MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS

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.

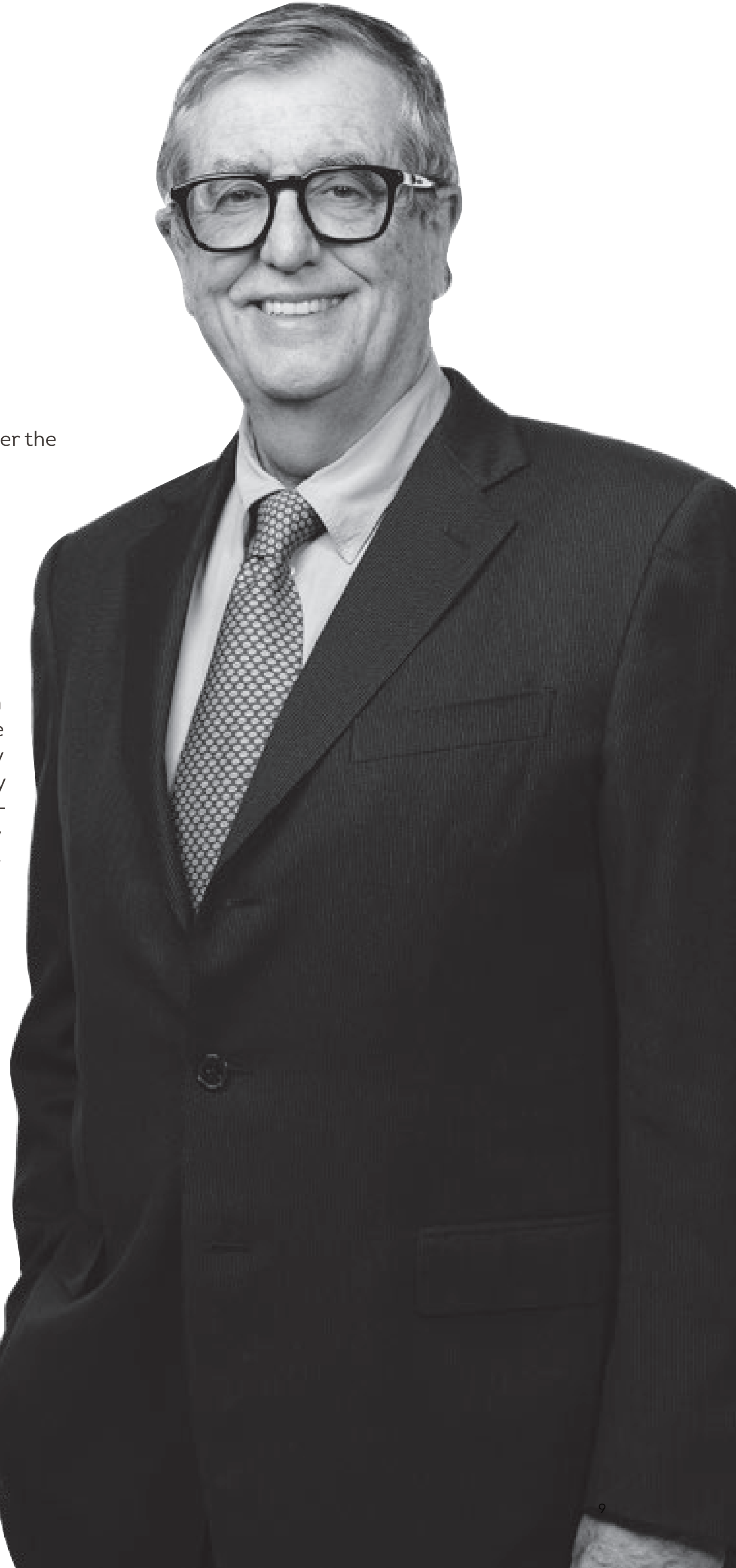
Whilst implementing all necessary changes to protect the current business, we seized several opportunities to further develop the company, signing important partnerships, and increasing our retail footprint in different regions across the world. These actions created new revenue streams and growth perspectives 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 digitalization 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 –28.4[1]. 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 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. 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 Dufry'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 Dufry as a WorldClass. WorldWide company.

Sincerely,

Juan Carlos Torres Carretero