Financial Report 2022

DUFRY

WorldClass.WorldWide.

RESILIENT 2022 PERFORMANCE AND ATTRACTIVE MID-TERM OUTLOOK

DEAR ALL

We are looking back at a successful 2022 and I am happy to share with you my highlights from a CFO perspective. Our turnover for the year progressed strongly and reached CHF 6,878.4 million, representing organic growth of 76.1% versus the previous year (in constant FX). Despite a turbulent year, demand for travel and travel retail returned strongly and we expect it to be sustainable as proven already in the past. Dufry has demonstrated its resilience, which we will further enhance through the combination with Autogrill and the implementation of our strategy «Destination 2027».

> EBITDA and Cash flow performance above expectations.

Before turning to key initiatives from a finance perspective, I am proud to present our profitability and Equity Free Cash Flow (EFCF) achievements. Despite an environment impacted by inflation, rising interest rates and ongoing travel disruptions, Dufry has delivered a solid EBITDA performance – reaching CHF 606.2 million with a 8.8% margin. EFCF came in at CHF 305.2 million – equal to a conversion of 50.3% from EBITDA – and performed well above our expectations at the beginning of the year. With increased visibility as of Q3 2022, we also provided an outlook to the market. Supported by continued robust travel spending – even in the normally weaker fourth quarter – and ongoing cost discipline and cash flow focus, we delivered on our goal presented to the market.

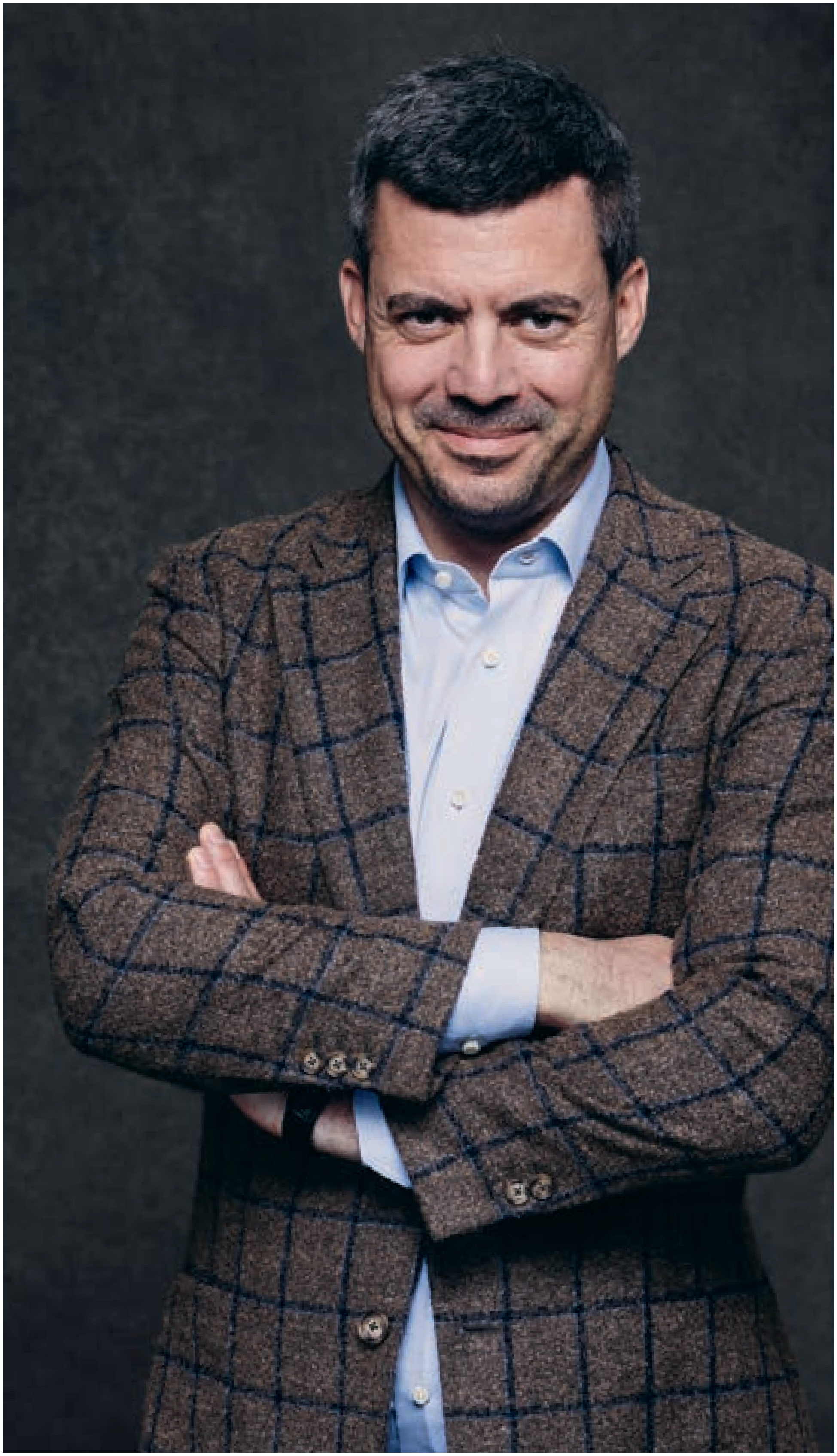
With the half-year results 2022, we have introduced a CORE EBITDA concept and related performance indicators on top of our IFRS results – following best practice and as suggested by various market participants.

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

The finance teams have undertaken some tremendous work to provide internally and externally meaningful P&L metrics, which fully reflect our business operations including concessions. These CORE figures consider all our concession fees and corresponding payments as a part of our operational results. They better reflect the actual performance of our business, the reality of our concession contracts and are best equipped to follow and evaluate our performance, while we are continuing with our IFRS reporting. We have published historical CORE figures in a consistent manner on our IR website to allow clear comparisons. CORE figures will be applied for the combined business with Autogrill through full consolidation.

We made further progress on strengthening our financing. Net debt amounted to CHF 2,810.7 million as of December 31, 2022 – the lowest level since 2015. Covenants will be tested again after the end of the covenant holidays in June 2023, with the first testing in September 2023 requiring a 5x leverage level. We reached this level already in December 2022 – well ahead the required deadline – and the combination with Autogrill will improve our leverage profile even further. Moreover, we have closed the 2022 business year with CHF 854.7 million cash on the balance sheet, and additional liquidity of CHF 1,488.3 million resulting from undrawn credit facilities. We are very confident to achieve any required thresholds in 2023. With the introduction of CORE EBITDA, we agreed with our banking consortium to also base our leverage calculation on net debt / CORE EBITDA. The covenant thresholds will remain unchanged.

Dufry has a history to address debt financing well ahead of maturity by aligning products and timing to the respective market environment to achieve the best possible financing. Accordingly, we have already started the refinancing of our 2024 maturities at the end of 2022, and have successfully concluded an agreement with our lending banks consortium for a new EUR 2,085 million Revolving Credit Facility (RCF), replacing the existing EUR 1,300 million RCF and



Dufry delivered on its 2022 targets, even in a challenging environment. With our Destination 2027 strategic focus on long-term top-line growth, sustainable profits and strong risk-adjusted cash flow generation and solid balance sheet, we are well positioned to create sustainable value for our shareholders.

Yves Gerster

2,343

CHF 2,343.0 million liquidity as of end December 2022.

USD 550 million Term Loan. The new RCF is maturing in 2027 and comes at attractive terms considering the recent market environment. Covenant requirements are the same as for Dufry's other outstanding debt.

The refinancing of our main bank credit facilities is an important achievement in many aspects. We have delivered on our commitment to address upcoming maturities significantly ahead of maturity, providing additional flexibility with the higher RCF while maintaining interest expenses stable. With the executed refinancing, we are well positioned for any upcoming financing requirements in 2023, both related to the combination with Autogrill or for addressing Dufry's EUR 800 million 2024 bond maturity. Dufry has access to a range of products and strives to balance financing security, maturity profile and cost aspects while also considering market developments. The current available liquidity position of CHF 2,343.0 million, thereof CHF 854.7 million available cash and cash equivalents, provides additional flexibility.

Successful refinancing.

The current debt profile consists of 84% fixed rate debt at attractive rates of 3.1% on a weighted average, while only 16% of our debt has floating rates. Our ratings in 2022 improved to B1 Outlook Stable by Moody's and B+ CreditWatch Positive by S&P.

During 2022, we have continued the close relationship and ongoing interaction with our shareholders, investors, bondholders, equity and debt analysts as well as banks and rating agencies in more than 1,850 interactions, thereof 9 roadshows, 8 conferences, 843 meetings, 1,012 calls and, last but not least, at our Capital Markets Day (CMD) in September 2022. Around 100 capital market participants have joined us in person, and another 200 attended virtually when we presented our new strategy in London at this event. It was among my personal highlights during the year to contribute to presenting Destination 2027 while re-connecting with familiar faces and meeting new ones after a break of more than three-years due to the corona pandemic.

Destination 2027.

Our new long-term strategy to revolutionize the travel retail experience will impact the financial profile of the company. First, the combination with Autogrill and expansion into travel F&B will change our P&L and cash flow while delivering similar returns as the combined entity will have higher gross profit margins and lower concession fees with longer contract durations. Personnel and other expenses as well as CAPEX requirements will be higher due to the different profile of the F&B business.

Second, our company will become more resilient with new growth opportunities in adjacent markets and geographies as we target a higher conversion rate through the combination of enhanced store concepts, data-driven customer insights and digitalization.

Third, and very importantly, we are fostering a culture of operational improvement to fuel profitability, accelerate cash flow generation, and reinvest in growth. Hereby, the finance teams will support our strive for superior profitability driven by a logic of zero-based budgeting, focused on disproportionally allocating resources to activities that make the most impact for the customer, while leveraging technology to simplify work and operations. In addition to the budgeting discipline, Dufry will systematically and actively manage its concession portfolio, with stronger focus on the evaluation of full profitability and cash flow contribution. On top, the combination with Autogrill is expected to generate cost synergies of approx. CHF 85 million at EBITDA level, with an annual conversion to EFCF of around CHF 55 million.

The finance teams are highly committed to contribute to the strategy implementation, including the integration work over the coming years. As a combined entity, we will deliver a very attractive growth, profitability and cash flow generation profile in the mid-term as we target 5-7% p.a. topline growth, 30–40 basis points CORE EBITDA improvements (gross) and above 30% EFCF conversion. We expect 2023 to be a transition year with an impact on profitability and cash flow, while we continue to grow organically.

As our several ESG achievements in 2022 underline, we will keep our commitment to create value for all our stakeholders going forward by further strengthening the implementation of our holistic ESG strategy. In this context, we have also made an additional step in increasing transparency on risks and opportunities of our business with the publication of Dufry's first TCFD-Report (Task-Force on Climate-Related Financial Disclosures). We have also progressed with our Diversity & Inclusion initiatives, having set the strategic framework and started to implement company-wide trainings and specific programs. D&I complements the range of other training initiatives at Dufry to act as a responsible retailer in all our 62 countries and more than 2,200 locations globally. Personally close is our reinforced community engagement approach with which Dufry intends to make a positive impact across our global network.

Managing short-term impacts.

We expect 2023 to be a transition year. Macroeconomic and geopolitical developments remain a concern in the short-term with limited visibility on how inflation, rising energy prices as well as potential other disruptions might impact consumer sentiment in general, and travel-related specifically.

Looking at former crises, travel retail has been more resilient compared to other areas of discretionary spending, and has especially seen a faster rebound versus passenger numbers. We are cautiously optimistic going into 2023 while we continue our diligent approach on cost and cash flow management. With our global exposure, we are naturally well hedged with respect to FX fluctuations from an operational perspective, however it is important to consider translational effects from currency developments when comparing turnover with previous years.

Despite challenges in the short-term, we are excited about the mid- and long-term opportunities ahead of us and convinced that we can generate value for our shareholders and other stakeholders. We have proven in the past – including the most recent history of Dufry – that we can well manage volatile environments and are therefore confident on 2023. With the full combination with Autogrill and the acceleration of our strategy implementation, we will deliver sustainable cash flows for continued growth and value generation.

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

CORE AND IFRS PROFIT OR LOSS

IN MILLIONS OF CHF	CORE 2022	IN %	CORE 2021	IN %	IFRS 2022	IFRS 2021
Turnover	**6,878.4**	**100.0%**	**3,915.4**	**100.0%**	**6,878.4**	**3,915.4**
Cost of sales	(2,684.6)	(39.0%)	(1,704.4)	(43.5%)	(2,684.6)	(1,704.4)
Gross profit	**4,193.8**	**61.0%**	**2,211.0**	**56.5%**	**4,193.8**	**2,211.0**
Concession expenses (CORE) / Lease expenses (IFRS)	(2,029.9)	(29.5%)	(815.0)	(20.8%)	(1,081.9)	176.4
Personnel expenses	(997.9)	(14.5%)	(635.4)	(16.2%)	(997.9)	(635.4)
Depreciation and amortization (IFRS)	–	–	–	–	(1,111.5)	(1,210.0)
(Impairment) / Reversal of impairment, net (IFRS)	–	–	–	–	16.9	(280.5)
Other expenses (CORE) / Other expenses (IFRS)	(620.7)	(9.0%)	(428.5)	(10.9%)	(578.7)	(381.6)
Other income (CORE) / Other income (IFRS)	60.9	0.9%	53.9	1.4%	61.7	53.9
CORE EBITDA / Operating profit / (loss) (IFRS)	**606.2**	**8.8%**	**386.0**	**9.9%**	**502.4**	**(66.2)**
Depreciation, amortization and impairment (CORE)	(135.5)	(2.0%)	(256.1)	(6.5%)	–	–
CORE EBIT / Operating profit / (loss) (IFRS)	**470.7**	**6.8%**	**129.9**	**3.3%**	**502.4**	**(66.2)**
Financial result (CORE) / Financial result (IFRS)	(175.6)	(2.6%)	(253.4)	(6.5%)	(305.6)	(341.6)
CORE Profit before taxes / Profit / (loss) before taxes (IFRS)	**295.1**	**4.3%**	**(123.5)**	**(3.2%)**	**196.8**	**(407.8)**
Income tax (CORE) / Income tax (IFRS)	(105.5)	(35.8%)	(71.0)	(57.5%)	(76.2)	42.6
CORE Net profit / (loss) / Net profit / (loss) (IFRS)	**189.6**	**2.8%**	**(194.5)**	**(5.0%)**	**120.6**	**(365.2)**

CORE CASH FLOW

IN MILLIONS OF CHF	2022	2021
CORE EBITDA	**606.2**	**386.0**
Other non-cash items and changes in lease obligations (MAG related)	79.6	(238.9)
Changes in net working capital	(4.6)	75.7
Capital expenditures	(110.1)	(88.1)
Cash flow related to minorities	(65.0)	(24.4)
Dividends from associates	2.7	–
Income taxes paid	(76.1)	(19.8)
Cash flow before financing	**432.7**	**90.5**
Interest, net	(134.1)	(129.9)
Other financing items	6.6	6.0
Equity free cash flow	**305.2**	**(33.4)**
Financing activities, net	(20.3)	343.8
Foreign exchange adjustments and other	(16.1)	(45.7)
Decrease / (Increase) in net debt	**268.8**	**264.7**
– at the beginning of the period	3,079.5	3,344.2
– at the end of the period	2,810.7	3,079.5

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Financial Statements Dufry AG

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

IN MILLIONS OF CHF	NOTE	2022	2021
Net sales	7	6,721.2	3,826.8
Advertising income		157.2	88.6
Turnover		**6,878.4**	**3,915.4**
Cost of sales		(2,684.6)	(1,704.4)
Gross profit		**4,193.8**	**2,211.0**
Lease expenses	8	(1,081.9)	176.4
Personnel expenses	9	(997.9)	(635.4)
Depreciation and amortization	10	(1,111.5)	(1,210.0)
Impairment	10	(49.3)	(463.3)
Reversal of impairment	10	66.2	182.8
Other expenses	11	(578.7)	(381.6)
Other income	12	61.7	53.9
Operating profit / (loss)		**502.4**	**(66.2)**
Finance expenses	13	(350.9)	(364.9)
Finance income	13	68.5	25.9
Foreign exchange gain / (loss)		(23.2)	(2.6)
Profit / (loss) before taxes		**196.8**	**(407.8)**
Income tax	14	(76.2)	42.6
Net profit / (loss)		**120.6**	**(365.2)**
ATTRIBUTABLE TO			
Non-controlling interests		62.4	20.2
Equity holders of the parent		58.2	(385.4)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic earnings per share in CHF	26.2	0.63	(4.39)
Diluted earnings per share in CHF	26.2	0.62	(4.39)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

IN MILLIONS OF CHF	NOTE	2022	2021
Net profit / (loss)		**120.6**	**(365.2)**
OTHER COMPREHENSIVE INCOME			
Remeasurements of post-employment benefit plans	15	(37.6)	77.9
Income tax	14, 15	4.1	(11.6)
Items not being reclassified to net income in subsequent periods, net of tax		**(33.5)**	**66.3**
Exchange differences on translating foreign operations	15	(91.6)	81.3
Net gain / (loss) on hedge of net investment in foreign operations		(3.6)	(7.9)
Fair value gain / (loss) on cash flow hedging instruments	15	–	–
Share of other comprehensive income of associates	15, 20	0.5	0.2
Income tax on above positions	14, 15	–	–
Items to be reclassified to net income in subsequent periods, net of tax		**(94.7)**	**73.6**
Total other comprehensive income, net of tax		**(128.2)**	**139.9**
Total comprehensive income, net of tax		**(7.6)**	**(225.3)**
ATTRIBUTABLE TO			
Non-controlling interests		60.4	19.8
Equity holders of the parent		(68.0)	(245.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2022

IN MILLIONS OF CHF	NOTE	31.12.2022	31.12.2021
ASSETS			
Property, plant and equipment	16	314.3	329.1
Right-of-use assets	17	2,567.8	3,120.8
Intangible assets	18	1,477.8	1,737.3
Goodwill	18	2,272.2	2,360.0
Investments in associates		24.4	15.2
Deferred tax assets	31	145.4	179.9
Net defined benefit assets	33	17.0	55.0
Other non-current assets	21	155.8	215.3
Non-current assets		**6,974.7**	**8,012.6**
Inventories	22	928.4	692.2
Trade and credit card receivables	23	62.3	85.3
Other accounts receivable	24	467.6	371.8
Income tax assets		21.9	35.0
Cash and cash equivalents	29.1	854.7	793.5
Current assets		**2,334.9**	**1,977.8**
Total assets		**9,309.6**	**9,990.4**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	25	893.0	956.6
Non-controlling interests	27	73.1	77.9
Total equity		**966.1**	**1,034.5**
Borrowings	28	3,452.3	3,771.7
Lease obligations	29	2,010.2	2,558.5
Deferred tax liabilities	31	221.4	275.4
Provisions	32	44.0	30.9
Employee benefit obligations	33	12.3	11.5
Other non-current liabilities	30	29.3	46.7
Non-current liabilities		**5,769.5**	**6,694.7**
Trade payables		486.4	335.1
Borrowings	28	122.7	45.3
Lease obligations	29	992.4	1,077.9
Income tax payables		42.1	61.3
Provisions	32	89.3	88.4
Other liabilities	30	841.1	653.2
Current liabilities		**2,574.0**	**2,261.2**
Total liabilities		**8,343.5**	**8,955.9**
Total liabilities and shareholders' equity		**9,309.6**	**9,990.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

		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, 2022		**454.0**	**4,542.2**	**(1.3)**	**60.3**	**35.4**	**(450.9)**	**(3,683.1)**	**956.6**	**77.9**	**1,034.5**
Net profit / (loss) of the period		–	–	–	–	–	–	58.2	58.2	62.4	120.6
Other comprehensive income / (loss)	15	–	–	–	–	(33.7)	(92.5)	–	(126.2)	(2.0)	(128.2)
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**–**	**(33.7)**	**(92.5)**	**58.2**	**(68.0)**	**60.4**	**(7.6)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS											
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(74.6)	(74.6)
Purchase of treasury shares	26.1	–	–	(21.6)	–	–	–	–	(21.6)	–	(21.6)
Share-based payments	25	–	–	–	–	–	–	16.4	16.4	–	16.4
Total transactions with or distributions to owners		**–**	**–**	**(21.6)**	**–**	**–**	**–**	**16.4**	**(5.2)**	**(74.6)**	**(79.8)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES											
Put-option held by non-controlling interests		–	–	–	–	–	–	13.4	13.4	5.1	18.5
Other changes in participation of non-controlling interests		–	–	–	–	–	–	(3.8)	(3.8)	4.3	0.5
Changes in participation of non-controlling interests	**27**	**–**	**–**	**–**	**–**	**–**	**–**	**9.6**	**9.6**	**9.4**	**19.0**
Balance at December 31, 2022		**454.0**	**4,542.2**	**(22.9)**	**60.3**	**1.7**	**(543.4)**	**(3,598.9)**	**893.0**	**73.1**	**966.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

		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 transaction 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 CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

IN MILLIONS OF CHF	NOTE	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxes		196.8	(407.8)
ADJUSTMENTS FOR:			
Depreciation and amortization	10	1,111.5	1,210.0
Impairment	10	49.3	463.3
Reversal of impairment	10	(66.2)	(182.8)
Increase / (decrease) in allowances and provisions		64.7	48.3
Other non-cash items		8.7	(3.3)
Relief of lease obligations	8	(80.2)	(847.1)
Loss / (gain) on sale of non-current assets		(0.6)	0.2
Loss / (gain) on foreign exchange differences		23.2	2.6
Finance expense	13	350.9	364.9
Finance income	13	(68.5)	(25.9)
Cash flow before working capital changes		**1,589.6**	**622.4**
Decrease / (increase) in trade and other accounts receivable		(28.7)	(137.5)
Decrease / (increase) in inventories		(288.2)	(26.5)
Increase / (decrease) in trade and other accounts payable		312.3	239.6
Dividends received from associates	20	2.7	–
Cash generated from operations		**1,587.7**	**698.0**
Income tax paid		(76.1)	(19.8)
Net cash flows from operating activities [1]		**1,511.6**	**678.2**
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(97.4)	(74.3)
Purchase of intangible assets	18	(15.9)	(16.9)
Purchase of financial assets		(0.1)	(0.1)
Purchase of interest in associates		–	(4.9)
Proceeds from lease income		4.0	3.1
Repayment of loans receivable granted		4.1	4.7
Proceeds from sale of property, plant and equipment		3.2	3.1
Proceeds from sale of financial assets		2.6	1.5
Interest received [2]		30.8	11.0
Business combinations, net of cash		1.1	–
Proceeds from sale of interests in subsidiaries		0.2	–
Net cash flows used in investing activities		**(67.4)**	**(72.8)**

[1] Includes variable lease payments of CHF 1.109.5 (2021: 586.7) 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, 2022

IN MILLIONS OF CHF	NOTE	2022	2021
CASH FLOW FROM FINANCING ACTIVITIES			
Transaction costs for financial instruments [3]	29	(16.8)	(56.1)
Transaction costs for equity instruments		–	(2.6)
Proceeds from / (repayment) of 3rd party loans	29	(1.8)	8.1
Proceeds from issue of notes	29	–	1,599.3
Proceeds from borrowings	29	–	642.9
Payment of derivatives interests	29	(14.2)	–
Repayment of borrowings	29	(152.2)	(1,689.0)
Dividends paid to non-controlling interests		(68.3)	(21.1)
Purchase of treasury shares	26.3	(21.6)	–
Contributions (paid to) / from non-controlling interests		3.3	1.6
Lease payments	29	(907.8)	(478.4)
Interest paid [4]		(164.9)	(140.9)
Net cash flows used in financing activities		**(1,344.3)**	**(136.2)**
Currency translation on cash	29	(38.7)	(36.0)
Increase / Decrease in cash and cash equivalents		**61.2**	**433.2**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period	29.1	793.5	360.3
– end of the period	29.1	854.7	793.5

[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, 2022

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 2.200 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) in Zurich.

On February 3rd, 2023 the Company obtained control over Autogrill S.p.A. Group, one of the world's leading travel food and beverage companies. For further information refer to note 42.1.

The consolidated financial statements of Dufry AG and its subsidiaries (Dufry or the "Group") for the year ended December 31, 2022 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 2, 2023, and are subject to the approval of the Annual General meeting to be held on May 8, 2023.

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.

2.1.1 Going concern

In 2022, Dufry's performance was characterized by a strong recovery of the travel retail industry, resulting in increasing sales in most regions where Dufry operates.

In relation to the upcoming financing need for the combination with Autogrill, Dufry has as of the date of issuance of the consolidated financial statements obtained:

- all necessary approvals from its shareholders to create sufficient new shares needed in the transaction;
- a corresponding bridge financing; and
- sufficient liquidity to fulfill its potential full obligation to compensate remaining Autogrill shareholder as per of the mandatory tender process.

For more information on the transaction with Autogrill, please refer to Note 42.

The consolidated financial statement are prepared applying on a going concern basis.

2.1.2 Russia's invasion of Ukraine

On February 24, 2022, the Russian Federation initiated a military attack on Ukraine.

In Ukraine, the Dufry Group only has operations at the Airport in Odessa, which are suspended due to the conflict.

The Russian travel market has a very low significance for Dufry Group - since Dufry operations in Russia, operated through a local JV, only represents 1.7 % of the 2022 Group's net sales (2021: 2.2 %).

However, any further deterioration of the economic situation in Russia or escalation in the hostilities between Russia and Ukraine as well as any restrictions of Russian passengers to national or international travel may adversely affect Dufry's business, including its operations in countries that have traditionally been popular with Russian tourists.

The Group cannot predict the outcome of the conflict but is monitoring the situation very closely.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements of Dufry comprise all entities directly or indirectly controlled by Dufry (its subsidiaries) as at December 31, 2022 and December 31, 2021 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.

2.3 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	2022	2021	31.12.2022	31.12.2021
1 USD	0.9546	0.9140	0.9244	0.9122
1 EUR	1.0049	1.0811	0.9896	1.0373
1 GBP	1.1793	1.2574	1.1186	1.2345

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. 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, deducting discounts and excluding 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 first half-year 2022 (note 2.4). Under defined circumstances, 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.

<u>Cash flow hedges that qualify for hedge accounting</u>
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.

2.4 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, 2022).

New and amended standards adopted by the Group
- IFRS 3: Reference to the Conceptual Framework
- IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
- IAS 16: PP&E: Proceeds before Intended Use
- AIP 2018-2020: IFRS 1, IFRS 9, IFRS 16, IAS 41

The amendments apply for the first time in 2022, but do not have a 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 above mentioned new or amended standards, except for reclassification of impairment and impairment reversals in the statement of profit or loss and for the COVID-19 related rent concessions:

Reclassification of impairment and impairment reversals in the statement of profit or loss
As of 2022, the impairment and the impairment reversals were reclassified and presented in separate lines for the prior year.

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 2022 a net relief of lease obligations of CHF 80.2 (2021: 847.1) 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.

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 2022. 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 Global Executive Committee, which represents the Chief Operating Decision Maker (CODM), using geographical segments and the global distribution centers as an additional segment.

In 2022, the Group implemented the CORE EBITDA (Non-GAAP) KPI which is used by the Global Executive Committee to monitor the Group's performance. This indicator provides the most relevant view on our business and represents an operational KPI excluding the accounting impact resulting from IFRS 16 related profit or loss line items (i.e. depreciation of right-of-use assets and lease interest) and adding the relevant concession fee owed based on the corresponding concession agreement. Please refer to pages 239 - 246 for details on Dufry's alternative performance measures.

Information reported to the Global 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				
2022 IN MILLIONS OF CHF	**with external customers**	**with other divisions**	**TOTAL**	**CORE EBITDA (unaudited)**	**EMPLOYEES (FTE) (unaudited)**
Europe, Middle East and Africa (EMEA)[1]	3,586.0	–	3,586.0	449.4	10,353
Asia Pacific	165.9	–	165.9	(5.8)	810
The Americas[1]	2,918.3	–	2,918.3	456.9	12,046
Global Distribution Centers[2]	208.2	1,303.5	1,511.7	(294.3)	583
Total divisions	**6,878.4**	**1,303.5**	**8,181.9**	**606.2**	**23,792**
Eliminations	–	(1,303.5)	(1,303.5)	–	–
Total	**6,878.4**	**–**	**6,878.4**	**606.2**	**23,792**

	TURNOVER				
2021 IN MILLIONS OF CHF	**with external customers**	**with other divisions**	**TOTAL**	**CORE EBITDA (unaudited)**	**EMPLOYEES (FTE) (unaudited)**
Europe, Middle East and Africa (EMEA)[1]	1,723.8	–	1,723.8	425.5	8,767
Asia Pacific	99.0	–	99.0	11.5	577
The Americas[1]	1,728.5	–	1,728.5	179.1	10,105
Global Distribution Centers[2]	364.1	666.2	1,030.3	(230.1)	497
Total divisions	**3,915.4**	**666.2**	**4,581.6**	**386.0**	**19,946**
Eliminations	–	(666.2)	(666.2)	–	–
Total	**3,915.4**	**–**	**3,915.4**	**386.0**	**19,946**

[1] Dufry Group generated 21.4 % (2021: 25.5 %) of its turnover in the US and 14.7 % (2021: 9.7 %) of is turnover in United Kingdom.

[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 4.0 % (2021: 5.0 %) of its turnover with external customers in Switzerland (domicile).

Profit or loss reconciliation IFRS / CORE

Please refer to pages 241 - 242 in Dufry's alternative performance measures chapter for more details on the reconciliation between the IFRS and CORE profit or loss.

2022 IN MILLIONS OF CHF	IFRS	Acquisition related Adjustments (unaudited)	CORE Adjustments (unaudited)	CORE (unaudited)
Gross profit	**4,193.8**	**–**	**–**	**4,193.8**
Leases expenses (IFRS) / Concession expenses (CORE)	(1,081.9)	–	(948.0)	(2,029.9)
Personnel expenses	(997.9)	–	–	(997.9)
Depreciation and amortization	(1,111.5)	158.3	953.2	–
(Impairment) / Reversal of impairment, net	16.8	15.6	(32.4)	–
Other expenses (IFRS) / Other expenses (CORE)	(578.7)	–	(42.0)	(620.7)
Other income (IFRS) / Other income (CORE)	61.8	–	(0.9)	60.9
Operating profit / CORE EBITDA	**502.4**	**173.9**	**(70.1)**	**606.2**
Depreciation, amortization and impairment (CORE)	–	–	(135.5)	(135.5)
Operating profit / CORE EBIT	**502.4**	**173.9**	**(205.6)**	**470.7**
Financial result (IFRS) / Financial result (CORE)	(305.6)	–	130.0	(175.6)
Profit before taxes / CORE Profit before taxes	**196.8**	**173.9**	**(75.6)**	**295.1**
Income tax (IFRS) / Income tax (CORE)	(76.2)	(37.1)	7.8	(105.5)
Net profit / CORE Net profit	**120.6**	**136.8**	**(67.8)**	**189.6**

2021 IN MILLIONS OF CHF	IFRS	Acquisition related Adjustments (unaudited)	CORE Adjustments (unaudited)	CORE (unaudited)
Gross profit	**2,211.0**	**–**	**–**	**2,211.0**
Leases expenses (IFRS) / Concession expenses (CORE)	176.4	–	(991.4)	(815.0)
Personnel expenses	(635.4)	–	–	(635.4)
Depreciation and amortization	(1,210.0)	195.5	1,014.5	–
(Impairment) / Reversal of impairment, net	(280.5)	224.0	56.5	–
Other expenses (IFRS) / Other expenses (CORE)	(381.7)	–	(46.8)	(428.5)
Other income (IFRS) / Other income (CORE)	54.0	–	(0.1)	53.9
Operating profit / (loss) / CORE EBITDA	**(66.2)**	**419.5**	**32.7**	**386.0**
Depreciation, amortization and impairment (CORE)	–	–	(256.1)	(256.1)
Operating profit / (loss) / CORE EBIT	**(66.2)**	**419.5**	**(223.4)**	**129.9**
Financial result (IFRS) / Financial result (CORE)	(341.6)	–	88.2	(253.4)
Profit / (loss) before taxes / CORE Profit before taxes	**(407.8)**	**419.5**	**(135.2)**	**(123.5)**
Income tax (IFRS) / Income tax (CORE)	42.6	(128.0)	14.4	(71.0)
Net profit / (loss) / CORE Net profit	**(365.2)**	**291.5**	**(120.8)**	**(194.5)**

Financial position and other disclosures

31.12.2022 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)[1]	4,878.4	3,065.6	(11.7)	(35.7)	(667.7)
Asia Pacific	193.4	384.6	–	(4.8)	(35.4)
The Americas[2]	3,463.0	3,268.9	(64.7)	(59.3)	(375.2)
Global Distribution Centers	1,399.9	3,531.0	1.2	(13.2)	(15.0)
Total divisions[3]	**9,934.7**	**10,250.1**	**(75.2)**	**(113.0)**	**(1,093.3)**
Unallocated positions[4]	41.0	3,045.5	(1.0)	(0.3)	(1.4)
Eliminations	(666.1)	(4,952.1)	–	–	–
Total	**9,309.6**	**8,343.5**	**(76.2)**	**(113.3)**	**(1,094.7)**

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)[1]	5,580.2	3,657.9	(48.6)	(29.4)	(557.7)
Asia Pacific	216.5	402.9	(0.9)	(1.1)	(71.4)
The Americas[2]	3,390.8	3,183.5	94.4	(47.3)	(835.9)
Global Distribution Centers	1,468.0	3,618.1	(2.4)	(12.8)	(24.2)
Total divisions[3]	**10,655.5**	**10,862.4**	**42.5**	**(90.6)**	**(1,489.2)**
Unallocated positions[4]	91.5	3,243.0	0.1	(0.6)	(1.3)
Eliminations	(756.7)	(5,149.5)	–	–	–
Total	**9,990.4**	**8,955.9**	**42.6**	**(91.2)**	**(1,490.5)**

[1] Within Dufry Group, 9.4 % (2021: 8.9 %) of the total non-current assets are located in Switzerland (domicile).
[2] Within Dufry Group, 15.1 % (2021: 14.2 %) of the total non-current assets are located in the US.
[3] Before Inter-segment elimination. Change to prior years disclosure.
[4] Total liabilities contain 3rd party financing.

Reconciliation of assets

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Operating assets	**9,934.7**	**10,655.5**
Current assets of corporate and holding companies	26.4	47.8
Non-current assets of corporate and holding companies	14.6	43.8
Eliminations	(666.1)	(756.7)
Total assets	**9,309.6**	**9,990.4**

Reconciliation of liabilities

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Operating liabilities	**10,250.1**	**10,862.4**
Borrowings of corporate and holding companies, current	0.2	0.2
Borrowings of corporate and holding companies, non-current	2,999.0	3,188.8
Other non-segment liabilities	46.3	54.0
Eliminations	(4,952.1)	(5,149.5)
Total liabilities	**8,343.5**	**8,955.9**

6. ACQUISITIONS OF BUSINESSES

There were no significant transactions during 2022 and 2021.

On February 3rd, 2023, Dufry successfully closed the transfer of the 50.3% stake of Autogrill S.p.A. Please refer to note 42.1 for further details.

7. NET SALES

Net sales by product categories:

IN MILLIONS OF CHF	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2022	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2021
Perfumes and Cosmetics	1,279.1	56.5	511.0	73.6	1,920.2	612.5	49.7	241.6	273.1	1,176.9
Food, Confectionery and Catering	490.8	6.8	940.5	3.2	1,441.3	228.4	0.4	601.4	3.0	833.2
Wine and Spirits	619.5	50.4	446.4	25.7	1,142.0	306.1	4.2	313.6	36.5	660.4
Luxury goods	249.2	25.8	296.5	0.6	572.1	120.1	33.5	153.3	2.7	309.6
Tobacco goods	785.3	6.8	104.1	0.3	896.5	367.7	2.1	60.0	0.1	429.9
Electronics	13.0	2.0	168.5	–	183.5	4.9	0.5	97.0	–	102.4
Literature and Publications	9.6	–	93.0	–	102.6	4.1	–	63.1	–	67.2
Other	117.4	15.6	329.9	0.1	463.0	62.3	7.6	175.8	1.5	247.2
Total	**3,563.9**	**163.9**	**2,889.9**	**103.5**	**6,721.2**	**1,706.1**	**98.0**	**1,705.8**	**316.9**	**3,826.8**

Net sales by market sector:

IN MILLIONS OF CHF	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2022	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2021
Duty-free	2,249.6	139.0	1,468.9	0.4	3,857.9	1,095.8	55.6	682.3	0.7	1,834.4
Duty-paid	1,314.3	24.9	1,421.0	103.1	2,863.3	610.3	42.4	1,023.5	316.2	1,992.4
Total	**3,563.9**	**163.9**	**2,889.9**	**103.5**	**6,721.2**	**1,706.1**	**98.0**	**1,705.8**	**316.9**	**3,826.8**

Net sales by channel:

IN MILLIONS OF CHF	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2022	EMEA	ASIA PACIFIC	THE AMERICAS	GLOBAL DC	2021
Airports	3,391.9	132.1	2,621.5	–	6,145.6	1,605.4	45.6	1,571.8	–	3,222.8
Border, downtown and hotel shops	70.0	16.9	91.5	–	178.3	40.2	43.7	59.9	–	143.8
Cruise liners and seaports	55.1	–	134.4	–	189.5	29.7	–	46.6	–	76.3
Railway stations and other	47.0	14.9	42.5	103.5	207.8	30.8	8.7	27.5	316.9	383.9
Total	**3,563.9**	**163.9**	**2,889.9**	**103.5**	**6,721.2**	**1,706.1**	**98.0**	**1,705.8**	**316.9**	**3,826.8**

8. LEASE (EXPENSES)/INCOME

IN MILLIONS OF CHF	2022	2021
Lease expenses [1]	(1,168.9)	(692.2)
Lease expenses short-term contracts	(15.2)	(3.7)
Lease expenses low value contracts	(0.7)	(0.8)
Sublease income from right-of-use assets	10.7	11.8
Relief of lease obligations [2]	80.2	847.1
Change in provision for onerous contract	12.0	14.2
Total	**(1,081.9)**	**176.4**

[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 2.4 COVID-19 related rent concessions - Amendment to IFRS 16.

A part of the Company's 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	2022	2021
Salaries and wages	(773.8)	(485.8)
Social security expenses	(129.9)	(87.4)
Retirement benefits	(12.9)	(14.2)
Other personnel expenses	(81.3)	(48.0)
Total[1]	**(997.9)**	**(635.4)**

[1] Dufry received CHF 6.1 (2021: 38.3) million government support in relation to personnel expenses.

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	2022	2021
Depreciation of property, plant and equipment	(112.7)	(138.0)
Impairment of property, plant and equipment	(1.4)	(73.1)
Reversal of impairment of property, plant and equipment	0.2	10.1
Subtotal property, plant and equipment (note 16)	**(113.9)**	**(201.0)**
Depreciation of right-of-use assets	(818.9)	(837.4)
Impairment of right-of-use assets	(15.0)	(122.2)
Reversal of impairment of right-of-use assets	48.7	166.3
Subtotal right-of-use assets (note 17)	**(785.2)**	**(793.3)**
Amortization of intangible assets	(180.0)	(234.6)
Impairment of intangible assets and goodwill	(32.9)	(268.0)
Reversal of impairment of intangible assets and goodwill	17.3	6.4
Subtotal intangible assets and goodwill (note 18)	**(195.6)**	**(496.2)**
Total	**(1,094.7)**	**(1,490.5)**

Aggregated information of reversal of impairments per division (segment)

			2022			2021
IN MILLIONS OF CHF	Property, plant and equipment	Right-of-use assets	Intangible assets and goodwill	Property, plant and equipment	Right-of-use assets	Intangible assets and goodwill
Europe, Middle East and Africa (EMEA)	0.2	46.1	–	9.9	166.3	–
Asia Pacific	–	2.6	–	0.2	–	–
The Americas	–	–	17.3	–	–	6.4
Total	**0.2**	**48.7**	**17.3**	**10.1**	**166.3**	**6.4**

Aggregated information of impairments per division (segment)

	2022			2021		
IN MILLIONS OF CHF	Property, plant and equipment	Right-of-use assets	Intangible assets and goodwill	Property, plant and equipment	Right-of-use assets	Intangible assets and goodwill[1]
Europe, Middle East and Africa (EMEA)	(1.4)	–	(32.9)	(15.4)	(38.8)	(0.7)
Asia Pacific	–	–	–	(6.7)	(0.8)	–
The Americas	–	(15.0)	–	(51.0)	(82.6)	(267.3)
Total	**(1.4)**	**(15.0)**	**(32.9)**	**(73.1)**	**(122.2)**	**(268.0)**

[1] Includes impairment of goodwill of CHF 21.6 million for division The Americas.

In 2022, Dufry's performance was characterized by a strong recovery of the travel retail industry, resulting in increasing sales in most regions where Dufry operates. However, the level of recovery was not the same for all countries. Whereas some operations performance was better than expected, other operations recovered only slower than expected.

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

11. OTHER EXPENSES

IN MILLIONS OF CHF	2022	2021
Repairs and maintenance	(44.8)	(36.6)
Utilities	(37.9)	(23.9)
Credit card expenses	(101.3)	(57.3)
Professional advisor expenses	(70.7)	(46.6)
IT expenses	(56.1)	(47.3)
Freight & packaging material	(45.9)	(22.1)
Acquisition related transaction costs[1]	(20.3)	(1.3)
Consulting expenses for projects	(16.7)	(7.0)
Other operational expenses	(25.1)	(35.8)
Advertising expenses	(9.1)	(13.2)
Office and admin expenses	(22.0)	(19.5)
Travel, car, entertainment and representation	(15.2)	(7.8)
Franchise fees and commercial services	(30.1)	(14.5)
Public relations expenses	(14.2)	(6.0)
Taxes, other than income tax expense	(38.8)	(21.0)
Ancillary premises expenses	(7.4)	(6.5)
Insurances	(17.5)	(10.9)
Bank expenses	(5.6)	(4.3)
Total	**(578.7)**	**(381.6)**

[1] Transaction costs in 2022 include costs in relation to business combination transactions mainly in Dufry International AG.

12. OTHER INCOME

IN MILLIONS OF CHF	2022	2021
Selling income	41.2	16.4
Other operating income[1]	20.5	37.5
Total	**61.7**	**53.9**

[1] In 2022, other operating income includes government support of CHF 10.0 (2021: 17.8) million.

13. FINANCE INCOME AND FINANCE EXPENSES

FINANCE INCOME

FINANCE INCOME

IN MILLIONS OF CHF	2022	2021
INCOME ON FINANCIAL ASSETS		
Interest income on current deposits	28.0	11.0
Interest income on 3rd party loans	2.5	4.6
Other finance income[1]	24.7	5.8
Interest income on financial assets	**55.2**	**21.4**
INCOME FROM FINANCIAL INVESTMENTS AND ASSOCIATES		
Share of result in associates	10.7	3.0
Gain on disposal of financial investments	2.6	1.5
Income from financial investments and associates	**13.3**	**4.5**
Total finance income	**68.5**	**25.9**
FINANCE EXPENSES		
EXPENSES ON FINANCIAL LIABILITIES		
Interest expense	(284.6)	(250.2)
of which lease interest[2]	(127.6)	(109.8)
of which bank interest	(130.5)	(113.0)
of which bank commitment fees	(12.8)	(12.8)
of which bank guarantees commission expense	(5.0)	(5.0)
of which related to other financial liabilities	(8.7)	(9.6)
Amortization / write off of arrangement fees	(18.3)	(18.6)
Impairment on other financial assets	(2.6)	(45.0)
Other finance costs[3]	(45.4)	(49.1)
Interest expense on financial liabilities	**(350.9)**	**(362.9)**
EXPENSES ON NON-FINANCIAL LIABILITIES		
Interest expense	–	(2.0)
Interest and other finance expenses	**–**	**(2.0)**
Total finance expenses	**(350.9)**	**(364.9)**

[1] In 2022, contains CHF 24.1 million gains of interest financial derivatives.
[2] Contains gain in relation to modifications of lease contracts of CHF 6.0 (2021: 33.6 million).
[3] In 2022, contains CHF 38.7 million losses of interest financial derivatives. 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	2022	2021
Current Income tax income / (expense)	(73.1)	(48.1)
of which corresponding to the current period	(79.7)	(44.5)
of which adjustments recognized in relation to prior years	6.6	(3.6)
Deferred Income tax income / (expense)	(3.1)	90.7
of which related to the origination or reversal of temporary differences	(23.7)	95.6
of which adjustments recognized in relation to prior years	23.1	32.5
of which relates to foreign exchange movements [1]	(2.5)	(7.3)
of which adjustments due to change in tax rates	–	(30.1)
Total	**(76.2)**	**42.6**

INCOME TAX RECONCILIATION

IN MILLIONS OF CHF	2022	2021
Consolidated profit / (loss) before taxes	196.8	(407.8)
Expected tax rate in %	21.8%	22.2%
Income tax at the expected rate	(43.0)	90.4
EFFECT OF		
Income not subject to income tax	3.6	(0.3)
Different tax rates for subsidiaries in other jurisdictions	(0.8)	0.7
Effect of changes in tax rates on previously recognized deferred tax assets and liabilities	–	(30.1)
Non-deductible expenses	(7.1)	(4.3)
Permanent differences	(5.7)	(14.1)
Losses of the year for which no deferred tax asset is recognized	(52.5)	(110.2)
Net change of recognition of temporary differences and tax credits	(0.4)	92.7
Non recoverable withholding taxes	(10.1)	(1.8)
Income taxes in non-controlling interest holders	14.0	(1.4)
Adjustments recognized in relation to prior year	29.7	28.9
Foreign exchange movements on deferred tax balances [1]	(2.5)	(7.3)
Other items	(1.4)	(0.6)
Total	**(76.2)**	**42.6**

[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 profitability of the respective operations adjusted for impairments. For 2022, 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	2022	2021
RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Actuarial gains / (losses) on defined benefit plans	4.1	(11.6)
Total	**4.1**	**(11.6)**
RECOGNIZED IN EQUITY		
Tax effect on share-based payments	–	–
Total	**–**	**–**

15. COMPONENTS OF OTHER COMPREHENSIVE INCOME

2022 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Employee benefit reserve	Translation reserves	Retained earnings	TOTAL	NON-CONTROL-LING INTERESTS	TOTAL EQUITY
Remeasurement of post-employment benefits plans	(37.8)	–	–	(37.8)	0.2	(37.6)
Income tax effect	4.1	–	–	4.1	–	4.1
Subtotal	**(33.7)**	**–**	**–**	**(33.7)**	**0.2**	**(33.5)**
Exchange differences on translating foreign operations	–	(89.4)	–	(89.4)	(2.2)	(91.6)
Subtotal	**–**	**(89.4)**	**–**	**(89.4)**	**(2.2)**	**(91.6)**
Net gain / (loss) on hedge of net investment in foreign operations (note 28.1)	–	(3.6)	–	(3.6)	–	(3.6)
Income tax effect	–	–	–	–	–	–
Subtotal	**–**	**(3.6)**	**–**	**(3.6)**	**–**	**(3.6)**
Share of other comprehensive income of associates	–	0.5	–	0.5	–	0.5
Subtotal	**–**	**0.5**	**–**	**0.5**	**–**	**0.5**
Other comprehensive income	**(33.7)**	**(92.5)**	**–**	**(126.2)**	**(2.0)**	**(128.2)**

2021 IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Employee benefit reserve	Translation reserves	Retained earnings	TOTAL	NON-CONTROL-LING 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**

16. PROPERTY, PLANT AND EQUIPMENT

2022 IN MILLIONS OF CHF	LEASEHOLD IMPROVE-MENTS	BUILDINGS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST							
Balance at January 1	**580.8**	**15.2**	**530.9**	**53.3**	**6.7**	**50.0**	**1,236.9**
Increase in scope of consolidation	–	–	0.8	–	–	–	0.8
Decrease in scope of consolidation	(0.5)	–	(0.6)	(0.1)	–	(0.2)	(1.4)
Additions	25.3	–	14.7	6.1	0.6	61.1	107.8
Disposals	(12.1)	(1.1)	(9.5)	(2.4)	(0.6)	(2.5)	(28.2)
Reclassification within classes	20.1	–	16.0	1.7	–	(37.8)	–
Reclassification to Intangibles	–	–	–	–	–	(0.5)	(0.5)
Currency translation adjustments	(4.8)	(0.4)	(15.7)	0.8	(0.1)	(0.2)	(20.4)
Balance at December 31	**608.8**	**13.7**	**536.6**	**59.4**	**6.6**	**69.9**	**1,295.0**
ACCUMULATED DEPRECIATION							
Balance at January 1	**(349.7)**	**(8.5)**	**(379.4)**	**(35.8)**	**(5.1)**	**–**	**(778.5)**
Decrease in scope of consolidation	0.1	–	0.2	0.1	–	–	0.4
Additions (note 10)	(55.0)	(0.2)	(48.5)	(8.3)	(0.7)	–	(112.7)
Disposals	11.4	–	9.3	2.3	0.5	–	23.5
Reclassification within classes	1.3	(0.3)	(0.9)	(0.1)	–	–	–
Currency translation adjustments	3.1	0.1	11.8	(0.9)	–	–	14.1
Balance at December 31	**(388.8)**	**(8.9)**	**(407.5)**	**(42.7)**	**(5.3)**	**–**	**(853.2)**
IMPAIRMENT							
Balance at January 1	**(86.2)**	**(3.9)**	**(34.9)**	**(1.8)**	**(0.1)**	**(2.4)**	**(129.3)**
Decrease in scope of consolidation	0.4	–	0.3	0.1	–	0.2	1.0
Impairment (note 10)	(0.4)	–	(1.0)	–	–	–	(1.4)
Reversal of impairment (note 10)	–	–	–	–	–	0.2	0.2
Disposals	0.2	1.1	–	–	–	–	1.3
Reclassification within classes	4.9	–	(3.2)	(0.6)	–	(1.1)	–
Currency translation adjustments	0.1	0.2	0.3	–	–	0.1	0.7
Balance at December 31	**(81.0)**	**(2.6)**	**(38.5)**	**(2.3)**	**(0.1)**	**(3.0)**	**(127.5)**
CARRYING AMOUNT							
At December 31, 2022	**139.0**	**2.2**	**90.6**	**14.4**	**1.2**	**66.9**	**314.3**

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 to 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)**
Impairment (note 10)	(62.1)	(3.7)	(4.4)	(0.8)	(0.1)	(2.0)	(73.1)
Reversal of impairment (note 10)	0.1	–	–	–	–	10.0	10.1
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**

Cash flow used for purchase of property, plant and equipment

IN MILLIONS OF CHF	2022	2021
Payables for capital expenditure at the beginning of the period	(9.3)	(10.7)
Additions of property, plant and equipment	(107.8)	(72.7)
Payables for capital expenditure at the end of the period	19.8	9.3
Currency translation adjustments	(0.1)	(0.2)
Total Cash Flow	**(97.4)**	**(74.3)**

17. RIGHT-OF-USE ASSETS

2022 IN MILLIONS OF CHF	SHOPS	OTHER BUILDINGS	VEHICLES	OTHER	TOTAL
AT COST					
Balance at January 1	**5,872.7**	**240.0**	**8.2**	**2.1**	**6,123.0**
Decrease in scope of consolidation	(0.6)	(0.4)	–	–	(1.0)
Additions[1]	50.9	10.5	0.4	0.9	62.7
Disposals[2]	(147.0)	(7.0)	(1.5)	(0.4)	(155.9)
Lease modifications[3]	152.7	6.6	0.3	0.1	159.7
Reclassification within classes	(0.3)	0.3	–	–	–
Currency translation adjustments	(161.5)	(4.3)	(0.5)	(0.1)	(166.4)
Balance at December 31	**5,766.9**	**245.7**	**6.9**	**2.6**	**6,022.1**
ACCUMULATED DEPRECIATION					
Balance at January 1	**(2,528.7)**	**(84.9)**	**(4.2)**	**(1.4)**	**(2,619.2)**
Decrease in scope of consolidation	0.1	0.1	–	–	0.2
Additions (note 10)	(787.4)	(29.4)	(1.6)	(0.5)	(818.9)
Disposals[2]	135.3	6.4	1.3	0.4	143.4
Lease modifications[3]	75.3	(0.1)	–	–	75.2
Reclassification within classes	1.7	(1.8)	–	0.1	–
Currency translation adjustments	88.8	2.9	0.3	–	92.0
Balance at December 31	**(3,014.9)**	**(106.8)**	**(4.2)**	**(1.4)**	**(3,127.3)**
IMPAIRMENT					
Balance at January 1	**(376.5)**	**(6.5)**	**–**	**–**	**(383.0)**
Business combinations	0.5	0.3	–	–	0.8
Impairment (note 10)	(15.0)	–	–	–	(15.0)
Reversal of impairment (note 10)	48.7	–	–	–	48.7
Disposals[2]	4.7	–	–	–	4.7
Lease modifications[3]	7.5	–	–	–	7.5
Reclassification within classes	0.3	(0.3)	–	–	–
Currency translation adjustments	9.1	0.2	–	–	9.3
Balance at December 31	**(320.7)**	**(6.3)**	**–**	**–**	**(327.0)**
CARRYING AMOUNT					
At December 31, 2022	**2,431.3**	**132.6**	**2.7**	**1.2**	**2,567.8**

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

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[2]	–	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 (note 10)	(118.6)	(3.6)	–	–	(122.2)
Reversal of impairment (note 10)	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.

18. INTANGIBLE ASSETS AND GOODWILL

2022 IN MILLIONS OF CHF	CONCESSION RIGHTS Acquisition related	Plain	BRANDS	OTHER[1]	TOTAL	GOODWILL
AT COST						
Balance at January 1	**4,529.7**	**85.5**	**266.1**	**245.0**	**5,126.3**	**2,512.8**
Additions	–	0.4	–	15.5	15.9	–
Disposals	(25.7)	(1.0)	–	(3.5)	(30.3)	–
Reclassification from property, plant and equipment	–	–	–	0.5	0.5	–
Currency translation adjustments	(146.2)	(0.2)	(4.1)	(1.4)	(151.8)	(122.6)
Balance at December 31	**4,357.8**	**84.7**	**262.0**	**256.1**	**4,960.6**	**2,390.2**
ACCUMULATED AMORTIZATION						
Balance at January 1	**(2,272.4)**	**(51.1)**	**(3.3)**	**(182.5)**	**(2,509.3)**	**–**
Additions (note 10)	(158.3)	(1.3)	–	(20.3)	(179.9)	–
Disposals	25.7	1.1	–	3.5	30.3	–
Reclassification within classes	–	–	–	–	–	–
Currency translation adjustments	60.9	0.1	–	1.6	62.6	–
Balance at December 31	**(2,344.1)**	**(51.2)**	**(3.3)**	**(197.7)**	**(2,596.3)**	**–**
IMPAIRMENT						
Balance at January 1	**(849.9)**	**(20.2)**	**(5.6)**	**(4.0)**	**(879.7)**	**(152.8)**
Impairment (note 10)	(32.9)	–	–	–	(32.9)	–
Reversal of impairment (note 10)	17.3	–	–	–	17.3	–
Currency translation adjustments	9.2	(0.3)	(0.1)	–	8.8	34.8
Balance at December 31	**(856.3)**	**(20.5)**	**(5.7)**	**(4.0)**	**(886.5)**	**(118.0)**
CARRYING AMOUNT						
At December 31, 2022	**1,157.4**	**13.0**	**253.0**	**54.4**	**1,477.8**	**2,272.2**

[1] Other mainly contains IT software.

2021 IN MILLIONS OF CHF	CONCESSION RIGHTS Acquisition related	Plain	BRANDS	OTHER	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 from property, plant & 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 DEPRECIATION						
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	–
Impairment (note 10)	(224.0)	(19.4)	–	(3.0)	(246.4)	(21.6)
Reversal of impairment (note 10)	–	6.4	–	–	6.4	–
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**

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-19 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 continue to grow in 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 2.0 % – 3.3 % (2021: 2.5 % – 2.7 %) 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.

Margins
The expected 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 (“WACC”) rate composed among other factors of:
- a) risk free interest rates derived from actual governmental bonds rates: CHF: up to 1.50 %, EUR: up to 1.97 %, USD: up to 3.89 % (2021: CHF 0.00 %*, EUR 0.00 %*, USD 1.62 %),
- b) a credit spread range of 2.00 % - 4.70 % (2021: 2.64 %) ,
- c) a re-levered beta of 1.07 (2021: 1.30), and
- d) an equity-risk premium used in 2022 is 6.25 % (2021: 6.00 %). Certain WACC components, like country premium or default country risk, have been weighted for each segment.

*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	31.12.2022	31.12.2021
Europe, Middle East and Africa (EMEA)	1,434.6	1,530.3
Asia Pacific	34.1	33.7
The Americas	765.7	754.2
Global Distribution Centers	37.8	41.8
Total carrying amount of goodwill	**2,272.2**	**2,360.0**

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 (%)	2022	2021	2022	2021	2022	2021[2]
Europe, Middle East and Africa (EMEA)	6.87	6.45	9.00	8.40	4.76	24.27
Asia Pacific	6.37	7.62	8.20	9.80	21.65	47.24
The Americas	6.33	7.62	8.55	10.30	4.96	20.32

[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:

	DISCOUNT RATE		SALES DROP*		MARGIN DROP*	
GROUP OF CASH GENERATING UNITS IN PERCENTAGE (%)	2022	2021	2022	2021	2022	2021
	+2 %	+1%	-3 %	-10 %	-1 %	-1 %
Europe, Middle East and Africa (EMEA)	–	–	–	–	–	–
Asia Pacific	–	–	–	–	34.1	33.6
The Americas	–	–	–	–	–	–

* The reasonable drop in sales or margin (in percentage of sales) has been considered in each year within the impairment test.

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:

	POST TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
BRAND NAMES IN PERCENTAGE (%)	**2022**	**2021**	**2022**	**2021**
Dufry	6.78	6.49	4.46	23.57
Hudson News	8.35	7.48	8.28	19.02
Nuance	7.16	6.12	4.96	15.53
World Duty Free	7.52	6.39	2.26	25.11

19.4 IMPAIRMENT TEST OF TANGIBLE AND OTHER INTANGIBLE ASSETS

Dufry's management considered the consequences of the negative effects of the COVID-19 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 and reversal of impairment by segment incurred in 2022, 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	2022	2021
Net profit / (loss)	**10.7**	**3.0**
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to net income in subsequent periods	0.1	0.2
Total comprehensive income	**10.8**	**3.2**

21. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Guarantee deposits	52.6	102.4
Loans	19.1	26.0
Lease receivables	4.0	6.6
Prepayment for leases	32.8	42.7
Tax receivable	55.2	47.5
Other	0.5	0.5
Subtotal	**164.2**	**225.7**
Allowances	(8.4)	(10.4)
Total	**155.8**	**215.3**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2022	2021
Balance at January 1	**(10.4)**	**(6.1)**
Creation	–	(4.2)
Utilized	1.7	–
Reclassification	0.6	–
Currency translation adjustments	(0.3)	(0.1)
Balance at December 31	**(8.4)**	**(10.4)**

22. INVENTORIES

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Inventories at cost	1,024.1	786.2
Inventory allowance	(95.7)	(94.0)
Total	**928.4**	**692.2**

Cost of sales includes inventories written down to net realizable value and inventory losses of CHF 74.7 (2021: 42.2) million.

23. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Trade receivables[1]	28.1	70.9
Credit card receivables	39.4	21.5
Gross	**67.5**	**92.4**
Allowances	(5.2)	(7.1)
Net	**62.3**	**85.3**

[1] Includes trade receivables against associates of CHF 6.2 (2021: 13.7) million.

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Not due	6.3	15.4
OVERDUE		
Up to 30 days	11.6	34.1
31 to 60 days	0.2	9.4
61 to 90 days	0.6	0.6
More than 90 days	4.2	4.3
Total overdue	**16.6**	**48.4**
Trade receivables, net	**22.9**	**63.8**

24. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Advertising receivables	194.0	123.1
Services provided to suppliers	1.6	2.0
Loans receivable	0.7	2.0
Receivables from subtenants and business partners	4.0	1.7
Personnel receivables	1.1	1.0
Accounts receivables	**201.4**	**129.8**
Prepayments of lease expenses and rents	28.6	33.7
Prepayments of sales and other taxes	109.6	99.6
Prepayments to suppliers	4.5	6.7
Prepayments, other	14.4	10.1
Prepayments	**157.1**	**150.1**
Receivables from subleases	2.9	3.2
Guarantee deposits	102.4	82.6
Derivative financial assets	10.1	9.0
Accrued income	–	–
Other	16.2	21.8
Other receivables	**131.6**	**116.6**
Total	**490.1**	**396.5**
Allowances	(22.5)	(24.7)
Total	**467.6**	**371.8**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2022	2021
Balance at January 1	**(24.7)**	**(31.4)**
Decrease in scope of consolidation	–	3.0
Creation	(3.4)	(0.1)
Released	5.0	4.0
Utilized	0.5	0.2
Reclassification	0.1	(0.2)
Currency translation adjustments	–	(0.2)
Balance at December 31	**(22.5)**	**(24.7)**

25. EQUITY

25.1 FULLY PAID ORDINARY SHARES

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2021	**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**
Balance at December 31, 2022	**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.

25.2 MANDATORY CONVERTIBLE NOTES

	NUMBER OF NOTES	IN THOUSANDS OF CHF
Balance at January 1, 2021	**695**	**68,400**
Interest component reclassified	–	(8,100)
Balance at December 31, 2021	**695**	**60,300**
Balance at December 31, 2022	**695**	**60,300**

25.3 TRANSLATION RESERVES

IN MILLIONS OF CHF	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Balance at January 1, 2021	**(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[1]	(7.9)	–	(7.9)
Share of other comprehensive income of associates	0.2	–	0.2
Balance at December 31, 2021	**(450.9)**		
Exchange differences arising on translating the foreign operations	(89.4)	(2.2)	(91.6)
Net gain / (loss) on hedge of net investments in foreign operations	(3.6)	–	(3.6)
Share of other comprehensive income of associates	0.5	–	0.5
Balance at December 31, 2022	**(543.4)**		

[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, 2021	**(3,323.2)**		
Net profit / (loss)	(385.4)	20.2	(365.2)
Conversion of the CHF 350 million bond	(26.7)	–	(26.7)
Share-based payments	2.0	–	2.0
Put option held by non-controlling interests	(3.2)	0.5	(2.7)
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)**		
Net profit / (loss)	58.2	62.4	120.6
Share-based payments	16.4	–	16.4
Put option held by non-controlling interests	13.4	5.1	18.5
Dividends to non-controlling interests	–	(74.6)	(74.6)
Other changes in participation of non-controlling interests	(3.8)	4.3	0.5
Balance at December 31, 2022	**(3,598.9)**		

26. SHARE-BASED PAYMENT PLANS

2022 Plan

During 2022, Dufry granted to selected members of the management the award 2022 consisting of 553,359 performance share units (PSU). The PSU award 2022 will vest on June 3, 2025 and have a contractual life between 31 and 41 months. At grant dates the fair values of one PSU award 2022 was calculated applying a combination of market share price and applying a Monte Carlo simulation. The range of fair values was determined between CHF 31.73 and CHF 48.78 for the respective grant dates, with a weighted average fair value of CHF 36.19. As part of this plan, 42,761 PSU will be settled in cash.

The PSU granted in 2022 are subject to three performance conditions: Cumulative Adjusted EPS with a 50% weighting (unchanged to the previous year), Relative TSR with a 25% weighting (new KPI), and an ESG target with a 25% weighting (new KPI). The ESG target consists of three different KPIs related to material areas from a business and stakeholder perspective, each with a weighting of $^1/_3$ of the ESG target.

On the vesting date, 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 a total of CHF 7.60 (to be adjusted by the effect of the combination with Autogrill), ranking at 50th percentile of the peer group for the TSR element and defined ESG measures per area, such as 60 % reduction of CO_2 emissions on scope 1 & 2 by 2024. Holders of PSU are not entitled to vote or receive dividends like shareholders do.

As of December 31, 2022, none of the PSU award 2022 and 2021 have forfeited and 948,166 PSU (2021: 394,807) remain outstanding.

2021 Plan

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.

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.

Older Plans

During 2020, Dufry did not grant any awards. For the PSU plan 2019, no shares were allocated in 2022, as the vesting performance criteria have not been reached.

26.1 TREASURY SHARES

Treasury shares are valued at historical cost.

	NUMBER OF SHARES	IN MILLIONS OF CHF
Balance at January 1, 2021	**11,281**	**(1.3)**
Balance at December 31, 2021	**11,281**	**(1.3)**
Purchased shares	600,000	(21.6)
Balance at December 31, 2022	**611,281**	**(22.9)**

26.2 EARNINGS PER SHARE

26.2.1 Earnings per share attributable to equity holders of the parent

Basic

Basic earnings per share are calculated by dividing the net profit /(loss) attributable to equity holders of the parent by the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares of financial instruments that will be mandatory converted into ordinary shares.

IN MILLIONS OF CHF / QUANTITY	2022	2021
Net profit / (loss) attributable to equity holders of the parent	58.2	(385.4)
Weighted average number of ordinary shares outstanding	92,800,277	87,784,450
Basic earnings per share in CHF	**0.63**	**(4.39)**

Diluted

Diluted earnings per share are calculated by dividing the net profit /(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 of financial instruments that will be mandatory converted into ordinary shares 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.

Refer to note 29 and 42.1 for instruments that could potentially dilute basic earnings per share in future, but were not included in the calculation of diluted earnings per share because they are antidilutive for 2022 and 2021.

IN MILLIONS OF CHF / QUANTITY	2022	2021
Net profit /(loss) attributable to equity holders of the parent	58.2	(385.4)
Weighted average number of ordinary shares outstanding used to calculate the diluted earnings per share	94,010,983	87,784,450
Diluted earnings per share in CHF	**0.62**	**(4.39)**

26.2.2 Weighted average number of ordinary shares

IN SHARES	2022	2021
Outstanding shares	90,797,007	87,795,731
Mandatory convertible shares	2,092,113	–
Less treasury shares	(88,843)	(11,281)
Used for calculation of basic earnings per share	**92,800,277**	**87,784,450**
EFFECT OF DILUTION		
PSU plans	1,210,706	–
Used for calculation of diluted earnings per share	**94,010,983**	**87,784,450**

27. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The following transactions have been recognized in equity attributable to non-controlling interests holders:

IN MILLIONS OF CHF	NOTE	2022	2021
Change in relation to put option (49% of Dufry Staer Holding Ltd)[1]		5.1	0.5
Other non-controlling interests (disposed) / acquired		2.8	0.7
Change in Dufry's interest		**7.9**	**1.2**
NCI portion of increases in share capital of subsidiaries		1.5	1.2
Share capital changes		**1.5**	**1.2**
Total		**9.4**	**2.4**

[1] No cash flow effects.

27.1 INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

In 2022, Dufry allocated CHF 62.4 (2021: 20.2) 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 47.2 (2021: 22.5) million.

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 2022 and 2021.

28. BORROWINGS

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Bank debt overdrafts	–	6.4
Bank debt loans	119.6	35.3
Third party loans	3.1	3.6
Borrowings, current	**122.7**	**45.3**
Bank debt loans	453.9	681.6
Senior Notes	2,993.0	3,083.2
Third party loans	5.4	6.9
Borrowings, non-current	**3,452.3**	**3,771.7**
Total	**3,575.0**	**3,817.0**
OF WHICH ARE		
Bank debt	573.5	723.3
Senior Notes	2,993.0	3,083.2
Third party loans	8.5	10.5

BANK DEBT

IN MILLIONS OF CHF	31.12.2022	31.12.2021
BANK DEBTS ARE DENOMINATED IN		
US Dollar	409.5	501.7
Deferred arrangement fees	(17.3)	(11.2)
Subtotal	**392.2**	**490.5**
BANK DEBTS AT SUBSIDIARIES IN		
Euro*	104.9	124.7
Swiss Franc*	11.0	17.0
British Pound*	55.9	61.7
Other currencies*	9.5	29.4
Total	**573.5**	**723.3**

* Includes Government backed COVID-19 loans of CHF 175.9 (2021: 208.0) 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 2022, the amount of loans granted was overall CHF 175.9 (2021: 208.0) million, whereas the loans were granted in different currencies. Loans granted were in EUR 106.0 (2021: 120.2) million, in CHF 11.0 (2021: 17.0) million, in GBP 50.0 (2021: 50.0) million and in MAD 46.8 (2021: 46.8). The interest rates vary between 0.0 % and 5.5 % (2021: 0.0 % and 3.5 %).

NOTES

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Senior Notes denominated in Euro	2,251.4	2,359.9
Senior Notes denominated in CHF	300.0	300.0
Convertible Notes denominated in CHF	463.5	453.3
Deferred interest on modification of financing arrangements	(8.9)	(11.4)
Deferred arrangement fees	(13.0)	(18.6)
Total	**2,993.0**	**3,083.2**

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 2022 and 2021, Dufry complied with the financial covenants and conditions contained in the bank credit agreements.

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.

In December 2022 Dufry has successfully refinanced its main bank credit facilities. A new EUR 2,085 million Revolving Credit Facility (RCF) is replacing EUR 1,300 million RCF and USD 550 million Term Loan with maturity in December 2027 compared to previous maturity date in November 2024.

Financial covenants included in our borrowing instruments require the Group to comply with:
(i) a maximum ratio of total drawn debt to CORE EBITDA 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 CORE EBITDA 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
Revolving credit facility (multi-currency)[1]	19.12.2027	EUR	2,085.0	409.5
Uncommited current facilities	n.a.	CHF	50.0	–
At December 31, 2022				**409.5**

[1] New revolving credit facility replacing the EUR 1,300.0 million revolving credit facility which was cancelled and the USD 550.0 million committed term loan which was fully repaid, both before their maturity.

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

[1] Cancelled during 2022.

Notes

IN MILLIONS OF	MATURITY	COUPON RATE	CURRENCY	NOMINAL IN FOREIGN CURRENCY	AMOUNT IN CHF 31.12.2022	AMOUNT IN CHF 31.12.2021
Senior notes	15.10.2024	2.50%	EUR	800.0	790.3	826.7
Senior notes	15.02.2027	2.00%	EUR	750.0	732.1	765.0
Senior notes	15.04.2028	3.38%	EUR	725.0	712.2	744.8
Senior notes	15.04.2026	3.63%	CHF	300.0	298.9	299.0
Convertible notes[1]	04.05.2023	1.00%	CHF	350.0	–	–
Convertible notes[2]	30.03.2026	0.75%	CHF	500.0	459.5	447.7
Total					**2,993.0**	**3,083.2**

[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 (%)	2022	2021
Average on USD	4.96	3.31
Average on CHF	2.01	2.09
Average on EUR	3.19	2.54
Weighted Average Total	**3.10**	**2.57**

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, 2021	**259.2**	**292.9**
Currency translation adjustments	7.9	–
Balance at December 31, 2021	**267.1**	**292.9**
Currency translation adjustments	3.6	–
Balance at December 31, 2022	**270.7**	**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 109.5 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	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Dufry International AG	EUR	1,087.1	1,087.1	1,075.8	1,127.6
Nuance Group (Australia) Pty Ltd.	AUD	121.8	190.1	76.7	125.9
Dufry Americas y Caribe Corp.	USD	10.2	10.2	9.4	9.3
Nuance Group (Sverige) AB	SEK	110.0	110.0	9.8	11.1
Dufry Duty Free (Nigeria) Ltd.	USD	6.8	6.5	6.3	5.9

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, 2022	**793.5**	**3,636.4**	**7.4**	**63.5**	**3,817.0**	**6,716.0**
Cash flows from operating, financing and investing activities	98.8	–	–	–	–	(98.8)
Business combinations	1.1	–	–		–	(1.1)
Repayment of 3rd party loans payable	–	–	–	–	(1.8)	(1.8)
Transaction costs for financial instruments	–	–	–	–	(16.8)	(16.8)
Repayment of borrowings	–	–	–	–	(152.2)	(152.2)
Payments of derivatives interests	–	–	(24.3)	(38.5)	–	(14.2)
Lease payments	–	(907.8)	–	–	–	(907.8)
Cash flow	**99.9**	**(907.8)**	**(24.3)**	**(38.5)**	**(170.8)**	**(1,192.7)**
Additions to lease obligations	–	63.0	–	–	–	63.0
Interest on lease obligations	–	127.6	–	–	–	127.6
Modification of lease obligations	–	244.2	–	–	–	244.2
Relief on lease obligations	–	(80.2)	–	–	–	(80.2)
Early termination of lease obligations	–	(13.9)	–	–	–	(13.9)
Discounted interests of financial derivatives	–	–	24.1	38.7	–	14.6
Discounted interests	–	–	–	–	10.2	10.2
Arrangement fees amortization	–	–	–	–	17.7	17.7
Currency translation adjustments	(38.7)	(87.3)	2.2	36.1	(147.5)	(162.2)
Unrealized exchange differences on the translation of net debt in foreign currencies	–	20.6	–	–	48.4	69.0
Other non-cash movements	**(38.7)**	**274.0**	**26.3**	**74.8**	**(71.2)**	**290.0**
Balance at December 31, 2022	**854.7**	**3,002.6**	**9.4**	**99.8**	**3,575.0**	**5,813.3**

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.

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
31.12.2022			
Cash and cash equivalents	1,727.9	(873.2)	854.7
Borrowings, current	995.9	(873.2)	122.7
31.12.2021			
Cash and cash equivalents	1,401.2	(607.7)	793.5
Borrowings, current	653.0	(607.7)	45.3

29.2 LEGAL RESTRICTIONS ON MONEY TRANSFER

Cash and cash equivalents at the end of the reporting period include CHF 110.1 (2021: 57.7) 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	31.12.2022	31.12.2021
Concession fee payables	181.5	153.9
Other service related vendors	255.9	177.9
Personnel payables	158.9	119.6
Sales and other tax liabilities	62.4	55.8
Put option Dufry Staer Holding Ltd	7.7	26.2
Financial derivative liabilities - current	99.8	63.5
Lease obligation due to tax refund	18.6	15.6
Payables for capital expenditure	19.9	9.4
Interest payables	25.4	32.9
Payables to local business partners	1.9	1.1
Other payables	38.4	44.0
Total	**870.4**	**699.9**
THEREOF		
Current liabilities	841.1	653.2
Non-current liabilities	29.3	46.7
Total	**870.4**	**699.9**

31. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arise from the following positions:

IN MILLIONS OF CHF	31.12.2022	31.12.2021
DEFERRED TAX ASSETS		
Inventories	14.9	13.0
Property, plant and equipment	64.1	61.0
Intangible assets	46.4	35.1
Lease obligations	286.9	336.7
Provisions and other payables	51.5	72.1
Tax loss carry-forward	89.6	110.4
Other	4.5	25.2
Total	**557.9**	**653.5**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(34.7)	(40.0)
Right-of-use assets	(295.6)	(358.6)
Intangible assets	(282.9)	(314.8)
Provisions and other payables	(13.2)	(19.8)
Other	(7.5)	(15.8)
Total	**(633.9)**	**(749.0)**
Deferred tax liabilities net	**(76.0)**	**(95.5)**

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

IN MILLIONS OF CHF	2022	2021
Deferred tax assets	145.4	179.9
Deferred tax liabilities	(221.4)	(275.4)
Balance at December 31	**(76.0)**	**(95.5)**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	2022	2021
Changes in deferred tax assets	(34.5)	34.4
Changes in deferred tax liabilities	54.0	46.5
Currency translation adjustments	(18.5)	(1.8)
Deferred tax movements (expense) at December 31	**1.0**	**79.1**
THEREOF		
Recognized in the statement of profit or loss	(3.1)	90.7
Recognized in equity	–	–
Recognized in OCI	4.1	(11.6)

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 2023 and the management projections thereafter.

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

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Expiring within 1 to 3 years	292.1	209.4
Expiring within 4 to 7 years	775.6	755.8
Expiring after 7 years	117.4	138.3
With no expiration limit	1,089.4	1,254.8
Total	**2,274.5**	**2,358.3**

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, 2022	**11.8**	**20.3**	**2.9**	**52.8**	**3.7**	**27.8**	**119.3**
Business combinations	–	–	–	–	–	4.6	4.6
Charge for the year	–	0.1	4.1	9.8	0.4	50.4	64.8
Utilized	–	(11.6)	(0.3)	(7.8)	(0.7)	(1.9)	(22.3)
Unused amounts reversed	–	–	(0.2)	(12.0)	(0.3)	(16.9)	(29.4)
Reclassification within classes	(2.5)	0.4	–	2.1	–	–	–
Reclassification from / to other accounts [1]	–	–	–	–	–	0.6	0.6
Currency translation adjustments	(0.6)	(0.8)	(0.1)	(1.3)	(0.1)	(1.4)	(4.3)
Balance at December 31, 2022	**8.7**	**8.4**	**6.4**	**43.6**	**3.0**	**63.2**	**133.3**
THEREOF							
Current	–	1.3	6.4	41.7	0.6	39.3	89.3
Non-current	8.7	7.1	–	1.9	2.4	23.9	44.0

[1] From other payables 3rd parties.

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 8.4 (2021: 20.3) million has been provided mainly in relation to two operation in the region Europe, Middle East and Africa (EMEA) and one operation in The Americas.

CLOSE DOWN

The provision of CHF 6.4 (2021: 2.9) million relates mainly to four operations in Asia and two in Europe.

LAWSUITS AND DUTIES

The provision for lawsuits and duties of CHF 43.6 (2021: 52.8) 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 3.0 (2021: 3.7) 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 charge of the year relates mainly to concession contracts termination in our segment Europe, Middle East and Africa.

CASH OUTFLOWS OF NON-CURRENT PROVISIONS

The cash outflows of non-current provisions as of December 31, 2022 are expected to occur in:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOW
2024	23.9
2025	2.7
2026	3.7
2027	1.7
2028+	12.0
Total non-current	**44.0**

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 92.3% (2021: 97.2%) of the total defined benefit obligation and 96.6% (2021: 97.9%) of the plan assets correspond to pension funds in Switzerland (CH) and the United Kingdom (UK).

			2022			2021
IN MILLIONS OF CHF	**Funded**	**Unfunded**	**TOTAL**	**Funded**	**Unfunded**	**TOTAL**
SWITZERLAND						
Fair value of plan assets	151.3	–	151.3	226.9	–	226.9
Present value of defined benefit obligation	151.3	–	151.3	198.8	–	198.8
Financial (liability) asset	**–**	**–**	**–**	**28.1**	**–**	**28.1**
UK						
Fair value of plan assets	132.1	–	132.1	227.5	–	227.5
Present value of defined benefit obligation	115.1	–	115.1	200.6	–	200.6
Financial (liability) asset	**17.0**	**–**	**17.0**	**26.9**	**–**	**26.9**
OTHER PLANS						
Fair value of plan assets	10.0	–	10.0	9.8	–	9.8
Present value of defined benefit obligation	11.4	10.9	22.3	11.4	9.9	21.3
Financial (liability) asset	**(1.4)**	**(10.9)**	**(12.3)**	**(1.6)**	**(9.9)**	**(11.5)**
CARRYING AMOUNT						
Net defined benefit assets	**17.0**	**–**	**17.0**	**55.0**	**–**	**55.0**
Employee benefit obligations	**(1.4)**	**(10.9)**	**(12.3)**	**(1.6)**	**(9.9)**	**(11.5)**

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

	2022		2021	
IN MILLIONS OF CHF	Switzerland	UK	Switzerland	UK
SERVICE COSTS				
Current service costs	(6.3)	–	(5.6)	–
Past service costs	3.9	–	–	–
Net interest	0.2	0.5	–	(0.1)
Total pension expenses recognized in the statement of profit or loss	**(2.2)**	**0.5**	**(5.6)**	**(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 are a consequense of Dufry's modified pension fund plan rules as of 1st of January 2023 (lower convertion rate and increase in the maximum insured salary).

Remeasurements employee benefits

IN MILLIONS OF CHF	2022 Switzerland	2022 UK	2021 Switzerland	2021 UK
Actuarial gains (losses) - experience	(7.9)	(9.1)	15.5	13.2
Actuarial gains (losses) - demographic assumptions	–	1.1	7.7	2.2
Actuarial gains (losses) - financial assumptions	50.2	73.2	3.2	8.9
Return on plan assets exceeding expected interest	(19.7)	(72.8)	15.9	9.2
Effect of asset ceiling	(53.3)	–	–	–
Total remeasurements recorded in other comprehensive income	**(30.7)**	**(7.6)**	**42.3**	**33.5**

The following tables summarize the components of the funded status and amounts recognized in the statement of financial position for the plan:

Change in the fair value of plan assets

IN MILLIONS OF CHF	2022 Switzerland	2022 UK	2021 Switzerland	2021 UK
Balance at January 1	**226.9**	**227.5**	**205.8**	**217.5**
Interest income [1]	0.9	4.0	0.2	3.2
Return on plan assets, above interest income	(19.7)	(72.8)	15.9	9.2
Contributions paid by employer	5.1	–	4.5	–
Contributions paid by employees	7.3	–	4.2	–
Benefits paid	(15.6)	(5.0)	(11.2)	(5.9)
Administration costs	(0.2)	(0.2)	(0.2)	(0.9)
Asset ceiling [2]	(53.3)	–	–	–
Other	–	–	7.7	–
Currency translation	(0.1)	(21.4)	–	4.4
Balance at December 31	**151.3**	**132.1**	**226.9**	**227.5**

[1] Expected interest income on plan assets based on discount rate. See actuarial assumptions.
[2] The plan assets are larger than the DBO. However, as no economic benefit is expected, the net defined benefit asset must be ceiled. There is no economic benefit as the employer service cost is smaller than the employer's expected contributions and no employer's contribution reserve are available.

Change in present value of defined benefit obligation

IN MILLIONS OF CHF	2022 Switzerland	2022 UK	2021 Switzerland	2021 UK
Balance at January 1	**198.8**	**200.6**	**217.7**	**223.1**
Current service costs	6.3	–	5.6	–
Interest costs	0.8	3.5	0.2	3.3
Contributions paid by employees	7.3	–	4.2	–
Actuarial losses / (gains) - experience	7.9	9.1	(15.5)	(13.2)
Actuarial losses / (gains) - demographic assumptions	–	(1.1)	(7.7)	(2.2)
Actuarial losses / (gains) - financial assumptions	(50.2)	(73.2)	(3.2)	(8.9)
Benefits paid	(15.6)	(5.0)	(11.2)	(5.9)
Past service cost - plan amendments	(3.9)	–	–	–
Other	–	–	8.7	–
Currency translation	(0.1)	(18.8)	–	4.4
Balance at December 31	**151.3**	**115.1**	**198.8**	**200.6**
Net defined benefit (obligation) / asset at December 31	**–**	**17.0**	**28.1**	**26.9**

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:

	2022		2021	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK
Discount rates	2.30	4.75	0.40	1.95
Future salary increases	1.50	–	1.25	–
Future pension increases	–	1.85	–	1.95
Mortality table (generational tables)	2020	2021	2020	2020

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

Plan asset structure
The structure of categories of plan assets is as follows:

	2022		2021	
IN PERCENTAGE (%)	Switzerland	UK	Switzerland	UK
Shares	27.2	99.6	34.9	99.9
Bonds	13.9	–	18.8	–
Real estates	45.7	–	37.6	–
Other [1]	13.2	0.4	8.7	0.1
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 45.7% (2021: 37.6%) 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	2023 Switzerland	2023 UK	2022 Switzerland	2022 UK
EXPECTED CASH FLOW FOR				
Contribution Employer	4.9	–	4.8	–
Contribution Employees	3.0	–	2.9	–
Weighted average duration of defined benefit obligation (years)	15.7	16.0	18.3	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:

2022 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	(10.9)	12.6	(9.9)	9.9
Salary rate	1.2	(1.1)	–	–

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. The movement of the put option is recorded through equity instead of through profit or loss.

Quantitative disclosures fair value measurement hierarchy for assets

DECEMBER 31, 2022 IN MILLIONS OF CHF	TOTAL	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2022 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 - USD	0.1	–	0.1	–	0.1
Foreign exchange swaps contracts - EUR	3.7	–	3.7	–	3.7
Foreign exchange swaps contracts - OTHER	0.5	–	0.5	–	0.5
Cross currency swaps contracts - EUR	5.1	–	5.1	–	5.1
Options - USD	0.7	–	0.7	–	0.7
Total (Note 37.3)	**10.1**	**–**	**10.1**	**–**	**10.1**
ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED					
Loans and receivables					
Trade and credit card receivables	62.0	–	62.0	–	62.3

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

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

Quantitative disclosures fair value measurement hierarchy for liabilities

	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2022 USING				
DECEMBER 31, 2022 IN MILLIONS OF CHF	**TOTAL**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**CARRYING AMOUNTS**
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange forward contracts - USD	0.1	–	0.1	–	0.1
Foreign exchange forward contracts - OTHER	0.6	–	0.6	–	0.6
Cross currency swaps contracts - EUR	99.1	–	99.1	–	99.1
Put option Dufry Staer Holding Ltd	7.7	–	–	7.7	7.7
Total (Note 37.3)	**107.5**	**–**	**99.8**	**7.7**	**107.5**
LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED					
At amortized cost					
Senior Notes CHF 300	262.6	262.6	–	–	298.9
Senior Notes CHF 500	420.2	420.2	–	–	459.5
Senior Notes EUR 725	592.9	592.9	–	–	712.2
Senior Notes EUR 800	765.2	765.2	–	–	790.3
Senior Notes EUR 750	604.2	604.2	–	–	732.1
Total	**2,645.1**	**2,645.1**	**–**	**–**	**2,993.0**
Floating rate borrowings USD	412.8	–	412.8	–	392.2
Total	**412.8**	**–**	**412.8**	**–**	**392.2**

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

	FAIR VALUE MEASUREMENT AT DECEMBER 31, 2021 USING				
DECEMBER 31, 2021 IN MILLIONS OF CHF	**TOTAL**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**CARRYING AMOUNTS**
LIABILITIES MEASURED AT FAIR VALUE					
Derivative financial liabilities					
Foreign exchange forward contracts - 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 CHF 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.

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	31.12.2022	31.12.2021
Cash and cash equivalents	(854.7)	(793.5)
Borrowings, current	122.7	45.3
Borrowings, non-current	3,452.3	3,771.7
Borrowings, net (excluding derivatives)	**2,720.3**	**3,023.5**
Equity attributable to equity holders of the parent	893.0	956.6
ADJUSTED FOR		
Accumulated hedged gains / (losses)	(171.6)	(128.4)
Effects from transactions with non-controlling interests [1]	1,497.9	1,507.4
Total capital [2]	**2,219.3**	**2,335.6**
Total net debt and capital	**4,939.6**	**5,359.1**
Gearing ratio	**55.1%**	**56.4%**

[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, 2022

IN MILLIONS OF CHF	FINANCIAL ASSETS at amortized cost	at FVPL	SUBTOTAL	NON-FINANCIAL ASSETS[1]	TOTAL
Cash and cash equivalents	854.7	–	854.7	–	854.7
Trade and credit card receivables	62.3	–	62.3	–	62.3
Other accounts receivable	309.8	10.1	319.9	147.7	467.6
Other non-current assets	119.6	0.4	120.0	35.8	155.8
Total	**1,346.4**	**10.5**	**1,356.9**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVPL	SUBTOTAL	NON-FINANCIAL LIABILITIES[1]	TOTAL
Trade payables	486.4	–	486.4	–	486.4
Borrowings, current	122.7	–	122.7	–	122.7
Lease obligations, current	992.4	–	992.4	–	992.4
Other liabilities	654.7	99.8	754.5	86.6	841.1
Borrowings, non-current	3,452.3	–	3,452.3	–	3,452.3
Lease obligations, non-current	2,010.2	–	2,010.2	–	2,010.2
Other non-current liabilities	29.3	–	29.3	–	29.3
Total	**7,748.0**	**99.8**	**7,847.8**		

AT DECEMBER 31, 2021

IN MILLIONS OF CHF	FINANCIAL ASSETS 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**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES 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	3,771.7	–	3,771.7	–	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	**8,360.9**	**63.5**	**8,424.4**		

[1] Non-financial assets or non-financial liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as other tax positions.

35.3 NET INCOME BY IFRS 9 VALUATION CATEGORY

Financial Assets at December 31, 2022

IN MILLIONS OF CHF	at amortized cost	at FVPL	TOTAL
Interest income	31.0	–	31.0
Other finance income	0.1	24.1	24.2
From interest	**31.1**	**24.1**	**55.2**
Foreign exchange gain / (loss) [1]	37.5	1.4	38.8
Impairments / allowances [2]	(2.6)	–	(2.6)
Total – from subsequent valuation	**34.8**	**1.4**	**36.2**
Net (expense) / income	**65.9**	**25.5**	**91.4**

Financial Liabilities at December 31, 2022

IN MILLIONS OF CHF	at amortized cost	at FVPL	TOTAL
Interest expenses	(284.6)	–	(284.6)
Amortization of arrangement fees	(18.3)	–	(18.3)
Other finance expenses	(6.7)	(38.7)	(45.4)
From interest	**(309.6)**	**(38.7)**	**(348.3)**
Foreign exchange gain / (loss) [1]	10.0	(72.0)	(62.0)
Total – from subsequent valuation	**10.0**	**(72.0)**	**(62.0)**
Net (expense) / income	**(299.6)**	**(110.7)**	**(410.3)**

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)
Amortization of arrangement fees	(18.6)	–	(18.6)
Other finance expenses	(41.4)	(7.7)	(49.1)
From interest	**(310.2)**	**(7.7)**	**(317.9)**
Foreign exchange gain / (loss) [1]	(2.4)	(117.6)	(120.0)
Total – from subsequent valuation	**(2.4)**	**(117.6)**	**(120.0)**
Net (expense) / income	**(312.6)**	**(125.3)**	**(437.9)**

[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, 2022						
Monetary assets	1,099.7	704.4	404.6	108.6	2,116.7	4,434.0
Monetary liabilities	516.5	2,637.5	399.3	140.9	2,092.9	5,787.1
Net currency exposure before foreign currency contracts and hedging	**583.2**	**(1,933.1)**	**5.3**	**(32.3)**	**23.8**	**(1,353.1)**
Foreign currency contracts	(815.6)	813.1	–	43.1	98.4	139.0
Hedging	255.7	1,075.9	–	–	(86.5)	1,245.1
Net currency exposure	**23.3**	**(44.1)**	**5.3**	**10.8**	**35.7**	**31.0**
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 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)**

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	31.12.2022	31.12.2021
Effect on profit or loss based on USD	(1.2)	0.8
Other comprehensive income based on USD	12.8	12.6
Effect on profit or loss based on EUR	2.2	0.7
Other comprehensive income based on EUR	53.8	56.4
Effect on profit or loss based on GBP	(0.3)	0.6
Effect on profit or loss based on BRL	(0.5)	1.7

Reconciliation to categories of financial instruments:

IN MILLIONS OF CHF	31.12.2022	31.12.2021
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	4,434.0	4,320.3
Less intercompany financial assets in foreign currencies	(3,584.6)	(3,690.0)
Third party financial assets held in foreign currencies	849.4	630.3
Third party financial assets held in reporting currencies	507.5	651.4
Total third party financial assets[1]	**1,356.9**	**1,281.7**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	5,787.1	6,036.6
Less intercompany financial liabilities in foreign currencies	(3,852.1)	(4,083.4)
Third party financial liabilities held in foreign currencies	1,935.0	1,953.2
Third party financial liabilities held in reporting currencies	5,912.8	6,512.3
Total third party financial liabilities[1]	**7,847.8**	**8,465.5**

[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, 2022	856.0	10.1	99.8
December 31, 2021	7,025.2	9.0	63.5

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 profit/loss for the year 2022 would decrease by CHF 35.3 (2021: decrease by CHF 38.0) million.

38.2 ALLOCATION OF FINANCIAL ASSETS AND LIABILITIES TO INTEREST CLASSES

	IN %		IN MILLIONS OF CHF				
AT DECEMBER 31, 2022	**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	1.0%	4.5%	378.2	92.7	470.9	383.8	854.7
Trade and credit card receivables			–	–	–	62.3	62.3
Other accounts receivable	1.1%		0.1	–	0.1	319.8	319.9
Other non-current assets	0.7%	9.3%	2.4	4.8	7.2	112.8	120.0
Financial assets			**380.7**	**97.5**	**478.2**	**878.7**	**1,356.9**
Trade payables			–	–	–	486.4	486.4
Borrowings, current	2.9%	3.6%	19.0	103.0	122.0	0.7	122.7
Other liabilities			–	–	–	754.5	754.5
Borrowings, non-current	6.1%	2.4%	448.7	3,003.6	3,452.3	–	3,452.3
Lease obligations		4.8%	–	3,002.6	3,002.6	–	3,002.6
Other non-current liabilities			–	–	–	29.3	29.3
Financial liabilities			**467.7**	**6,109.2**	**6,576.9**	**1,270.9**	**7,847.8**
Net financial liabilities			**87.0**	**6,011.7**	**6,098.7**	**392.2**	**6,490.9**

	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**

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 2.1.1 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, 2022 IN MILLIONS OF CHF	1-6 MONTHS	6-12 MONTHS	1-2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	863.4	8.8	–	–	872.2
Trade and credit card receivables	62.3	–	–	–	62.3
Other accounts receivable	308.4	1.4	–	–	309.8
Other non-current assets	0.2	0.5	2.2	117.2	120.1
Total cash inflows	**1,234.3**	**10.7**	**2.2**	**117.2**	**1,364.4**
Trade payables	486.4	–	–	–	486.4
Borrowings, current	116.6	25.7	–	–	142.3
Other liabilities	754.5	–	–	–	754.5
Borrowings, non-current	55.8	56.1	118.0	3,728.3	3,958.2
Lease obligations[1]	555.8	436.6	514.7	2,087.6	3,594.7
Other non-current liabilities	–	–	–	29.3	29.3
Total cash outflows	**1,969.1**	**518.4**	**632.7**	**5,845.2**	**8,965.4**

[1] Lease obligation with a maturity of more than 2 years contain an amount of CHF 801.5 million with a maturity longer than 5 years.

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.

40.2 REMAINING MATURITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

Dufry holds derivative financial instruments at year-end.

AT DECEMBER 31, 2022 IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
Derivative financial assets	5.0	–	–	5.2	10.1
Derivative financial liabilities	0.7	–	–	99.1	99.8
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

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	2022	2021
PURCHASE OF GOODS FROM		
PURCHASE OF SERVICES FROM		
Pension Fund Dufry, post-employment benefits	5.1	4.5
ACCOUNTS PAYABLES AT DECEMBER 31		
Pension Fund Dufry	0.3	0.6

The transactions with associates are the following:

IN MILLIONS OF CHF	2022	2021
PURCHASE OF SERVICES FROM		
Nuance Group (Chicago) LLC	(0.1)	(0.1)
SALES OF SERVICES TO		
Lojas Francas de Portugal S.A.	0.5	(0.3)
Nuance Basel LLC (Sochi)	0.5	0.3
Puerto Libre Int. SA	0.1	0.1
Nuance Group (Chicago) LLC	0.3	0.2
NCM Brookstone Stores Georgia, LLC	0.1	–
SALES OF GOODS TO		
Lojas Francas de Portugal S.A.	15.3	19.9
Nuance Basel LLC (Sochi)	2.7	3.2
Puerto Libre Int. SA	0.8	0.5
Nuance Group (Chicago) LLC	0.7	0.3
NCM Brookstone Stores Georgia, LLC	0.2	0.1
ACCOUNTS RECEIVABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	1.6	8.1
Nuance Basel LLC (Sochi)	1.1	9.8
Puerto Libre Int. SA	–	0.2
Nuance Group (Chicago) LLC	2.5	1.9
NCM Brookstone Stores Georgia, LLC	1.0	0.6
ACCOUNTS PAYABLES AT DECEMBER 31		
Lojas Francas de Portugal S.A.	1.6	–
Nuance Group (Chicago) LLC	1.1	0.1
NCM Brookstone Stores Georgia, LLC	0.6	–

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	2022	2021
BOARD OF DIRECTORS		
Number of directors	9	11
Current employee benefits	7.6	7.6
Post-employment benefits	–	0.1
Total compensation	**7.6**	**7.7**
GLOBAL EXECUTIVE COMMITTEE		
Number of members	8	7
Current employee benefits	18.0	19.9
Post-employment benefits	1.8	1.4
Share-based payments (income)/expense [1]	6.2	0.2
Total compensation	**26.0**	**21.5**

[1] Expenses accrued during the year for members of the Global Executive Committee.

For further information regarding participations and compensation to members of the Board of Directors or Global Executive Committee, please refer to the remuneration report at the end of the annual report.

42. EVENTS AFTER REPORTING DATE

42.1 COMBINATION WITH AUTOGRILL S.P.A.

On July 11, 2022, Dufry AG and Autogrill S.p.A. announced the combination of Dufry, global leader in Travel Retail, and Autogrill, global leader in Travel Food & Beverage. The Group's global footprint and presence in more than 75 countries will provide an exceptional experience and knowledge within the industry and enable strong, mutual value-creating relationships with concession partners and suppliers. The Group will employ around 60,000 people from over 150 nationalities globally, united as one team. The new organization is expected to generate cost synergies, comprising both cost reductions and gross profit improvements. First, Dufry expects to realize optimization measures at cost of goods sold level in F&B and convenience with focus on the US. Secondly, Dufry expects to optimize support function costs and reduce business related operating expenses. Synergies are planned to be fully realized in the first two years post-transaction.

In accordance with the Combination Agreement in consideration for the transfer of the 50.3 % stake in Autogrill to Dufry, Edizione (through its wholly owned subsidiary Schema Beta S.p.A.) was issued mandatory convertible non-interest bearing notes convertible into an aggregate of 30,663,329 newly issued Dufry shares, at an implied exchange ratio of 0.158[1] new Dufry shares for each Autogrill share. Edizione exercised its conversion right following closing on 3 February 2023 of the transfer and was issued 30,663,329 Dufry shares[2] (equal to 25.246 % of Dufry's registered share capital). Considering the additional Dufry shares acquired on the

[1] The exact exchange ratio being 0.1582781301928567.
[2] Dufry share price as of 3 February 2023 equals to 41.71 CHF.

market between the signing and the closing by Edizione, the latter holds a stake of about 27.5 % of Dufry's registered share capital.

Pursuant to Italian law, Dufry will launch a mandatory public exchange offer for the remaining 188,121,226 Autogrill shares (excluding treasury shares) and expects to complete the full transaction including the mandatory exchange offer settlement towards the end of Q2 2023. Dufry will offer 0.1583[3] new Dufry shares for each Autogrill share. In compliance with Italian takeover law, Dufry will also offer a cash alternative equivalent to EUR 6.33 per Autogrill share in the mandatory tender offer. The exchange ratio corresponds to the same ratio as offered to Edizione and has been agreed by reference to the 3-month VWAP of Autogrill and Dufry shares prior to April 14, 2022, equal to EUR 6.33 per share for Autogrill and CHF 40.96 (EUR 39.71) per share for Dufry.

As of December 31, 2022, there was a forward agreement in place for the combination with Autogrill S.p.A. in 2023.

As the acquisition date was only one month before the consolidated financials were authorized for issue and the initial accounting for the business combination is incomplete, we are currently not able to disclose further details of the business combination according to IFRS 3 such as:

- the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed
- Contingent liabilities recognized
- Amount and nature of goodwill and amount of goodwill which is expected to be deductible for tax purposes
- Amount of the non-controlling interest in the acquiree at acquisition date
- Amounts of revenue and profit or loss of the acquiree since the acquisition date.

[3] For the purposes of the Offer, a four-decimal number has been applied and, consequently, the exchange ratio was rounded up to 0.1583.

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To the General Meeting of
Dufry AG, Basel

Basel, March 2, 2023

Statutory Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Dufry AG (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the 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 accompanying consolidated financial statements (pages 136 to 219) give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of 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, the International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the Code of Ethics for Professional Accountants issued by 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 2,272.2 million (2021: 2,360.0 million). As at December 31, 2022, management concluded that the estimated recoverable amount of goodwill of each of the Group's segments exceeded their carrying amounts.

The accounting policies regarding goodwill applied by the Group are explained in the Notes to the consolidated financial statements in sections 2.3a and 2.3q. 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.

Consequently, we defined management's assumptions made in relation to goodwill to be a key audit matter; especially because of 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.

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How the scope of our audit responded to the key audit matter
We obtained an understanding of the controls in relation to 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 costs of capital (WACC) and compared them against management's assumptions.

We evaluated 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.

Based on the procedures performed above, we obtained sufficient audit evidence to address the impairment risk of goodwill.

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 1,170.4 million (2021: CHF 1,421.6 million) and right-of-use assets with definite useful lives in the amount of CHF 2,567.8 million (2021: CHF 3,120.8 million). As at December 31, 2022, management recorded an impairment charge of CHF 47.9 million for concession right intangibles and right-of-use assets and a reversal of impairment of CHF 66.0 from concession right intangibles and right-of-use assets (2021: CHF 365.6 million and CHF 172.7 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 2.3m, 2.3o and 2.3q. As detailed in Note 3, 10, 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.

Consequently, we defined management's assumptions made in relation to concession right intangibles and right-of-use assets to be a key audit matter; especially because of 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.

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.

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

We evaluated the Group's sensitivity analysis by performing an independent analysis. We assessed the adequacy of impairment related disclosures in the consolidated financial statement.

Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of valuation of concession right intangibles and right-of-use assets.

Completeness of Lease Contracts and Accounting Treatment
Key Audit Matter
The Group's balance sheet includes right-of-use assets of CHF 2,567.8 million (2021: 3,120.8 million) and lease obligation of CHF 3,002.6 million (current and non-current) (2021: CHF 3,636.4 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 2.3f, 2.3m, 2.3v and 2.4. As detailed in Note 8, 17, 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 testing 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 assessed the adequacy of the related disclosures in the corresponding Notes to the consolidated financial statements.

Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of completeness of lease contracts and accounting treatment.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the renumeration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 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.

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Board of Directors' Responsibilities for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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, ISA and SA-CH 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 on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements
In accordance with article 728a para. 1 item 3 CO and PS-CH 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, 2022

IN THOUSANDS OF CHF	NOTE	2022	2021
Financial income		26,571	24,076
Other income		21	214
Total income		**26,592**	**24,290**
Personnel expenses	8	(18,149)	(664)
General and administrative expenses		(11,361)	(11,817)
Management fee expenses		(7,107)	(1,778)
Reversal of impairment / (Impairment) of investments in subsidiaries	7	44,114	(223,465)
Financial expenses		(166)	(626)
Taxes		(1,139)	(1,228)
Total expenses		**6,192**	**(239,578)**
Profit / (loss) for the year		**32,784**	**(215,288)**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2022

IN THOUSANDS OF CHF	NOTE	31.12.2022	31.12.2021
ASSETS			
Cash and cash equivalents		906	418
Current receivables third parties		64	103
Current receivables subsidiaries		2,313	2,868
Current receivables other group companies		–	1,364
Loan to subsidiaries		775,000	790,000
Current assets		**778,283**	**794,753**
Investments in subsidiaries	3	2,824,339	2,780,225
Non-current assets		**2,824,339**	**2,780,225**
Total assets		**3,602,622**	**3,574,978**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current interest bearing liabilities		965	595
Current liabilities third parties		1,118	5,970
Current liabilities participants and bodies		70	–
Current liabilities subsidiaries		1,094	1,167
Deferred income and accrued expenses		21,561	653
Current liabilities		**24,808**	**8,385**
Non-current liabilities		**–**	**–**
Total liabilities		**24,808**	**8,385**
Share capital	5.1	453,985	453,985
Legal capital reserves			
Reserve from capital contribution	5.1	4,551,169	4,552,310
Reserve from capital contribution for own shares held at subsidiaries	5.1	1,698	557
Legal retained earnings			
Other legal reserves		5,927	5,927
Voluntary retained earnings			
Results carried forward	12	(1,446,186)	(1,230,898)
(Loss) / profit for the year	12	32,784	(215,288)
Treasury shares	6	(21,563)	–
Shareholders' equity		**3,577,814**	**3,566,593**
Total liabilities and shareholders' equity		**3,602,622**	**3,574,978**

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 GOING CONCERN

In 2022, Dufry's performance was characterized by a strong recovery of the travel retail industry, resulting in increasing sales in most regions where Dufry operates.

In relation to the upcoming financing need for the combination with Autogrill, Dufry has as of the date of issuance of the consolidated financial statements obtained:

- all necessary approvals from its shareholders to create sufficient new shares needed in the transaction;
- a corresponding bridge financing; and
- sufficient liquidity to fulfill its potential full obligation to compensate remaining Autogrill shareholder as per of the mandatory tender process.

For more information on the transaction with Autogrill, please refer to Note 13.

The financial statement are prepared applying on a going concern basis.

2.3 RUSSIA'S INVASION OF UKRAINE

On February 24, 2022, the Russian Federation initiated a military attack on the Ukraine.

In Ukraine, the Dufry Group only has operations at the Airport in Odessa, which are suspended due to the conflict.

The Russian travel market has a very low significance for Dufry Group - since Dufry operations in Russia, operated through a local JV, only represents 1.7 % of the 2022 Group's net sales (2021: 2.2 %).

However, any further deterioration of the economic situation in Russia or escalation in the hostilities between Russia and Ukraine as well as any restrictions of Russian passengers to national or international travel may adversely affect Dufry's business, including its operations in countries that have traditionally been popular with Russian tourists.

The Group cannot predict the outcome of the conflict but is monitoring the situation very closely.

2.4 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 or impairment reversal 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 the sale of 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 share-based awards granted and the corresponding 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 31.12.2022	31.12.2021	SHARE CAPITAL 31.12.2022	31.12.2021	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	31.12.2022	31.12.2021
Advent International Corporation	10.10%	10.10%
State of Qatar	6.91%	6.91%
Alibaba Group Holding Limited	5.40%	5.40%
Compagnie Financiere Rupert	5.00%	5.00%
Norges Bank (the Central Bank of Norway)	3.05%	0.00%
Franklin Resources, Inc.	3.00%	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, 2021	**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**
Reclass from reserve from capital contribution for own shares held at subsidiaries	–	–	(1,141)
Balance at December 31, 2022	**90,797,007**	**453,985**	**4,551,169**

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.

5.2 CONDITIONAL SHARE CAPITAL

IN	SHARES	CHF
Balance at January 1, 2021	**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**
Increase of conditional share capital	30,663,329	153,316,645
Balance at December 31, 2022	**39,743,029**	**198,715,145**

5.3 AUTHORIZED SHARE CAPITAL

IN	SHARES	NOMINAL VALUE IN CHF
Balance at January 1, 2021	**–**	**–**
Balance at December 31, 2021	**–**	**–**
Increase of authorized share capital	45,398,503	226,992,515
Balance at December 31, 2022	**45,398,503**	**226,992,515**

6. TREASURY SHARES

IN THOUSANDS OF	SHARES	CHF
Balance at January 1, 2021	**–**	**–**
Balance at December 31, 2021	**–**	**–**
Share purchases	600,000	(21,563)
Balance at December 31, 2022	**600,000**	**(21,563)**

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 in the past two years. Based on the assessment performed, the Company recognized an impairment reversal of CHF 44.1 (2021 impairment: 223.5.7) million.

8. PERSONNEL EXPENSES

The personnel expenses correspond to the remuneration of selected members of the senior management.

Dufry AG employed less than 10 employees in 2022 and 2021.

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, 2022, 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 revolving credit facility	19.12.2027		EUR	2,085.0	409.5
Subtotal					**409.5**
SENIOR NOTES					
Senior notes	15.04.2028	3.38%	EUR	725.0	717.5
Senior notes	15.04.2026	3.63%	CHF	300.0	300.0
Senior notes	15.10.2024	2.50%	EUR	800.0	791.7
Senior notes	15.02.2027	2.00%	EUR	750.0	742.2
Convertible notes	30.03.2026	0.75%	CHF	500.0	500.0
Mandatory convertible notes	18.11.2023	4.10%	CHF	69.5	–
Subtotal					**3,051.3**
GUARANTEE FACILITY					
Uncommitted guarantee facility	n.a.		EUR	49.0	48.5
Subtotal					**48.5**
At December 31, 2022					**3,509.3**

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	3.36%	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 Note	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**

There were no assets pledged as of December 31, 2022 and 2021.

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, 2022 and December 31, 2021 (members not listed do not hold any shares or options):

			31.12.2022			31.12.2021
IN THOUSANDS	**SHARES**	**OUTSTANDING UNVESTED PSU [1]**	**PARTICIPATION**	**SHARES**	**OUTSTANDING UNVESTED PSU [1]**	**PARTICIPATION**
MEMBERS OF BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	611.8	–	0.67%	556.2	–	0.61%
H. Jo Min, Lead Independent Director	0.7	–	0.00%	0.7	–	0.00%
Lynda Tyler-Cagni, Director	3.6	–	0.00%	3.6	–	0.00%
ADDITIONAL FORMER MEMBERS OF THE BOARD OF DIRECTORS						
Jorge Born, Director	n/a	n/a	n/a	31.7	–	0.03%
Julián Diáz Gonzalez, Director and former CEO	n/a	n/a	n/a	153.2	57.4	0.23%
Steven Tadler, Director	n/a	n/a	n/a	19.0	–	0.02%
Total Board of Directors	**616.1**	**–**	**0.68%**	**764.4**	**57.4**	**0.91%**
MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
Xavier Rossinyol, CEO	81.2	76.0	0.17%	n/a	n/a	n/a
Yves Gerster, CFO	8.7	32.4	0.05%	3.7	20.3	0.03%
Eugenio Andrades, CEO Operations	2.0	32.4	0.04%	2.0	22.3	0.03%
Luis Marin, Global Chief Corporate Officer	10.8	32.4	0.05%	10.8	21.3	0.04%
Pascal C. Duclos, Group General Counsel	–	32.4	0.04%	–	21.3	0.02%
Andrea Belardini, Chief Commercial Officer	19.1	32.4	0.06%	19.1	21.3	0.04%
Sarah Branquinho, Chief Diversity & Inclusion Officer	0.5	6.0	0.01%	0.4	3.1	0.00%
ADDITIONAL FORMER MEMBER OF GLOBAL EXECUTIVE COMMITTEE						
Julián Diáz Gonzalez, Director and former CEO	n/a	n/a	n/a	153.2	57.4	0.23%
Total Global Executive Committee	**122.3**	**244.0**	**0.40%**	**189.2**	**167.0**	**0.39%**

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

In addition to the above, in the previous reporting year, Juan Carlos Torres held a sale position of 0.12 % through options (114,420 voting rights) and Julián Díaz González held a sale position of 0.04 % through options (40,200 voting rights), both as of December 31, 2021.

The detailed terms of these financial instruments were 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, 2022	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 SA	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
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	USD
Regstaer-SP LLC	St. Petersburg	Russia	R	51	10	RUB
RegStaer M Ltd	Moscow	Russia	R	31	10,010	EUR
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 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
Dufry Shops Colombo Limited	Colombo	Sri Lanka	R	100	30,000	LKR
ADF Shops CJSC	Yerevan	Armenia	R	100	553,825	AMD
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	142,271	CNY
Nuance Group (Australia) Pty Ltd	Melbourne	Australia	R	100	209,983	AUD
Dufry Thomas Julie Korea Co. Ltd	Busan	South Korea	R	85	1,000,000	KRW
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	4,925,600	KHR
THE AMERICAS						
Dufry do Brasil DF Shop Ltda	Rio de Janeiro	Brazil	R	87	830,214	BRL
Dufry Lojas Francas Ltda	Sao Paulo	Brazil	R	87	1,323,310	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	UYP
Aldeasa Chile, Ltd	Santiago de Chile	Chile	R	100	2,517	USD
Dufry Jamaica Ltd	St. James	Jamaica	R	100	–	JMD
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
DF Ecuador SA	Guayaquil	Ecuador	R	100	401	USD
The Nuance Group (Canada) Inc.	Toronto	Canada	R	100	1,017	CAD

AS OF DECEMBER 31, 2022	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
Hudson Group Canada Inc	Vancouver	Canada	R	100	–	CAD
WDFG Vancouver LP	Vancouver	Canada	R	100	–	CAD
AMS Canada, Vancouver Int. Airport	Vancouver	Canada	R	100	–	CAD
Dufry Cruise Services, Inc.	Miami	USA	R	100	–	USD
Hudson Las Vegas JV Hudson News O'Hare JV	Las Vegas	USA	R	73	–	USD
Seattle Air Ventures	Olympia	USA	R	75	–	USD
HG Logan Retailers JV	Boston	USA	R	80	–	USD
WDFG North America LLC	Delaware	USA	H/R	100	–	USD
Hudson News O'Hare JV	Chicago	USA	R	70	–	USD
Hudson Group (HG) Retail, LLC	New Jersey	USA	H/R	100	–	USD
Airport Management Services LLC	Los Angeles	USA	H/R	100	–	USD
JFK Air Ventures II JV	New York	USA	R	80	–	USD
HG Midway JV	Chicago	USA	R	65	–	USD
HG Magic Concourse TBIT	Los Angeles	USA	R	68	–	USD
HG Denver JV	Denver	USA	R	76	–	USD
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	–	USD
AMS of South Florida JV	Fort Lauderdale	USA	R	31	–	USD
HG St Louis JV	St. Louis	USA	R	70	–	USD
HG PHL Retailers JV	Philadelphia	USA	R	65	–	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	75	–	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	–	USD
Dufry Newark Inc	Newark	USA	R	100	–	USD
WDFG TAC ATL Retail LLC, Atlanta	Delaware	USA	R	86	–	USD
WDFG LTL ATL JV LLC, Atlanta	Delaware	USA	R	70	–	USD
HG National JV	Virginia	USA	R	70	–	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	–	USD
AMS-SJC JV	San Jose	USA	R	91	–	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	–	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	73	–	USD
HG EWR Terminal 1 JV	Newark	USA	R	70	–	USD
The Nuance Group (Las Vegas) LLC	Las Vegas	USA	R	73	–	USD
HG-CV-Epicure-Martinez San Diego, JV	San Diego	USA	R	71	–	USD
WDFG Miami Airport Retail Partners JV	Miami	USA	R	35	–	USD
HG-BW Charleston JV	Charleston	USA	R	85	–	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

13.1 COMBINATION WITH AUTOGRILL S.P.A.

On July 11, 2022, Dufry AG and Autogrill S.p.A. announced the combination of Dufry, global leader in Travel Retail, and Autogrill, global leader in Travel Food & Beverage. The Group's global footprint and presence in more than 75 countries will provide an exceptional experience and knowledge within the industry and enable strong, mutual value-creating relationships with concession partners and suppliers. The Group will employ around 60,000 people from over 150 nationalities globally, united as one team. The new organization is expected to generate cost synergies, comprising both cost reductions and gross profit improvements. First, Dufry expects to realize optimization measures at cost of goods sold level in F&B and convenience with focus on the US. Secondly, Dufry expects to optimize support function costs and reduce business related operating expenses. Synergies are planned to be fully realized in the first two years post-transaction.

In accordance with the Combination Agreement in consideration for the transfer of the 50.3 % stake in Autogrill to Dufry, Edizione (through its wholly owned subsidiary Schema Beta S.p.A.) was issued mandatory convertible non-interest bearing notes convertible into an aggregate of 30,663,329 newly issued Dufry shares, at an implied exchange ratio of 0.158 [1] new Dufry shares for each Autogrill share. Edizione exercised its conversion right following closing on 3 February 2023 of the transfer and was issued 30,663,329 Dufry shares [2] (equal to 25.246 % of Dufry's registered share capital). Considering the additional Dufry shares acquired on the market between the signing and the closing by Edizione, the latter holds a stake of about 27.5 % of Dufry's registered share capital.

Pursuant to Italian law, Dufry will launch a mandatory public exchange offer for the remaining 188,121,226 Autogrill shares (excluding treasury shares) and expects to complete the full transaction including the mandatory exchange offer settlement towards the end of Q2 2023. Dufry will offer 0.1583 [3] new Dufry shares for each Autogrill share. In compliance with Italian takeover law, Dufry will also offer a cash alternative equivalent to EUR 6.33 per Autogrill share in the mandatory tender offer. The exchange ratio corresponds to the same ratio as offered to Edizione and has been agreed by reference to the 3-month VWAP of Autogrill and Dufry shares prior to April 14, 2022, equal to EUR 6.33 per share for Autogrill and CHF 40.96 (EUR 39.71) per share for Dufry.

As of December 31, 2022, there was a forward agreement in place for the combination with Autogrill S.p.A. in 2023.

[1] The exact exchange ratio being 0.1582781301928567.
[2] Dufry share price as of 3 February 2023 equals to 41.71 CHF.
[3] For the purposes of the Offer, a four-decimal number has been applied and, consequently, the exchange ratio was rounded up to 0.1583.

As the acquisition date was only one month before the consolidated financials were authorized for issue and the initial accounting for the business combination is incomplete, we are currently not able to disclose further details of the business combination according to IFRS 3 such as:
- the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed
- Contingent liabilities recognized
- Amount and nature of goodwill and amount of goodwill which is expected to be deductible for tax purposes
- Amount of the non-controlling interest in the acquiree at acquisition date
- Amounts of revenue and profit or loss of the acquiree since the acquisition date.

PROPOSED APPROPRIATION OF RETAINED EARNINGS AND CAPITAL DISTRIBUTION

IN THOUSANDS OF CHF	2022	2021
Proposed appropriation of retained earnings		
Result carried forward	(1,446,186)	(1,230,898)
Loss for the year	32,784	(215,288)
Retained earnings at December 31	**(1,413,402)**	**(1,446,186)**
Proposed distribution out of retained earnings		
Balance at beginning of the year	4,552,310	4,287,731
Share capital increase	–	292,320
Incentive for conversion of bond	–	(28,881)
Reclass from reserve from capital contribution for own shares held at subsidiaries	(1,141)	1,140
Reserve from capital contribution at December 31	**4,551,169**	**4,552,310**

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Deloitte.

To the General Meeting of
Dufry AG, Basel

Basel, March 2, 2023

Statutory Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Dufry AG (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, presented on pages 224 to 236 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 Standards on Auditing (SA-CH). 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 Company in accordance with the provisions of Swiss law, together with 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.

Key Audit Matters
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 2.4, 3 and 7 to the financial statements, Dufry AG holds investments in Dufry Group companies with the carrying value of CHF 2,824.3 million (2021: CHF 2,780.2 million), representing 78% (2021: 78%) of the total assets. As at December 31, 2022, management recorded an impairment reversal of CHF 44.1 million (2021: CHF 223.5 million impairment charge).

In accordance with Article 960 para. 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.

Consequently, we defined management's assumptions made in relation to valuation of investments in subsidiaries to be a key audit matter; especially because of 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.

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 evaluated 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.

Deloitte.

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

Based on the procedures performed above, we obtained sufficient audit evidence to address the risk of valuation of investments in subsidiaries.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the renumeration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' Responsibilities 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 Company'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 Company 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 SA-CH 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 on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements
In accordance with article 728a para. 1 item 3 CO and PS-CH 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.

Furthermore, we 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. These CORE figures exclude exceptional expenses and income such as acquisitions, disinvestments, impairments and amortization of acquisition-related intangible assets, which can differ significantly from year to year. In addition, the CORE figures exclude the accounting impact resulting from IFRS 16 lease accounting standard. This is achieved by reversing IFRS 16 related profit or loss line items (i.e. depreciation of right-of-use assets and lease interest) and adding the relevant concession fee owed based on the corresponding concession agreement. For this same reason, Dufry's profit or loss statement in accordance with IFRS is materially impacted by IFRS 16 lease accounting. We consider all our concession fees and corresponding payments as CORE to our business, in contrast to IFRS 16, which treats fixed payments as a financing activity. In addition, we believe that the straight line depreciation of right-of-use assets does not reflect the economic reality of our business and the operational performance of our Group. 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	2022	2021
Like-for-like	77.9%	39.0%
Net new concessions	(1.8%)	14.2%
Organic Growth	**76.1%**	**53.2%**

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 income, 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.

CORE profit or loss

IN MILLIONS OF CHF	2022	2021
Net sales	6,721.2	3,826.8
Advertising income	157.2	88.6
Turnover	**6,878.4**	**3,915.4**
Cost of sales	(2,684.6)	(1,704.4)
Gross profit	**4,193.8**	**2,211.0**
Concession expenses (CORE)	(2,029.9)	(815.0)
Personnel expenses	(997.9)	(635.4)
Other expenses (CORE)	(620.7)	(428.5)
Other income (CORE)	60.9	53.9
CORE EBITDA	**606.2**	**386.0**
Depreciation, amortization and impairment (CORE)	(135.5)	(256.1)
CORE EBIT	**470.7**	**129.9**
Financial result (CORE)	(175.6)	(253.4)
CORE Profit before tax	**295.1**	**(123.5)**
Income tax (CORE)	(105.5)	(71.0)
CORE Net profit	**189.6**	**(194.5)**
ATTRIBUTABLE TO		
Non-controlling interests	83.9	41.7
Equity holders of the parent	105.7	(236.2)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
CORE basic earnings / (loss) per share in CHF	1.14	(2.69)
CORE diluted earnings / (loss) per share in CHF	1.12	(2.69)

Our CORE profit or loss statements replaces the IFRS related lease expense lines with our concession fees as per the contracts and moves non-shop related leases back to other expenses. Also, we remove the FX impact on our lease obligations and the financing component of IFRS 16. In addition, all depreciation and amortization expenses related to previous acquisitions are removed to enable a better view of the performance of the current year. CORE EBITDA is used by Dufry's lenders to calculate covenants under the bank financing agreements.

Profit or loss reconciliation IFRS / CORE

2022 **IN MILLIONS OF CHF**	**IFRS**	**Acquisition related Adjustments (unaudited)**	**CORE Adjustments (unaudited)**	**CORE (unaudited)**
Net sales	6,721.2	–	–	6,721.2
Advertising income	157.2	–	–	157.2
Turnover	**6,878.4**	**–**	**–**	**6,878.4**
Cost of sales	(2,684.6)	–	–	(2,684.6)
Gross profit	**4,193.8**	**–**	**–**	**4,193.8**
Leases expenses (IFRS) / Concession expenses (CORE)	(1,081.9)	–	(948.0)	(2,029.9)
Personnel expenses	(997.9)	–	–	(997.9)
Depreciation and amortization [1, 2]	(1,111.5)	158.3	953.2	–
(Impairment) / Reversal of impairment, net	16.8	15.6	(32.4)	–
Other expenses (IFRS) / Other expenses (CORE)[3]	(578.7)	–	(42.0)	(620.7)
Other income (IFRS) / Other income (CORE)	61.8	–	(0.9)	60.9
Operating profit / CORE EBITDA	**502.4**	**173.9**	**(70.1)**	**606.2**
Depreciation, amortization and impairment (CORE)[4]	–	–	(135.5)	(135.5)
Operating profit / CORE EBIT	**502.4**	**173.9**	**(205.6)**	**470.7**
Financial result (IFRS) / Financial result (CORE)[5]	(305.6)	–	130.0	(175.6)
Profit before taxes / CORE Profit before taxes	**196.8**	**173.9**	**(75.6)**	**295.1**
Income tax (IFRS) / Income tax (CORE)[6]	(76.2)	(37.1)	7.8	(105.5)
Net profit / CORE Net profit	**120.6**	**136.8**	**(67.8)**	**189.6**
ATTRIBUTABLE TO				
Non-controlling interests	62.4	22.0	(0.5)	83.9
Equity holders of the parent	58.2	114.8	(67.3)	105.7
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Basic Earnings / CORE Basic Earnings per share in CHF	0.63			1.14
Diluted Earnings / CORE Diluted Earnings per share in CHF	0.62			1.12

1 CHF 158.3 million amortization of acquisition related concession rights, refer to note 18 of consolidated financial statements.
2 CHF 953.2 million depreciation of property, plant and equipment, right-of-use assets and amortization of intangibles other than acquisition related concession rights.
3 Other expenses (CORE) include non-shop leases.
4 Depreciation of property, plant and equipment and amortization of intangibles other than acquisition related concession rights.
5 Lease interest expenses and IFRS 16 related foreign exchange effect.
6 CHF 37.1 million deferred taxes on acquisition related concession rights and CHF 7.8 million deferred taxes related to IFRS 16.

2021 **IN MILLIONS OF CHF**	**IFRS**	**Acquisition related Adjustments (unaudited)**	**CORE Adjustments (unaudited)**	**CORE (unaudited)**
Net sales	3,826.8	–	–	3,826.8
Advertising income	88.6	–	–	88.6
Turnover	**3,915.4**	**–**	**–**	**3,915.4**
Cost of sales	(1,704.4)	–	–	(1,704.4)
Gross profit	**2,211.0**	**–**	**–**	**2,211.0**
Leases expenses (IFRS) / Concession expenses (CORE)	176.4	–	(991.4)	(815.0)
Personnel expenses	(635.4)	–	–	(635.4)
Depreciation and amortization[1, 2]	(1,210.0)	195.5	1,014.5	–
(Impairment) / Reversal of impairment, net	(280.5)	224.0	56.5	–
Other expenses (IFRS) / Other expenses (CORE)[3]	(381.7)	–	(46.8)	(428.5)
Other income (IFRS) / Other income (CORE)	54.0	–	(0.1)	53.9
Operating profit / (loss) / CORE EBITDA	**(66.2)**	**419.5**	**32.7**	**386.0**
Depreciation, amortization and impairment (CORE)[4]	–	–	(256.1)	(256.1)
Operating profit / (loss) / CORE EBIT	**(66.2)**	**419.5**	**(223.4)**	**129.9**
Financial result (IFRS) / Financial result (CORE)[5]	(341.6)	–	88.2	(253.4)
Profit / (loss) before taxes / CORE Profit before taxes	**(407.8)**	**419.5**	**(135.2)**	**(123.5)**
Income tax (IFRS) / Income tax (CORE)[6]	42.6	(128.0)	14.4	(71.0)
Net profit / (loss) / CORE Net profit	**(365.2)**	**291.5**	**(120.8)**	**(194.5)**
ATTRIBUTABLE TO				
Non-controlling interests	20.2	14.1	7.4	41.7
Equity holders of the parent	(385.4)	277.4	(128.2)	(236.2)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Basic Earnings / CORE Basic Earnings per share in CHF	(4.39)			(2.69)
Diluted Earnings / CORE Diluted Earnings per share in CHF	(4.39)			(2.69)

[1] CHF 195.5 million amortization of acquisition related concession rights, refer to note 18 of consolidated financial statements.

[2] CHF 1,014.5 million depreciation of property, plant and equipment, right-of-use assets and amortization of intangibles other than acquisition related concession rights.

[3] Other expenses (CORE) include non-shop leases.

[4] Depreciation of property, plant and equipment and amortization of intangibles other than acquisition related concession rights.

[5] Lease interest expenses and IFRS 16 related foreign exchange effect.

[6] CHF 128.0 million deferred taxes on acquisition related concession rights and CHF 14.4 million deferred taxes related to IFRS 16.

CORE cash flow

IN MILLIONS OF CHF	2022	2021
CORE EBITDA	**606.2**	**386.0**
Other non-cash items and changes in lease obligations (MAG related)	79.6	(238.9)
Changes in net working capital	(4.6)	75.7
Capital expenditures	(110.1)	(88.1)
Cash flow related to minorities	(65.0)	(24.4)
Dividends from associates	2.7	–
Income taxes paid	(76.1)	(19.8)
Cash flow before financing	**432.7**	**90.5**
Interest, net	(134.1)	(129.9)
Other financing items	6.6	6.0
Equity free cash flow	**305.2**	**(33.4)**
Financing activities, net	(20.3)	343.8
Foreign exchange adjustments and other	(16.1)	(45.7)
Decrease / (Increase) in net debt	**268.8**	**264.7**
– at the beginning of the period	3,079.5	3,344.2
– at the end of the period	2,810.7	3,079.5

Cash flow before financing is calculated from CORE EBITDA, corrected by changes in net working capital and concession related non-cash items (such as prepayments). In addition, capital expenditure (Capex), cash flows to minorities and income taxes are deducted. Cash flow before financing provides an effective measure of Dufry's cash flow generation from operations and investing activities.

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.

Financial net debt

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Borrowings (current and non-current)	3,575.0	3,816.9
Financial derivatives liability - Borrowings	99.8	63.5
Less financial derivatives assets - Borrowings	(9.4)	(7.4)
Less cash and cash equivalents	(854.7)	(793.5)
Financial net debt	**2,810.7**	**3,079.5**

Dufry's financial net debt is not considering IFRS 16 related lease obligations.

Trade net working capital*

IN MILLIONS OF CHF	31.12.2022	31.12.2021
Inventories	928.4	692.2
Trade and credit card receivables	62.3	85.3
Less trade payables	(486.4)	(335.2)
Trade net working capital	**504.3**	**442.3**

* Formerly called core net working capital, renamed in order to improve clarity while in substance keeping consistency.

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.

Capital expenditure (Capex)

IN MILLIONS OF CHF	2022	2021
Purchase of property, plant and equipment	(97.4)	(74.3)
Purchase of intangible assets	(15.9)	(16.9)
Proceeds from sale of property, plant and equipment	3.2	3.1
Capex	**(110.1)**	**(88.1)**

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.

OTHER DUFRY KPI's

For transparency and comparison reasons, Dufry provides all previously reported KPIs as below:

Adjusted operating profit

IN MILLIONS OF CHF	2022	2021
Operating profit / (loss)	**502.4**	**(66.2)**
Adjusted for:		
Amortization of concession rights[1]	158.3	195.5
Impairment of concession rights[1]	15.6	224.0
Impairment of goodwill[1]	–	21.6
Adjusted operating profit	**676.3**	**374.9**

[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 operating cash flow

IN MILLIONS OF CHF	2022	2021
Cash flow before working capital changes	1,589.6	622.4
Lease payments	(907.8)	(478.4)
Proceeds from lease income	4.0	3.1
Adjusted operating cash flow	**685.8**	**147.1**

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.

Adjusted net profit & Adjusted earnings per share (EPS)

IN MILLIONS OF CHF	2022	2021
Net profit / (loss) attributable to equity holders of the parent	**58.2**	**(385.4)**
Adjusted for:		
Amortization of concession rights[1]	158.3	195.5
Impairment of concession rights[1]	15.6	224.0
Impairment of goodwill[1]	–	21.6
Deferred income tax on above lines	(37.1)	(128.0)
Non-controlling interests on above lines	(22.0)	(14.1)
Interest on lease obligations	127.6	109.8
Adjusted net profit	**300.6**	**23.4**
Basic Adjusted EPS in CHF	**3.24**	**0.27**
Diluted Adjusted EPS in CHF[2]	**3.16**	**0.27**

[1] Related to acquisitions.
[2] No dilution effect in 2021.

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.

The financial reports are available under:

www.dufry.com/en/media/download-center
Page section “All categories” – select Financial Reports

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2023 please refer to pages 300 / 301 of this Annual Report.