FINANCIAL REPORT 2021

DUFRY

WorldClass.WorldWide.

STRONG FINANCIAL SET UP AND SOLID CASH GENERATION

DEAR ALL

2021 was another challenging and dynamic year for the whole travel sector and for Dufry. From my perspective as Dufry's CFO, it was at the same time a rewarding year with positive developments and progress on our main initiatives such as the resilient cash flow performance and strong liquidity position we were able to achieve. I am also referring to the successful execution of our CHF 1.6 billion refinancing early in the year, completing the financing measures accomplished throughout 2020 already. We have exhibited continued financial discipline and managed our costs flexibly and fully in line with business recovery. We made further progress on increasing efficiencies in the finance organization with the shared service center roll-out close to completion and by advancing on the implementation of tools for automating our processes. We have continued the close engagement with our investors, analysts, banks and rating agencies – not only virtually but by resuming physical meetings and roadshows, which was among my personal highlights.

> Cash flow performance above expectations.

As mentioned, our achievements in 2021 relate to the continued cost savings and our Equity Free Cash Flow performance well-above our initial expectations at the beginning of the year. Based on forecasts of industry associations and independent data providers, Dufry applied a –40% and –55% turnover scenario versus 2019 to the full-year 2021, and provided sensitivities on concession fees, personnel and other expenses as well as Equity Free Cash Flow to the investor community accordingly. Throughout 2021, Dufry was in a position to positively update the sensitivities based on the better than initially targeted execution on all items provided. Overall, Dufry achieved CHF 1,919.7 million in cost savings in 2021 versus the initial target of CHF 970 million at the beginning of 2021 in a –55% turnover scenario. Savings consist of CHF 1,077.8 million of MAG reliefs as well as of CHF 607.9 million of personnel and CHF 234.0 million other expenses savings compared to 2019.

Based on our tight cost and cash management, we concluded the year with an EFCF of CHF –33.4 million – versus the initially anticipated around CHF –480 million in a –55% turnover environment. We generated positive cash flows in the months May to October 2021, and reached same levels in Q3 and Q4 compared to the respective quarters in 2019. The negative cash flow was mainly coming from the first half of the year, where the impact from Covid was still more pronounced. While turnover versus 2020 improved by 52.9%, EFCF improved by 96.7% compared to 2020. Performance was supported by MAG reliefs received during 2021 as well as by variable cost savings and ongoing government support schemes, which came on top of the structural changes implemented in 2020. CAPEX of CHF 88.1 million came in below the initial estimate for the year. EFCF also benefitted from an inflow of working capital of CHF 75.7 million resulting from the relatively steep business recovery of selected regions in the second half of the year. We expect further working capital inflow in 2022 in line with sales normalization.

[1] For a glossary of financial terms and key performance indicators please see page 231 of this Annual Report.

Through our strong focus on cost control, we have underpinned and confirmed Dufry's cash generating capability, which allowed us to build a solid financial structure and a strong balance sheet.

Yves Gerster

2,244

CHF 2,243.9 million
liquidity as of December 31, 2021.

The cash flow performance during 2021 confirms the high variability of our expenses as well as the low capital intensity of our business, which allows for strong cash generation and fast deleveraging despite the challenging business environment. Our net debt as of December 31, 2021 amounts to CHF 3,079.5 million, a position below pre-crisis levels already.

Throughout 2020, Dufry effectively worked on several initiatives to strengthen its capital structure and liquidity position. Early in 2021, we concluded this set of initiatives by successfully executing the comprehensive refinancing of our debt positions with no material maturities until 2024. We made use of a diversified product mix including convertible bonds, senior notes and bank debt, thereby optimizing terms in the current market environment.

Dufry's capital structure strengthened.

In detail, Dufry issued CHF 500 million new convertible bonds due 2026 with a 0.75% coupon and CHF 87.00 conversion price, while early converting its existing CHF 350 million 2023 convertible bonds. Further, Dufry priced EUR 725 million 3.375% Senior Notes due 2028 and CHF 300 million 3.625% Senior Notes due 2026 used to refinance existing bank debt. The maturities for the remaining term loans have been extended to 2024. At the beginning of 2022, Dufry agreed with its lending banks on an extension of the previously agreed covenant holiday until and including June 2023. The September and December 2023 testing deadlines require a 5.0x net debt/adjusted operating cash flow before the company will return to its 4.5x net debt/adjusted operating cash flow threshold in 2024. We concluded 2021 with a strong financial position and an overall liquidity of CHF 2,243.9 million as of December 31, 2021. We are well-equipped to drive the reopening and recovery, even in a still relatively volatile environment, while having the financial flexibility to act on selected growth opportunities during and beyond the recovery.

We have ended the year 2021 with a Group turnover of CHF 3,915.4 million organically representing 46.5% of 2019 levels. The translational FX effect versus 2019 was –2.4% mainly as a result of the USD depreciation.

Turnover recovery progressing.

Regional performance
By region, turnover in Europe, Middle East and Africa was CHF 1,723.8 million in 2021 from CHF 1,144.5 million one year ago and organically representing 39.4% of 2019 levels. EMEA saw a significant step-up in July and gradual improvement ever since based on resuming of travel within the region and transatlantic routes. Best performing were the Mediterranean, including Turkey and Greece, Eastern Europe, Russia, Middle East and Africa benefitting from leisure demand and more flexible travel protocols compared to other countries in the region. Also France, Portugal, Italy, Spain, Switzerland and the UK saw an uptake since July as vaccination campaigns were progressing and authorities were implementing more convenient intra-European as well as transatlantic travel protocols. Departure destinations with inbound travel to UK benefitted from new regulations related to Brexit and duty-free quotas. Towards the end of the year, re-imposed restrictions and limited alignment between governments around the emergence of the Omicron variant resulted in a slight slowdown.

Asia-Pacific's turnover reached CHF 99.0 million in 2021 from CHF 160 million in 2020 and organically representing 15.1% of 2019 levels. APAC is still largely impacted by the respective governments' zero-case approach, and borders for inbound and outbound travel are mostly closed. Accordingly, shops in Dufry's Asia-Pacific locations such as Hong Kong are closed, or operating at very low levels in line with flights and passenger movements. Since the end of 2021, Australia, Cambodia, Singapore, Malaysia and Macau started to release restrictions and to allow a soft opening of travel. As soon as restrictions are further lifted, demand is expected to show a fast rebound.

The America's turnover stood at CHF 1,728.5 million in 2021 versus CHF 1,141.7 million in 2020 organically representing 53.7% of 2019 levels. North America, especially the US, performed above group average due to the higher exposure to domestic travel. Intra-regional travel from the US to Central America as well as the opening of the transatlantic route in November were also supportive. The performance was driven by Hudson convenience stores, food and beverage and other duty-paid offerings. Central America and Caribbean, including Mexico, Dominican Republic and the Caribbean Islands, were performing robustly as well, 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, continued to be impacted. South America started to trend upwards in the second half 2021, especially in Argentina, Colombia and Ecuador, in line with vaccination progress and an improved health situation.

Retail margin not impacted.

While Group turnover recovery expectations might have been slightly higher at the beginning of 2021, we have seen strong uptake in demand as soon as restrictions were lifted and travel could resume conveniently. This gives us confidence for the mid-term view and on our offering being an integral part of the overall travel experience. Travelers' propensity to spend increases for certain product categories and offerings. Dufry made further progress on innovative, exclusive, and sustainable products, as well as attractive promotions and offerings in fast-recovering categories like convenience or food & beverage.

Gross profit

Gross Profit amounted to CHF 2,211.0 million in FY 2021 compared to CHF 1,377.3 million in FY 2020, reaching a 56.5% margin from 53.8% in the previous year. Margin was temporarily affected by the turnover mix, by continued short-term inventory management through wholesale as well as by higher duty and freight ratios. The main impact relates to the supply of Dufry's Hainan collaboration in China through the Hong Kong distribution center, which has largely handed over the supply to the local JV at the beginning of 2022. Excluding this temporary impact, the retail margin even increased by 1.2% as compared to 2019, and we expect a normalization of our Gross Profit margin in line with business recovery.

Lease Expenses

Dufry received in 2021 MAG reliefs of CHF 1,077.8 million, related to the period affected by the pandemic. MAG reliefs refer to waiving of fixed rent components and implementing variable concession schemes instead. Of the total MAG reliefs received, CHF 847.1 million were accounted as "MAG reliefs" under "lease expenses" in the 2021 P&L. The remaining part refers to de-recognition or accounting modifications, leading to lower Depreciation of Right of Use Assets and lower lease interest in 2021 and going forward.

D&A

In addition, D&A in 2021 was also impacted by impairments. Shop closures in 2020 and some ongoing volatility in regard to passenger traffic in 2021 have affected actual turnover, as well as projections. Purchase acquisition accounting required almost mechanically impairments in an unprecedented year such as 2020, overall CHF –1,193.1 million. For 2021, some additional impairments of net CHF 280.5 million have been realized due to ongoing limited visibility in some of the operations. However, those impairments mostly relate to depreciable and amortizable assets, and only represent a timing shift in this regard, resulting in lower D&A going forward. Please refer for the full overview on 2021 D&A to pages 155 – 156 of this report

Adjusted Operating Profit and Net Profit

Adjusted Operating Profit (adjusted EBIT) was at CHF 374.9 million in 2021 versus CHF –1,561.6 million the same period of 2020. Adjusted Net Profit to Equity Holders reached CHF 23.4 million in 2021 versus CHF –1,658.4 million in the same period last year. The respective adjusted Earnings per Share (EPS) based on 87.8 millions of weighted average shares outstanding was CHF 0.27 in the period versus CHF –28.4 in the previous year. Dufry's adjusted key performance indicators reflect the operational performance of the respective year and exclude exceptional expenses and income such as acquisitions, divestures, impairments and amortization of acquisition-related intangible assets, which can differ significantly from year to year. With the Annual Report 2021, we have improved our disclosure around our alternative performance measures, providing additional commentary on the definition and rationale; please see pages 231–234.

Adjusted Operating Cash Flow

Adjusted operating cash flow reached CHF 147.1 million in 2021 compared to CHF –405.9 million in 2020. Adjusted operating cash flow represents one of our main KPIs, recognizing the full amount of concession fees for the period. Based on a similar concept, it can be considered as a proxy for pre-IFRS 16 EBITDA. Please see page 233 of our Annual Report for further details and full reconciliation.

Strong Stakeholder Relations.

Throughout 2021, we engaged in more than 1,700 meetings, calls and interactions with our equity and debt investors, analysts and rating agencies. We strive to continue the dialogue and close relationships, and thoroughly consider your feedback on our business and investor relations. I would also like to emphasize the progress we made within our ESG implementation strategy in all our focus areas. In particular, we defined science-based targets (SBT) to achieve climate neutrality by 2025 for scopes 1 + 2 and to considerably reduce carbon footprint of scope 3 emissions. We are continuing to evolve our ESG efforts as an integral part of our overall strategy, and are looking forward to continue to engage with you on related topics. Please visit also the ESG Report on pages 73–109.

At this point, I would like to welcome Deloitte as Dufry's newly appointed auditor as approved by our shareholders at our AGM 2021, and thank them for their support with the 2021 Annual Report.

Well positioned for 2022.

Considering all measures taken throughout 2021, we expect to be well positioned for the re-opening and growth acceleration beyond the current crisis. We expect a further stabilization of the business in 2022 while we continue to engage in opportunities ahead of us: new or renewed concessions, channel and regional diversification, expanded product offerings, or digitalization. Visibility regarding a full recovery to 2019 turnover levels is still limited, with industry associations now estimating a full recovery of passenger numbers to a 2019 level between the end of 2023 and 2024. Nevertheless, based on our strong cash conversion capabilities and with the current liquidity position, we are confident for the years ahead.

I would like to thank our customers, shareholders, bondholders, banks, analysts, rating agencies, business partners and key advisors for their continued trust in Dufry and their ongoing support to initiate and execute the right measures helping us to emerge stronger and be in the best position to take advantage of the opportunities we see on our way ahead.

Kind regards,

Yves Gerster

CONSOLIDATED CASHFLOW

IN MILLIONS OF CHF	2021	2020
Net cash flow from operating activities	**678.2**	**(345.3)**
Lease payments, net	(475.3)	(401.8)
Capex	(88.1)	(106.0)
Interest received	11.0	23.3
Free cash flow	**125.8**	**(829.8)**
Interest paid	(140.9)	(168.8)
Cash flow related to minorities	(24.4)	(34.7)
Proceeds from other financial assets	6.1	6.0
Equity free cash flow	**(33.4)**	**(1,027.3)**
Acquisition of Hudson shares	–	(275.4)
Financing activities, net	343.8	1,020.5
FX adjustments and other	(45.7)	39.9
Decrease / (Increase) in financial net debt	**264.7**	**(242.3)**

CONSOLIDATED INCOME STATEMENT

	2021		2020	
	IN MILLIONS OF CHF	IN %	IN MILLIONS OF CHF	IN %
CONTINUING OPERATIONS				
Turnover	**3,915.4**	**100.0 %**	**2,561.1**	**100.0 %**
Cost of sales	(1,704.4)	(43.5 %)	(1,183.8)	(46.2 %)
Gross profit	**2,211.0**	**56.5 %**	**1,377.3**	**53.8 %**
Lease expenses	176.4	4.5 %	8.0	0.3 %
Personnel expenses	(635.4)	(16.2 %)	(716.0)	(28.0 %)
Depreciation and amortization	(1,210.0)	(30.9 %)	(1,648.8)	(64.4 %)
Impairment net	(280.5)	(7.2 %)	(1,193.1)	(46.6 %)
Other expenses and other income, net	(327.7)	(8.4 %)	(328.1)	(12.8 %)
Operating profit / (loss)	**(66.2)**	**(1.7 %)**	**(2,500.8)**	**(97.6 %)**
Finance income, finance expenses and foreign exchange gain / (loss), net	(341.6)	(8.7 %)	(370.4)	(14.5 %)
Profit / (loss) before taxes	**(407.8)**	**(10.4 %)**	**(2,871.2)**	**(112.1 %)**
Income tax	42.6	(10.4 %)	130.7	(4.6 %)
Net profit / (loss)	**(365.2)**	**(9.3 %)**	**(2,740.5)**	**(107.0 %)**
ATTRIBUTABLE TO				
Non-controlling interests	20.2		(226.8)	
Equity holders of the parent	(385.4)		(2,513.7)	
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Basic earnings per share in CHF	(4.39)		(43.01)	
OTHER DUFRY KPI'S				
Adjusted operating profit	374.9		(1,561.6)	
Adjusted net profit	23.4		(1,658.4)	
Adjusted earnings per share in CHF	0.27		(28.37)	


Magic
GARDEN
I ❤ MCR
BOSS
HUGO BOSS
GUCCI
HERMÈS
VERSACE
DOLCE&GABBANA
40%
Great Value

FINANCIAL STATEMENTS 2021
CONTENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021

IN MILLIONS OF CHF	NOTE	2021	2020
Net sales	7	3,826.8	2,477.6
Advertising income		88.6	83.5
Turnover		**3,915.4**	**2,561.1**
Cost of sales		(1,704.4)	(1,183.8)
Gross profit		**2,211.0**	**1,377.3**
Lease expenses	8	176.4	8.0
Personnel expenses	9	(635.4)	(716.0)
Depreciation and amortization	10	(1,210.0)	(1,648.8)
Impairment net	10	(280.5)	(1,193.1)
Other expenses	11	(381.6)	(361.6)
Other income	12	53.9	33.4
Operating profit / (loss)		**(66.2)**	**(2,500.8)**
Finance expenses	13	(364.9)	(385.4)
Finance income	13	25.9	14.9
Foreign exchange gain / (loss)	13	(2.6)	0.1
Profit / (loss) before taxes		**(407.8)**	**(2,871.2)**
Income tax	14	42.6	130.7
Net profit / (loss)		**(365.2)**	**(2,740.5)**
ATTRIBUTABLE TO			
Non-controlling interests		20.2	(226.8)
Equity holders of the parent		(385.4)	(2,513.7)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share in CHF	26.3	(4.39)	(43.01)
Diluted earnings per share in CHF	26.3	(4.39)	(43.01)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

IN MILLIONS OF CHF	NOTE	2021	2020
Net profit / (loss)		**(365.2)**	**(2,740.5)**
OTHER COMPREHENSIVE INCOME			
Remeasurements of post-employment benefit plans	15	77.9	1.0
Income tax	14, 15	(11.6)	0.6
Items not being reclassified to net income in subsequent periods, net of tax		**66.3**	**1.6**
Exchange differences on translating foreign operations	15	81.3	(237.1)
Net gain / (loss) on hedge of net investment in foreign operations		(7.9)	24.2
Fair value gain / (loss) on cash flow hedging instruments	15	–	–
Share of other comprehensive income of associates	15, 20	0.2	0.2
Income tax on above positions	14, 15	–	–
Items to be reclassified to net income in subsequent periods, net of tax		**73.6**	**(212.7)**
Total other comprehensive income, net of tax		**139.9**	**(211.1)**
Total comprehensive income, net of tax		**(225.3)**	**(2,951.6)**
ATTRIBUTABLE TO			
Non-controlling interests		19.8	(244.5)
Equity holders of the parent		(245.1)	(2,707.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

IN MILLIONS OF CHF	NOTE	31.12.2021	31.12.2020
ASSETS			
Property, plant and equipment	16	329.1	453.3
Right-of-use assets	17	3,120.8	4,438.7
Intangible assets	18	1,737.3	2,196.9
Goodwill	18	2,360.0	2,369.3
Investments in associates		15.2	7.1
Deferred tax assets	31	179.9	145.5
Net defined benefit assets	33	55.0	–
Other non-current assets	21	215.3	257.2
Non-current assets		**8,012.6**	**9,868.0**
Inventories	22	692.2	659.6
Trade and credit card receivables	23	85.3	17.1
Other accounts receivable	24	371.8	315.0
Income tax assets		35.0	35.0
Cash and cash equivalents	29.1	793.5	360.3
Current assets		**1,977.8**	**1,387.0**
Total assets		**9,990.4**	**11,255.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	25	956.6	839.3
Non-controlling interests	25, 27	77.9	78.7
Total equity		**1,034.5**	**918.0**
Borrowings	28	3,771.7	3,650.6
Lease obligations	29	2,558.5	4,022.9
Deferred tax liabilities	31	275.4	321.9
Provisions	32	30.9	42.5
Employee benefit obligations	33	11.5	32.6
Other non-current liabilities	30	46.7	43.5
Non-current liabilities		**6,694.7**	**8,114.0**
Trade payables		335.1	154.9
Borrowings	28	45.3	53.9
Lease obligations	29	1,077.9	1,397.5
Income tax payables		61.3	34.2
Provisions	32	88.4	49.5
Other liabilities	30	653.2	533.0
Current liabilities		**2,261.2**	**2,223.0**
Total liabilities		**8,955.9**	**10,337.0**
Total liabilities and shareholders' equity		**9,990.4**	**11,255.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2021		**401.3**	**4,249.9**	**(1.3)**	**68.4**	**(30.9)**	**(524.9)**	**(3,323.2)**	**839.3**	**78.7**	**918.0**
Net profit / (loss) of the period		–	–	–	–	–	–	(385.4)	(385.4)	20.2	(365.2)
Other comprehensive income / (loss)	15	–	–	–	–	66.3	74.0	–	140.3	(0.4)	139.9
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**–**	**66.3**	**74.0**	**(385.4)**	**(245.1)**	**19.8**	**(225.3)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(23.0)	(23.0)
Conversion of the CHF 350 million bond	25	52.7	295.0	–	–	–	–	(26.7)	321.0	–	321.0
Related transactions costs	25	–	(2.7)	–	–	–	–	–	(2.7)	–	(2.7)
Share-based payments	25	–	–	–	–	–	–	2.0	2.0	–	2.0
Equity component of the CHF 500 million convertible bond	25	–	–	–		–	–	54.1	54.1	–	54.1
Interest component of the mandatory convertible notes		–	–	–	(8.1)	–	–	–	(8.1)	–	(8.1)
Total transactions with or distributions to owners		**52.7**	**292.3**	**–**	**(8.1)**	**–**	**–**	**29.4**	**366.3**	**(23.0)**	**343.3**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Put-option held by non-controlling interests		–	–	–	–	–	–	(3.2)	(3.2)	0.5	(2.7)
Other changes in participation of non-controlling interests		–	–	–	–	–	–	(0.7)	(0.7)	1.9	1.2
Changes in participation of non-controlling interests	**27**	**–**	**–**	**–**	**–**	**–**	**–**	**(3.9)**	**(3.9)**	**2.4**	**(1.5)**
Balance at December 31, 2021		**454.0**	**4,542.2**	**(1.3)**	**60.3**	**35.4**	**(450.9)**	**(3,683.1)**	**956.6**	**77.9**	**1,034.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
IN MILLIONS OF CHF	NOTE	Share capital	Share premium	Treasury shares	Capital reserve for mandatory convertible notes	Employee benefit reserve	Trans-lation reserves	Retained earnings	TOTAL	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
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	25	148.5	809.4	–	–	–	–	–	957.9	–	957.9
Related transaction costs	25	–	(35.0)	–	–	–	–	–	(35.0)	–	(35.0)
Issuance of mandatory convertible notes	25.2	–	–	–	69.5	–	–	–	69.5	–	69.5
Related transaction costs	25.2	–	–	–	(1.1)	–	–	–	(1.1)	–	(1.1)
Sale of treasury shares		–	–	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	26.2	–	–	–	–	–	–	(55.1)	(55.1)	–	(55.1)
Equity component of convertible bond	26.3	–	–	–	–	–	–	28.9	28.9	–	28.9
Income tax 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	27	–	–	–	–	–	–	8.0	8.0	24.3	32.3
Other changes in participation of non-controlling interests	27	–	–	–	–	–	–	(135.7)	(135.7)	(128.5)	(264.2)
Changes in participation of non-controlling interests	**27**	**–**	**–**	**–**	**–**	**–**	**–**	**(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 CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

IN MILLIONS OF CHF	NOTE	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxes		(407.8)	(2,871.2)
ADJUSTMENTS FOR:			
Depreciation and amortization	10	1,210.0	1,648.8
Impairment net	10	280.5	1,193.1
Increase / (decrease) in allowances and provisions		48.3	32.2
Other non-cash items		(3.3)	(2.4)
Relief of lease obligations	8	(847.1)	(380.3)
Loss / (gain) on sale of non-current assets		0.2	5.2
Loss / (gain) on foreign exchange differences		2.6	–
Finance expense	13	364.9	385.4
Finance income	13	(25.9)	(14.9)
Cash flow before working capital changes		**622.4**	**(4.1)**
Decrease / (increase) in trade and other accounts receivable		(137.5)	75.8
Decrease / (increase) in inventories		(26.5)	296.3
Increase / (decrease) in trade and other accounts payable		239.6	(686.0)
Cash generated from operations		**698.0**	**(318.0)**
Income tax paid		(19.8)	(27.3)
Net cash flows from operating activities[1]		**678.2**	**(345.3)**
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	(74.3)	(101.1)
Purchase of intangible assets	18	(16.9)	(17.9)
Purchase of financial assets		(0.1)	(0.4)
Purchase of interest in associates		(4.9)	(0.4)
Proceeds from lease income		3.1	3.9
Repayment of loans receivable granted		4.7	1.5
Proceeds from sale of property, plant and equipment		3.1	12.5
Proceeds from sale of financial assets		1.5	4.9
Other investing activities		–	(1.1)
Interest received[2]		11.0	23.2
Net cash flows used in investing activities		**(72.8)**	**(74.9)**

[1] Includes variable lease payments of CHF 586.7 (2020: 454.7) million.
[2] Interest received are disclosed in cash flow from investing activities (consistent to prior year).

CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

IN MILLIONS OF CHF	NOTE	2021	2020
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs for financial instruments[3]		(56.1)	(13.4)
Transaction costs for equity instruments		(2.6)	(36.1)
Proceeds from / (repayment) of 3rd party loans	29	8.1	(1.0)
Proceeds from issue of notes	29	1,599.3	350.0
Proceeds from borrowings	29	642.9	557.2
Repayment of borrowings	29	(1,689.0)	(756.5)
Issuance of shares		–	957.9
Dividends paid to non-controlling interests		(21.1)	(33.3)
Proceeds from mandatory convertible notes	25.2	–	69.5
Proceeds from sale of treasury shares	26.3	–	13.7
Acquisition of non-controlling interests in Hudson Ltd		–	(275.4)
Contributions (paid to) / from non-controlling interests		1.6	(1.0)
Lease payments		(478.4)	(405.7)
Interest paid[4]		(140.9)	(168.8)
Net cash flows used in financing activities		**(136.2)**	**257.0**
Currency translation on cash	29	(36.0)	(30.0)
Increase / Decrease in cash and cash equivalents		**433.2**	**(193.2)**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period	29.1	360.3	553.5
– end of the period	29.1	793.5	360.3

[3] In 2021, transaction costs for financial instruments include incentives for the conversion of a bond in shares of CHF 28.8 million (refer for further transaction details to note 29).

[4] Interest paid are disclosed in cash flow from financing activities (consistent to prior year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. CORPORATE INFORMATION

Dufry AG (the "Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is one of the world's leading global travel retail companies. It operates in more than 2.300 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich.

The consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the "Group") for the year ended December 31, 2021 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 3, 2022, and are subject to the approval of the Annual General meeting to be held on May 17, 2022.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Dufry 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 COVID-19 AND GOING CONCERN

During 2021, the Group has taken the following measures in response to the ongoing COVID-19 pandemic:

- The Group has materially reduced its cost structure and is continuing to manage its expenses, in particular the Group renegotiated, and it is continuing to align its lease payment commitments to the current business environment and in particular to reduce fixed lease payments;
- In March 2021, Dufry issued a new convertible bond of CHF 500 million due in 2026;
- In April 2021, CHF 350 million convertible bonds issued in 2020 and due in 2023 were converted in shares;
- In April 2021, the group issued two new senior bonds
  - EUR 725 million 3.375 % Senior Notes due 2028 and
  - CHF 300 million 3.625 % Senior Notes due 2026.
- With the executed refinancing, there are no material maturities before 2024. Proceeds from the offering are mainly used to refinance existing bank debt (2017 Senior Euro Term Loan Facility – EUR 500 million).

In addition, the lenders of the syndicated bank facility have agreed to extend the maturity of the 2017 Senior USD Term Loan Facility (USD 550 million).

In February 2022, Dufry received commitment letters from the same lenders in which, among other things, the lenders committed to not formally test the financial covenants for the relevant periods until and including June 30, 2023,

Dufry cannot predict extent or duration of the ongoing COVID-19 pandemic and its impact on the Group and its financial position, results of operations and cash flows. 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.

Management believes that the actions that it has taken to date are sufficient to ensure the Group's ability to continue as a going concern and has therefore prepared the consolidated financial statements on a going concern basis.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements of Dufry comprise all entities directly or indirectly controlled by Dufry (its subsidiaries) as at December 31, 2021 and December 31, 2020 respectively for the comparative information.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Dufry obtains control, and continue to be consolidated until the date when such control is lost. The Group controls an entity when Dufry 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 Dufry 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) Business combinations and Goodwill

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 unrealized 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 Dufry (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:

	AVERAGE RATE		CLOSING RATE	
IN CHF	**2021**	**2020**	**31.12.2021**	**31.12.2020**
1 USD	0.9140	0.9385	0.9122	0.8851
1 EUR	1.0811	1.0703	1.0373	1.0814
1 GBP	1.2574	1.2041	1.2345	1.2106

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 Dufry 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 Dufry 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

Dufry adopted the new temporary amendment to IFRS 16 for the full year 2021 (note 2.5). Basically the amendment allows to consider that renegotiations related to COVID-19 are not modifications, and can be recognized directly as a reduction of 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 Dufry are recognized at the proceeds received, net of direct issue costs. Repurchase of Dufry'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 Dufry'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 Dufry shares purchased by Dufry AG or any subsidiary, the consideration paid, including any directly attributable expenses, net of 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 Dufry recognizes restructuring related costs

Net interest is calculated by applying the discount rate to the net defined benefit obligation (asset). Dufry 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”

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, Dufry 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 Dufry 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.

Types of right-of-use assets:

a) Shops

Dufry 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. Dufry 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. Dufry 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 usually qualify for capitalization under IFRS 16.

c) Vehicles and other
Dufry 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 are not amortized, have indefinite useful life, as they can be renewed without significant costs, are supported by ongoing marketing and selling activities and there is no foreseeable limit to the cash-flows they generate. 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 Dufry 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. Dufry's investment in associates may include goodwill identified on acquisition.

Dufry'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 Dufry's share of losses in an associate equals or exceeds its interest in the associate, Dufry 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.

Dufry determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Dufry 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. Trade receivables that do not have a significant financing component are initially measured at transaction price and subsequently at amortised cost.

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.

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.

Dufry 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, Dufry 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 Dufry has a present obligation (legal or constructive) as a result of a past event, it is probable that Dufry 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 that represent a present obligation and it's fair value can be measured reliably 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 Dufry 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 Dufry 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 respective criteria refer to section (iii) Measurement. 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.

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 as part of the financial result.
- FVOCI: Debt instruments 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. 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.

y) Trade and other account receivables
Trade and other account receivables (including credit cards receivables and other account receivables), that do not have a significant financing component are initially measured at transaction price and subsequently at amortised cost using the effective interest rate.

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 34.

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
Dufry 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).

aa) Compound financial instruments
The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's

own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

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.

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 28.1 and 28.2 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, 2021).

New and amended standards adopted by the Group
The IBOR reform Phase 2 amendments became effective January 1, 2021.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

The Group adjusted respective agreements adopting the new standards to reflect IBOR reform Phase 2 and the usage of Risk Free Rates where applicable. No economic impact is expected with its introduction.

The amendments apply for the first time in 2021, but do not have an material impact on the consolidated financial statements of the Group.

The Group has not early adopted any of the amendments that have been issued but not yet effective.

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. Dufry adopted this amendment applying it for the full year 2020. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:
(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
(c) there is no substantive change to other terms and conditions of the lease.

On March 31, 2021, the IASB published a further amendment to extend the date of the practical expedient from June 30, 2021 to June 30, 2022.

The exemption applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and subject to the above conditions and was applied in all possible cases. Dufry recognized in 2021 a net relief of lease obligations of CHF 847.1 (2020: 380.3) million presented as lease (expense) / income (see note 8).

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 19.

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. Dufry changed its Swiss actuarial advisor in 2021.

Certain methodologies used by the new advisor differ from those used by the previous advisor and these mythologies have resulted in a CHF 6.2 million reduction in net liability via OCI.

Further details are given in note 33.

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 2021. Dufry 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

Dufry's risks and returns are predominantly affected by the fact that Dufry operates in different countries. Therefore, Dufry presents the segment information as it does internally to the Group Executive Committee, which represents the Chief Operating Decision Maker (CODM), using geographical segments and the global distribution centers as an additional segment.

The Group implemented a new company organization for the financial year 2021. The previous segments Central & South America and North America were combined in the new segment The Americas. The comparative figures have been presented accordingly to reflect these changes.

The Group is presenting as alternative performance measure an Adjusted Operating Profit to the Group Executive Committee. This indicator represents the operating profit before amortization of intangible assets identified during previous acquisitions.

Information reported to the Group Executive Committee for the purposes of resource allocation and assessment of segment performance is focused on the geographical segments. The Group's reportable segments under IFRS 8 are therefore as follows:

	TURNOVER				
2021 IN MILLIONS OF CHF	**with external customers**	**with other divisions**	**TOTAL**	**ADJUSTED OPERATING PROFIT (unaudited)**	**EMPLOYEES (FTE) (unaudited)**
Europe, Middle East and Africa (EMEA)	1,723.8	–	1,723.8	515.7	8,767
Asia Pacific	99.0	–	99.0	(12.2)	577
The Americas[1]	1,728.5	–	1,728.5	(139.9)	10,105
Global Distribution Centers[2]	364.1	666.2	1,030.3	11.3	497
Total divisions	**3,915.4**	**666.2**	**4,581.6**	**374.9**	**19,946**
Eliminations	–	(666.2)	(666.2)	–	–
Dufry	**3,915.4**	**–**	**3,915.4**	**374.9**	**19,946**

	TURNOVER				
2020 IN MILLIONS OF CHF	**with external customers**	**with other divisions**	**TOTAL**	**ADJUSTED OPERATING PROFIT (unaudited)**	**EMPLOYEES (FTE) (unaudited)**
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
The Americas[1]	1,141.7	–	1,141.7	(417.7)	6,799
Global Distribution Centers[2]	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)	–	–
Dufry	**2,561.1**	**–**	**2,561.1**	**(1,561.6)**	**17,795**

[1] Dufry Group generated 25.5 % (2020: 23.2 %) of its turnover in the US.
[2] Global Distribution Center have global functions and cannot be allocated to the other segments.

Transactions between operative segments considered on arm's length terms.

Dufry generated 5.0 % (2020: 6.6 %) of its turnover with external customers in Switzerland (domicile).

Adjusted Operating Profit

IN MILLIONS OF CHF	NOTE	2021	2020
Operating profit / (loss)		**(66.2)**	**(2,500.8)**
Adjusted for:			
Amortization of concession rights*	18	195.5	251.1
Impairment of concession rights*	18	224.0	556.8
Impairment of goodwill*	18	21.6	131.1
Adjusted operating profit		**374.9**	**(1,561.6)**

* Related to acquisitions.

Financial Position and other disclosures

31.12.2021 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)	5,307.7	3,092.8	(48.6)	(29.4)	(557.7)
Asia Pacific	188.5	127.1	(0.9)	(1.1)	(71.4)
The Americas[1]	2,996.0	2,127.2	94.4	(47.3)	(835.9)
Global Distribution Centers	1,406.5	365.8	(2.4)	(12.8)	(24.2)
Total divisions	**9,898.7**	**5,712.9**	**42.5**	**(90.6)**	**(1,489.2)**
Unallocated positions	91.7	3,243.0	0.1	(0.6)	(1.3)
Dufry	**9,990.4**	**8,955.9**	**42.6**	**(91.2)**	**(1,490.5)**

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)	6,154.8	4,144.9	79.6	(55.3)	(1,646.2)
Asia Pacific	567.7	541.1	(6.3)	(4.0)	(141.6)
The Americas[1]	3,390.6	2,003.4	67.4	(51.4)	(1,016.9)
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)
Dufry	**11,255.0**	**10,337.0**	**130.7**	**(119.0)**	**(2,841.9)**

[1] Within Dufry Group, 14.2 % (2020: 13.0 %) of the total non-current assets are located in the US.

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Operating assets	**9,898.7**	**10,960.8**
Current assets of corporate and holding companies	47.9	30.3
Non-current assets of corporate and holding companies	43.8	263.9
Total assets	**9,990.4**	**11,255.0**

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Operating liabilities	**5,712.9**	**6,818.0**
Borrowings of corporate and holding companies, current	0.2	0.6
Borrowings of corporate and holding companies, non-current	3,188.8	3,510.5
Other non-segment liabilities	54.0	7.9
Total liabilities	**8,955.9**	**10,337.0**

6. ACQUISITIONS OF BUSINESSES

There were no significant transactions during 2021 and 2020.

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2021	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2020
Perfumes and Cosmetics	612.5	49.7	241.6	273.1	1,176.9	426.3	69.2	220.4	58.9	774.8
Food, Confectionery and Catering	228.4	0.4	601.4	3.0	833.2	138.2	7.6	332.1	2.1	480.0
Wine and Spirits	306.1	4.2	313.6	36.5	660.4	190.1	27.5	183.8	12.4	413.8
Luxury goods	120.1	33.5	153.3	2.7	309.6	96.3	30.4	156.8	0.3	283.8
Tobacco goods	367.7	2.1	60.0	0.1	429.9	219.4	15.2	51.5	0.1	286.2
Electronics	4.9	0.5	97.0	–	102.4	4.3	2.7	54.2	0.1	61.3
Literature and Publications	4.1	–	63.1	–	67.2	4.7	0.1	41.7	–	46.5
Other	62.3	7.6	175.8	1.5	247.2	52.5	5.3	72.5	0.9	131.2
Total	**1,706.1**	**98.0**	**1,705.8**	**316.9**	**3,826.8**	**1,131.8**	**158.0**	**1,113.0**	**74.8**	**2,477.6**

Net sales by market sector:

IN MILLIONS OF CHF	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2021	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2020
Duty-free	1,095.8	55.6	682.3	0.7	1,834.4	726.8	125.1	527.0	0.2	1,379.1
Duty-paid	610.3	42.4	1,023.5	316.2	1,992.4	405.0	32.9	586.0	74.6	1,098.5
Total	**1,706.1**	**98.0**	**1,705.8**	**316.9**	**3,826.8**	**1,131.8**	**158.0**	**1,113.0**	**74.8**	**2,477.6**

Net sales by channel:

IN MILLIONS OF CHF	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2021	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2020
Airports	1,605.4	45.6	1,571.8	–	3,222.8	1,046.8	97.9	987.5	–	2,132.2
Border, downtown and hotel shops	40.2	43.7	59.9	–	143.8	33.7	42.8	37.9	–	114.4
Cruise liners and seaports	29.7	–	46.6	–	76.3	20.0	–	55.5	–	75.5
Railway stations and other	30.8	8.7	27.5	316.9	383.9	31.3	17.3	32.1	74.8	155.5
Total	**1,706.1**	**98.0**	**1,705.8**	**316.9**	**3,826.8**	**1,131.8**	**158.0**	**1,113.0**	**74.8**	**2,477.6**

8. LEASE (EXPENSES) / INCOME

IN MILLIONS OF CHF	2021	2020
Lease expenses [1]	(692.2)	(391.8)
Lease expenses short-term contracts	(3.7)	(3.0)
Lease expenses low value contracts	(0.8)	(0.9)
Sublease income from right-of-use assets	11.8	15.9
Relief of lease obligations [2]	847.1	380.3
Change in provision for onerous contract	14.2	7.5
Total	**176.4**	**8.0**

[1] Lease expenses include only variable lease expenses. Fixed and in substance fixed commitments are recognized in accordance with lease accounting as depreciation 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.

For further details of right-of-use assets, please refer to note 17, for lease obligation, note 29 and for the gain in relation to modifications of lease contracts, to note 13.

9. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2021	2020
Salaries and wages	(485.8)	(552.9)
Social security expenses	(87.4)	(100.8)
Retirement benefits	(14.2)	(11.3)
Other personnel expenses	(48.0)	(51.0)
Total	**(635.4)**	**(716.0)**

Since 2020, some governments initiated actions to reduce the financial implications to companies affected by the COVID-19 pandemic. Certain Dufry subsidiaries have been granted government support in order to reduce the burden of personnel expenses during the lock-down periods. In this respect, Dufry has received CHF 38.3 (2020: 73.3) million.

During 2019, Dufry adapted the Company organization by reducing personnel expenses based on the expected decline in sales of the respective subsidiaries. The initiative included 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. In 2020, the Group 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. As of December 31, 2021, CHF 3.7 million remains as short term provisions.

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2021	2020
Depreciation of property, plant and equipment	(138.0)	(166.2)
Impairment of property, plant and equipment	(63.0)	(37.3)
Subtotal property, plant and equipment (note 16)	**(201.0)**	**(203.5)**
Depreciation of right-of-use assets	(837.4)	(1,178.1)
Impairment of right-of-use assets	44.1	(443.1)
Subtotal right-of-use assets (note 17)	**(793.3)**	**(1,621.2)**
Amortization of intangible assets	(234.6)	(304.4)
Impairment of intangible assets and goodwill	(261.6)	(712.8)
Subtotal intangible assets and goodwill (note 18)	**(496.2)**	**(1,017.2)**
Total	**(1,490.5)**	**(2,841.9)**

Aggregated information of impairments per division (segment)

IN MILLIONS OF CHF	2021[1] Property, plant and equipment	2021[1] Right-of-use assets	2021[1] Intangible assets and goodwill[2]	2020[1] Property, plant and equipment	2020[1] Right-of-use assets	2020[1] Intangible assets and goodwill[3]
Europe, Middle East and Africa (EMEA)	(5.5)	127.5	(0.7)	(31.1)	(417.4)	(269.6)
Asia Pacific	(6.5)	(0.8)	–	(0.4)	(8.5)	–
The Americas	(51.0)	(82.6)	(260.9)	(5.7)	(17.2)	(436.3)
Global Distribution Centers	–	–	–	(0.1)	–	(6.9)
Total	**(63.0)**	**44.1**	**(261.6)**	**(37.3)**	**(443.1)**	**(712.8)**

[1] Refer to note 5 for changes in the segment information.
[2] Includes impairment of goodwill of CHF 21.6 million for division The Americas.
[3] Includes impairment of goodwill of CHF 131.1 million for division The Americas.

Nearly all operations worldwide have been affected in different degrees by the measures taken during the last two years to curb the pandemic, like the reduction of international traffic or requesting passengers a quarantine period deteriorating severally the turnover, as well as increasing the volatility of the projections. As a consequence, the Company recognized in 2021 impairments of depreciable or amortizable assets.

During the financial year 2021, Dufry reversed impairments in right-of-use assets of CHF 166.3 million due to changes in future concession fee pattern.

There have been no reversals of impairments during 2020.

For further details, please refer to note 19 – Impairment test of tangible and intangible assets.

11. OTHER EXPENSES

IN MILLIONS OF CHF	2021	2020
Repairs, maintenance and utilities	(60.5)	(56.9)
Credit card expenses	(57.3)	(38.3)
Professional advisor expenses	(46.6)	(51.6)
IT expenses	(47.3)	(47.9)
Freight & packaging material	(22.1)	(18.0)
Acquisition related transaction costs[1]	(1.3)	(12.6)
Consulting expenses for projects	(7.0)	(1.1)
Other operational expenses	(35.8)	(30.9)
Advertising expenses	(13.2)	(10.2)
Office and admin expenses	(19.5)	(20.8)
Travel, car, entertainment and representation	(7.8)	(11.0)
Franchise fees and commercial services	(14.5)	(7.1)
Public relations expenses	(6.0)	(11.3)
Taxes, other than income tax expense	(21.0)	(17.6)
Ancillary premises expenses	(6.5)	(8.4)
Insurances	(10.9)	(14.0)
Bank expenses	(4.3)	(3.9)
Total	**(381.6)**	**(361.6)**

[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	2021	2020
Sales tax recovery	–	6.6
Selling income	16.4	9.6
Other operating income [1]	37.5	17.2
Total	**53.9**	**33.4**

[1] In 2021, other operating income includes government support of CHF 17.8 (2020: 0.0) million.

13. FINANCE INCOME AND FINANCE EXPENSES

FINANCE INCOME

IN MILLIONS OF CHF	2021	2020
INCOME ON FINANCIAL ASSETS		
Interest income on current deposits	11.0	22.5
Interest income on 3rd party loans	4.6	–
Other finance income	5.8	13.0
Interest income on financial assets	**21.4**	**35.5**
INCOME ON NON-FINANCIAL ASSETS		
Interest income	**–**	**0.1**
INCOME FROM FINANCIAL INVESTMENTS AND ASSOCIATES		
Share of result in associates	3.0	(25.4)
Gain on disposal of financial investments	1.5	4.7
Income from financial investments and associates	**4.5**	**(20.7)**
Total finance income	**25.9**	**14.9**

FINANCE EXPENSES

IN MILLIONS OF CHF	2021	2020
EXPENSES ON FINANCIAL LIABILITIES		
Interest expense	(250.2)	(325.5)
of which lease interest [1]	(109.8)	(178.7)
of which bank interest	(113.0)	(134.0)
of which bank commitment fees	(12.8)	(1.4)
of which bank guarantees commission expense	(5.0)	(4.0)
of which related to other financial liabilities	(9.6)	(7.4)
Amortization / write off of arrangement fees	(18.6)	(13.1)
Impairment on other financial assets	(45.0)	(23.8)
Other finance costs [2]	(49.1)	(16.9)
Interest expense on financial liabilities	**(362.9)**	**(379.3)**
EXPENSES ON NON-FINANCIAL LIABILITIES		
Interest expense	(2.0)	(6.1)
Interest and other finance expenses	**(2.0)**	**(6.1)**
Total finance expenses	**(364.9)**	**(385.4)**

[1] In 2021, contains gain in relation to modifications of lease contracts of CHF 33.6 million.
[2] In 2021, contains incentives for early conversion of bonds of CHF 28.8 million.

14. INCOME TAXES

INCOME TAX RECOGNIZED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

IN MILLIONS OF CHF	2021	2020
Current Income tax income / (expense)	(48.1)	35.1
of which corresponding to the current period	(44.5)	9.9
of which adjustments recognized in relation to prior years	(3.6)	25.2
Deferred Income tax income / (expense)	90.7	95.6
of which related to the origination or reversal of temporary differences	95.6	136.9
of which adjustments recognized in relation to prior years	32.5	(30.9)
of which relates to foreign exchange movements[1]	(7.3)	(11.5)
of which adjustments due to change in tax rates	(30.1)	1.1
Total	**42.6**	**130.7**

[1] In countries where Dufry 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.

In 2021, Dufry realized CHF 48.1 million current tax expense. This results from a combination of current tax expenses of CHF 59.4 million, income from tax losses carried back of CHF 6.9 million in certain jurisdictions as well as a CHF 4.4 million refund claims filed during 2021.

Deferred tax income decreased for the period mostly as a consequence of a tax rate change in the UK, which negatively impacted our deferred tax balance by CHF 33.9 million and Hudson utilizing tax loss carry forwards losses in 2021 rather than carrying forward losses as they did in the first nine months of 2020.

IN MILLIONS OF CHF	2021	2020
Consolidated profit / (loss) before taxes	(407.8)	(2,871.2)
Expected tax rate in %	22.2 %	20.8 %
Income tax at the expected rate	90.4	598.1
EFFECT OF		
Income not subject to income tax	(0.3)	0.1
Different tax rates for subsidiaries in other jurisdictions	0.7	1.6
Effect of changes in tax rates on previously recognized deferred tax assets and liabilities	(30.1)	1.2
Non-deductible expenses	(4.3)	(15.9)
Change of unrecognized tax loss carry forwards	(110.2)	(268.1)
Net change of recognition of temporary differences and tax credits	92.7	(152.5)
Non recoverable withholding taxes	(1.8)	(3.8)
Income taxes in non-controlling interest holders	(1.4)	4.6
Adjustments recognized in relation to prior year	28.9	(5.7)
Foreign exchange movements on deferred tax balances[1]	(7.3)	(11.5)
Other items	(14.7)	(17.4)
Total	**42.6**	**130.7**

[1] In countries where Dufry 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 2021, there were no major changes in tax rates noted for countries in which Dufry is operating.

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME OR IN EQUITY

IN MILLIONS OF CHF	2021	2020
RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Actuarial gains / (losses) on defined benefit plans	(11.6)	0.6
Total	**(11.6)**	**0.6**
RECOGNIZED IN EQUITY		
Tax effect on share-based payments [1]	–	(0.3)
Total	**–**	**(0.3)**

[1] Includes CHF 0.0 (2020: –0.1) million as equity attributable to non-controlling interests.

15. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
2021 IN MILLIONS OF CHF	**Employee benefit reserve**	**Hedging & revaluation reserves**	**Translation reserves**	**Retained earnings**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Remeasurement of post-employment benefits plans	77.9	–	–	–	77.9	–	77.9
Income tax effect	(11.6)	–	–	–	(11.6)	–	(11.6)
Subtotal	**66.3**	**–**	**–**	**–**	**66.3**	**–**	**66.3**
Exchange differences on translating foreign operations	–	–	81.7	–	81.7	(0.4)	81.3
Subtotal	**–**	**–**	**81.7**	**–**	**81.7**	**(0.4)**	**81.3**
Net gain/(loss) on hedge of net investment in foreign operations (note 28.1)	–	–	(7.9)	–	(7.9)	–	(7.9)
Income tax effect	–	–	–	–	–	–	–
Subtotal	**–**	**–**	**(7.9)**	**–**	**(7.9)**	**–**	**(7.9)**
Share of other comprehensive income of associates	–	–	0.2	–	0.2	–	0.2
Subtotal	**–**	**–**	**0.2**	**–**	**0.2**	**–**	**0.2**
Other comprehensive income	**66.3**	**–**	**74.0**	**–**	**140.3**	**(0.4)**	**139.9**

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
2020 IN MILLIONS OF CHF	**Employee benefit reserve**	**Hedging & revaluation reserves**	**Translation reserves**	**Retained earnings**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
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 (note 28.1)	–	–	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)**

16. PROPERTY, PLANT AND EQUIPMENT

2021 IN MILLIONS OF CHF	LEASEHOLD IMPROVE-MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	**618.4**	**15.3**	**472.4**	**49.2**	**6.4**	**53.9**	**1,215.6**
Decrease in scope of consolidation	–	–	(1.8)	–	–	–	(1.8)
Additions	15.6	–	16.4	2.0	0.2	38.5	72.7
Disposals	(53.1)	–	(22.5)	(4.4)	(0.5)	(1.3)	(81.8)
Reclassification within classes	(11.5)	–	50.9	2.1	0.3	(41.8)	–
Reclassification from intangible assets	–	–	–	0.1	–	–	0.1
Currency translation adjustments	11.4	(0.1)	15.5	4.3	0.3	0.7	32.1
Balance at December 31	**580.8**	**15.2**	**530.9**	**53.3**	**6.7**	**50.0**	**1,236.9**
ACCUMULATED DEPRECIATION							
Balance at January 1	**(342.8)**	**(7.5)**	**(309.6)**	**(24.3)**	**(4.4)**	**–**	**(688.6)**
Decrease in scope of consolidation	–	–	1.8	–	–	–	1.8
Additions (note 10)	(68.6)	(0.7)	(56.7)	(11.1)	(0.9)	–	(138.0)
Disposals	45.9	–	21.6	4.1	0.5	–	72.1
Reclassification within classes	28.5	(0.4)	(27.2)	(0.8)	(0.1)	–	–
Currency translation adjustments	(12.7)	0.1	(9.3)	(3.7)	(0.2)	–	(25.8)
Balance at December 31	**(349.7)**	**(8.5)**	**(379.4)**	**(35.8)**	**(5.1)**	**–**	**(778.5)**
IMPAIRMENT							
Balance at January 1	**(33.1)**	**(0.2)**	**(29.0)**	**(1.2)**	**–**	**(10.2)**	**(73.7)**
Net impairment (note 10)	(62.0)	(3.7)	(4.4)	(0.8)	(0.1)	8.0	(63.0)
Disposals	6.6	–	0.1	0.2	–	–	6.9
Reclassification within classes	2.0	–	(1.8)	–	–	(0.2)	–
Currency translation adjustments	0.3	–	0.2	–	–	–	0.5
Balance at December 31	**(86.2)**	**(3.9)**	**(34.9)**	**(1.8)**	**(0.1)**	**(2.4)**	**(129.3)**
CARRYING AMOUNT							
At December 31, 2021	**144.9**	**2.8**	**116.6**	**15.7**	**1.5**	**47.6**	**329.1**

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**

Cash flow used for purchase of property, plant and equipment

IN MILLIONS OF CHF	2021	2020
Payables for capital expenditure at the beginning of the period	(10.7)	(28.2)
Additions of property, plant and equipment	(72.7)	(85.0)
Payables for capital expenditure at the end of the period	9.3	10.7
Currency translation adjustments	(0.2)	1.4
Total Cash Flow	**(74.3)**	**(101.1)**

17. RIGHT-OF-USE ASSETS

2021 IN MILLIONS OF CHF	SHOPS	OTHER BUILDINGS	VEHICLES	OTHER	TOTAL
AT COST					
Balance at January 1	**6,871.1**	**234.9**	**6.2**	**2.1**	**7,114.3**
Additions [1]	36.5	8.9	1.2	–	46.6
Disposals [2]	(129.9)	(7.0)	(0.1)	(0.1)	(137.1)
Lease modifications [3]	(892.8)	1.7	0.8	0.2	(890.1)
Reclassification within classes	–	0.1	–	(0.1)	–
Currency translation adjustments	(12.2)	1.4	0.1	–	(10.7)
Balance at December 31	**5,872.7**	**240.0**	**8.2**	**2.1**	**6,123.0**
ACCUMULATED DEPRECIATION					
Balance at January 1	**(2,167.0)**	**(61.7)**	**(2.4)**	**(1.1)**	**(2,232.2)**
Additions (note 10)	(803.3)	(31.8)	(1.9)	(0.4)	(837.4)
Disposals [2]	109.1	6.8	0.1	0.1	116.1
Lease modifications [3]	306.1	1.6	–	–	307.7
Currency translation adjustments	26.4	0.2	–	–	26.6
Balance at December 31	**(2,528.7)**	**(84.9)**	**(4.2)**	**(1.4)**	**(2,619.2)**
IMPAIRMENT					
Balance at January 1	**(439.8)**	**(3.6)**	**–**	**–**	**(443.4)**
Impairment	(118.6)	(3.6)	–	–	(122.2)
Reversal of impairment	166.3	–	–	–	166.3
Disposals [2]	0.1	–	–	–	0.1
Reclassification within classes	(0.8)	0.8	–	–	–
Currency translation adjustments	16.3	(0.1)	–	–	16.2
Balance at December 31	**(376.5)**	**(6.5)**	**–**	**–**	**(383.0)**
CARRYING AMOUNT					
At December 31, 2021	**2,967.5**	**148.6**	**4.0**	**0.7**	**3,120.8**

1 New contracts.
2 Ending of lease contracts.
3 Relates to contractual lease term changes.

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	**–**	**–**	**–**	**–**	**–**
Net impairment (note 10)	(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 million is reclassified to other non-current asset as part of a lease contract re-negotiation in division The Americas.

[3] Transfers from concession rights to right-of-use assets opening balances in division The Americas.

18. INTANGIBLE ASSETS AND GOODWILL

2021 IN MILLIONS OF CHF	CONCESSION RIGHTS Acquisition related	Plain	BRANDS	OTHER[1]	TOTAL	GOODWILL
AT COST						
Balance at January 1	**4,526.5**	**103.7**	**269.9**	**273.0**	**5,173.1**	**2,497.6**
Decrease in scope of consolidation	(18.1)	(2.7)	–	(0.9)	(21.7)	–
Additions	–	–	–	16.9	16.9	–
Disposals	–	(17.6)	–	(47.4)	(65.0)	–
Reclassification to property, plant and equipment	–	–	–	(0.1)	(0.1)	–
Currency translation adjustments	21.3	2.1	(3.8)	3.5	23.1	15.2
Balance at December 31	**4,529.7**	**85.5**	**266.1**	**245.0**	**5,126.3**	**2,512.8**
ACCUMULATED AMORTIZATION						
Balance at January 1	**(2,068.7)**	**(56.8)**	**(3.3)**	**(189.7)**	**(2,318.5)**	**–**
Decrease in scope of consolidation	9.0	1.2	–	0.6	10.8	–
Additions (note 10)	(195.5)	(7.3)	–	(31.8)	(234.6)	–
Disposals	–	13.3	–	40.9	54.2	–
Reclassification within classes	0.1	–	–	(0.1)	–	–
Currency translation adjustments	(17.3)	(1.5)	–	(2.4)	(21.2)	–
Balance at December 31	**(2,272.4)**	**(51.1)**	**(3.3)**	**(182.5)**	**(2,509.3)**	**–**
IMPAIRMENT						
Balance at January 1	**(638.8)**	**(11.2)**	**(5.5)**	**(2.2)**	**(657.7)**	**(128.3)**
Decrease in scope of consolidation	9.1	1.5	–	0.3	10.9	–
Net impairment (note 10)	(224.0)	(13.0)	–	(3.0)	(240.0)	(21.6)
Disposals	–	3.8	–	1.0	4.8	–
Reclassification within classes	1.2	(1.2)	–	–	–	–
Currency translation adjustments	2.6	(0.1)	(0.1)	(0.1)	2.3	(2.9)
Balance at December 31	**(849.9)**	**(20.2)**	**(5.6)**	**(4.0)**	**(879.7)**	**(152.8)**
CARRYING AMOUNT						
At December 31, 2021	**1,407.4**	**14.2**	**257.2**	**58.5**	**1,737.3**	**2,360.0**

[1] Other mainly contains IT software.

2020 IN MILLIONS OF CHF	CONCESSION RIGHTS Acquisition related	 Plain	BRANDS	OTHER	TOTAL	GOODWILL
AT COST						
Balance at January 1	**4,764.5**	**211.2**	**270.7**	**324.0**	**5,570.4**	**2,612.9**
Business combinations	–	–	–	–	–	2.7
Additions	–	0.3	–	17.3	17.6	–
Disposals	–	(0.7)	–	(59.9)	(60.6)	–
Reclassification within classes	(0.3)	–	–	0.3	–	–
Reclassification from property, plant & 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 DEPRECIATION						
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)**
Net 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 rights to right-of-use assets opening balances in division The Americas.

19. IMPAIRMENT TESTS OF TANGIBLE AND INTANGIBLE ASSETS

Goodwill and Brand names are subject to impairment testing on an annual basis or when indicators of impairment exist. Other tangible and intangible assets, including concession rights are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

19.1 KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

The calculations of value-in-use are most sensitive to the following assumptions:

Sales growth
Recovery of sales and the respective growth rates depend among different factors, on the further development of the COVID pandemic and release of quarantine / traffic restrictions. Management based its assumptions on information available at the time of the preparation of the financial statements and assumes that sales will recover in 2022 and 2023 in line with the international air traffic growth. Our sales growth assumes that most locations will reach 2019 sales levels by 2023 or 2024. For the periods after 5 years, Dufry has used growth rates between 2.5 % – 2.7 % (2020: 0.8 % – 1.5 %) to extrapolate the cash flow projections. In its projections, Dufry assumes that the climate change & environmental risk has no material impact on future sales levels and the overall recovery of the business.

Gross margins
The expected gross margins have been estimated based on actual product assortments. These margins are maintained constant over the planning period, except where specific actions are planned to increase these margins or the competitiveness. The development of our purchase prices are estimated based on negotiations held with suppliers.

Discount rates
The cash flows are discounted using a weighted average cost of capital rate composed among other factors of: a) risk free interest rates (derived from actual 10-year governmental bonds rates): CHF 0.0 %*, EUR 0.00 %*, USD 1.62 % (2020: CHF – 0.34 %, EUR 0.05 %, USD 1.88 %), a credit spread of 2.64 % (2020: 0.27 %) and re-levered beta of 1.30 (2020: 1.01). Certain WACC components, like country premium or default country risk, have been weighted for each segment using 2019 values, as management considered these more representative for long-term projections. The equity-risk premium used in 2021 is 6 % (2020: 5 %).

*Negative risk free rates have been capped at 0 %.

19.2 IMPAIRMENT TEST OF GOODWILL

Goodwill is recognized from the acquisition of businesses by the Group and have been assigned for the purpose of impairment testing to the groups of cash generating units (GCGU). These groups reflect the reportable segments expected to benefit from the synergies related to acquisitions.

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Europe, Middle East and Africa (EMEA)	1,530.3	1,544.3
Asia Pacific	33.7	32.7
The Americas	754.2	750.3
Global Distribution Centers	41.8	42.0
Total carrying amount of goodwill	**2,360.0**	**2,369.3**

The recoverable amount of each group of cash generating units (GCGU) is determined based on value-in-use calculations, which require the use of assumptions (see specific assumptions in next table) and future cash flows. These cash flows reflect projections of financial forecasts approved by the management covering a five-year period and a residual value for the years beyond the five-year period. This residual value is an extrapolation of the 5th year cash flow using a constant terminal growth rate that does not exceed the long-term average growth rate for the respective market. This growth rate is consistent with the growth forecasts disclosed by the travel retail industry. The cash flows used include operational results generated by our Global Distribution Centers in relation to the respective GCGU.

Specific assumptions used for the valuation of goodwill:

	POST TAX DISCOUNT RATES		PRE TAX DISCOUNT RATES		CAGR[1] FOR NET SALES	
GROUP OF CASH GENERATING UNITS IN PERCENTAGE (%)	2021	2020	2021	2020	2021	2020[2]
Europe, Middle East and Africa (EMEA)	6.45	6.90	8.40	7.86	24.27	31.30
Asia Pacific	7.62	7.62	9.80	9.05	47.24	30.80
The Americas	7.62	6.67-9.40	10.30	9.14-11.38	20.32	23.00

1 Compound Annual Growth Rate.

2 The forecasted high growth rates are due to the low base in 2020 due to the COVID-19 pandemic.

Sensitivity analysis to changes in assumptions

At closing, the estimated recoverable amount of goodwill of each Group's segments exceeded their carrying amounts. However, if the key assumptions used in the impairment tests would deteriorate to a possible reasonable value, as indicated in the following table, this change would, in isolation, lead to an additional impairment loss for the year of:

	INTEREST INCREASE		SALES DROP		MARGIN DROP	
GROUP OF CASH GENERATING UNITS IN PERCENTAGE (%)	2021	2020	2021	2020	2021	2020
	1%	1%	–10%	–1%	–1%	–1%
Europe, Middle East and Africa (EMEA)	–	–	–	–	–	–
Asia Pacific	–	–	–	–	33.6	–
The Americas	–	77.9	–	10.9	–	106.6

19.3 IMPAIRMENT TEST OF BRAND NAMES

Dufry's retail operations apply several retail concepts which use different brand names. The table below indicates the key components used for determining the value-in-use arising during business acquisitions in the past and have been kept at historical values.

At closing the estimated recoverable amount of all brand names of the Group exceed their carrying amounts. Management believes that no possible reasonable change in any of the key assumptions would lead to a situation where the recoverable amounts fall below the respective carrying amount.

Key assumptions used for the valuation of brand names:

BRAND NAMES IN PERCENTAGE (%)	POST TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
	2021	2020	2021	2020
Dufry	6.49	6.50	23.57	18.50
Hudson News	7.48	6.47	19.02	29.10
Nuance	6.12	5.59	15.53	29.70
World Duty Free	6.39	5.61	25.11	29.55

19.4 IMPAIRMENT TEST OF TANGIBLE AND OTHER INTANGIBLE ASSETS

Dufry's management considered the consequences of the negative effects of the pandemic on Dufry's business as a trigger to test its depreciable or amortizable assets for impairment. The selection of CGUs for the test has been made based on historical impairments, profitability and materiality of assets. The methodology and assumptions used for these impairment tests is similar to those described for goodwill, except for:

a) The test were done on CGU level,
b) The period of cash flows is limited to the contractual lease term, ignoring renewal probabilities,
c) The effective tax rate was used as WACC component,
d) For test purposes the carrying amount of the assets was net of linked liabilities, in particular lease obligations,
e) No reliefs of minimal lease payments have been assumed unless contractually agreed by the time of approving these financial statements
f) The cash flows are reduced for a share of expenses related to corporate assets

The table of note 10 discloses the aggregated impairment expense by segment incurred in 2021, whereas note 16, note 17 and note 18 show the cumulated impairment on property, plant and equipment, right-of-use assets and intangible assets by type of asset.

20. INVESTMENTS IN ASSOCIATES

These investments are accounted for using the equity method.

Summarized statement of comprehensive income

IN MILLIONS OF CHF	2021	2020
Net profit / (loss)	**3.0**	**(25.4)**
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to net income in subsequent periods	0.2	0.2
Total comprehensive income	**3.2**	**(25.2)**

21. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Guarantee deposits	102.4	104.1
Loans	26.0	27.0
Lease receivables	6.6	4.1
Prepayment for leases	42.7	47.3
Tax receivable	47.5	80.3
Other	0.5	0.5
Subtotal	**225.7**	**263.3**
Allowances	(10.4)	(6.1)
Total	**215.3**	**257.2**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2021	2020
Balance at January 1	**(6.1)**	**(5.3)**
Creation	(4.2)	(1.4)
Currency translation adjustments	(0.1)	0.6
Balance at December 31	**(10.4)**	**(6.1)**

22. INVENTORIES

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Inventories at cost	786.2	771.3
Inventory allowance	(94.0)	(111.7)
Total	**692.2**	**659.6**

Cost of sales includes inventories written down to net realizable value and inventory losses of CHF 42.2 (2020: 98.8) million.

23. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Trade receivables[1]	70.9	15.4
Credit card receivables	21.5	9.6
Gross	**92.4**	**25.0**
Allowances	(7.1)	(7.9)
Net	**85.3**	**17.1**

[1] Includes trade receivables against associates of CHF 13.7 (2020: 3.9) million.

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Not due	15.4	5.0
OVERDUE		
Up to 30 days	34.1	1.0
31 to 60 days	9.4	0.4
61 to 90 days	0.6	0.4
More than 90 days	4.3	0.7
Total overdue	**48.4**	**2.5**
Trade receivables, net	**63.8**	**7.5**

24. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Advertising receivables	123.1	92.6
Services provided to suppliers	2.0	9.9
Loans receivable	2.0	3.0
Receivables from subtenants and business partners	1.7	2.0
Personnel receivables	1.0	3.1
Accounts receivables	**129.8**	**110.6**
Prepayments of lease expenses and rents	33.7	41.9
Prepayments of sales and other taxes	99.6	113.1
Prepayments to suppliers	6.7	9.7
Prepayments, other	10.1	9.0
Prepayments	**150.1**	**173.7**
Receivables from subleases	3.2	2.2
Guarantee deposits	82.6	7.8
Derivative financial assets	9.0	11.5
Accrued income	–	0.1
Other	21.8	40.5
Other receivables	**116.6**	**62.1**
Total	**396.5**	**346.4**
Allowances	(24.7)	(31.4)
Total	**371.8**	**315.0**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2021	2020
Balance at January 1	**(31.4)**	**(17.6)**
Decrease in scope of consolidation	3.0	–
Creation[1]	(0.1)	(17.0)
Released	4.0	0.7
Utilized	0.2	0.3
Reclassification	(0.2)	0.9
Currency translation adjustments	(0.2)	1.3
Balance at December 31	**(24.7)**	**(31.4)**

[1] In 2020, 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.

25. EQUITY

25.1 FULLY PAID ORDINARY SHARES

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2020	**50,567,166**	**252.8**	**3,475.5**
Share capital increases from authorized capital	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**
Conversion of the CHF 350 million bond	10,533,325	52.7	295.0
Share issuance costs	–	–	(2.7)
Balance at December 31, 2021	**90,797,007**	**454.0**	**4,542.2**

In April 2021, 99.3 % of CHF 350 million (CHF 347.6 million) convertible bonds issued in 2020 and due in 2023 were converted into shares.

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 were 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 5.00 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.

25.2 MANDATORY CONVERTIBLE NOTES

	NUMBER OF NOTES	IN THOUSANDS OF CHF
Issue of mandatory convertible notes	695	69,500
Mandatory covertible notes issuance costs		(1,100)
Balance at December 31, 2020	**695**	**68,400**
Interest component reclassified	–	(8,100)
Balance at December 31, 2021	**695**	**60,300**

On November 18, 2020 Dufry, via its subsidiary Dufry 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.

25.3 TRANSLATION RESERVES

IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Balance at January 1, 2020	**(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[1]	24.2	–	24.2
Share of other comprehensive income of associates	0.2	–	0.2
Balance at December 31, 2020	**(524.9)**		
Exchange differences arising on translating the foreign operations	81.7	(0.4)	81.3
Net gain/(loss) on hedge of net investments in foreign operations	(7.9)	–	(7.9)
Share of other comprehensive income of associates	0.2	–	0.2
Balance at December 31, 2021	**(450.9)**		

[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.

25.4 RETAINED EARNINGS

IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2020	**(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)**		
Net profit/(loss)	(385.4)	20.2	(365.2)
Conversion of the 350 million CHF bond	(26.7)	–	
Share-based payments	2.0	–	2.0
Put option held by non-controlling interests	(3.2)	0.5	(2.7)
Income tax on equity transactions	–	–	–
Dividends to non-controlling interests	–	(23.0)	(23.0)
Equity component of convertible bond	54.1	–	54.1
Other changes in participation of non-controlling interests	(0.7)	1.9	1.2
Balance at December 31, 2021	**(3,683.1)**		

* Mainly relates to the acquisition of the non-controlling interests of Hudson Ltd CHF (148.9) million – see note 26.

26. SHARE-BASED PAYMENT PLANS

26.1 SHARE PLAN OF DUFRY AG

On November 30, 2021, Dufry granted to selected members of the management the award 2021 consisting of 394,807 performance share units (PSU). The PSU award 2021 has a contractual life of 30 months and will vest on June 3, 2024. At grant date the fair value of one PSU award 2021 represented the market value for one Dufry share at that date, i.e. CHF 41.54. As part of this plan, 44,753 PSU will be settled in cash.

As of December 31, 2021, none of the PSU award 2021 forfeited and 394,807 PSU remain outstanding.

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. The vesting performance criteria of the PSU granted in the year 2019 have not been reached, and therefore no shares will be allocated in May 2022. For the PSU plan 2018, no shares were allocated in May 2021, as the vesting performance criteria have not been reached.

Holders of one PSU award 2021 will have the right to receive free of charge up to two Dufry shares depending on two performance targets reached by Dufry during the grant year of award and the following two years compared with the target. The performance targets of the 2021 PSU grant are the cumulative adjusted EPS, with a 50 % weighting, and the cumulative Equity Free Cash Flow (EFCF) with a 50 % weighting. On the vesting date, after the three-year vesting period, the PSU vest and are converted into shares based on the achievement of the performance targets. Each PSU may provide between zero share (less than 50 % targets achievement) and 2 shares (150 % or more targets achievement). The target (100 % vesting) in relation to the cumulative adjusted EPS measured corresponds to an improvement by CHF 26.50 compared to the adjusted EPS for fiscal year 2020, respectively an improvement by CHF 993 million compared to the EFCF for fiscal year 2020. Holders of PSU are not entitled to vote or receive dividends like shareholders do.

26.2 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
Balance at January 1, 2020	**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)**
Balance at December 31, 2021	**11,281**	**(1.3)**

26.3 EARNINGS PER SHARE

26.3.1 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	2021	2020
Net profit / (loss) attributable to equity holders of the parent	(385.4)	(2,513.7)
Weighted average number of ordinary shares outstanding	87,784,450	58,450,437
Basic earnings per share in CHF	**(4.39)**	**(43.01)**

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	2021	2020
Net profit / (loss) attributable to equity holders of the parent	(385.4)	(2,513.7)
Weighted average number of ordinary shares outstanding	87,784,450	58,450,437
Diluted earnings per share in CHF	**(4.39)**	**(43.01)**

26.3.2 Adjusted EPS

Dufry 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	2021	2020
Net profit / (loss) attributable to equity holders of the parent		(385.4)	(2,513.7)
ADJUSTED FOR			
Amortization of concession rights*	18	195.5	251.1
Impairment of concession rights*	18	224.0	556.8
Impairment of goodwill*	18	21.6	131.1
Interest on lease obligation	13	109.8	178.7
Deferred income tax on above lines		(128.0)	(172.6)
Non-controlling intersts on above lines		(14.1)	(89.8)
Adjusted net profit		**23.4**	**(1,658.4)**
Weighted average number of ordinary shares outstanding		87,784,450	58,450,437
Adjusted EPS		**0.27**	**(28.37)**

* related to acquisitions.

26.3.3 Weighted average number of ordinary shares

IN SHARES	2021	2020
Outstanding shares	87,795,731	58,664,860
Less treasury shares	(11,281)	(214,423)
Used for calculation of basic and diluted earnings per share	**87,784,450**	**58,450,437**

For movements in shares see note 25 – Equity.

27. 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	2021	2020
Hudson Ltd 42.6 % acquired	27.1	–	(126.5)
Change in relation to put option (49 % of Dufry Staer Holding Ltd)[1]		0.5	24.3
Other non-controlling interests (disposed) / acquired		0.7	(5.3)
Change in Dufry's interest		**1.2**	**(107.5)**
Brookstone acquisition – final purchase price allocation		–	2.3
Business combinations (see note 6)		**–**	**2.3**
NCI portion of increases in share capital of subsidiaries		1.2	3.5
Other		–	(2.5)
Share capital changes		**1.2**	**1.0**
Total		**2.4**	**(104.2)**

[1] No cash flow effects.

27.1 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.

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.

27.2 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 25.4)	**(148.9)**

27.3 INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

In 2021, Dufry allocated CHF 20.2 (2020: –226.8) million of net result to non-controlling interests (NCI). Within the Dufry Group, the net earnings allocated to non-controlling interests is predominantly related to our US subsidiaries, totaling CHF 22.5 (2020: –112.3) million. On December 1, 2020, Dufry 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. Dufry may partner with third parties to win new business opportunities and maintain existing ones. Consequently, Dufry's business model contemplates the involvement of local partners. Net profits from these operating subsidiaries attributed to Dufry 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 Dufry 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.

There are no individual significant non-controlling interests in 2021 and 2020.

28. BORROWINGS

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Bank debt overdrafts	6.4	15.1
Bank debt loans	35.3	34.7
Third party loans	3.6	4.1
Borrowings, current	**45.3**	**53.9**
Bank debt loans	681.6	1,672.3
Senior Notes	3,083.2	1,975.5
Third party loans	6.9	2.8
Borrowings, non-current	**3,771.7**	**3,650.6**
Total	**3,817.0**	**3,704.5**
OF WHICH ARE		
Bank debt	723.3	1,722.1
Senior Notes	3,083.2	1,975.5
Third party loans	10.5	6.9

BANK DEBT

IN MILLIONS OF CHF	31.12.2021	31.12.2020
BANK DEBTS ARE DENOMINATED IN		
US Dollar	501.7	1,017.9
British Pound	–	–
Swiss Franc	–	527.6
Deferred arrangement fees	(11.2)	(14.3)
Subtotal	**490.5**	**1,531.2**
BANK DEBTS AT SUBSIDIARIES IN		
Euro*	124.7	124.3
Swiss Franc*	17.0	20.0
British Pound*	61.7	–
Other currencies*	29.4	46.6
Total	**723.3**	**1,722.1**

* Includes Government backed COVID-19 loans of CHF 208.0 (2020: 205.8) million.

GOVERNMENT BACKED COVID-19 LOANS

Since the beginning of the COVID-19 pandemic in 2020 and as a consequence thereof economical restrictions, governments granted backed Covid-19 loans to certain Dufry subsidiaries, which are accounted for financial liability in accordance with IFRS 9. As of December 2021, the amount of loans granted was overall CHF 208.0 (2020: 205.8) million, whereas the loans were granted in different currencies. Loans granted in EUR were EUR 120.2 (2020: 115.0) million, in CHF 17.0 (2020: 20.0) million, in GBP 50.0 (2020: 0.0) million, in MAD 46.8 (2020: 0.0) million and in RUB 0.0 (2020: 23.6) million. The interest rates vary between 0.0% and 3.5% (2020: 0.0% and 2.7%).

NOTES

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Senior Notes denominated in Euro	2,359.9	1,676.2
Senior Notes denominated in CHF	300.0	–
Convertible Notes denominated in CHF	453.3	326.7
Deferred interest on modification of financing arrangements	(11.4)	(13.8)
Deferred arrangement fees	(18.6)	(13.6)
Total	**3,083.2**	**1,975.5**

DETAILED CREDIT FACILITIES

Dufry 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 2021 and 2020, Dufry complied with the financial covenants and conditions contained in the bank credit agreements (see note 2.2).

In February 2022, we have entered into an amendment of certain borrowing instruments which waived compliance with certain financial covenants for another twelve months until and including June 30, 2023.

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 5:1 for the test periods ending September 30, 2023 and December 31, 2023 and a maximum ratio of 4.5:1 for the test periods ending March 31, 2024 and thereafter,

(ii) a minimum ratio of adjusted operating cash flow to total interest expense (excluding lease interest) of 3:1 for the test periods ending September 30, 2023 and thereafter, and

(iii) a minimum liquidity available of CHF 300 million on a monthly basis until and including June 30, 2023.

Bank credit facilities

IN MILLIONS OF	MATURITY	CURRENCY	CREDIT LIMIT IN FOREIGN CURRENCY	DRAWN AMOUNT IN CHF
Committed term loan (multi-currency)	03.11.2024	USD	550.0	501.7
Revolving credit facility (multi-currency)	03.11.2024	EUR	1,300.0	–
Uncommited current facilities	n. a.	EUR	50.0	–
Uncommited current facilities	n. a.	CHF	50.0	–
At December 31, 2021				**501.7**

IN MILLIONS OF	MATURITY	CURRENCY	CREDIT LIMIT IN FOREIGN CURRENCY	DRAWN AMOUNT IN CHF
Committed term loan (multi-currency)	03.11.2022	USD	700.0	619.6
Committed term loan (multi-currency)	03.11.2022	EUR	500.0	527.6
Revolving credit facility (multi-currency)	03.11.2024	EUR	1,300.0	398.3
Committed 12+6+6 months term and revolving facility	29.05.2021	EUR	367.0	–
Uncommited current facilities	n. a.	EUR	50.0	–
Uncommited current facilities	n. a.	CHF	50.0	–
At December 31, 2020				**1,545.5**

Notes

IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN FOREIGN CURRENCY	AMOUNT IN CHF 31.12.2021	31.12.2020
Senior notes	15.10.2024	2.50 %	EUR	800.0	826.7	860.1
Senior notes	15.02.2027	2.00 %	EUR	750.0	765.0	795.2
Senior notes	15.04.2028	3.38 %	EUR	725.0	744.8	–
Senior notes	15.04.2026	3.63 %	CHF	300.0	299.0	–
Convertible notes [1]	04.05.2023	1.00 %	CHF	350.0	–	320.2
Convertible notes [2]	30.03.2026	0.75 %	CHF	500.0	447.7	–
Total					**3,083.2**	**1,975.5**

[1] Early conversion in April 2021 (see note 29).
[2] Equity component CHF 54.1 million.

WEIGHTED AVERAGE INTEREST RATE

Below are the overall weighted average notional interest rates on the main currencies of bank credit facilities and notes:

INTEREST RATE IN PERCENTAGE (%)	2021	2020
Average on USD	3.31	3.41
Average on CHF	2.09	1.94
Average on EUR	2.54	2.26
Average on GBP	–	2.04
Weighted Average Total	**2.57**	**2.44**

28.1 HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

The company has designated USD 292.9 million bank loans in relation to the investments in Alliance Inc., Interbaires SA, Navinten SA, Blaicor SA, International Operation & Services SA, Duty Free Ecuador SA.

IN MILLIONS OF	CHF	USD
Balance at January 1, 2020	**283.4**	**292.9**
Currency translation adjustments	(24.2)	–
Balance at December 31, 2020	**259.2**	**292.9**
Currency translation adjustments	7.9	–
Balance at December 31, 2021	**267.1**	**292.9**

Dufry had a hedge relationship with Dufry 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 amounted respectively to CHF 109.4 and CHF 75.5 million.

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. The company maintains the hedge ratio by verifying 100% hedge ratio.

28.2 EQUITY-LIKE LOANS

Dufry granted to below mentioned foreign subsidiaries long-term loans. These loans are considered as part of Dufry's net investment in foreign operations, as settlement is neither planned nor likely to occur in the foreseeable future.

		AMOUNT IN FOREIGN CURRENCY		EQUIVALENT AMOUNT IN CHF	
IN MILLIONS OF	CURRENCY	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Dufry International AG	EUR	1,087.1	1,087.1	1,127.6	1,175.6
Nuance Group (Australia) Pty Ltd.	AUD	190.1	196.6	125.9	133.9
Dufry Americas y Caribe Corp.	USD	10.2	10.2	9.3	9.0
Nuance Group (Sverige) AB	SEK	110.0	110.0	11.1	11.9
Dufry Duty Free (Nigeria) Ltd.	USD	6.5	6.1	5.9	5.4
Total				**1,279.8**	**1,335.8**

Any translation difference arising on these loans are accounted for in equity in the line item Exchange difference on translating foreign operations.

29. BORROWINGS AND LEASE OBLIGATIONS, NET

IN MILLIONS OF CHF	CASH AND CASH EQUIVALENTS	LEASE OBLIGATIONS	FINANCIAL DERIVATIVES ASSET – BORROWINGS	FINANCIAL DERIVATIVES LIABILITY – BORROWINGS	BORROWINGS	NET DEBT
Balance at January 1, 2021	**360.3**	**5,420.4**	**–**	**–**	**3,704.5**	**8,764.6**
Cash flows from operating, financing and investing activities	469.2	–	–	–	–	(469.2)
Repayment of 3rd party loans payable	–	–	–	–	8.1	8.1
Transaction costs for financial instruments	–	–	–	–	(27.2)	(27.2)
Proceeds from convertible bonds	–	–	–	–	1,599.3	1,599.3
Proceeds from bank debt	–	–	–	–	642.9	642.9
Repayment of bank debt	–	–	–	–	(1,689.0)	(1,689.0)
Lease payments	–	(478.4)	–	–	–	(478.4)
Cash flow	**469.2**	**(478.4)**	**–**	**–**	**534.1**	**(413.5)**
Additions to lease obligations	–	51.0	–	–	–	51.0
Interest on lease obligations	–	104.5	–	–	–	104.5
Modification of lease obligations	–	(564.5)	–	–	–	(564.5)
Relief on lease obligations	–	(847.1)	–	–	–	(847.1)
Early termination of lease obligations	–	(22.0)	–	–	–	(22.0)
Equity component of convertible bonds	–	–	–	–	(54.1)	(54.1)
Conversion of CHF 350 million bond to Equity	–	–	–	–	(321.0)	(321.0)
Discounted interests	–	–	–	–	9.7	9.7
Arrangement fees amortization	–	–	–	–	26.7	26.7
Financial derivatives	–	–	7.4	63.5	–	56.1
Currency translation adjustments	(36.0)	(5.9)	–	–	(180.0)	(149.9)
Unrealized exchange differences on the translation of net debt in foreign currencies	–	(21.6)	–	–	97.1	75.5
Other non-cash movements	**(36.0)**	**(1,305.6)**	**7.4**	**63.5**	**(421.6)**	**(1,635.1)**
Balance at December 31, 2021	**793.5**	**3,636.4**	**7.4**	**63.5**	**3,817.0**	**6,716.0**

On March 24, 2021 Dufry, via its subsidiary Dufry One B.V., successfully placed CHF 500 million of senior convertible bonds due in 2026, 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 0.75%, payable semi-annually in arrears. At maturity on March 30, 2026 the bonds will be redeemed at par. During such time bondholders can opt to convert the bonds at a price of CHF 87.00 per share. Such shares will be sourced from conditional capital or from existing shares. On May 18, 2021, the General Assembly approved the respective increase of the conditional share capital by 6,913,025 shares (at nominal value of CHF 5.00 each, CHF 34,565,125).

In April, 2021 Dufry, via its subsidiary Dufry One B.V., successfully concluded the voluntary incentivised conversion offer to holder of the CHF 350 million 1% convertible bonds due 2023, launched on March 23, 2021. Given an acceptance rate of 99.3% of the offer Dufry could early redeem the remaining bonds.

On April 15, 2021 Dufry, via its subsidiary Dufry One B.V., successfully priced two new senior Notes of EUR 725 million bearing a coupon of 3.375% maturing in 2028 and CHF 300 million bearing a coupon of 3.625% maturing in 2026. Proceeds from the offering were used to refinance existing bank debt and for general corporate purposes.

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
Proceeds from 3rd party loans payable	–	–	(1.0)	(1.0)
Transaction costs for financial instruments	–	–	(13.4)	(13.4)
Proceeds from issue of notes	–	–	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 to lease obligations	–	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**

On May 4, 2020 Dufry, via its subsidiary Dufry 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

Dufry'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
31.12.2021			
Cash and cash equivalents	1,401.2	(607.7)	793.5
Borrowings, current	653.0	(607.7)	45.3
31.12.2020			
Cash and cash equivalents	1,089.7	(729.4)	360.3
Borrowings, current	783.3	(729.4)	53.9

29.2 LEGAL RESTRICTIONS ON MONEY TRANSFER

Cash and cash equivalents at the end of the reporting period include CHF 57.7 (2020: 36.3) million held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer. There are no material assets that have any other restrictions to realize or settle liabilities of the Group.

30. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Concession fee payables	153.9	95.5
Other service related vendors	177.9	181.1
Personnel payables	119.6	150.9
Deferred lease expense	–	0.7
Sales and other tax liabilities	55.8	39.9
Put option Dufry Staer Holding Ltd	26.2	23.4
Financial derivative liabilities – current	63.5	–
Lease obligation due to tax refund	15.6	17.4
Payables for capital expenditure	9.4	10.7
Interest payables	32.9	16.1
Payables to local business partners	1.1	1.4
Other payables	44.0	39.4
Total	**699.9**	**576.5**
THEREOF		
Current liabilities	653.2	533.0
Non-current liabilities	46.7	43.5
Total	**699.9**	**576.5**

31. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arise from the following positions:

IN MILLIONS OF CHF	31.12.2021	31.12.2020
DEFERRED TAX ASSETS		
Inventories	13.0	4.8
Property, plant and equipment	61.0	38.2
Intangible assets	35.1	29.8
Lease obligations	336.7	459.2
Provisions and other payables	72.1	52.3
Tax loss carry-forward	110.4	116.9
Other	25.2	8.7
Total	**653.5**	**709.9**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(40.0)	(10.9)
Right-of-use assets	(358.6)	(493.6)
Intangible assets	(314.8)	(363.9)
Provisions and other payables	(19.8)	(7.6)
Other	(15.8)	(10.3)
Total	**(749.0)**	**(886.3)**
Deferred tax liabilities net	**(95.5)**	**(176.4)**

Deferred tax balances are presented in the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	2021	2020
Deferred tax assets	179.9	145.5
Deferred tax liabilities	(275.4)	(321.9)
Balance at December 31	**(95.5)**	**(176.4)**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	2021	2020
Changes in deferred tax assets	34.4	23.4
Changes in deferred tax liabilities	46.5	74.9
Currency translation adjustments	(1.8)	(2.4)
Deferred tax movements (expense) at December 31	**79.1**	**95.9**
THEREOF		
Recognized in the statement of profit or loss	90.7	95.6
Recognized in equity	–	(0.3)
Recognized in OCI	(11.6)	0.6

Tax loss carry forward

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 carry forwards 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 2022 and the management projections thereafter.

The unrecognized tax losses carry forwards by expiry date are as follows:

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Expiring within 1 to 3 years	209.4	266.1
Expiring within 4 to 7 years	755.8	733.3
Expiring after 7 years	138.3	54.7
With no expiration limit	1,254.8	1,136.2
Total	**2,358.3**	**2,190.3**

Unrecognized deferred tax liabilities

Dufry has not recognized deferred tax liabilities associated with investments in subsidiaries where Dufry can control the reversal of the timing differences and where it is not probable that the temporary differences will reverse in the foreseeable future. Dufry 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, 2021	**9.8**	**33.3**	**2.4**	**20.5**	**3.2**	**22.8**	**92.0**
Charge for the year	1.5	0.4	0.5	32.3	0.9	11.0	46.6
Utilized	–	(13.1)	–	(0.2)	(0.3)	(5.4)	(19.0)
Unused amounts reversed	–	(1.2)	(0.1)	–	(0.3)	(0.8)	(2.4)
Interest discounted	–	1.7	–	–	–	–	1.7
Reclassification from / to other accounts	0.2	(0.2)	–	–	–	–	–
Currency translation adjustments	0.3	(0.6)	0.1	0.2	0.2	0.2	0.4
Balance at December 31, 2021	**11.8**	**20.3**	**2.9**	**52.8**	**3.7**	**27.8**	**119.3**
THEREOF							
Current	–	13.2	2.9	52.8	0.6	18.9	88.4
Non-current	11.8	7.1	–	–	3.1	8.9	30.9

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

Dufry enters in certain non-cancellable agreements. 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 20.3 (2020: 33.3) million has been provided mainly in relation to three operations in the region Europe, Middle East and Africa (EMEA) and one operation in The Americas.

CLOSE DOWN

The provision of CHF 2.9 (2020: 2.4) million relates mainly to three operations in Asia and Europe.

LAWSUITS AND DUTIES

The provision for lawsuits and duties of CHF 52.8 (2020: 20.5) million covers uncertainties related to the outcome of law suits in relation to taxes-other than income, duties and includes risk in relation to concession fees in connection with our subsidiaries in Europe, Middle East and Africa.

LABOR DISPUTES

The provision of CHF 3.7 (2020: 3.2) million relates mainly to claims presented by sales staff in our segment The Americas 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 utilization for the year relates to the restructuring in our segment The Americas.

CASH OUTFLOWS OF NON-CURRENT PROVISIONS

The cash outflows of non-current provisions as of December 31, 2021 are expected to occur in:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2023	7.0
2024	6.4
2025	1.1
2026	4.5
2027+	11.9
Total non-current	**30.9**

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Dufry 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 97.2 % (2020: 95.2 %) of the total defined benefit obligation and 97.9 % (2020: 95.3 %) of the plan assets correspond to pension funds in Switzerland (CH) and the United Kingdom (UK).

			2021			2020
IN MILLIONS OF CHF	**Funded**	**Unfunded**	**TOTAL**	**Funded**	**Unfunded**	**TOTAL**
SWITZERLAND						
Fair value of plan assets	226.9	–	226.9	205.8	–	205.8
Present value of defined benefit obligation	198.8	–	198.8	217.7	–	217.7
Financial (liability) asset	**28.1**	**–**	**28.1**	**(11.9)**	**–**	**(11.9)**
UK						
Fair value of plan assets	227.5	–	227.5	217.5	–	217.5
Present value of defined benefit obligation	200.6	–	200.6	223.1	–	223.1
Financial (liability) asset	**26.9**	**–**	**26.9**	**(5.6)**	**–**	**(5.6)**
OTHER PLANS						
Fair value of plan assets	9.8	–	9.8	20.8	–	20.8
Present value of defined benefit obligation	11.4	9.9	21.3	22.4	13.5	35.9
Financial (liability) asset	**(1.6)**	**(9.9)**	**(11.5)**	**(1.6)**	**(13.5)**	**(15.1)**
CARRYING AMOUNT						
Net defined benefit assets	**55.0**	**–**	**55.0**	**–**	**–**	**–**
Employee benefit obligations	**(1.6)**	**(9.9)**	**(11.5)**	**(19.1)**	**(13.5)**	**(32.6)**

33.1 SWITZERLAND

In Switzerland Dufry's pension plan is a cash balance plan where contributions are made by employees and employer based on a percentage of the insured 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.

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.

MAIN RISKS

The main risks to which the pension fund is exposed are: a) mortality risk, when 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.

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.

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

	2021		2020	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
SERVICE COSTS				
Current service costs	(5.6)	–	(7.6)	–
Past service costs	–	–	7.8	–
Net interest	–	(0.1)	–	0.1
Total pension expenses recognized in the statement of profit or loss	**(5.6)**	**(0.1)**	**0.2**	**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

	2021		2020	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
Actuarial gains (losses) – experience	15.5	13.2	1.1	–
Actuarial gains (losses) – demographic assumptions	7.7	2.2	–	(0.9)
Actuarial gains (losses) – financial assumptions	3.2	8.9	3.9	(29.3)
Return on plan assets exceeding expected interest	15.9	9.2	6.3	20.4
Total remeasurements recorded in other comprehensive income	**42.3**	**33.5**	**11.3**	**(9.8)**

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

	2021		2020	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
Balance at January 1	**205.8**	**217.5**	**207.5**	**209.5**
Interest income [1]	0.2	3.2	0.5	4.1
Return on plan assets, above interest income	15.9	9.2	6.4	20.4
Contributions paid by employer	4.5	–	5.7	2.0
Contributions paid by employees	4.2	–	3.4	–
Benefits paid	(11.2)	(5.9)	(17.1)	(5.8)
Administration costs	(0.2)	(0.9)	(0.3)	(0.6)
Other	7.7	–	–	–
Currency translation	–	4.4	(0.3)	(12.1)
Balance at December 31	**226.9**	**227.5**	**205.8**	**217.5**

[1] Expected interest income on plan assets based on discount rate. See actuarial assumptions.

Change in present value of defined benefit obligation

	2021		2020	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
Balance at January 1	**217.7**	**223.1**	**236.1**	**206.5**
Current service costs	5.6	–	7.6	–
Interest costs	0.2	3.3	0.6	4.0
Contributions paid by employees	4.2	–	3.4	–
Actuarial losses / (gains) – experience	(15.5)	(13.2)	(1.0)	0.1
Actuarial losses / (gains) – demographic assumptions	(7.7)	(2.2)	–	0.9
Actuarial losses / (gains) – financial assumptions	(3.2)	(8.9)	(3.9)	29.3
Benefits paid	(11.2)	(5.9)	(17.1)	(5.8)
Past service cost – plan amendments	–	–	(7.8)	–
Other	8.7	–	–	–
Currency translation	–	4.4	(0.2)	(11.9)
Balance at December 31	**198.8**	**200.6**	**217.7**	**223.1**
Net defined benefit (obligation) / asset at December 31	**28.1**	**26.9**	**(11.9)**	**(5.6)**

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.

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:

	2021		2020	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK
Discount rates	0.40	1.95	0.10	1.45
Future salary increases	1.25	–	1.25	–
Future pension increases	–	1.95	–	1.80
Mortality table (generational tables)	2020	2020	2015	2019

The mortality table takes into account changes in the life expectancy.

Plan asset structure

The structure of categories of plan assets is as follows:

	2021		2020	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK
Shares	34.9	99.9	33.4	99.1
Bonds	18.8	–	20.2	–
Real estates	37.6	–	38.0	–
Other [1]	8.7	0.1	8.4	0.9
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 37.6% (2020: 39.3%) 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. Dufry does not make use of any assets held by these pension plans.

Plan participants

IN MILLIONS OF CHF	2022 Switzerland	2022 UK	2021 Switzerland	2021 UK
EXPECTED CASH FLOW FOR				
Contribution Employer	4.8	–	4.1	2.0
Contribution Employees	2.9	–	2.5	–
Weighted average duration of defined benefit obligation (years)	18.3	19.0	20.1	19.0

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:

2021 IN MILLIONS OF CHF	SWITZERLAND Increase	SWITZERLAND Decrease	UK Increase	UK Decrease
A CHANGE OF 0.5 % IN THE FOLLOWING ASSUMPTIONS WOULD IMPLY				
Discount rate	(17.1)	19.9	(19.7)	19.7
Salary rate	1.9	(1.8)	–	–

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.

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, Dufry 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 Dufry'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).

The valuation of the put option related to unlisted shares is derived from the proportional share of the net assets.

Quantitative disclosures fair value measurement hierarchy for assets

DECEMBER 31, 2021 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2021 USING 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 swaps contracts – EUR	0.6	–	0.6	–	0.6
Foreign exchange swaps contracts – OTHER	1.4	–	1.4	–	1.4
Cross currency swaps contracts – EUR	5.4	–	5.4	–	5.4
Options – USD	1.6	–	1.6	–	1.6
Total (Note 37.3)	**9.0**	**–**	**9.0**	**–**	**9.0**
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Trade and credit card receivables	85.1	–	85.1	–	85.3

DECEMBER 31, 2020 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2020 USING 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**
Financial assets valued at FVOCI					
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Trade and credit card receivables	16.9	–	16.9	–	17.1

There were no transfers between Level 1 and 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities

DECEMBER 31, 2021 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2021 USING 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 – OTHER	0.1	–	0.1	–	0.1
Foreign exchange swaps contracts – EUR	3.0	–	3.0	–	3.0
Foreign exchange swaps contracts – OTHER	0.3	–	0.3	–	0.3
Cross currency swaps contracts – EUR	60.1	–	60.1	–	60.1
Put option Dufry Staer Holding Ltd	26.2	–	–	26.2	26.2
Total (Note 37.3)	**89.7**	**–**	**63.5**	**26.2**	**89.7**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes CHF 300	298.3	298.3	–	–	299.0
Senior Notes CHF 500	466.1	466.1	–	–	447.7
Senior Notes EUR 725	727.9	727.9	–	–	744.8
Senior Notes EUR 800	815.1	815.1	–	–	826.7
Senior Notes EUR 750	721.5	721.5	–	–	765.0
Total	**3,028.9**	**3,028.9**	**–**	**–**	**3,083.2**
Floating rate borrowings USD	532.8	–	532.8	–	490.5
Total	**532.8**	**–**	**532.8**	**–**	**490.5**

There were no transfers between Level 1 and 2 during the period.

DECEMBER 31, 2020 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2020 USING 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 – OTHER	–	–	–	–	–
Foreign exchange swaps contracts – EUR	–	–	–	–	–
Foreign exchange swaps contracts – OTHER	–	–	–	–	–
Put option Dufry Staer Holding Ltd	23.4	–	–	23.4	23.4
Other options	–	–	–	–	–
Total (Note 37.3)	**23.4**	**–**	**–**	**23.4**	**23.4**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes CHF 500	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
Floating rate borrowings GBP	–	–	–	–	–
Total	**1,617.9**	**–**	**1,617.9**	**–**	**1,531.2**

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	31.12.2021	31.12.2020
Cash and cash equivalents	(793.5)	(360.3)
Borrowings, current	45.3	53.9
Borrowings, non-current	3,771.7	3,650.6
Borrowings, net (excluding derivatives)	**3,023.5**	**3,344.2**
Equity attributable to equity holders of the parent	956.6	839.3
ADJUSTED FOR		
Accumulated hedged gains / (losses)	(128.4)	(91.0)
Effects from transactions with non-controlling interests [1]	1,507.4	1,503.4
Total capital [2]	**2,335.6**	**2,251.7**
Total net debt and capital	**5,359.1**	**5,595.9**
Gearing ratio	**56.4 %**	**59.8 %**

[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, 2021	FINANCIAL ASSETS				
IN MILLIONS OF CHF	at amortized cost	at FVPL	SUBTOTAL	NON-FINANCIAL ASSETS[1]	TOTAL
Cash and cash equivalents	793.5	–	793.5	–	793.5
Trade and credit card receivables	85.3	–	85.3	–	85.3
Other accounts receivable	219.3	9.0	228.3	143.5	371.8
Other non-current assets	174.1	0.5	174.6	40.2	214.8
Total	**1,272.2**	**9.5**	**1,281.7**		

	FINANCIAL LIABILITIES				
IN MILLIONS OF CHF	at amortized cost	at FVPL	SUBTOTAL	NON-FINANCIAL LIABILITIES[1]	TOTAL
Trade payables	335.1	–	335.1	–	335.1
Borrowings, current	45.3	–	45.3	–	45.3
Lease obligations, current	1,077.9	–	1,077.9	–	1,077.9
Other liabilities	525.7	63.5	589.2	64.0	653.2
Borrowings, non-current	3,812.8	–	3,812.8	(41.1)	3,771.7
Lease obligations, non-current	2,558.5	–	2,558.5	–	2,558.5
Other non-current liabilities	46.7	–	46.7	–	46.7
Total	**8,402.0**	**63.5**	**8,465.5**		

[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, 2020	FINANCIAL ASSETS				
IN MILLIONS OF CHF	Loans and receivables	at FVPL	SUBTOTAL	NON-FINANCIAL ASSETS	TOTAL
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				
IN MILLIONS OF CHF	at amortized cost	at FVPL	SUBTOTAL	NON-FINANCIAL LIABILITIES	TOTAL
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**		

35.3 NET INCOME BY IFRS 9 VALUATION CATEGORY

Financial Assets at December 31, 2021

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest income	15.9	–	15.9
Other finance income	0.1	5.4	5.5
From interest	**16.0**	**5.4**	**21.4**
Foreign exchange gain / (loss) [1]	128.7	(11.3)	117.4
Impairments / allowances [2]	(45.0)	–	(45.0)
Total – from subsequent valuation	**83.7**	**(11.3)**	**72.4**
Net (expense) / income	**99.7**	**(5.9)**	**93.8**

Financial Liabilities at December 31, 2021

IN MILLIONS OF CHF	AT AMORTIZED COST	AT FVPL	TOTAL
Interest expenses	(250.2)	–	(250.2)
Other finance expenses	(41.4)	(7.7)	(49.1)
From interest	**(291.6)**	**(7.7)**	**(299.3)**
Foreign exchange gain / (loss) [1]	(2.4)	(117.6)	(120.0)
Total – from subsequent valuation	**(2.4)**	**(117.6)**	**(120.0)**
Net (expense) / income	**(294.0)**	**(125.3)**	**(419.3)**

[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, 2020

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVOCI (NON-RECYCLABLE)	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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES

As a global retailer, Dufry has worldwide activities which are financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. Dufry'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.

Dufry continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. Dufry 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, 2021						
Monetary assets	1,226.7	494.1	411.3	91.5	2,096.7	4,320.3
Monetary liabilities	495.5	2,890.3	263.8	162.0	2,225.0	6,036.6
Net currency exposure before foreign currency contracts and hedging	**731.2**	**(2,396.2)**	**147.5**	**(70.5)**	**(128.3)**	**(1,716.3)**
Foreign currency contracts	(998.6)	1,254.4	(158.6)	35.6	49.5	182.3
Hedging	252.3	1,127.6	–	–	(91.8)	1,288.1
Net currency exposure	**(15.1)**	**(14.2)**	**(11.1)**	**(34.9)**	**(170.6)**	**(245.9)**
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 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)**

The sensitivity analysis includes all monetary assets and liabilities irrespective of whether the positions are third party or intercompany. Dufry 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, Dufry 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 Dufry 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	31.12.2021	31.12.2020
Effect on profit or loss based on USD	0.8	6.4
Other comprehensive income based on USD	12.6	12.2
Effect on profit or loss based on EUR	0.7	(0.1)
Other comprehensive income based on EUR	56.4	58.8
Effect on profit or loss based on GBP	0.6	0.3
Effect on profit or loss based on BRL	1.7	(0.6)

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2021	31.12.2020
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	4,320.3	3,790.1
Less intercompany financial assets in foreign currencies	(3,690.0)	(3,331.4)
Third party financial assets held in foreign currencies	630.3	458.7
Third party financial assets held in reporting currencies	651.4	268.7
Total third party financial assets[1]	**1,281.7**	**727.4**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	6,036.6	5,457.8
Less intercompany financial liabilities in foreign currencies	(4,083.4)	(3,160.5)
Third party financial liabilities held in foreign currencies	1,953.2	2,297.3
Third party financial liabilities held in reporting currencies	6,512.3	7,556.9
Total third party financial liabilities[1]	**8,465.5**	**9,854.2**

[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 Dufry 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 as per the table below are determined by reference to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at December 31 of each year.

IN MILLIONS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
December 31, 2021	7,025.2	9.0	63.5
December 31, 2020	1,424.4	11.5	–

38. INTEREST RATE RISK MANAGEMENT

Dufry 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 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, Dufry's net earnings for the year 2021 would increase by CHF 38.0 (2020: increase by CHF 40.0) million.

38.2 ALLOCATION OF FINANCIAL ASSETS AND LIABILITIES TO INTEREST CLASSES

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2021	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	TOTAL
Cash and cash equivalents	0.3 %	1.0 %	56.2	43.1	99.3	694.2	793.5
Trade and credit card receivables			–	–	–	85.3	85.3
Other accounts receivable	0.3 %		34.9	–	34.9	193.4	228.3
Other non-current assets	0.4 %	3.9 %	0.9	7.8	8.7	165.9	174.6
Financial assets			**92.0**	**50.9**	**142.9**	**1,138.8**	**1,281.7**
Trade payables			–	–	–	335.1	335.1
Borrowings, current	4.1 %	2.4 %	1.3	24.5	25.8	19.5	45.3
Other liabilities			–	–	–	589.2	589.2
Borrowings, non-current	3.3 %	2.5 %	512.4	3,300.4	3,812.8	–	3,812.8
Lease obligations		3.7 %	–	3,636.4	3,636.4	–	3,636.4
Other non-current liabilities			–	–	–	46.7	46.7
Financial liabilities			**513.7**	**6,961.3**	**7,475.0**	**990.5**	**8,465.5**
Net financial liabilities			**421.7**	**6,910.4**	**7,332.1**	**(148.3)**	**7,183.8**

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2020	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest rate	Total interest bearing	Non-interest bearing	TOTAL
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**

39. CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to Dufry.

Almost all Dufry sales are retail sales made against cash or internationally recognized credit / debit cards. Dufry 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 refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. Dufry 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 Dufry'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 28).

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, 2021 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	804.0	2.9	–	–	806.9
Trade and credit card receivables	85.3	–	–	–	85.3
Other accounts receivable	183.3	36.0	–	–	219.3
Other non-current assets	–	–	1.9	172.9	174.8
Total cash inflows	**1,072.6**	**38.9**	**1.9**	**172.9**	**1,286.3**
Trade payables	335.1	–	–	–	335.1
Borrowings, current	34.8	19.1	–	–	53.9
Other liabilities	589.7	–	–	–	589.7
Borrowings, non-current	51.2	51.7	224.6	3,945.3	4,272.8
Lease obligations[1]	552.0	525.9	907.0	2,127.8	4,112.7
Other non-current liabilities	–	–	46.7	–	46.7
Total cash outflows	**1,562.8**	**596.7**	**1,178.3**	**6,073.1**	**9,410.9**

[1] Lease obligation with a maturity of more than 2 years contain an amount of CHF 840.7 million with a maturity longer than 5 years.

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	17.1	–	–	–	17.1
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**

40.2 REMAINING MATURITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

Dufry holds derivative financial instruments at year-end.

AT DECEMBER 31, 2021 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Derivative financial assets	1.9	–	1.6	5.5	9.0
Derivative financial liabilities	3.4	–	–	60.1	63.5

AT DECEMBER 31, 2020 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Derivative financial assets	10.0	1.5	–	–	11.5
Derivative financial liabilities	–	–	–	–	–

41. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to Dufry if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in Dufry that gives it significant influence over Dufry, has joint control over Dufry or is an associate or a joint venture of Dufry. In addition, members of the key management personnel of Dufry or close members of the family are also considered related parties as well as post-employment benefit plans for the benefit of employees of Dufry.

Transactions with related parties are conducted at arm's length.

The related party transactions and relationships for Dufry are the following:

IN MILLIONS OF CHF	2021	2020
PURCHASE OF GOODS FROM		
Hudson RPM, literature and publications [1]	–	1.4
PURCHASE OF SERVICES FROM		
Pension Fund Dufry, post-employment benefits	4.5	5.6
ACCOUNTS PAYABLES AT DECEMBER 31		
Hudson RPM [1]	–	(1.7)
Pension Fund Dufry	0.6	0.3

[1] Hudson RPM is no longer a related party.

The transactions with associates are the following:

IN MILLIONS OF CHF	2021	2020
PURCHASE OF SERVICES FROM		
Lojas Francas de Portugal S.A.	–	(3.4)
Nuance Basel LLC (Sochi)	–	0.2
Nuance Group (Chicago) LLC	(0.1)	–
SALES OF SERVICES TO		
Lojas Francas de Portugal S.A.	(0.3)	1.5
Nuance Basel LLC (Sochi)	0.3	0.2
Puerto Libre Int. SA	0.1	–
Nuance Group (Chicago) LLC	0.2	0.1
SALES OF GOODS TO		
Lojas Francas de Portugal S.A.	19.9	8.9
Nuance Basel LLC (Sochi)	3.2	1.6
Puerto Libre Int. SA	0.5	0.4
Nuance Group (Chicago) LLC	0.3	(0.1)
NCM Brookstone Stores Georgia, LLC	0.1	–
ACCOUNTS RECEIVABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	8.1	1.4
Nuance Basel LLC (Sochi)	9.8	9.0
Puerto Libre Int. SA	0.2	–
Nuance Group (Chicago) LLC	1.9	0.6
NCM Brookstone Stores Georgia, LLC	0.6	0.5
ACCOUNTS PAYABLES AT DECEMBER 31		
Nuance Group (Chicago) LLC	0.1	–

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	2021	2020
BOARD OF DIRECTORS		
Number of directors	11	10
Current employee benefits	7.6	6.8
Post-employment benefits	0.1	0.2
Total compensation	**7.7**	**7.0**
GLOBAL EXECUTIVE COMMITTEE		
Number of members	7	8
Current employee benefits	19.9	26.0
Post-employment benefits	1.4	1.8
Share-based payments (income) / expense [1]	0.2	(1.1)
Total compensation	**21.5**	**26.7**

[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

On February 24, 2022, the Russian Federation initiated a military attack on the Ukraine. Management is assessing its direct impact on the Company and is monitoring the situation. The more indirect impact on the travel and travel retail business worldwide cannot be assessed reliably at the time of approval of the consolidated financial statements.

Deloitte AG
Pfingstweidstrasse 11
8005 Zürich
Schweiz

Phone: +41 (0)58 279 60 00
Fax: +41 (0)58 279 66 00
www.deloitte.ch

Deloitte.

To the General Meeting of
Dufry AG, Basel

Basel, March 3, 2022

Statutory Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Dufry AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 125 to 211) give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, 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.

Key Audit Matters
Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment Risk of Goodwill
Key Audit Matter
The Group's balance sheet includes goodwill of CHF 2,360.0 million (2020: 2,369.3 million). As at December 31, 2021 management concluded that the estimated recoverable amount of goodwill of each of the Group's segments exceeded their carrying amounts with the exception of one country specific disposal that resulted in an impairment charge of CHF 21.6 million (2020: CHF 131.1 million).

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. As detailed in Note 3, 10, 18 and 19 to the consolidated financial statements, the level at which goodwill is monitored and tested annually for impairment is the group's segments.

The Group focuses on the regional performance of its operations. Key metrics used by management in assessing performance are measured at the operating segment.

The impairment assessment for goodwill is dependent on the assumptions of cash flow projections used in the impairment tests. Key assumptions are projected sales growth rates and the weighted average cost of capital applied.

Given the high level of judgment and complexity of the estimations, combined with the significance of the above amounts to the financial statements as a whole, we assessed management's assumptions made in relation to goodwill to be a key audit matter.

Deloitte.

How the scope of our audit responded to the key audit matter
We obtained an understanding of the controls around the review of management's judgment in allocating goodwill to the operating segments, the review of significant assumptions used in the impairment test and the review of the impairment models.

We included valuation specialists in our team to assess the appropriateness of the mathematical integrity and valuation methodology used in the impairment tests.

We evaluated 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 to assess historical revenue and expenses against the Group's assumptions.

We independently determined the weighted average cost of capital (WACC) and compared them against management's assumptions.

We challenged the Group's sensitivity analysis by performing an independent analysis using management's models. We assessed the adequacy of impairment related disclosures in the consolidated financial statements, including the key assumptions used and the completeness and accuracy of sensitivities disclosed.

Valuation of concession right intangibles and right-of-use assets
Key Audit Matter
The Group's balance sheet includes concession right intangibles in the amount of CHF 1,421.6 million (2020: CHF 1,854.7 million) and right-of-use assets with definite useful lives in the amount of CHF 3,120.8 million (2020: CHF 4,438.7 million). As at December 31, 2021 management recorded an impairment charge of CHF 237.0 million for concession right intangibles and a net gain from impairment of CHF 44.1 from Right-of-Use assets (2020: CHF 564.8 million and CHF 443.1 million, respectively).

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 2.4m and 2.4o. As detailed in Note 3, 17, 18, and 19 to the consolidated financial statements, the Group assesses at each reporting date whether there are indicators of impairment. When 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.

The impairment assessment is dependent on the assumptions of cash flow projections used in the impairment tests. Key assumptions are projected sales growth rates for the forecast period and the weighted average cost of capital applied.

Given the high level of judgment and complexity of the estimations, combined with the significance of the above amounts to the financial statements as a whole, we assessed management's estimates made in relation to concession right intangibles and right-of-use assets to be a key audit matter.

How the scope of our audit responded to the key audit matter
We obtained an understanding of the controls around the review of management's judgment in the identification of impairment indicators, the review of key assumptions used in the impairment test and the review of the impairment models.

We independently evaluated whether there are any impairment indicators for concession right intangibles and right-of-use assets. For those cash generating units for which there were impairment indicators identified, we performed procedures to assess the appropriateness of the mathematical integrity and valuation methodology used in the impairment tests, 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 to assess historical revenue and expenses against the Group's assumptions. In addition, we tested on a sample basis the variable and fixed lease payments against contractual agreements.

Deloitte.

We independently determined the weighted average cost of capital (WACC) and compared them against management's assumptions.

We assessed the adequacy of impairment related disclosures in the consolidated financial statement.

Completeness of Lease Contracts and Accounting Treatment
Key Audit Matter
The Group's balance sheet includes right-of-use assets of CHF 3,120.8 million (2020: 4,438.7 million) and lease obligation of CHF 3,636.4 million (current and non-current) (2020: CHF 5,420.4 million).

The accounting policies regarding right-of-use assets and lease obligations applied by the Group are explained in the notes to the consolidated financial statements in sections 2.4f, 2.4m, 2.4n and 2.4v. As detailed in Note 8 and 29 to the consolidated financial statements, the Group disclosed the key assumptions for lease accounting.

Given the complexity around assessing the accounting treatment and the completeness of lease contracts recognized based on contractual information, and complexity around the application of the COVID-19 related rent concession practical expedient, this matter was considered a key audit matter.

How the scope of our audit responded to the key audit matter
We obtained an understanding of the Group's process for identifying changes to contractual information of the lease contracts and its corresponding Group's accounting policy and obtained an understanding around the key controls to assess completeness and appropriateness of the accounting treatment.

We tested a sample of additions or changes to lease contracts and analysed 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 challenging the Group's assessment. We performed inquiries with management on the completeness of lease contracts and considered external available information on changes in concession agreements. Further, we assessed the completeness of the lease liability by selecting a sample of lease expenses to ensure appropriate classification of the variable lease contracts.

We validated the appropriateness and completeness of the related disclosures in the corresponding Notes to the financial statements.

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 of the Company and 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.

Deloitte.

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://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 paragraph 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 consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Andreas Bodenmann Licensed audit expert (Auditor in charge)	Fabian Hell Licensed audit expert

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021

IN THOUSANDS OF CHF	NOTE	2021	2020
Financial income		24,076	2,938
Other income		214	20
Total income		**24,290**	**2,958**
Personnel expenses	8	(664)	11,092
General and administrative expenses		(11,817)	(3,875)
Management fee expenses		(1,778)	(12,570)
Impairment of investments in subsidiaries	7	(223,465)	(844,725)
Financial expenses		(626)	(8,634)
Expenses related with capital increase		–	(8,019)
Taxes		(1,228)	(981)
Total expenses		**(239,578)**	**(867,713)**
(Loss) / profit for the year		**(215,288)**	**(864,755)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

IN THOUSANDS OF CHF	NOTE	31.12.2021	31.12.2020
ASSETS			
Cash and cash equivalents		418	10,625
Current receivables third parties		103	88
Current receivables subsidiaries		2,868	1,387
Current receivables other group companies		1,364	1,341
Loan to subsidiaries		790,000	475,000
Prepaid expenses and accrued income		–	54
Current assets		**794,753**	**488,495**
Investments in subsidiaries	3	2,780,225	3,003,690
Non-current assets		**2,780,225**	**3,003,690**
Total assets		**3,574,978**	**3,492,185**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current interest bearing liabilities		595	2,537
Current liabilities third parties		5,970	7,891
Current liabilities participants and bodies		–	1,036
Current liabilities subsidiaries		1,167	8,717
Deferred income and accrued expenses		653	6,228
Current liabilities		**8,385**	**26,409**
Non-current interest-bearing liabilities subsidiaries		–	–
Non-current liabilities		**–**	**–**
Total liabilities		**8,385**	**26,409**
Share capital	5.1	453,985	401,318
Legal capital reserves			
Reserve from capital contribution	5.1	4,552,310	4,287,731
Reserve from capital contribution for own shares held at subsidiaries	5.1	557	1,698
Legal retained earnings			
Other legal reserves		5,927	5,927
Voluntary retained earnings			
Results carried forward	12	(1,230,898)	(366,143)
(Loss)/profit for the year	12	(215,288)	(864,755)
Treasury shares	6	–	–
Shareholders' equity		**3,566,593**	**3,465,776**
Total liabilities and shareholders' equity		**3,574,978**	**3,492,185**

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

During 2021, the Group has taken the following measures in response to the ongoing COVID-19 pandemic:
- The Group has materially reduced its cost structure and is continuing to manage its expenses, in particular the Group renegotiated, and it is continuing to align its concession payment commitments to the current business environment and in particular to reduce fixed payments;
- In March 2021, Dufry issued a new convertible bond of CHF 500 million due in 2026;

- In April 2021, CHF 350 million convertible bonds issued in 2020 and due in 2023 were converted in shares;
- In April 2021, the group issued two new senior bonds
  - EUR 725 million 3.375 % Senior Notes due 2028 and
  - CHF 300 million 3.625 % Senior Notes due 2026.
- With the executed refinancing, there are no material maturities before 2024. Proceeds from the offering are mainly intended to be used to refinance existing bank debt (2017 Senior Euro Term Loan Facility – EUR 500 million).

In addition, the lenders of the syndicated bank facility have agreed to extend the maturity of the 2017 Senior USD Term Loan Facility (USD 550 million).

In February 2022, Dufry received commitment letters from the same lenders in which, among other things, the lenders committed to not formally test the financial covenants for the relevant periods until and including June 30, 2023,

Dufry cannot predict extent or duration of the ongoing COVID-19 pandemic and its impact on the Group and its financial position, results of operations and cash flows. 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.

Management believes that the actions that it has taken to date are sufficient to ensure the Group's ability to continue as a going concern and has therefore prepared the consolidated 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 31.12.2021	31.12.2020	SHARE CAPITAL 31.12.2021	31.12.2020	CURRENCY
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	31.12.2021	31.12.2020
Advent International Corporation	10.10 %	17.55 %
State of Qatar	6.91 %	6.91 %
Compagnie Financiere Rupert	5.00 %	5.00 %
Alibaba Group Holding Limited	5.40 %	–
Franklin Resources, Inc.	3.00 %	–

5. SHARE CAPITAL

5.1 ORDINARY SHARES

IN THOUSANDS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	RESERVE FROM CAPITAL CONTRIBUTION
Balance at January 1, 2020	**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**
Share capital increases	10,533,325	52,667	292,320
Incentive for conversion of bond	–	–	(28,881)
Reclass from reserve from capital contribution for own shares held at subsidiaries	–	–	1,140
Balance at December 31, 2021	**90,797,007**	**453,985**	**4,552,310**

In April 2021, 99.3 % of CHF 350 million (CHF 347.6 million) convertible bonds issued in 2020 and due in 2023 were converted into shares.

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 were 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 5.00 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, 2020	**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**
Conversion of the CHF 350 million bond	(10,533,325)	(52,666,625)
Increase of conditional share capital	6,913,025	34,565,125
Balance at December 31, 2021	**9,079,700**	**45,398,500**

5.3 AUTHORIZED SHARE CAPITAL

IN	SHARES	NOMINAL VALUE IN CHF
Balance at January 1, 2020	**5,000,000**	**25,000,000**
Share capital increase	(5,000,000)	(25,000,000)
Balance at December 31, 2020	**–**	**–**
Balance at December 31, 2021	**–**	**–**

6. TREASURY SHARES

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2020	**–**	**–**
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	**–**	**–**
Balance at December 31, 2021	**–**	**–**

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 223.5 (2020: 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 2021 and 2020.

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, 2021, 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	DRAWN AMOUNT IN CHF
MAIN BANK CREDIT FACILITIES					
Committed 5-years term loan	03.11.2024		USD	550.0	501.7
5+1+1 – years revolving credit facility (multi-currency)	03.11.2024		EUR	1,300.0	–
Subtotal					**501.7**
SENIOR NOTES					
Senior notes	15.04.2028	3.38 %	EUR	725.0	752.0
Senior notes	15.04.2026	3.63 %	CHF	300.0	300.0
Senior notes	15.10.2024	2.50 %	EUR	800.0	829.8
Senior notes	15.02.2027	2.00 %	EUR	750.0	778.0
Convertible notes	30.03.2026	0.75 %	CHF	500.0	500.0
Mandatory convertible notes	18.11.2023	4.10 %	CHF	69.5	–
Subtotal					**3,159.8**
GUARANTEE FACILITY					
Uncommitted guarantee facility	n. a.		EUR	49.0	53.0
Subtotal					**53.0**
At December 31, 2021					**3,714.5**

IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL AMOUNT IN LOCAL CURRENCY	DRAWN AMOUNT IN CHF
MAIN BANK CREDIT FACILITIES					
Committed 5-years term loan	03.11.2022		USD	700.0	619.6
Committed 5-years term loan (multi-currency)	03.11.2022		EUR	500.0	527.6
5+1+1 – years revolving credit facility (multi-currency)	03.11.2024		EUR	1,300.0	421.0
12+6+6-months term loan	29.05.2021		EUR	367.0	–
Subtotal					**1,568.2**
SENIOR NOTES					
Senior notes	15.10.2024	2.50 %	EUR	800.0	865.1
Senior notes	15.02.2027	2.00 %	EUR	750.0	811.1
Convertible notes	04.05.2023[1]	1.00 %	CHF	350.0	350.0
Mandatory Convertible Note	18.11.2023	4.10 %	CHF	69.5	69.5
Subtotal					**2,095.7**
GUARANTEE FACILITY					
Uncommitted guarantee facility	n. a.		EUR	49.0	53.0
Subtotal					**53.0**
At December 31, 2020					**3,716.9**

[1] Early conversion in April 2021 (see note 29 in Consolidated Financial Statements).

There were no assets pledged as of December 31, 2021 and 2020.

11. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GLOBAL EXECUTIVE COMMITTEE IN DUFRY 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 at December 31, 2021 and December 31, 2020 (members not listed do not hold any shares or options):

	31.12.2021			31.12.2020		
IN THOUSANDS	SHARES	OUTSTANDING UNVESTED PSU[1]	PARTICIPATION	SHARES	OUTSTANDING UNVESTED PSU[1]	PARTICIPATION
MEMBERS OF BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	556.2	–	0.61 %	758.3	–	0.94 %
H. Jo Min, Lead Independent Director	0.7	–	0.00 %	0.7	–	0.00 %
Jorge Born, Director	31.7	–	0.03 %	31.7	–	0.04 %
Julián Diáz Gonzalez, Director and Group CEO	153.2	57.4	0.23 %	230.3	28.9	0.32 %
Steven Tadler, Director	19.0	–	0.02 %	19.0	–	0.02 %
Lynda Tyler-Cagni, Director	3.6	–	0.00 %	3.6	–	0.00 %
Total Board of Directors	**764.4**	**57.4**	**0.91 %**	**1,043.6**	**28.9**	**1.34 %**
MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
Julián Diáz Gonzalez, Director and Group CEO	153.2	57.4	0.23 %	230.3	28.9	0.32 %
Yves Gerster, CFO	3.7	20.3	0.03 %	3.7	5.3	0.01 %
Eugenio Andrades, CEO Operations	2.0	22.3	0.03 %	5.3	12.6	0.02 %
Andrea Belardini, Chief Commercial Officer	19.1	21.3	0.04 %	13.7	10.3	0.03 %
Luis Marin, Global Chief Corporate Officer	10.8	21.3	0.04 %	10.8	9.0	0.02 %
Pascal C. Duclos, Group General Counsel	–	21.3	0.02 %	–	12.6	0.02 %
Sarah Branquinho, Chief Diversity & Inclusion Officer	0.4	3.1	0.00 %	n/a	n/a	n/a
ADDITIONAL FORMER MEMBERS OF GLOBAL EXECUTIVE COMMITTEE (IN 2020)						
José Antonio Gea, Deputy Group CEO	n/a	n/a	n/a	41.7	17.1	0.07 %
Roger Fordyce, CEO North America	n/a	n/a	n/a	4.5	–	0.01 %
Total Global Executive Committee	**189.2**	**167.0**	**0.39 %**	**310.0**	**95.8**	**0.51 %**

[1] Outstanding unvested Performance Share Units (PSU) at target level.

In addition to the above, Juan Carlos Torres holds sale positions of 0.12 % through options (114,420 voting rights) and Julián Díaz González holds a sale position of 0.04 % through options (40,200 voting rights) as of December 31, 2021 (as of December 31, 2020: the shareholders' group consisting, among others, of different entities controlled by Juan Carlos Torres and Julián Díaz González holds sale positions of 0.97 % through options (778,160 voting rights). This group has been terminated as per June 18, 2021.

The detailed terms of these financial instruments are as disclosed to SIX Exchange Regulation and published on January 9, 2021. Disclosure notices are available on the SIX Exchange Regulation website:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

12. MATERIAL INDIRECT SUBSIDIARIES

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31, 2021	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
EUROPE, MIDDLE EAST AND AFRICA (EMEA)						
WDFG UK Limited	London	UK	R	100	360	GBP
WDFG Ferries Limited	London	UK	R	100	50	GBP
World Duty Free Group S.AU.	Madrid	Spain	H/R	100	19,831	EUR
Sociedad de Distribucion Comercial Aeroportuaria de Canarias, S.L.	Telde	Spain	R	60	717	EUR
Urart Gumr. Magaza Isletm. ve Ticaret A.S.	Antalya	Turkey	R	100	1,728	TRY
Hellenic Duty Free Shops S.A.	Athens	Greece	R	100	397,535	EUR
Hellenic Distributions S.A.	Athens	Greece	D	100	6,296	EUR
Dufrital SpA	Milan	Italy	R	60	466	EUR
Dufry Basel-Mulhouse AG	Basel	Switzerland	R	100	100	CHF
The Nuance Group AG	Zurich	Switzerland	R	100	82,100	CHF
Aldeasa Jordan Airports Duty Free Shops Ltd	Amman	Jordan	R	100	500	JOD
Nuance Group (Sverige) AB	Stockholm	Sweden	R	100	100	SEK
Dufry East	Moscow	Russia	R	100	19,758	RUB
Regstaer-SP LLC	St. Petersburg	Russia	R	51	10	RUB
RegStaer M Ltd	Moscow	Russia	R	31	10,010	RUB
Dufry Sharjah FZC	Sharjah	U. Arab. Emirates	R	50	150	AED
Dufry Maroc SARL	Casablanca	Morocco	R	80	2,500	MAD
World Duty Free Group Germany GmbH	Düsseldorf	Germany	R	100	250	EUR
World Duty Free Group Helsinki Ltd	Vantaa	Finland	R	100	2,500	EUR
Dufry France SA	Nice	France	R	100	1,100	EUR
WDFG SA, Kuwait Branch	Kuwait City	Kuwait	R	100	2,383	KWD
Nuance Group (Malta) Ltd	Luqa	Malta	R	52	2,795	EUR
D. d.o.o. Belgrade	Belgrade	Serbia	R	100	693,078	RSD
Nuance Group (India) Pvt. Ltd	Bangalore	India	R	100	1,035,250	INR
Dufry Shops Colombo Limited	Colombo	Sri Lanka	R	100	30,000	LKR
ADF Shops CJSC	Yerevan	Armenia	R	100	553,825	AMD
WDFG France SNC, Eurotunnel	Neuilly Sur Seine	France	R	100	5	EUR
Nuance BG AD	Sofia	Bulgaria	R	50	2,000	BGN
ASIA PACIFIC						
The Nuance Group (HK) Ltd	Hong Kong	China	R	100	–	HKD
The Nuance Group (Macau) Ltd	Macau	China	R	100	500	MOP
Dufry (Shanghai) Commercial Co., Ltd	Shanghai	China	R	100	123,547	CNY
Nuance Group (Australia) Pty Ltd	Melbourne	Australia	R	100	209,983	AUD
Dufry Thomas Julie Korea Co. Ltd	Busan	South Korea	R	45	1,000,000	KRW
THE AMERICAS						
Dufry do Brasil DF Shop Ltda	Rio de Janeiro	Brazil	R	87	315,037	BRL
Dufry Lojas Francas Ltda	Sao Paulo	Brazil	R	87	234,760	BRL
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	4,250	MXN
Interbaires SA	Buenos Aires	Argentina	R	100	1,764,567	ARS
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	100	DOP
Alliance Duty Free, LLC	San Juan	Puerto Rico	R	100	2	USD
Navinten SA	Montevideo	Uruguay	R	100	3,700	UYU
Aldeasa Chile, Ltd	Santiago de Chile	Chile	R	100	2,517	USD
Dufry Jamaica Ltd	St. James	Jamaica	R	100	–	USD

AS OF DECEMBER 31, 2021	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
DFC Ltd – Barbados	St. Michael	Barbados	R	100	10,000	BBD
Dufry Colombia SAS	Bogota	Colombia	R	100	100,100	COP
Dufry Aruba N.V.	Oranjestad	Aruba	R	100	1,800	AWG
ABC Netherlands LLC	San Juan	Puerto Rico	R	100	10	USD
The Nuance Group (Canada) Inc.	Toronto	Canada	R	100	1,017	CAD
WDFG Vancouver LP	Vancouver	Canada	R	100	–	CAD
AMS Canada, Vancouver Int. Airport	Vancouver	Canada	R	100	–	CAD
Hudson Group Canada Inc	Vancouver	Canada	R	100	–	CAD
Dufry Cruise Services, Inc.	Miami	USA	R	100	–	USD
Seattle Air Ventures	Olympia	USA	R	75	–	USD
Hudson Group (HG) Retail, LLC	New Jersey	USA	H/R	100	–	USD
Hudson Las Vegas JV Hudson News O'Hare JV	Las Vegas	USA	R	73	–	USD
WDFG North America LLC	Delaware	USA	H/R	100	–	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
HG Midway JV	Chicago	USA	R	65	–	USD
HG Denver JV	Denver	USA	R	76	–	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	–	USD
HG St Louis JV	St. Louis	USA	R	70	–	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
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	–	USD
WDFG LTL ATL JV LLC, Atlanta	Delaware	USA	R	70	–	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	73	–	USD
HG-CV-Epicure-Martinez San Diego, JV	San Diego	USA	R	71	–	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	75	–	USD
Hudson Cleveland JV	Cleveland	USA	R	70	–	USD
WDFG Houston 8 2014 LLC	Houston	USA	R	60	–	USD
HG LGA Retailers JV	New York	USA	R	79	–	USD
HG SLC Retailers JV	Salt Lake City	USA	R	100	–	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	–	USD
GLOBAL DISTRIBUTION CENTERS						
International Operations & Services (HK) Ltd	Hong Kong	Hong Kong	D	100	109,000	HKD
Dufry International Ltd	Basel	Switzerland	H/D	100	6,100	CHF
International Operations & Services (UY) S.A.	Montevideo	Uruguay	D	100	700	UYU
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

13. EVENTS AFTER REPORTING DATE

On February 24, 2022, the Russian Federation initiated a military attack on the Ukraine. Management is assessing its direct impact on the Company and is monitoring the situation. The more indirect impact on the travel and travel retail business worldwide cannot be assessed reliably at the time of approval of the consolidated financial statements.

PROPOSED APPROPRIATION OF RETAINED EARNINGS AND CAPITAL DISTRIBUTION

IN THOUSANDS OF CHF	2021	2020
Proposed appropriation of retained earnings		
Result carried forward	(1,230,898)	(366,143)
Loss for the year	(215,288)	(864,755)
Retained earnings at December 31	**(1,446,186)**	**(1,230,898)**
Proposed distribution out of retained earnings		
Balance at beginning of the year	4,287,731	3,420,326
Distribution out of reserve from capital contribution	–	–
Share capital increase	292,320	782,403
Incentive for conversion of bond	(28,881)	–
Reclass from reserve from capital contribution for own shares held at subsidiaries	1,140	85,002
Reserve from capital contribution at December 31	**4,552,310**	**4,287,731**

Deloitte AG
Pfingstweidstrasse 11
8005 Zürich
Schweiz

Phone: +41 (0)58 279 60 00
Fax: +41 (0)58 279 66 00
www.deloitte.ch

To the General Meeting of
Dufry AG, Basel

Basel, March 3, 2022

Statutory Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Dufry AG, which comprise the statement of financial position as at December 31, 2021, statement of profit or loss and notes to the financial statements for the year then ended, including summary of significant accounting policies.

In our opinion the financial statements as at December 31, 2021, presented on pages 216 to 228, comply with Swiss law and the company's articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries
Key Audit Matter
As described in Notes 2.3, 3 and 7 to the financial statements, Dufry AG holds investments in Dufry Group companies with the carrying value of CHF 2,780.2 million (2020: CHF 3,003.7 million), representing 78% (2020: 86%) of the total assets. As at December 31, 2021 management recorded an impairment charge of CHF 223.5 million (2020: 844.7 million).

In accordance with Article 960.1 CO, each investment held is valued individually and reviewed annually for impairment indicators. Each investment showing impairment indicators is tested for impairment and an impairment would need to be recorded by management if the recoverable amount is lower than the carrying amount.

The impairment test and in particular the assessment of the recoverable amount of each investment is complex and contains judgment. The assessment is dependent on the assumptions of cash flow projections used in the impairment tests. Key assumptions are projected sales growth rates for the forecast period and the weighted average cost of capital applied.

Given the high level of judgment and complexity of the estimations, combined with the significance of the above amounts to the financial statements as a whole, we assessed management's estimates in relation to investments to be a key audit matter.

Deloitte.

How the scope of our audit responded to the Key Audit Matter
We obtained an understanding of the controls around the review of management's judgment in the identification of impairment indicators, the review of key assumptions used in the impairment test and the review of the impairment models.

We assessed the appropriateness of the mathematical integrity and valuation methodology used in the impairment tests. We challenged the key inputs and assumptions used in impairment tests of the investments in the Dufry Group companies.

We performed analyses over the projected sales growth rates used in the cash flow projections during the forecast period. We independently determined the weighted average cost of capital (WACC) and compared them against management's assumptions, with the support of our valuation specialists.

We assessed the adequacy of investment related disclosures in note 7 to the financial statements.

Responsibility of the Board of Directors for the Financial Statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://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 paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Andreas Bodenmann Licensed audit expert (Auditor in charge)	Fabian Hell Licensed audit expert

DUFRY'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	2021	2020
Like-for-like	39.0%	(67.2%)
Net new concessions	14.2%	(2.6%)
Organic Growth	**53.2%**	**(69.8%)**

Organic growth describes the turnover growth of the Company in CHF excluding turnover from acquisition and disinvestments to allow for annual comparison of Dufry Group's operational performance. Turnover, consisting of net sales and advertising, is converted at constant previous year exchange rates.

Organic growth is further split into Like for Like (LFL) growth and Net new concessions. LFL growth considers only shops that were open and comparable under same conditions with last year. Shops that are not comparable are adjusted as scope effects and are being reported as Net new concessions.

Adjusted operating profit

IN MILLIONS OF CHF	2021	2020
Operating profit / (loss)	**(66.2)**	**(2,500.8)**
Adjusted for:		
Amorization of concession rights [1]	195.5	251.1
Impairment of concession rights [1]	224.0	556.8
Impairment of goodwill	21.6	131.1
Adjusted operating profit / (loss)	**374.9**	**(1,561.6)**

1 Related to acquisitions.

Adjusted operating profit is calculated from operating profit before amortizations and impairments of acquisition related intangible assets (i. e. concession rights and goodwill). The aim of this performance measure is to simply exclude the impacts of previously undertaken acquisitions, to focus on current year's operational performance of Dufry Group and its segments.

Adjusted net profit & Adjusted earnings per share (EPS)

IN MILLIONS OF CHF	2021	2020
Net profit / (loss) attributable to equity holders of the parent	**(385.4)**	**(2,513.7)**
Amortization of concession rights[1]	195.5	251.1
Impairment of concession rights[1]	224.0	556.8
Impairment of goodwill	21.6	131.1
Interest on lease obligations	109.8	178.7
Deferred income tax on above lines	(128.0)	(172.6)
Non-controlling interests on above lines	(14.1)	(89.8)
Adjusted net profit	**23.4**	**(1,658.4)**
Weighted average number of ordinary shares outstanding	87,784,450	58,450,437
Adjusted EPS in CHF	**0.27**	**(28.37)**

[1] Related to acquisitions.

Adjusted net profit is calculated from net profit / (loss) attributable to equity holders of the parent before amortizations and impairments of acquisition related intangible assets (i. e. concession rights and goodwill) and acquisition- / divestment-related transaction costs. Further, adjusted net profit excludes IFRS-16 lease interest. The rational to exclude lease interest is to eliminate the front load effect of a new concession agreement with fixed MAG payments and to make the performance measure comparable over time.

As Dufry's concession agreement vary significantly in relation to concession length and magnitude of contractual volume (fixed minimal annual guarantees (MAG) payments), as such one single new concession can have a material impact on lease interest in the year of the commencement of the lease and in the subsequent years.

On all of the above-mentioned lines, deferred tax and minority interest are deducted. For the calculation of adjusted earnings per share the average weighted numbers of ordinary shares outstanding during the period is considered. Both metrics measure the value generated for shareholders of the Company and allow for annual comparison.

Financial net debt

IN MILLIONS OF CHF	31.12.2021	30.12.2020
Borrowings (current and non-current)	3,816.9	3,704.5
Financial derivatives liability – Borrowings	63.5	–
Less financial derivatives assets – Borrowings	(7.4)	–
Less cash and cash equivalents	(793.5)	(360.3)
Financial net debt	**3,079.5**	**3,344.2**

Dufry's financial net debt is not considering IFRS 16 related leases obligations. This alternative performance measure reflects the debt position of the Company considered by our banks and financial institutions and is used by Dufry's lenders to calculate covenants under the bank financing agreements.

Core net working capital

IN MILLIONS OF CHF	31.12.2021	31.12.2020
Inventories	692.2	659.6
Trade and credit card receivables	85.3	17.1
Less trade payables	(335.2)	(154.9)
Core net working capital	**442.3**	**521.8**

As a retail company, working capital management related to all trade-related items is one of the main focus areas. For better transparency, Dufry provides details on its trade-related core net working capital including inventories, trade and credit card receivables and trade payables.

Capex

IN MILLIONS OF CHF	2021	2020
Purchase of property, plant and equipment	(74.3)	(101.1)
Purchase of intangible assets	(16.9)	(17.9)
Other investing activities	–	0.5
Proceeds from sale of property, plant and equipment	3.1	12.5
Capex	**(88.1)**	**(106.0)**

Capex includes purchase of property, plant, equipment, intangible assets, other investing activities and proceeds from sale of property, plant, equipment. Any purchase or proceeds related to financial assets are not included within the definition as not considered core to Dufry's business operations and as those activities might differ over time.

Adjusted operating cash flow (Pre IFRS 16 adj. EBITDA approximation)

IN MILLIONS OF CHF	2021	2020
Cash flow before working capital changes	622.4	(4.1)
Lease payments	(478.4)	(405.7)
Proceeds from lease income	3.1	3.9
Adjusted operating cash flow	**147.1**	**(405.9)**

Adjusted operating cash flow is winding out the IFRS 16 impact. It is therefore calculated from cash flow before working capital changes less lease MAG payments and adds proceeds from lease income. It reflects Dufry's cash generation from operations by considering full amount of concession fee payments. IFRS 16 lease accounting, results in a lower reflection of concession fees as part of operating cash flow and with a corresponding increase in the cash flow from financing activities The adjustment therefore considers an effective view on Dufry's operations and related cash flows. We believe that the adjusted operating cash flow provides an approximation of the pre-IFRS 16 EBITDA. It is used by Dufry's lenders to calculate covenants under the bank financing agreements.

Equity free cash flow

IN MILLIONS OF CHF	2021	2020
Net cash flow from operating activities	**678.2**	**(345.3)**
Lease payments	(478.4)	(405.7)
Proceeds from lease income	3.1	3.9
Capex	(88.1)	(106.0)
Interest received	11.0	23.3
Free cash flow	**125.8**	**(829.8)**
Interest paid	(140.9)	(168.8)
Cash flow related to minorities	(24.4)	(34.7)
Proceeds from other financial assets	6.1	6.0
Equity free cash flow	**(33.4)**	**(1,027.3)**
Acquisition of Hudson shares	–	(275.4)
Financing activities, net	343.8	1,020.5
FX adjustments and other [1]	(45.7)	39.9
Decrease / (Increase) in financial net debt	**264.7**	**(242.3)**
CHANGE IN FINANCIAL NET DEBT		
– At the beginning of the period	3,344.2	3,101.9
– At the end of the period	3,079.5	3,344.2

[1] FX adjustments and other mainly includes FX impact on change in financial net debt and amortization of arrangement fees.

Free cash flow is calculated as net cash flow from operating activities less net lease payments, less Capex plus interest received. It adjusts for fixed MAG lease payments to provide an effective measure of Dufry's cash flow generation from operations and investing activities. IFRS 16 lease accounting partly reflects cash flow in relation of leases as lease payments within financing activities. We consider lease payments in relation to MAG as a major operating cash flow element, rather than a financing transition suggested by the accounting standard.

Equity free cash flow measures the relevant cash generation of the Company and provides the basis for further capital allocation decisions. It therefore can be considered the single-most important KPI from a shareholder perspective, reflecting the amount of cash available for creating value to investors. Equity Free Cash Flow is calculated as net cash flow from operating activities less net lease payments, Capex, net interest, cash flow related to minorities and cash flow related to other financial items. It is least affected from any accounting treatments including IFRS 16 lease accounting and allows for comparison of Dufry's cash flows from underlying equity.

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 2022 please refer to pages 280 – 281 of this Annual Report.