-9	Supply chain		Pages 62 – 63; 90 – 92	
102-10	Significant changes to the organization and its supply chain		.	
102-11	Precautionary Principle or approach		Page 89	
102-12	External initiatives		Dufrey is a signatory member of the UN Global Compact. Page 78	
102-13	Membership of associations		Page 107 and www.dufrey.com/en/company/our-stakeholders	
STRATEGY				
102-14	Statement from senior decision-maker		Pages 8 – 15	
102-15	Key impacts, risks, and opportunities		Pages 74 – 75; 80 – 82; 189; 201 – 209; 245	
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	16.3	Pages 104 – 105; Dufrey Code of Conduct; www.dufrey.com (Sustainability, Careers and Company sections)	
102-17	Mechanisms for advice and concerns about ethics	16.3	Page 105; Dufrey Code of Conduct; www.dufrey-compliance.com & www.dufrey.com/en/sustainability-dufrey	
GOVERNANCE				
102-18	Governance structure		Pages 231 – 245	
102-20	Executive-level responsibility for economic, environmental, and social topics		Page 77	
102-22	Composition of the highest governance body and its committees	5.5, 16.7	Pages 231 – 245	
102-23	Chair of the highest governance body	16.6	Page 237	
102-24	Nominating and selecting the highest governance body	5.5, 16.7	Page 241	
102-26	Role of highest governance body in setting purpose, values, and strategy		Page 77	
102-30	Effectiveness of risk management processes		Page 244 – 245	
102-35	Remuneration policies		Page 256 – 258	
102-36	Process for determining remuneration		Page 256 – 258	

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS / COMMENTS
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GRI 102: GENERAL DISCLOSURES 2016* (CONT.)

STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups		Pages 72; 106 – 107; www.dufry.com/en/sustainability-dufry .	
102-41	Collective bargaining agreements	8.8	Pages 101 – 102; Sustainability Report Annex and www.dufry.com/en/careers	
102-42	Identifying and selecting stakeholders		Pages 72; 80 – 82	
102-43	Approach to stakeholder engagement		Pages 58 – 60; 62 – 64; 69; 85 – 88; 101 – 102; 106 – 108; Media & Investor Relations sections at www.dufry.com	
102-44	Key topics and concerns raised		Page 80 – 82; 84	
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements		Pages 226 – 227	
102-46	Defining report content and topic Boundaries		Sustainability Report Annex	
102-47	List of material topics		Pages 81; 84	
102-48	Restatements of information		None.	
102-49	Changes in reporting		None.	
102-50	Reporting period		2020.	
102-51	Date of most recent report		Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-52	Reporting cycle		Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-53	Contact point for questions regarding the report		Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-54	Claims of reporting in accordance with the GRI Standards		Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-55	GRI content index		Sustainability Report Annex and www.dufry.com/en/sustainability-dufry	
102-56	External assurance		No.	

GRI 201: ECONOMIC PERFORMANCE 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 4; 8 – 15; 22 – 23; 108	
103-2	The management approach and its components		Pages 4; 8 – 15; 22 – 23; 108.	
103-3	Evaluation of the management approach		Pages 4; 8 – 15; 22 – 23; 108.	
201-1	Direct economic value generated and distributed	8.1, 8.2, 9.1, 9.4, 9.5	Page 108	
201-2	Financial implications and other risks and opportunities due to climate change	13.1	Sustainability Report Annex	
201-3	Defined benefit plan obligations and other retirement plans		Pages 138 – 139; 151; 198 – 204	
201-4	Financial assistance received from government		None.	

GRI 202: MARKET PRESENCE 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 40 – 57	
103-2	The management approach and its components		Pages 40 – 57	
103-3	Evaluation of the management approach		Pages 40 – 57	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	1.2, 5.1, 8.5	Sustainability Report Annex	
202-2	Proportion of senior management hired from the local community		Sustainability Report Annex	

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS / COMMENTS
GRI 204: PROCUREMENT PRACTICES 2016*				
GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 62	
103-2	The management approach and its components		Page 62	
103-3	Evaluation of the management approach		Page 62	
204-1	Proportion of spending on local suppliers	8.3	Sustainability Report Annex	
GRI 205: ANTI-CORRUPTION 2016*				
GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 104 – 106; Dufry Code of Conduct; www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components		Pages 104 – 106; Dufry Code of Conduct; www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach		Pages 104 – 106; Dufry Code of Conduct; www.dufry.com/en/sustainability-dufry	
205-2	Communication and training about anti-corruption policies and procedures	16.5	Page 105	
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016*				
GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 104 – 106; Dufry Code of Conduct; www.dufry.com/en/sustainability-dufry	
103-2	The management approach and its components		Pages 104 – 106; Dufry Code of Conduct; www.dufry.com/en/sustainability-dufry	
103-3	Evaluation of the management approach		Pages 104 – 106; Dufry Code of Conduct; www.dufry.com/en/sustainability-dufry	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	16.3	During 2020, Dufry didn't have any legal action for competitive behavior, anti-trust and monopoly practice.	
GRI 301: MATERIALS 2016*				
GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 89; 93 – 94	
103-2	The management approach and its components		Pages 89; 93 – 94	
103-3	Evaluation of the management approach		Pages 89; 93 – 94	
301-3	Reclaimed products and their packaging materials	8.4, 12.2	N/A.	Due to the nature of our business, we don't reclaim products.
GRI 302: ENERGY 2016*				
GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 89; 90 – 91; 94	
103-2	The management approach and its components		Pages 89; 90 – 91; 94	
103-3	Evaluation of the management approach		Pages 89; 90 – 91; 94	
302-1	Energy consumption within the organization	7.2, 7.3, 8.4, 12.2, 13.1	Page 92. 92,333 MWh in 2020; 128,435 MWh in 2019	The scope of the 2019 data represents 57% of sales, whilst the 2020 data represents 64% of sales, due to a larger number of Dufry entities reporting emissions data. Conversion rate: 10.96 kWh per liter of diesel
302-3	Energy intensity	8.4, 12.2, 13.1	196.86 kWh/m ² in 2020 273.27 kWh/m ² in 2019	Energy Intensity calculated over the total square meters of commercial surface operated by Dufry (469,990 m ² in 2019 & 469,041 m ² in 2020)

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS / COMMENTS
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GRI 305: EMISSIONS 2016

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 89; 90 – 91	
103-2	The management approach and its components		Pages 89; 90 – 91	
103-3	Evaluation of the management approach		Pages 89; 90 – 91	
305-1	Direct (Scope 1) GHG emissions	3.9, 12.4, 13.1, 14.3, 15.2	Pages 92	The scope of the 2019 data represents 57% of sales, whilst the 2020 data represents 64% of sales, due to a larger number of Dufry entities reporting emissions data.
305-2	Energy indirect (Scope 2) GHG emissions	3.9, 12.4, 13.1, 14.3, 15.2	Pages 92	The scope of the 2019 data represents 57% of sales, whilst the 2020 data represents 64% of sales, due to a larger number of Dufry entities reporting emissions data.
305-3	Other indirect (Scope 3) GHG emissions	3.9, 12.4, 13.1, 14.3, 15.2	Pages 92	Scope limited to emissions from logistic partners accounting for 55% of Dufry's total volume of goods transported. Emissions are calculated using Well-to-Wheel methodology.
305-4	GHG emissions intensity	3.9, 13.1, 14.3, 15.2	Pages 92	Carbon Intensity calculated over the total square meters of commercial surface operated by Dufry (469,990 m ² in 2019 & 469,041 m ² in 2020)

GRI 307: ENVIRONMENTAL COMPLIANCE 2016

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 89	
103-2	The management approach and its components		Page 89	
103-3	Evaluation of the management approach		Page 89	
307-1	Non-compliance with environmental laws and regulations	16.3	During 2020, Dufry has not received significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.	

GRI 401: EMPLOYMENT 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its Boundary		Pages 95 – 96	
103-2	The management approach and its components		Pages 95 – 96	
103-3	Evaluation of the management approach		Pages 95 – 96	
401-1	New employee hires and employee turnover	5.1, 8.5, 8.6, 10.3	Sustainability Report Annex	

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS / COMMENTS
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GRI 402: LABOR/MANAGEMENT RELATIONS 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 96 – 99	
103-2	The management approach and its components		Pages 96 – 99	
103-3	Evaluation of the management approach		Pages 96 – 99	
402-1	Minimum notice periods regarding operational changes	8.8	Sustainability Report Annex	

GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018*

MANAGEMENT APPROACH				
403-1	Occupational health and safety management system	8.8	Pages 98 – 99	
403-2	Hazard identification, risk assessment, and incident investigation	8.8	Pages 98 – 99	
403-3	Occupational health services	8.8	Pages 98 – 99	
403-4	Worker participation, consultation, and communication on occupational health and safety	8.8, 16.7	Pages 98 – 99	
403-5	Worker training on occupational health and safety	8.8	Pages 98 – 99	
403-6	Promotion of worker health	3.3, 3.5, 3.7, 3.8	Pages 98 – 99	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	8.8	Pages 98 – 99	
403-8	Workers covered by an occupational health and safety management system	8.8	Sustainability Report Annex	

GRI 404: TRAINING & EDUCATION 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 100; www.dufry.com/en/careers	
103-2	The management approach and its components		Page 100; www.dufry.com/en/careers	
103-3	Evaluation of the management approach		Page 100; www.dufry.com/en/careers	
404-1	Average hours of training per year per employee	4.3, 4.4, 4.5, 5.1, 8.2, 8.5	Sustainability Report Annex	

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 96 – 98; Dufry Code of Conduct; www.dufry.com/en/careers	
103-2	The management approach and its components		Pages 96 – 98; Dufry Code of Conduct; www.dufry.com/en/careers	
103-3	Evaluation of the management approach		Pages 96 – 98; Dufry Code of Conduct; www.dufry.com/en/careers	
405-1	Diversity of governance bodies and employees	5.1, 5.5, 8.5	Sustainability Report Annex	Dufry's HR system does not currently track Minority Groups data

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS / COMMENTS
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GRI 406: NON-DISCRIMINATION 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 96 – 98; Dufry Code of Conduct; www.dufry.com/en/careers	
103-2	The management approach and its components		Pages 96 – 98; Dufry Code of Conduct; www.dufry.com/en/careers	
103-3	Evaluation of the management approach		Pages 96 – 98; Dufry Code of Conduct; www.dufry.com/en/careers	
406-1	Incidents of discrimination and corrective actions taken	5.1, 8.8	Sustainability Report Annex	

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 101 – 102; Sustainability Report Annex and www.dufry.com/en/careers	
103-2	The management approach and its components		Pages 101 – 102; Sustainability Report Annex and www.dufry.com/en/careers	
103-3	Evaluation of the management approach		Pages 101 – 102; Sustainability Report Annex and www.dufry.com/en/careers	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	8.8	Dufry does not report any operation where freedom of association and collective bargaining is at risk. As per the suppliers, see page of 107 Dufry Annual Report.	

GRI 410: SECURITY PRACTICES 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Sustainability Report Annex	
103-2	The management approach and its components		Sustainability Report Annex	
103-3	Evaluation of the management approach		Sustainability Report Annex	
410-1	Security personnel trained in human rights policies or procedures	16.1	Sustainability Report Annex	

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 107 and Dufry Supplier Code of Conduct	
103-2	The management approach and its components		Page 107 and Dufry Supplier Code of Conduct	
103-3	Evaluation of the management approach		Page 107 and Dufry Supplier Code of Conduct	
414-1	New suppliers that were screened using social criteria.	5.2, 8.8, 16.1	N/A	Dufry does not report specific numbers or percentages related to screening or impact assessments, as this information is subject to confidentiality constraints.

GRI 415: PUBLIC POLICY 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Sustainability Report Annex	
103-2	The management approach and its components		Sustainability Report Annex	
103-3	Evaluation of the management approach		Sustainability Report Annex	
415-1	Political contributions	16.5	Sustainability Report Annex	

DISCLOSURE	DESCRIPTION	SDG	PAGE NUMBER(S) AND/OR URL(S)	REASONS FOR OMISSIONS / COMMENTS
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GRI 416: CUSTOMER HEALTH AND SAFETY 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 59	
103-2	The management approach and its components		Page 59	
103-3	Evaluation of the management approach		Page 59	
416-1	Assessment of the health and safety impacts of product and service categories		Sustainability Report Annex	

GRI 417: MARKETING AND LABELING 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Pages 59 – 60	
103-2	The management approach and its components		Pages 59 – 60	
103-3	Evaluation of the management approach		Pages 59 – 60	
417-1	Requirements for product and service information and labeling	12.8	Pages 59 – 60	
417-2	Incidents of non-compliance concerning product and service information and labeling	16.3	During 2020, Dufry has not been notified through the available channels of any significant sanction for non-compliance concerning product and service information and labeling.	
417-3	Incidents of non-compliance concerning marketing communications	16.3	During 2020, Dufry has not been notified through the available channels of any significant sanction for non-compliance concerning marketing communications.	

GRI 418: CUSTOMER PRIVACY 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 60	
103-2	The management approach and its components		Page 60	
103-3	Evaluation of the management approach		Page 60	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16.3, 16.10	During 2020, Dufry has not been notified through the available channels of any significant sanction for the breach of the customer's privacy and personal data protection rules.	

GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016*

GRI 103: MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its boundary		Page 103	
103-2	The management approach and its components		Page 103	
103-3	Evaluation of the management approach		Page 103	
419-1	Non-compliance with laws and regulations in the social and economic area	16.3	During 2020, Dufry has not been notified through the available channels of any significant sanction for non-compliance with applicable laws and regulations.	

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2020

WE SUPPORT



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STATEMENT OF THE CHIEF EXECUTIVE OFFICER

2020 has been a challenging year for Dufry. With our business considerably impacted by the COVID-19 pandemic, our efforts have been focused on safeguarding the resilience of the company by implementing the necessary financial initiatives, adapting the company structure to the new trading environment and, hence, preparing the business for recovery and secure future development.

The pandemic however, has not stopped our determination to keep evolving our Environmental, Social and Governance (ESG) engagement and continue along the path initiated years ago. This is our first year as a signatory member of the UN Global Compact principles and we feel proud of the progress made towards building a more sustainable company.

Amongst other achievements, we have revised Dufry's ESG Strategy by defining four key focus areas. These areas are a reflection of our business model, build on our stakeholder eco-system and clearly define the scope where we can make positive contribution to maintain a high standard of environmental stewardship. Our ESG strategy, which is a cornerstone of our company strategy and governance structure, is described in detail in Dufry's Annual Report 2020 available at www.dufry.com.

In 2020, we have also set the base to measure our greenhouse gas (GHG) emissions, by establishing the relevant processes and collecting the respective energy consumption data. This has allowed us to start determining our carbon footprint and identify improvement opportunities going forward. Moreover, we have successfully completed the re-certification process of the Equal Salary Certification in Switzerland, which we first achieved in 2019, and which includes all functions and operations based in Switzerland.

There are a number of ongoing initiatives that will continue over the coming years, including our continuous fight against bribery and corruption, collaboration with our partners to protect human rights and labor standards as well as initiatives to reduce our environmental impact, such as the replacement of plastic carrier bags with more environmentally-friendly options which we will implement over the next few months. As a signatory to the United Nations Global Compact, Dufry remains committed to the Ten Principles and will keep working towards integrating them into the day-to-day operations of our company.



Julián Díaz González
Group CEO, Dufry

HUMAN RIGHTS & LABOR

Principle 1:

Businesses should support and respect the protection of international human rights.

Principle 2:

Business should make sure that they are not complicit in human rights abuses.

Dufry's commitment to Human Rights is addressed in the Dufry Code of Conduct and the Dufry Supplier Code of Conduct. Both of these codes are built on the basis of globally recognized principles – like those established by the International Labor Organization (ILO) and the United Nations – and set the expected behavior of both Dufry employees and its suppliers when it comes to the protection of Human Rights and Labor Practices. Both of the codes are publicly available at the company's website www.dufry.com

Dufry also has strong internal compliance bodies and mechanisms to ensure that its employees are educated in the matter and to control the existing codes and policies regarding the protection of Human Rights.

More details are available in the Trusted Partner chapter of Dufry's 2020 ESG Report.

✓ During 2020, we have updated the Dufry's Code of Conduct and the Dufry Supplier Code of Conduct to strengthen our commitment to the protection of Human Rights, both internally and externally with our suppliers.

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Dufry respects legally recognized unions and internal forums created to represent its employees' interests as well as the right of its employees to collective bargaining. In this regard, the company has a policy tailored to each location, subject to the specific laws and regulations.

More information is available under the Freedom of Association section of the Employee Experience chapter of Dufry's 2020 ESG Report.

Principle 4:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 5:

Businesses should uphold the effective abolition of child labor.

Principle 6:

Businesses should uphold the elimination of discrimination with respect to employment and occupational activities.

We offer and promote working environments where everyone receives equal treatment, regardless of gender, color, ethnic or national origins, disability, age, marital status, sexual orientation or religion. In addition, we adhere to local legislation and regulations in all the countries where we operate. Any kind of child labor or forced labor is strictly forbidden and clear recruitment procedures and regular workplace controls ensure that this never occurs at any location.

Additional information is available in Dufry's Code of Conduct, Dufry's Supplier Code of Conduct and the Employee Experience chapter of Dufry's 2020 ESG Report.

✓ Recertification of Equal Salary Certification in Switzerland successfully completed.

✓ Initiation of evolution process of our women@dufry initiative, extending its scope to diversity and inclusion.

✓ Realignment of training and development program for employees.

✓ Expansion of internal communication channels to improve reach to non-desktop employees.

ENVIRONMENTAL PROTECTION

Principle 7:

Businesses should support a precautionary approach to environmental challenges.

Principle 8:

Businesses should under-take initiatives to promote greater environmental responsibility.

Principle 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Dufry follows a consistent process to assess its operations from an environmental perspective, to identify the current and future environmental impacts of its activities and to promote initiatives that respect the environmental balance.

Additionally, the company undertakes initiatives geared to reduce the environmental impact of its operations and engages with other stakeholders – such as suppliers and airport partners – to collaborate in achieving this goal.

More information is available in the Protecting Environment chapter of Dufry's 2020 ESG Report.

✓ During 2020, Dufry has adopted the precautionary approach.

✓ Actively engaging with our logistics partners to assess our environmental footprint and eventually implement measures to minimize impact.

✓ We have created the plan to replace plastic carrier bags with more sustainable options, starting in 2021.

✓ Mapping of Dufry's GHG emissions including data from operations representing 64% of our global sales as well as the vast majority of the logistics network.

✓ More information available in the Environmental Management Section in the Protecting the Environment chapter of Dufry's ESG Report.

ANTI-CORRUPTION

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

As stipulated in Dufry's Code of Conduct and Supplier Code of Conduct, Dufry has a zero tolerance policy towards bribery and corruption. In this regard, the company has established strong control and education bodies to ensure all of its employees understand the company's position and guarantee compliance with the principles established in the Dufry Code of Conduct.

More information is available in the Trusted Partner chapter of Dufry's 2020 ESG Report.

✓ Over 900 managers at all levels of the organization have completed this training. Dufry employees who are not included in the list above, are familiarized with Dufry's governance and corporate policies.

This Annual Report contains certain forward-looking statements, which can be identified by terms like "believe", "assume", "expect" or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. All forward-looking statements are based only on data available to Dufry at the time of preparation of this Annual Report. Dufry does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

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