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SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Hudson Ltd.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)
☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________________ to __________________.

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report __________________.

Commission file number: 001-38378
HUDSON LTD.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Bermuda
(Jurisdiction of incorporation or organization)

4 NEW SQUARE
BEDFONT LAKES
FELTHAM, MIDDLESEX TW14 8HA
UNITED KINGDOM
+44 (0) 208 624 4300
(Address of principal executive offices)
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A common shares, par value $0.001 per share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Title of Class	Number of Shares Outstanding
Class A common shares, par value $0.001 per share	39,417,765
Class B common shares, par value $0.001 per share	53,093,315

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes☐ No☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes☐ No☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.*
**The registrant became subject to such requirements on January 31, 2018.*

Yes☒ No☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes☒ No☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer☐ Accelerated Filer☐ Non-accelerated Filer☒ Emerging growth company☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:
☐ U.S. GAAP
☒ International Financial Reporting Standards as issued by the International Accounting Standards Board
☐ Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
☐ Item 17 ☒ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes☐ No☒

HUDSON LTD. 2017

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated or the context otherwise requires, all references in this annual report on Form 20-F "Hudson Ltd.," "the Issuer," "we," "us," "our," and "the Company" refer to Hudson Ltd., an exempted company limited by shares incorporated in Bermuda, and its consolidated subsidiaries, giving effect to the Reorganization Transactions (as defined below), unless context otherwise requires. References to "Hudson Group" are to all entities and operations directly or indirectly owned by Dufry AG that carry on Dufry AG's duty-free and duty-paid travel retail operations in the continental United States and Canada that have been transferred to Hudson Ltd. in connection with our initial public offering. References to "our financial statements" are to the financial statements of Hudson Group, unless context otherwise requires. All references to "Dufry," "Dufry Group," "Dufry AG" and "our controlling shareholder" are to Dufry AG, a Swiss stock corporation, and its consolidated subsidiaries (other than Hudson Ltd.). All references to "Dufry International AG" are to Dufry International AG, a Swiss stock corporation, which is a wholly-owned subsidiary of Dufry AG.

All references in this annual report to "U.S. dollars," "U.S.$," "$" and "USD" refer to the currency of the United States of America.

Financial Statements

This annual report includes our audited combined financial statements as of December 31, 2017 and 2016 and for each of the years ended December 31, 2017, 2016 and 2015 (hereinafter "Combined Financial Statements").

Our Combined Financial Statements are presented in U.S.$ and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Our fiscal year ends December 31. References in this annual report to a fiscal year, such as "fiscal year 2017," relate to our fiscal year ended on December 31 of that calendar year.

The Reorganization Transactions

In connection with the completion of our initial public offering, as part of a series of reorganization transactions, Dufry caused all of the equity interests of the entities that constitute the Hudson Group to be contributed to Hudson Ltd. in exchange for common shares of Hudson Ltd. As a result of these reorganization transactions, which occurred on February 1, 2018, our business is conducted through Hudson Ltd. and its subsidiaries. In this annual report, we refer to all of these events as the "Reorganization Transactions." Prior to the Reorganization Transactions, Hudson Ltd., which was incorporated on May 30, 2017, had no operations, nominal assets and no liabilities or contingencies.

Market Share and Other Information

Market data, other statistical information, information regarding certain industry forecast data used in this annual report were obtained from internal reports and studies, where appropriate, as well as estimates, market research, publicly available information and industry publications. Industry publications generally state that the information they include has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal reports and studies, estimates and market research, which we believe to be reliable and accurately extracted by us for use in this annual report, have not been independently verified. However, we believe such data is accurate and agree that we are responsible for the accurate extraction of such information from such sources and its correct reproduction in this annual report.

Rounding

We have made rounding adjustments to some of the figures included elsewhere in this annual report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains “forward-looking statements.” Forward-looking statements are based on our beliefs and assumptions and on information currently available to us, and include, without limitation, statements regarding our business, financial condition, strategy, results of operations, certain of our plans, objectives, assumptions, expectations, prospects and beliefs and statements regarding other future events or prospects. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “seek,” “anticipate,” “estimate,” “predict,” “potential,” “assume,” “continue,” “may,” “will,” “should,” “could,” “shall,” “risk” or the negative of these terms or similar expressions that are predictions of or indicate future events and future trends.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us may differ materially from those made in or suggested by the forward-looking statements contained in this annual report. In addition, even if our results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us are consistent with the forward-looking statements contained in this annual report, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that may cause our actual results to differ materially from those expressed or implied by the forward-looking statements in this annual report include, but are not limited to the risks described under “Item 3. Key Information – D. Risk factors.” For example, factors that could cause actual results to vary from projected results include, but are not limited to:

- events outside our control that cause a reduction in airline passenger traffic, including but not limited to terrorist attacks and natural disasters;
- changes in general economic and market conditions;
- competition among participants in the travel retail market;
- loss of and competition to obtain and renew concessions;
- changes by airport authorities or airlines that lower the number of passengers in the terminals in which we have concessions;
- ability to execute our growth strategy effectively to integrate successfully any new concessions or future acquisitions into our business and to remodel existing concessions;
- ability to successfully expand into the food and beverage concession industry;
- dependence on our controlling shareholder to provide us with key services and to finance our operations;
- dependence on our local partners;
- changes in the taxation of goods or duty-free regulations in the markets in which we operate;
- adverse impacts of compliance or legal matters;
- restrictions on the duty-free sale of tobacco products and on smoking in general that affect our tobacco product sales;
- changes in customer preferences or demands;
- the future travel habits of our customers and potential changes in transportation safety requirements;
- reliance on a limited number of suppliers;
- disruption in our supply chain;
- information technology systems failure or disruption;
- ability to attract and retain qualified personnel;
- litigation;
- the concentration of our operations in New York and other metropolitan areas;
- ability to borrow from banks or raise funds in the capital markets;
- our controlling shareholder’s control over us; and
- other risk factors discussed under “Item 3. Key Informatio n – D. Risk factors.”

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and senior management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer statistics

Not applicable.

B. Method and expected timetable

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected financial data

You should read the following selected financial data together with "Item 5. Operating and Financial Review and Prospects" and our Combined Financial Statements and the related notes appearing elsewhere in this annual report.

Our historical financial statements present the results of Hudson Group, which comprises all entities and operations that will be transferred to Hudson Ltd. pursuant to the Reorganization Transactions. Prior to our initial public offering, Hudson Ltd. was a newly formed holding company with nominal assets and no liabilities or contingencies, and did not conduct any operations. Following the Reorganization Transactions and our initial public offering, our financial statements present the results of operations of Hudson Ltd. and its consolidated subsidiaries. Hudson Ltd.'s financial statements are the same as Hudson Group's financial statements prior to our initial public offering,
as adjusted for the Reorganization Transactions. See "Presentation of Financial and Other Information – The Reorganization Transactions."

The selected financial data are not intended to replace the Combined Financial Statements and are qualified in their entirety by reference to the Combined Financial Statements and related notes appearing elsewhere in this annual report. The selected historical combined statements of comprehensive income and other financial data for the fiscal years ended December 31, 2017, 2016 and 2015 and selected historical combined statements of financial position data as of December 31, 2017 and 2016 were derived from our audited Combined Financial Statements included elsewhere in this annual report. Our historical results are not necessarily indicative of the results expected for any future period.

We prepare our Combined Financial Statements in accordance with IFRS as issued by IASB.

IN MILLIONS OF USD	2017	2016	2015
Combined Statements of Comprehensive Income			
Turnover	1,802.5	1,687.2	1,403.0
Cost of sales	(680.3)	(645.3)	(534.1)
Gross profit	**1,122.2**	**1,041.9**	**868.9**
Selling expenses	(421.2)	(395.7)	(325.7)
Personnel expenses	(371.3)	(337.4)	(279.5)
General expenses	(156.9)	(151.9)	(130.9)
Share of result of associates	(0.3)	(0.7)	1.7
Depreciation, amortization and impairment	(108.7)	(103.7)	(86.7)
Other operational result	(3.7)	(9.3)	(1.7)
Operating profit	**60.1**	**43.2**	**46.1**
Interest expenses	(30.2)	(29.8)	(25.4)
Interest income	1.9	2.1	1.6
Foreign exchange gain / (loss)	0.5	–	(0.2)
Earnings before taxes (EBT)	**32.3**	**15.5**	**22.1**
Income tax	(42.9)	34.3	(3.8)
Net earnings	**(10.6)**	**49.8**	**18.3**
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations	26.8	12.9	(35.9)
Items to be reclassified to net income in subsequent periods, net of tax	**26.8**	**12.9**	**(35.9)**
Total other comprehensive income / (loss), net of tax	**26.8**	**12.9**	**(35.9)**
Total comprehensive income / (loss), net of tax	**16.2**	**62.7**	**(17.6)**
ATTRIBUTABLE TO:			
Equity holders of the parent	(40.4)	23.5	(7.7)
Non-controlling interests[1]	29.8	26.3	26.0

[1] Dividends paid to non-controlling interests amounted to $34.4 million, $27.4 million and $28.7 million for the years ended December 31, 2017, 2016 and 2015, respectively.

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Summary of Combined Statement of Financial Position		
Non-current assets	1,069.0	1,134.0
Current assets	388.8	409.0
Total assets	**1,457.8**	**1,543.0**
Non-current liabilities	571.4	548.1
Current liabilities	314.0	264.5
Total liabilities	**885.4**	**812.6**
Net assets	**572.4**	**730.4**

IN MILLIONS OF USD	2017	2016	2015
Other Data			
Operating Metrics			
Number of stores [1]	996	948	973
Total square feet of stores (thousands) [2]	1,069.8	1,010.5	997.9
Financial Metrics			
Net sales growth	6.7%	20.5%	25.7%
Like-for-like growth [3]	4.8%	3.9%	3.0%
Like-for-like growth on a constant currency basis [4]	4.4%	4.3%	4.3%
Organic growth [5]	8.8%	5.4%	1.9%
Net earnings (millions of USD)	(10.6)	49.8	18.3
Net earnings growth	(121.3%)	172.1%	(38.2%)
Net earnings margin [6]	(0.6%)	3.0%	1.3%
Adjusted EBITDA (millions of USD)[7]	172.5	156.2	134.5
Adjusted EBITDA growth	10.4%	16.1%	15.7%
Adjusted EBITDA margin [8]	9.5%	9.3%	9.6%
Net earnings attributable to equity holders of the parent	(40.4)	23.5	(7.7)
Net earnings attributable to equity holders of the parent growth	N / A	N / A	N / A
Net earnings attributable to equity holders of the parent margin [9]	(2.2%)	1.4%	(0.5%)
Adjusted net earnings attributable to equity holders of the parent (millions of USD) [10]	1.1	67.6	25.7
Adjusted net earnings attributable to equity holders of the parent growth	N/A	163.0%	4.5%
Adjusted net earnings attributable to equity holders of the parent margin [11]	0.1%	4.0%	1.8%

1 Represents number of stores open at the end of the applicable period.

2 Represents gross square footage of all stores open at the end of the applicable period.

3 Like-for-like growth represents the growth in aggregate monthly net sales in the applicable period at stores that have been operating for at least 12 months. Like-for-like growth during the applicable period excludes growth attributable to (i) net new stores and expansions until such stores have been part of our business for at least 12 months, (ii) acquired stores until such stores have been part of our business for at least 12 months and (iii) eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind down. For more information see “Item 5. Operating and Financial Review and Prospects - A. Operating results - Principal factors affecting our results of operations - Turnover".

4 Like-for-like growth on a constant currency basis is calculated by keeping exchange rates constant for each month being compared from period to period. We believe that the presentation of like-for-like growth on a constant currency basis assists investors in comparing period to period operating results as it removes the effect of fluctuations in foreign exchange rates.

5 Organic growth represents the combination of growth from (i) like-for-like growth and (ii) net new stores and expansions. Organic growth excludes growth attributable to (i) acquired stores until such stores have been part of our business for at least 12 months and (ii) eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind down. For more information see “Item 5. Operating and Financial Review and Prospects - A. Operating results - Principal factors affecting our results of operations - Turnover - Organic Growth".

6 We define net earnings margin as net earnings divided by turnover.

7 We define Adjusted EBITDA as net earnings adjusted for the items set forth in the table below. Adjusted EBITDA is a non-IFRS measure and is not a uniformly or legally defined financial measure. Adjusted EBITDA is not a substitute for IFRS measures in assessing our overall financial performance. Because Adjusted EBITDA is not determined in accordance with IFRS, and is susceptible to varying calculations, Adjusted EBITDA may not be comparable to other similarly titled measures presented by other companies. Adjusted EBITDA is included in this annual report because it is a measure of our operating performance and we believe that Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. We also believe Adjusted EBITDA is useful to investors as a measure of comparative operating performance from period to period as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of our capital structure (primarily interest expense), asset base (depreciation and amortization) and non-recurring transactions, impairments of financial assets and changes in provisions (primarily relating to costs associated with the closing or restructuring of our operations). Our management also uses Adjusted EBITDA for planning purposes, including financial projections. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under IFRS as issued by IASB.

8 We define Adjusted EBITDA margin as Adjusted EBITDA divided by turnover.

9 We define net earnings attributable to equity holders of the parent margin as net earnings attributable to equity holders of the parent divided by turnover.

10 We define Adjusted net earnings attributable to equity holders of the parent as net earnings attributable to equity holders of the parent adjusted for the items set forth in the table below. Adjusted net earnings attributable to equity holders of the parent is a non-IFRS measure and is not a uniformly or legally defined financial measure. Adjusted net earnings attributable to equity holders of the parent is not a substitute for IFRS measures in assessing our overall operating performance. Because Adjusted net earnings attributable to equity holders of the parent is not determined in accordance with IFRS, and is susceptible to varying calculations, Adjusted net earnings attributable to equity holders of the parent may not be comparable to other similarly titled measures presented by other companies. Adjusted net earnings attributable to equity holders of the parent is included in this annual report because it is a measure of our operating performance and we believe that Adjusted net earnings attributable to equity holders of the parent is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. We also believe Adjusted net earnings attributable to equity holders of the parent is useful to investors as a measure of comparative operating performance from period to period as it removes the effects of purchase accounting for acquired intangible assets (primarily concessions), non-recurring transactions, impairments of financial assets and changes in provisions (primarily relating to costs associated with the closing or restructuring of our operations). Management does not consider such costs for the purpose of evaluating the performance of the business and as a result uses Adjusted net earnings attributable to equity holders of the parent for planning purposes. Adjusted net earnings attributable to equity holders of the parent has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under IFRS as issued by IASB.

11 We define Adjusted net earnings margin attributable to equity holders of the parent as Adjusted net earnings attributable to equity holders of the parent divided by turnover.

The following is a reconciliation of Adjusted EBITDA to net earnings for the periods presented:

IN MILLIONS OF USD	2017	2016	2015
Net earnings	**(10.6)**	**49.8**	**18.3**
Income tax expense	42.9	(34.3)	3.8
Earnings before taxes (EBT)	**32.3**	**15.5**	**22.1**
Foreign exchange gain (loss)	(0.5)	–	0.2
Interest income	(1.9)	(2.1)	(1.6)
Interest expenses	30.2	29.8	25.4
Operating profit	**60.1**	**43.2**	**46.1**
Depreciation, amortization and impairment	108.7	103.7	86.7
Other operational result [a]	3.7	9.3	1.7
Adjusted EBITDA	**172.5**	**156.2**	**134.5**

a For the year ended December 31, 2017, other operational result consisted of $9.4 million of other operating income resulting from a related party loan waiver due to Dufry and other operating expenses including $3.4 million of audit and consulting costs related to preparatory work in connection with our initial public offering, $4.1 million of restructuring expenses associated with the World Duty Free Group acquisition and $5.5 million of other operating expenses including restructuring and non-recurring items. For the year ended December 31, 2016, other operational result consisted primarily of $8.3 million of restructuring expenses associated with the World Duty Free Group acquisition. See note 13 to our audited Combined Financial Statements.

The following is a reconciliation of Adjusted net earnings attributable to equity holders of the parent to net earnings attributable to equity holders of the parent for the periods presented:

IN MILLIONS OF USD	2017	2016	2015
Net earnings attributable to equity holders of the parent	**(40.4)**	**23.5**	**(7.7)**
Amortization related to acquisitions [a]	39.2	38.4	32.4
Other operational result [b]	3.7	9.3	1.7
Income tax adjustment [c]	(1.4)	(3.6)	(0.7)
Adjusted net earnings attributable to equity holders of the parent	**1.1**	**67.6**	**25.7**

a Although the values assigned to the concession rights during the purchase price allocation are fair values, we believe that their additional amortization does not allow a fair comparison with our existing business previous to the business combination, as the costs of self-generated intangible assets have been expended.

b For the year ended December 31, 2017, other operational result consisted of $9.4 million of other operating income resulting from a related party loan waiver due to Dufry and other operating expenses including $3.4 million of audit and consulting costs related to preparatory work in connection with our initial public offering, $4.1 million of restructuring expenses associated with the World Duty Free Group acquisition and $5.5 million of other operating expenses including restructuring and non-recurring items. For the year ended December 31, 2016, other operational result consisted primarily of $8.3 million of restructuring expenses associated with the World Duty Free Group acquisition. See note 13 to our audited Combined Financial Statements.

c Income tax adjustment represents the impact in income taxes we actually accrued during the applicable period attributable to other operational resultThis assumption uses an income tax rate of 39.0% for the adjustment. Amortization expenses related to acquisitions did not reduce the amount of taxes we paid during the applicable periods, and therefore there are no corresponding income tax adjustments in respect of the amortization expense adjustment.

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

Risks relating to our business

Factors outside our control that cause a reduction in airline passenger traffic, including terrorist attacks and natural disasters, could adversely affect our business and our turnover growth.

We derive substantially all of our turnover from, and therefore our business is primarily dependent upon, sales to airline passengers. The occurrence of any one of a number of events that are outside our control such as terrorist attacks (including cyber-attacks), severe weather, ash clouds, airport closures, pandemics, outbreaks of contagious diseases, such as the Zika or Ebola crises, natural disasters, strikes or accidents may lead to a reduction in the number of airline passengers. Any of these events, or any other event of a similar nature, even if not directly affecting the airline industry, may lead to a significant reduction in the number of airline passengers.

Further, any disruption to or suspension of services provided by airlines and the travel industry as a result of financial difficulties, labor disputes, construction work, increased security, changes to regulations governing airlines, mergers and acquisitions in the airline industry and challenging economic conditions causing airlines to reduce flight schedules or increase the price of airline tickets could negatively affect the number of airline passengers.

Moreover, increases in oil prices, including as a result of global political and economic instabilities, may increase airline ticket prices through fuel surcharges, which may result in a significant reduction of airline passengers.

Additionally, the threat of terrorism and governmental measures in response thereto, such as increased security measures, recent executive orders in the United States impacting entry into the United States and changing attitudes towards the environmental impacts of air travel may in each case reduce demand for air travel and, as a result, decrease airline passenger traffic at airports.

The effect that these factors would have on our business depends on their magnitude and duration, and a reduction in airline passenger numbers will result in a decrease in our sales and may have a materially adverse impact on our business, financial condition and results of operations.

General economic and market conditions may adversely affect our results.

Our success is dependent on consumer spending, which is sensitive to economic downturns, inflation and any associated rise in unemployment, decline in consumer confidence, adverse changes in exchange rates, increase in interest rates, increase in the price of oil, deflation, direct or indirect taxes or increase in consumer debt levels. As a result, economic downturns may have a material adverse impact on our business, financial condition and result of operations. Economic conditions have in the past created pressure on us and similar retailers to increase promotions and discounts, particularly at our duty-free concessions, which can have a negative impact on our business, financial condition and results of operations. These promotions may continue even after economic growth returns.

The market to obtain and renew concessions continues to be highly competitive.

We compete with travel retailers, managers / operators and, increasingly, master concessionaires to obtain and renew concessions at airports and at other travel facilities such as railway stations. Obtaining and renewing concessions at airports is particularly competitive, as there are a limited number of airports in the continental United States and Canada that meet our minimum operating criteria, which include that an airport has a sufficient number of airline passengers to support our retail operations. Our competitors often have strong financial support or pre-existing relationships with airport authorities that benefit those competitors when competing for concessions. Certain of our competitors have been and may in the future be able and willing to outbid us for concession agreements, accept a lower profit margin or expend more capital in order to obtain or retain business.

There is no guarantee that we will be able to renew existing concessions or obtain new concessions. If we do renew a concession, there is no guarantee that it will be on similar economic terms. The failure to obtain or renew a concession means that we will not be able to enter or continue operating in the market represented by such concession. If we were to fail to renew major concessions or fail to obtain further concessions, our business, financial condition, results of operations and future growth could be materially adversely affected.

Our concessions are operated under concession agreements that are subject to revocation or modification and the loss of concessions could negatively affect our business, financial condition and results of operations.

We conduct our business primarily through concessions in airport terminals. The airport authorities and landlords with whom we contract for these concessions are generally able to revoke them at will by terminating the applicable concession agreement. Our concessions may also be terminated by annulment, which may be declared by the airport authorities or by courts where the grant of the concession or the terms of the concession do not comply with applicable legal requirements, such as procurement, antitrust or similar regulations.

– Our concessions may also be terminated early by airport authorities or landlords in certain default scenarios, including, among others:

– assignment, transfer or sub-lease to third parties, in whole or in part, of the rights or obligations provided in the applicable concession agreement without the consent of airport authorities or landlords, to the extent required;

– failure to comply with any of the provisions of the concession agreement;

– use of the concession area for any purpose other than the object of the agreement;

– entering into an agreement with a third-party with respect to the concession area or services without prior approval of the applicable airport authorities or landlord;

– making certain modification to the facilities without prior approval from the applicable airport authorities or landlord;

– default on the payment of the fees for a period provided for in the relevant agreement; or

– not providing the services to an adequate quality level or the failure to obtain the necessary equipment for the satisfactory rendering of such services.

The loss or modification of our concessions could have a materially adverse impact on our business, financial condition and results of operations.

Our profitability depends on the number of airline passengers in the terminals in which we have concessions. Changes by airport authorities or airlines that lower the number of airline passengers in any of these terminals could affect our business, financial condition and results of operations.

The number of airline passengers that visit the terminals in which we have concessions is dependent in part on decisions made by airlines and airport authorities relating to flight arrivals and departures. A decrease in the number of flights and resulting decrease in airline passengers could result in fewer sales, which could lower our profitability and negatively impact our business, financial condition and results of operations. Concession agreements generally provide for a minimum annual guaranteed payment, or a MAG, payable to the airport authority or landlord regardless of the amount of sales at the concession. Currently, the majority of our concession agreements provide for a MAG that is either a fixed dollar amount or an amount that is variable based upon the number of travelers using the airport or other location, retail space used, estimated sales, past results or other metrics. If there are fewer airline passengers than expected or if there is a decline in the sales per airline passenger at these facilities, we will nonetheless be required to pay the MAG or fixed rent and our business, financial condition and results of operations may be materially adversely affected.

Furthermore, the exit of an airline from a market or the bankruptcy of an airline could reduce the number of airline passengers in a terminal or airport where we operate and have a material adverse impact on our business, financial condition and results of operations.

We may not be able to execute our growth strategy to expand and integrate new concessions or future acquisitions into our business or remodel existing concessions. Any new concessions, future acquisitions or remodeling of existing concessions may divert management resources, result in unanticipated costs, or dilute holders of our Class A common shares.

Part of our growth strategy is to expand and remodel our existing facilities and to seek new concessions through tenders, direct negotiations or other acquisition opportunities. In this regard, our future growth will depend upon a number of factors, such as our ability to identify any such opportunities, structure a competitive proposal and obtain required financing and consummate an offer. Our growth strategy will also depend on factors that may not be within our control, such as the timing of any concession or acquisition opportunity.

We must also strategically identify which airport terminals and concession agreements to target based on numerous factors, such as airline passenger numbers, airport size, the type, location and quality of available concession space, level of anticipated competition within the terminal, potential future growth within the airport and terminal, rental structure, financial return and regulatory requirements. We cannot assure you that this strategy will be successful.

In addition, we may encounter difficulties integrating expanded or new concessions or any acquisitions. Such expanded or new concessions or acquisitions may not achieve anticipated turnover and earnings growth or synergies and cost savings. Delays in the commencement of new projects and the refurbishment of concessions can also affect our business. In addition, we will expend resources to remodel our concessions and may not be able to recoup these investments. A failure to grow successfully may materially adversely affect our business, financial condition and results of operations.

In particular, new concessions and acquisitions, and in some cases future expansions and remodeling of existing concessions, could pose numerous risks to our operations, including that we may:

– have difficulty integrating operations or personnel;

– incur substantial unanticipated integration costs;

– experience unexpected construction and development costs and project delays;

– face difficulties associated with securing required governmental approvals, permits and licenses (including construction permits and liquor licenses, if applicable) in a timely manner and responding effectively to any changes in local, state or federal laws and regulations that adversely affect our costs or ability to open new concessions;

– have challenges identifying and engaging local business partners to meet Airport Concession Disadvantaged Business Enterprise ("ACDBE") requirements in concession agreements;

– not be able to obtain construction materials or labor at acceptable costs;

– face engineering or environmental problems associated with our new and existing facilities;

– experience significant diversion of management attention and financial resources from our existing operations in order to integrate expanded, new or acquired businesses, which could disrupt our ongoing business;

– lose key employees, particularly with respect to acquired or new operations;

– have difficulty retaining or developing acquired or new businesses’ customers;

– impair our existing business relationships with suppliers or other third parties as a result of acquisitions;

– fail to realize the potential cost savings or other financial benefits and / or the strategic benefits of acquisitions, new concessions or remodeling; and

– incur liabilities from the acquired businesses and we may not be successful in seeking indemnification for such liabilities.

In connection with acquisitions or other similar investments, we could incur debt or amortization expenses related to intangible assets, suffer asset impairments, assume liabilities or issue stock that would dilute the percentage of ownership of our then-current holders of Class A common shares. We may not be able to complete acquisitions or integrate the operations, products, technologies or personnel gained through any such acquisition, which may have a materially adverse impact on our business, financial condition and results of operations.

If we are unable to implement our growth strategy to expand into the food and beverage market, our business, financial condition and results of operations could be negatively impacted.

We have limited experience in the food and beverage concession market. Expansion into the food and beverage concession market increases the complexity of our business and could divert the attention of our management and personnel from our existing activities, placing strain on our operations and financial resources. We may be unfamiliar with certain laws, regulations and administrative procedures in new markets, including the procurement of food permits and liquor licenses, which could delay the build-out of new concessions and prevent us from achieving our operational goals on a timely basis. Our efforts to expand into the food and beverage concession market may not succeed. Furthermore, we will incur expenses and expend resources to develop, acquire and set up food and beverage concessions and we may not recoup our investment if we are unable to deliver consistent food quality, service, convenience or ambiance, or if we fail to deliver a consistently positive experience to our customers.

The profitability of any food and beverage concession we acquire or operate is dependent on numerous factors, including our ability to:

– adapt to consumer tastes and appeal to a broad range of consumers whose preferences cannot be predicted with certainty;

– partner with nationally recognized brands;

– create and implement an effective marketing / advertising strategy;

– hire, train and retain excellent food and concession managers and staff;

– manage costs and prudently allocate capital resources; and

– obtain and maintain necessary food and liquor licenses and permits.

In addition, profitability, if any, of our food and beverage concessions may be lower than in our existing activities, and we may not be successful enough in this line of business to execute our food and beverage growth strategy. If we are unable to grow in the food and beverage concession market, our reputation could be damaged. If any of the risks identified above were to occur, it could limit our growth and have a materially adverse impact on our business, financial condition and results of operations.

We are dependent on our local partners.

Our retail operations are carried on through approximately 173 operating districts in the continental United States and Canada. Our local partners, including our ACDBE partners, maintain ownership interests in the vast majority of these partnerships and other operating entities, some of which operate major concessions. Our participation in these operating entities differs from market to market. While the precise terms of each relationship vary, our local partners may have control over certain portions of the operations of these concessions. Our local partners oversee the operations of certain stores that, in the aggregate, are responsible for a significant portion of our turnover. The stores are operated pursuant to the applicable joint venture agreement governing the relationship between us and our local partner. Generally, these agreements also provide that strategic decisions are to be made by a committee comprised of us and our local partner, and we typically encourage our local partners to follow Hudson operating parameters. These concessions involve risks that are different from the risks involved in operating a concession independently, and include the possibility that our local partners:

– are in a position to take action contrary to our instructions, our requests, our policies, our objectives or applicable laws;

– take actions that reduce our return on investment;

– go bankrupt or are otherwise unable to meet their capital contribution obligations;

– have economic or business interests or goals that are or become inconsistent with our business interests or goals; or

– take actions that harm our reputation or restrict our ability to run our business.

In some cases, and within limits recommended by the Federal Aviation Administration (the “FAA”), we may loan money to our ACDBE partners in connection with concession agreements in order to help fund their initial capital investment in a concession opportunity. If our partners are unable to repay these loans, we will record a writedown and our net income will decrease. For these and other reasons, it could be more difficult for us to successfully operate these concessions and to respond to market conditions, which could adversely affect our business, financial condition and results of operations.

We have experienced net losses in the past, and we may continue to experience net losses in the future.

We experienced a net loss attributable to equity holders of the parent of $40.4 million and $7.7 million for the years ended December 31, 2017 and 2015, respectively. We cannot assure you that we will achieve profitability in future periods.

The retail business is highly competitive.

We also compete to attract retail customers and compete with other, non-airport retailers, such as traditional Main Street retailers or Internet retailers. Some of our retail competitors may have greater financial resources, greater purchasing economies of scale or lower cost bases, any of which may give them a competitive advantage over us. If we were to lose market share to competitors, our turnover would be reduced and our business, financial condition and results of operations adversely affected.

If the estimates and assumptions we use to determine the size of our market are inaccurate, our future growth rate may be impacted.

Market opportunity estimates and growth forecasts are subject to uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this annual report relating to the size and expected growth of the travel retail market may prove to be inaccurate. Even if the market in which we compete meets our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all. The principal assumptions relating to our market opportunity include projected growth in the travel retail market and our share of the market in the continental United States and Canada. If these assumptions prove inaccurate, our business, financial condition and results of operations could be adversely affected.

We may not be able to predict accurately or fulfill customer preferences or demands.

We derive a significant amount of our turnover from the sale of fashion-related, cosmetic and luxury products which are subject to rapidly changing customer tastes, as well as from merchandise associated with national or local one-time events. The availability of new products and changes in customer preferences has made it more difficult to predict sales demand for these types of products accurately. Our success depends in part on our ability to predict and respond to quickly changing consumer demands and preferences, and to translate market trends into appropriate merchandise offerings. Additionally, due to our limited sales space relative to other retailers, the proper selection of salable merchandise is an important factor in turnover generation. We cannot assure you that our merchandise selection will correspond to actual sales demand. If we are unable to predict or rapidly respond to sales demand, including demand generated by one-time events, or to changing styles or trends, or if we experience inventory shortfalls on popular merchandise, our turnover may be lower, which could have a materially adverse impact on our business, financial condition and results of operations.

We rely on a limited number of distributors and suppliers for certain of our products, and events outside our control may disrupt our supply chain, which could result in an inability to perform our obligations under our concession agreements and ultimately cause us to lose our concessions.

Although we have a diversified portfolio of suppliers across most of our product categories, we rely on a small number of suppliers for certain of our products. For example, the distributors responsible for supplying magazines and periodicals to virtually all of our concessions are the News Group, which includes The News Group L.P. and TNG, which is a division of Great Pacific Enterprises Inc., and Hudson News Distributors, which includes Hudson News Distributors, LLC and Hudson RPM Distributors, LLC. Mr. James Cohen, who is a member of our board of directors, controls Hudson News Distributors. See "Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions – Transactions with entities controlled by Mr. James Cohen." Mr. James Cohen became a member of our board of directors upon consummation of our initial public offering. We do not have a long-term distribution contract with Hudson News Distributors, but we expect to continue purchasing magazines and other periodicals from them. Future amalgamation may reduce the number of distributors even further. As a result, these distributors may have increased bargaining power and we may be required to accept less favorable purchasing terms. In the event of a dispute with a supplier or distributor, the delivery of a significant amount of merchandise may be delayed or cancelled, or we may be forced to purchase merchandise from other suppliers on less favorable terms. Such events could cause turnover to fall or costs to increase, adversely affecting our business, financial condition and results of operations. In particular, if we have a dispute with any of the distributors that delivers magazines and periodicals to our concessions, we may be unable to secure an alternative supply of magazines and periodicals, which could lead to fewer customers entering our stores and may have a material adverse impact on our business, financial condition and results of operations. Additionally, some of our concessions in airports require that we sell magazines and periodicals. If supply of these products were disrupted, we could lose one or more of these concessions, which would have a material adverse impact on our business, financial condition and results of operations. Moreover, Hudson Media, which is controlled by Mr. James Cohen, is a co-owner of COMAG Marketing Group, LLC a national wholesale distributor in the periodical distribution channel. The other co-owner of COMAG Marketing Group, LLC is The Jim Pattison Group, which also controls The News Group, another major wholesale distributor in the periodical distribution channel and one of our suppliers. Mr. James Cohen is also a member of the board of directors of COMAG Marketing Group, LLC. As such, Mr. James Cohen and his business partners play a major role in the wholesale distribution of periodicals in our markets and his interests and those of his business partners may not always align with our interests.

In addition, affiliates of the selling shareholder have been our exclusive supplier of certain categories of products. We are obligated, at Dufry's option, to continue purchasing these products from such affiliates pursuant to the Master Relationship Agreement that we entered into in connection with our initial public offering. See "Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions – Transactions with Dufry – New agreements with Dufry – Master relationship agreement." The prices we pay to Dufry for these products will be determined by Dufry in its sole discretion in accordance with its transfer pricing policy as then in effect for all members of the Dufry Group. We cannot assure you that the transfer pricing policy will not be amended in a manner adverse to us, which could result in us paying higher prices for certain products than we currently pay. The Master Relationship Agreement will terminate on the date when there are no issued and outstanding Class B common shares. Also, Dufry may terminate the Master Relationship Agreement without cause upon six months' notice to us. If the Master Relationship Agreement is terminated, we may not be able to obtain an alternate supplier of such products on favorable terms, if at all, which could have a material adverse impact on our business, financial condition and results of operations.

Further, damage or disruption to our supply chain due to any of the following could impair our ability to sell our products: adverse weather conditions or natural disaster, government action, fire, terrorism, cyber-attacks, the outbreak or escalation of armed hostilities, pandemic, industrial accidents or other occupational health and safety issues, strikes and other labor disputes, customs or import restrictions or other reasons beyond our control or the control of our suppliers and business partners. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, as well as require additional resources to restore our supply chain.

Certain airports or groups of airports in metropolitan areas generate a meaningful portion of our turnover.

Though none of our individual concessions was responsible for 10% or more of our turnover in 2017, certain airports or groups of airports in a metropolitan area were responsible for meaningful amounts of our turnover. Concessions located at airports in the New York metropolitan area, including John F. Kennedy, LaGuardia and Newark, in the aggregate generated 15% of our turnover in 2017. Concessions located at airports around Chicago, Las Vegas, Los Angeles, Seattle, Toronto and Vancouver generated in the aggregate at each location between 5% and 10% of our turnover in 2017. Our duty-free concessions in Vancouver and Toronto generated the significant majority of our turnover at each location in 2017.

Any disruption to activities at these airports or groups of airports could have a material adverse impact on our turnover and results of operations. Moreover, any serious dispute between us and the operator or concession landlords at such airports or group of airports that could threaten the continuity or renewal of concessions at such airport or group of airports, which could have a material adverse impact on our turnover and results of operations.

Our expansion into new airports may present increased risks due to our unfamiliarity with those areas.

Our growth strategy depends upon expanding into select markets that meet our minimum operating criteria. Airports that meet our criteria may be in locations where we have little or no meaningful operating experience. In addition, these locations may be characterized by demographic characteristics, consumer tastes and discretionary spending patterns that are different from those in the markets where our existing operations are located. As a result, new airport terminal operations may be less successful than our current airport terminal concessions. We may not be able to identify new markets that meet our minimum operating criteria, and even if we do, we may find it more difficult in these markets to hire, motivate and keep qualified employees. Operations in new markets may be less successful than those in markets where we currently operate and may not reach expected sales and profit levels, which could negatively impact our business, financial condition and results of operations.

We rely on our customers spending a significant amount of time in the airports where we operate, and a change in customer habits or changes in transportation safety requirements and procedures could have a materially adverse impact on our business, financial condition and results of operations.

Since most of our concessions are situated beyond the security checkpoints at airports, we rely on our customers spending a significant amount of time in the areas of the airport terminals where we have concessions. Changes in airline passengers' travel habits prior to departure, including an increase in the availability or popularity of airline or private lounges, or an increase in the efficiency of ticketing, transportation safety procedures and air traffic control systems, could reduce the amount of time that our customers spend at locations where we have concessions. A reduction in the time that customers spend in airports near our concessions could have a material adverse impact on our business, financial condition and results of operations.

Failure to timely obtain and maintain required licenses and permits could lead to the loss or suspension of licenses relating to the sale of liquor.

The laws in the United States and Canada, including in each state and province in which we operate, require that any concession at which we sell alcohol be properly licensed. Alcohol control laws and regulations impact numerous aspects of operations of our concessions, such as hours of operation, advertising, trade practices, wholesale purchasing, relationships with alcohol manufacturers and distributors, inventory control and the handling and storage of alcohol. These laws and regulations also generally require us to supervise and control the conduct of all persons on our licensed premises and may assign liability to us for certain actions of our customers while in our concessions. In addition, obtaining liquor licenses for multiple concessions or that cover large areas often requires overcoming regulatory obstacles and can be time consuming and expensive. Any failure to comply with these regulations or to timely obtain or maintain liquor licenses could adversely affect our results of operations.

Failure to comply with ACDBE participation goals and requirements could lead to lost business opportunities or the loss of existing business.

Many of our concessions in the continental United States contain minimum ACDBE participation requirements, and bidding on or submitting proposals for new concessions often requires that we meet or use good faith efforts to meet minimum ACDBE participation goals. Due to various factors, the process of identifying and contracting with ACDBEs can be challenging. The rules and regulations governing the certification and counting of ACDBE participation in airport concessions are complex, and ensuring ongoing compliance is costly and time consuming. If we fail to comply with the minimum ACDBE participation requirements, we may be held responsible for breach of contract, which could result in the termination of a concession or monetary damages and could adversely affect our ability to bid on or obtain future concessions. To the extent we fail to comply with the minimum ACDBE participation goals, there could be a material adverse impact on our business, financial condition and results of operations.

Information technology systems failure or disruption, or changes to information technology related to payment systems, could impact our day-to-day operations.

Our information technology systems are used to record and process transactions at our point of sale interfaces and to manage our operations. These systems provide information regarding most aspects of our financial and operational performance, statistical data about our customers, our sales transactions and our inventory management. Fire, natural disasters, power loss, telecommunications failure, break-ins, terrorist attacks (including cyber-attacks), computer viruses, electronic intrusion attempts from both external and internal sources and similar events or disruptions may damage or impact our information technology systems at any time. These events could cause system interruption, delays or loss of critical data and could disrupt our acceptance and fulfillment of customer orders, as well as disrupt our operations and management. For example, although our point-of-sales systems are programmed to operate and process customer orders independently from the availability of our central data systems and even of the network, if a problem were to disable electronic payment systems in our stores, credit card payments would need to be processed manually, which could result in fewer transactions. Significant disruption to systems could have a material adverse impact on our business, financial condition and results of operations.

We also continually enhance or modify the technology used for our operations. We cannot be sure that any enhancements or other modifications we make to our operations will achieve the intended results or otherwise be of value to our customers. Future enhancements and modifications to our technology could consume considerable resources. We may be required to enhance our payment systems with new technology, which could require significant expenditures. If we are unable to maintain and enhance our technology to process transactions, we may experience a materially adverse impact on our business, financial condition and results of operations.

If we are unable to protect our customers' credit card data and other personal information, we could be exposed to data loss, litigation and liability, and our reputation could be significantly impacted.

The use of electronic payment methods and collection of other personal information, including sales history, travel history and other preferences, expose us to increased risks, including the risk of security breaches. In connection with credit or debit card transactions, we collect and transmit confidential information by way of secure private retail networks. Additionally, we collect and store personal information from individuals, including our customers and employees.

As a retail company, we have been and will be subject to the risk of security breaches and cyber-attacks in which credit and debit card information is stolen. Although we use secure networks to transmit confidential information, the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, and as a result we may be unable to anticipate these techniques or implement adequate preventive measures. Third parties with whom we do business may attempt to circumvent our security measures in order to misappropriate such information, and may purposefully or inadvertently cause a breach involving such information. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery or other forms of deceiving our team members, contractors, vendors and temporary staff.

We may become subject to claims for purportedly fraudulent transactions arising out of actual or alleged theft of credit or debit card information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have a materially adverse impact on our business, financial condition and results of operations. Further, adverse publicity resulting from these allegations could significantly impact our reputation and have a materially adverse impact on our business, financial condition and results of operations.

Our results of operations fluctuate due to seasonality and other factors that impact the airline industry.

The third quarter of each calendar year, which is when passenger numbers are typically higher, has historically represented the largest percentage of our turnover for the year, and the first quarter has historically represented the smallest percentage, as passenger numbers are typically lower. The results of operations of our concessions generally reflect this seasonality, and therefore, our quarterly operating results are not necessarily indicative of operating results for an entire year. We increase our working capital prior to peak sales periods, so as to carry higher levels of merchandise and add temporary personnel to the sales team to meet the expected higher demand. Our results of operations would be adversely affected by any significant reduction in sales during the traditional peak sales period.

We are exposed to fluctuations in currency exchange rates, which could negatively impact our financial condition and results of operations.

We are impacted by the purchasing power of both the U.S. and Canadian dollar relative to other currencies. When the U.S. or Canadian dollar appreciates in value relative to other currencies, our products become more expensive for the international airline passengers whose home currency has less relative purchasing power. In addition, the increased purchasing power of the U.S. or Canadian dollar, as the functional currency of our stores, could also cause domestic airline passengers to purchase products abroad. The exchange rate fluctuations in either such currency could have an adverse effect on our business, financial condition and results of operations.

Our success depends on our ability to attract and retain qualified personnel, including executive officers and management.

Our success depends, to a significant extent, on the performance and expertise of executive officers, top management and other key employees. There is competition for skilled, experienced personnel in the fields in which we operate and, as a result, the retention of such personnel cannot be guaranteed. The loss or incapacitation of our executive officers, senior management or any other key employees or the failure to attract new highly qualified employees could have a material adverse impact on our business, financial condition and results of operations. Our continuing ability to recruit and retain skilled personnel will be an important element of our future success.

In connection with our initial public offering, we identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial results, or prevent fraud, and investor confidence in our company and the market price of our shares may be adversely affected.

In connection with our initial public offering, we identified a material weakness in our internal control over financial reporting in connection with the preparation of the combined statement of cash flows for the year ended December 31, 2014. The material weakness identified is our internal controls over the review of assumptions made in the accounting for business combinations, specifically the determination and presentation of cash flows related to business combinations and its effect on our statement of cash flows when preparing our Combined Financial Statements. We restated our statement of cash flows for the year ended December 31, 2014 to correct the identified accounting error resulting from this material weakness. However, if not remediated, this material weakness could result in future material misstatements to our annual or interim Combined Financial Statements.

We have begun taking measures and plan to continue to take measures to remediate this material weakness. This includes designing and implementing a new control over the review of assumptions made in business combinations, specifically the assumptions made that affect the determination and presentation of the statement of cash flows. However, the implementation of these measures may not fully address this material weakness, and therefore we would not be able to conclude that it has been fully remedied. Our failure to correct this material weakness or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial statement and could also impair our ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis.

As a public company, we are subject to reporting obligations under U.S. securities laws, including the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2018. If we fail to remediate the material weakness identified above, our management may conclude that our internal control over financial reporting is not effective.

We cannot be certain that we will be able to implement and maintain adequate controls over our financial processes and reporting in the future. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Any inability to do so could result in a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur additional costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

Damage to our reputation or lack of acceptance or recognition of our retail concepts or the brands we license from Dufry, including Dufry, Hudson, Nuance and World Duty Free, could negatively impact our business, financial condition and results of operations.

We believe we have built a strong reputation for the quality and breadth of our concessions. Any incident that erodes consumer affinity for our retail concepts or brand value could significantly damage our business. If customers perceive or experience a reduction in quality, service or convenience at our concessions carrying the brands we license from Dufry or in any way believe we fail to deliver a consistently positive experience, our business may be adversely affected. In addition, Dufry uses the brands that we license from them outside of the continental United States and Canada. If Dufry takes actions that result in adverse publicity surrounding the quality, service or convenience of these brands, our business may be adversely impacted. Additionally, other travel retailers or brands with similar names to our brands may be the subject of negative publicity, which is outside of our control, and which may arise from time to time and could cause confusion among consumers, who could lose confidence in the products and services we offer. Any such negative publicity, regardless of its veracity as it relates to our brands, may have a material adverse impact on our business, financial condition and results of operations.

Furthermore, our ability to successfully develop concessions in new markets may be adversely affected by a lack of awareness or acceptance of our retail concepts and brands. To the extent that we are unable to foster name recognition and affinity for our concessions in new markets or are unable to anticipate and react to shifts in consumer preferences away from certain retail options, our growth may be significantly delayed or impaired.

Our or Dufry's failure or inability to protect the trademarks or other proprietary rights we use, or claims of infringement by us of rights of third parties, could adversely affect our competitive position or the value of our brands.

We believe that our trademarks and other proprietary rights are important to our success and our competitive position. However, any actions that we or Dufry take to protect the intellectual property we use may not prevent unauthorized use or imitation by others, which could have an adverse impact on our image, brand or competitive position. If we commence litigation to protect our interests or enforce our rights, we could incur significant legal fees. We also cannot assure you that third parties will not claim infringement by us of their proprietary rights. Any such claim, whether or not it has merit, could be time consuming and distracting for our management, result in costly litigation, cause changes to existing retail concepts or delays in introducing retail concepts, or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse impact on our business, financial condition and results of operations.

Taxation of goods policies in the United States and Canada may change.

A substantial part of our turnover is derived from our sale of duty-free products, such as perfumes, luxury products, spirits and tobacco. Governmental authorities in the United States or Canada may alter or eliminate the duty-free status of certain products or otherwise change importation or tax laws. For example, sales and excise taxes on products sold at traditional retail locations situated outside airports or online may be lowered in the future, partly removing our competitive advantage with respect to duty-free product pricing. If we lose the ability to sell duty-free products generally or in any of our major duty-free markets or if we lose market share to traditional or online retailers as a result of a reduction in sales and excise taxes, our turnover may decrease significantly and our business, financial condition and results of operations may be materially adversely affected.

Future changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

We are subject to income taxes in the U.K., United States and Canada, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions and provinces. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings; or
- changes in tax laws, regulations or interpretations thereof.

The United States recently enacted tax reform legislation (the “Tax Reform Legislation”) that, among other things, reduced the U.S. federal corporate income tax rate from 35% to 21% and imposes an alternative “base erosion and anti-abuse tax” (“BEAT”) on domestic corporations that make deductible payments to foreign related persons in excess of specified amounts. The reduction in the U.S. federal corporate income tax rate is expected to be beneficial to us in future years in which we have net income subject to U.S. tax . However, the reduction in the U.S. federal corporate income tax rate resulted in a net downward adjustment of $40.2 million to the amount of deferred tax assets and deferred tax liabilities reflected in our financial statements, and as a consequence adversely affected our overall effective tax rate for 2017.

There are a number of uncertainties and ambiguities as to the interpretation and application of many of the provisions in the Tax Reform Legislation, including the provisions relating to the BEAT. In the absence of guidance on these issues, we will use what we believe are reasonable interpretations and assumptions in interpreting and applying the Tax Reform Legislation for purposes of determining our income tax payable and results of operations, which may change as we receive additional clarification and implementation guidance. It is also possible that the Internal Revenue Service could issue subsequent guidance or take positions on audit that differ from the interpretations and assumptions that we previously made, which could have a material adverse effect on our cash tax liabilities, results of operations and financial condition.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.K. tax authorities, U.S. federal and state authorities and Canadian national and provincial authorities. Outcomes from these audits could have an adverse impact on our operating results and financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes will be limited.

As of December 31, 2017, we had federal net operating loss carryforwards of $241.1 million and state net operating loss carryforwards of $172.7 million. We expect that approximately $51.5 million of our federal net operating loss carryforwards (“NOLs”) and approximately $ 36.4 million of our state NOLs will be used to offset gains from the Reorganization Transactions. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), if a corporation undergoes an “ownership change,” its ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change income may be limited. In general, an “ownership change” generally occurs if there is a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We have experienced ownership changes in the past and our initial public offering resulted in another ownership change. As a result, if we earn net taxable income, our ability to use our federal and state NOLs, or other tax attributes, to offset U.S. federal and state taxable income will be subject to limitations. However we do not believe that these limitations will materially affect our ability to utilize our existing NOLs or other tax attributes to offset our current and future federal and state taxable income. In addition, we may experience additional ownership changes in the future as a result of future transactions in our common stock (including any future dispositions by Dufry), some of which may be outside our control, and could result in additional limitations which could significantly limit our ability to utilize our existing or future NOLs or other tax attributes.

We may be adversely impacted by litigation.

We and our third-party business partners are defendants in a number of court, arbitration and administrative proceedings, and, in some instances, are plaintiffs in similar proceedings. Actions, including class action lawsuits, filed against us from time to time include commercial, tort, customer, employment (such as wage and hour and discrimination), tax, administrative, customs and other claims, and the remedies sought in these claims can be for material amounts and also include class action lawsuits. In addition, we may be impacted by litigation trends including class action lawsuits involving consumers, shareholders and employees, which could have a materially adverse impact on our business, financial condition and results of operations.

Restrictions on the sale of tobacco products and on smoking in general may affect our tobacco product sales.

The sale of tobacco products represented 3.0% of our net sales and constituted our fourth largest duty-free product category for the year ended December 31, 2017. As part of the campaign to highlight the negative effects of smoking, international health organizations and the anti-smoking lobby continue to seek restrictions on the sale of tobacco products, including duty-free sales. More generally, an increasing number of national, state and local governments have prohibited, or are proposing to prohibit, smoking in certain public places. If we were to lose our ability to sell tobacco products, or if the increasing number of smoking prohibitions caused a reduction in our sales of tobacco products, our business, financial condition and results of operations could be materially adversely affected.

We may experience increased labor costs, including for employee health care benefits.

Various labor and healthcare laws and regulations in the United States and Canada impact our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers’ compensation rates, overtime, family and sick leave, safety standards, payroll taxes, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt, including requirements related to health care and insurance. As our store level employees are paid at rates set at, or in relation to, the applicable minimum wage, further increases in the minimum wage could increase our labor costs. Significant additional government regulation could materially affect our business, financial condition and results of operations.

Our business is subject to various laws and regulations, and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, could adversely affect us.

We are subject to various laws and regulations in the United States and Canada, as well as international treaties, that affect the operation of our concessions. The impact of current laws and regulations, the effect of changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and therefore have an adverse impact on our results of operations.

Failure to comply with the laws and regulatory requirements of governmental authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. In addition, certain laws may require us to expend significant funds to make modifications to our concessions in order to comply with applicable standards. Compliance with such laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

We are subject to the risk of union disputes and work stoppages at our concessions, which could have a material adverse impact on our business, financial condition and results of operations.

As of December 31, 2017, 41 % of our employees were covered by collective bargaining agreements, some of which have since expired. We are also often subject to airport “labor harmony” policies, which require (or effectively require) that we employ unionized workers. In addition, negotiating labor agreements, either for new concessions or to replace expiring agreements, is time consuming and may not be accomplished on a timely basis. If we are unable to satisfactorily negotiate those labor agreements on terms acceptable to us, we may face a strike or work stoppage that could have a materially adverse impact on our business, financial condition and results of operations. In addition, existing labor agreements may not prevent a strike or work stoppage.

Our business requires substantial capital expenditures and we may not have access to the capital required to maintain and grow our operations.

Maintaining and expanding our operations in our existing and new retail locations is capital intensive. Specifically, the construction, redesign and maintenance of our retail space in airport terminals where we operate, technology costs and compliance with applicable laws and regulations require substantial capital expenditures. We may require additional capital in the future to:

– fund our operations;

– respond to potential strategic opportunities, such as investments, acquisitions and expansions; and

– service or refinance our indebtedness.

We must continue to invest capital to maintain or to improve the success of our concessions and to meet refurbishment requirements in our concessions. Decisions to expand into new terminals could also affect our capital needs. The average annual capital expenditure for the last three fiscal years has been $80.2 million. Our actual capital expenditures in any year will vary depending on, among other things, the extent to which we are successful in renewing existing concessions and winning additional concession agreements.

Over the longer term, we will need to make additional investments in order to significantly grow our footprint in new airports and terminals, expand in other travel retail channels and increase our presence in the food and beverage concession market. Additional financing may not be available on terms favorable to us or at all due to several factors, including the terms of our existing indebtedness, our relationship with our controlling shareholder, who has historically provided us with financing, and trends in the global capital and credit markets. We are also subject to certain covenants in Dufry's 4.50 % Senior Notes due 2023 and 2.50 % Senior Notes due 2024, including restrictions on the amount of debt we may be able to incur from third parties and on our ability to grant liens on our assets. In addition, we are also subject to certain of the covenants contained in Dufry's existing credit facilities, including restrictions on the amount of third-party debt we may incur, on our ability to grant liens on our assets and to provide guarantees and on our ability to enter into certain acquisitions, investments, mergers and asset sales. See "Item 5. Operating and Financial Review and Prospects – B. Liquidity and capital resources – Indebtedness – Restrictions on our indebtedness." We may in the future be subject to other restrictions that limit our ability to incur indebtedness. The terms of available financing may also restrict our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. We cannot assure you that we will be able to maintain our operating performance or generate sufficient cash flow, or that we will have access to sufficient financing, to continue our operations and development activities at or above our present levels, and we may be required to defer all or a portion of our capital expenditures. Our business, financial condition and results of operations may be materially adversely affected if we cannot make such capital expenditures.

Risks relating to our structure

Our controlling shareholder, Dufry, provides us with certain key franchise services for our business and loans to finance our operations. If Dufry fails to perform its obligations to us or provide financing to us, and we do not find appropriate replacement services or financing sources, we may be unable to perform these services or finance our operations, or may not be able to secure substitute arrangements on a timely and cost-effective basis on terms favorable to us.

Prior to our initial public offering and the related Reorganization Transactions, we operated as a business unit of Dufry. We historically relied on franchise services provided by Dufry, including centralized support services such as treasury, audit and other similar services. In addition, we have licensed all of our proprietary brands, including Dufry, Hudson, Nuance and World Duty Free, from Dufry. Dufry has also been one of our largest suppliers. In connection with our initial public offering, we entered into a series of new agreements with Dufry, including the Master Relationship Agreement. See "Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions – Transactions with Dufry – New agreements with Dufry." The services provided under the Master Relationship Agreement include financing and treasury operations, the supply of duty-free products for sale, IT services and tax services, among others.

Our new agreements with Dufry also include various franchise agreements pursuant to which Dufry licenses to us the use of trademarks for Dufry, Nuance and World Duty Free. Each of these franchise agreements is terminable without cause by Dufry upon six months' notice. Separate from the franchise agreements, Dufry has granted us a seven-year license to use the Hudson brand and trademark within the continental United States and Canada. If Dufry were to decide to terminate, or to not renew, any of these agreements, our business, financial condition and results of operations would be materially adversely affected.

The services provided under the new agreements with Dufry may not be sufficient to meet our needs and we may not be able to obtain other needed services on favorable terms, if at all. If Dufry were to encounter financial difficulties that impact its ability to provide services to us, our business, financial condition and results of operations could be materially impacted. Any failure of, or significant downtime in, our own financial or administrative systems or in Dufry's financial or administrative systems and any difficulty establishing our systems or integrating newly acquired assets into our business could result in unexpected costs, impact our results or prevent us from paying our suppliers and employees and performing other administrative services on a timely basis, which could have a material adverse impact on our business, financial condition and results of operations.

In addition, we have historically been an integral part of Dufry's global treasury and cash management operations and we expect to continue to be an integral part of such operations. As of December 31, 2017, we had $520.4 million of long-term financial loans (excluding current portion) due to Dufry. To the extent that the terms of our existing or future indebtedness to Dufry are unfavorable compared to other financing opportunities, our financial condition could be adversely affected.

The two-class structure of our common shares has the effect of concentrating voting control with Dufry and its affiliates. Because of its significant share ownership, Dufry exerts control over us, including with respect to our business, policies and other significant corporate decisions. This limits or precludes your ability to influence corporate matters, including the election of directors, amendments to our organizational documents and any merger, amalgamation, sale of all or substantially all of our assets or other major corporate transaction requiring shareholder approval.

As of March 8, 2018, the shares owned by our controlling shareholder represent 93.1% of the voting power of our issued and outstanding share capital. Each Class A common share is entitled to one vote per share and is not convertible into any other shares of our share capital. Each Class B common share is entitled to 10 votes per share and is convertible into one Class A common share at any time. In addition, each Class B common share will automatically convert into one Class A common share upon any transfer thereof to a person or entity that is not an affiliate of the holder of such Class B common share. Further, all of our Class B common shares will automatically convert into Class A common shares upon the date when all holders of Class B common shares cease to hold Class B common shares representing, in the aggregate, 10% or more of the total number of Class A and Class B common shares issued and outstanding. Any Class B common shares that are converted into Class A common shares may not be reissued. The disparate voting rights of our Class B common shares will not change upon transfer unless such Class B common shares are first converted into our Class A common shares. See "Item 10. Additional Information – B. Memorandum of association and bye-laws."

As a result, our controlling shareholder has the ability to determine the outcome of all matters submitted to our shareholders for approval, including the election and removal of directors and any amalgamation, merger or sale of all or substantially all of our assets. Dufry has significant power to control our operations, and may impose group-level policies on us that are based on the interests of the Dufry Group as a whole. Group-level policies may not align with our interests and could change the way we conduct our business, which could have a material adverse impact on our business, financial condition and results of operations.

The interests of our controlling shareholder might not coincide with the interests of the other holders of our share capital. This concentration of ownership may have an adverse impact on the value of our Class A common shares by:

– delaying, deferring or preventing a change in control of us;

– impeding an amalgamation, merger, takeover or other business combination involving us; or

– causing us to enter into transactions or agreements that are not in the best interests of all shareholders.

Our controlling shareholder, Dufry, could engage in business and other activities that compete with us.

Dufry and its controlled affiliates (other than us) have informed us that they will not, subject to certain exceptions, pursue opportunities in the continental United States or Canada in the following areas: retail or food and beverage concessions; leases at airports or train stations; master concessionaire roles at airports; or any other Dufry, Hudson, Nuance or World Duty Free-branded retail operations, except that Dufry may continue to pursue travel retail operations, using any of the aforementioned brands, on board cruise lines that visit the continental United States or Canada or at ports in the continental United States or Canada visited by cruise lines. Except as described above and subject to any contract that we may enter into with Dufry, Dufry will have no obligation to refrain from:

– engaging in the same or similar business activities or lines of business as us; or

– doing business with any of our partners, customers or vendors.

Dufry is a diversified travel retailer with significant operations outside of the continental United States and Canada, including in six continents, covering 64 countries and over 390 locations. Dufry continues to engage in these businesses, including use of the Hudson brand outside the continental United States and Canada. To the extent that Dufry engages in the same or similar business activities or lines of business as us, or engages in business with any of our partners, customers or vendors, our ability to successfully operate and expand our business may be hampered.

Conflicts of interest may arise between us and our controlling shareholder, Dufry, which could be resolved in a manner unfavorable to us.

Questions relating to conflicts of interest may arise between us and Dufry in a number of areas relating to our past and ongoing relationships. Our chief executive officer is a member of the Divisional Executive Committee of Dufry. Our directors and officers may own Dufry stock and options to purchase Dufry stock. Ownership interests of our directors or officers in Dufry stock, or service as a director of our Company and a director, officer and / or employee of Dufry, could give rise to potential conflicts of interest when a director or officer is faced with a decision that could have different implications for the two companies. These potential conflicts could arise, for example, over matters such as business opportunities that may be attractive to both Dufry and us, the desirability of changes to our business and operations, funding and capital matters, regulatory matters, matters arising with respect to agreements with Dufry, employee retention or recruiting, labor, tax, employee benefit, indemnification and other matters relating to our restructuring or our dividend policy.

The corporate opportunity policy set forth in our bye-laws addresses certain potential conflicts of interest between our Company, on the one hand, and Dufry and its officers who are directors of our Company, on the other hand. By purchasing Class A common shares, you will be deemed to have notice of and have consented to the provisions of our bye-laws, including the corporate opportunity policy. See “Item 10. Additional Information – B. Memorandum of association and bye-laws.” Although these provisions are designed to resolve certain conflicts between us and Dufry fairly, we cannot assure you that any conflicts will be so resolved.

As a foreign private issuer and "controlled company" within the meaning of the New York Stock Exchange's corporate governance rules, we are permitted to, and we will, rely on exemptions from certain of the New York Stock Exchange corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of our Class A common shares.

The New York Stock Exchange's corporate governance rules require listed companies to have, among other things, a majority of independent directors and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we will, follow home country practice in lieu of the above requirements. As long as we rely on the foreign private issuer exemption to certain of the New York Stock Exchange corporate governance standards, a majority of the directors on our board of directors are not required to be independent directors, and we are not required to maintain a compensation committee or a nominating and corporate governance committee. Therefore, our board of directors' approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our company may be more limited than if we were subject to all of the New York Stock Exchange corporate governance standards.

In the event we no longer qualify as a foreign private issuer, we intend to rely on the "controlled company" exemption under the New York Stock Exchange corporate governance rules. A "controlled company" under the New York Stock Exchange corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Our controlling shareholder controls a majority of the combined voting power of our outstanding common shares, making us a "controlled company" within the meaning of the New York Stock Exchange corporate governance rules. As a controlled company, we are eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, elect not to comply with certain of the New York Stock Exchange corporate governance standards, including the requirement that a majority of directors on our board of directors are independent directors and the requirement that our nomination and remuneration committee consist entirely of independent directors.

Accordingly, our shareholders will not have the same protection afforded to shareholders of companies that are subject to all of the New York Stock Exchange corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

Our financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.

Prior to our initial public offering and the related Reorganization Transactions, the travel retail business of Dufry in the continental United States and Canada was carried out by various subsidiaries of Dufry. Since we and the subsidiaries of Dufry that operated our business are under common control of Dufry,our Combined Financial Statements include the assets, liabilities, turnover, expenses and cash flows that were directly attributable to our business for all periods presented. In particular, our combined statement of financial position includes those assets and liabilities that are specifically identifiable to our business; and our combined income statement includes all costs and expenses related to us, including certain costs and expenses allocated from Dufry to us. We made numerous estimates, assumptions and allocations in our historical financial statements because we did not operate as a stand-alone company prior to the Reorganization Transactions. Although our management believes that the assumptions underlying our historical financial statements and the above allocations are reasonable, our historical financial statements may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a stand-alone company during those periods. See "Item 7. Major Shareholders and Related Party Transactions" for our arrangements with Dufry and "Item 5. Operating and Financial Review and Prospects" and the notes to our Combined Financial Statements included elsewhere in this annual report for our historical cost allocation. Therefore, our historical results may not necessarily be indicative of our future performance.

Risks Relating to the Ownership of Our Class A Common Shares

The price of our Class A common shares might fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of our Class A common shares may prevent you from being able to sell our Class A common shares at or above the price you paid for such shares. The trading price of our Class A common shares may be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- sales of large blocks of our shares;
- additions or departures of key personnel;
- regulatory developments; and
- litigation and governmental investigations.

These and other factors may cause the market price and demand for our Class A common shares to fluctuate substantially, which may limit or prevent investors from readily selling Class A common shares and may otherwise negatively affect the liquidity of our Class A common shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The obligations associated with being a public company require significant resources and management attention.

As a public company in the United States, we have incurred and will continue to incur legal, accounting and other expenses that we did not previously incur. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Sarbanes-Oxley Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. The Exchange Act requires that we file annual and current reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems in order to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy these obligations. In addition, compliance with these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. These additional obligations could have a material adverse impact on our business, financial condition, results of operations and cash flow.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from turnover-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and cash flow could be adversely affected.

Future sales of our Class A common shares, or the perception in the public markets that these sales may occur, may depress our share price.

Sales of substantial amounts of our Class A common shares in the public market, or the perception that these sales could occur, could adversely affect the price of our Class A common shares and could impair our ability to raise capital through the sale of additional shares. As of March 8, 2018, we have 39,417,765 Class A common shares outstanding. The Class A common shares offered in our initial public offering are freely tradable without restriction under the Securities Act of 1933 (the "Securities Act"), except for any shares that may be held or acquired by our directors, executive officers or other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available. We intend to file a registration statement under the Securities Act registering our Class A common shares reserved for issuance under our equity incentive plans, and we have entered into the Registration Rights Agreement pursuant to which we have granted demand and piggyback registration rights to Dufry.

In the future, we may also issue our securities if we need to raise capital in connection with a capital raise or acquisition. The amount of our Class A common shares issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding share capital.

We do not currently intend to pay dividends on our Class A common shares, and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common shares.

We do not currently intend to pay any cash dividends on our Class A common shares for the foreseeable future. The payment of any future dividends will be determined by the board of directors in light of conditions then existing, including our turnover, financial condition and capital requirements, business conditions, corporate law requirements and other factors.

Our ability to pay dividends is subject to our results of operations, distributable reserves and solvency requirements; we are not required to pay dividends on our Class A common shares and holders of our Class A common shares have no recourse if dividends are not paid.

Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our results of operations, financial condition, distributable reserves, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant. We are not required to pay dividends on our Class A common shares, and holders of our Class A common shares have no recourse if dividends are not declared. Our ability to pay dividends may be further restricted by the terms of any of our future debt or preferred securities (see also "Item 10. Additional Information – Memorandum of association and bye-laws"). Additionally, because we are a holding company, our ability to pay dividends on our Class A common shares is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness.

If securities or industry analysts do not continue to publish research or reports or publish unfavorable research about our business, the price and trading volume of our Class A common shares could decline.

The trading market for our Class A common shares will depend in part on the research and reports that securities or industry analysts publish about us, our business or our industry. We have limited, and may never obtain significant, research coverage by securities and industry analysts. If no additional securities or industry analysts commence coverage of us, the trading price for our shares could be negatively affected. In the event we obtain additional securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our Class A common shares, their price will likely decline. If one or more of these analysts, or those who currently cover us, ceases to cover us or fails to publish regular reports on us, interest in the purchase of our shares could decrease, which could cause the price or trading volume of our Class A common shares to decline.

We are a Bermuda company and it may be difficult for you to enforce judgments against us or our directors and executive officers.

We are a Bermuda exempted company. As a result, the rights of holders of our common shares will be governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. A number of our directors and some of the named experts referred to in this annual report are not residents of the United States, and a substantial portion of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on those persons in the United States or to enforce in the United States judgments obtained in U.S. courts against us or those persons based on the civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions.

Our bye-laws restrict shareholders from bringing legal action against our officers and directors.

Our bye-laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers or directors. Subject to Section 14 of the Securities Act, which renders void any purported waiver of the provisions of the Securities Act, the waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

We are a “foreign private issuer,” as such term is defined in Rule 405 under the Securities Act, and therefore, we are not required to comply with the periodic disclosure and current reporting requirements of the Exchange Act, and related rules and regulations, that apply to U.S. domestic issuers. Under Rule 405, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, we will make the next determination with respect to our foreign private issuer status based on information as of June 30, 2018.

In the future, we could lose our foreign private issuer status if, for example, a majority of our voting power were held by U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws as a domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the U.S. Securities and Exchange Commission (the “SEC”), which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the domestic compensation philosophy, objectives, annual total compensation (base salary, bonus, equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F permits foreign private issuers to disclose compensation information on an aggregate basis. We will also be required to comply with U.S. federal proxy requirements, and our officers, directors and controlling shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

Bermuda law differs from the laws in effect in the United States and may afford less protection to holders of our common shares.

We are incorporated under the laws of Bermuda. As a result, our corporate affairs are governed by the Companies Act, which differs in some material respects from laws typically applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, amalgamations, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. Generally, the duties of directors and officers of a Bermuda company are owed to the company only. Shareholders of Bermuda companies may only take action against directors or officers of the company in limited circumstances. The circumstances in which derivative actions may be available under Bermuda law are substantially more proscribed and less clear than they would be to shareholders of U.S. corporations. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner that is oppressive or prejudicial to the interests of some shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company. In addition, the rights of holders of our common shares and the fiduciary responsibilities of our directors under Bermuda law are not as clearly established as under statutes or judicial precedent in existence in jurisdictions in the United States, particularly the State of Delaware. Therefore, holders of our common shares may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction within the United States.

We have anti-takeover provisions in our bye-laws that may discourage a change of control.

Our bye-laws contain provisions that could make it more difficult for a third-party to acquire us without the consent of our board of directors. These provisions provide for:

- a classified board of directors with staggered three-year terms;
- restrictions on the time period during which directors may be nominated;
- the ability of our board of directors to determine the powers, preferences and rights of preference shares and to cause us to issue the preference shares without shareholder approval; and
- a two-class common share structure, as a result of which Dufry generally will be able to control the outcome of all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets.

These provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their Class A common shares. See "Item 10. Additional Information – B. Memorandum of association and bye-laws" for a discussion of these provisions.

ITEM 4. INFORMATION ON THE COMPANY

A. History and development of the company

Hudson Group, anchored by our iconic Hudson brand, is committed to enhancing the travel experience for over 300,000 travelers every day in the continental United States and Canada. Our first concession opened in 1987 with five Hudson News stores in a single airport in New York City. Today we operate in airports, commuter terminals, hotels and some of the most visited landmarks and tourist destinations in the world, including the Empire State Building, Space Center Houston, and United Nations Headquarters. The Company is guided by a core purpose: to be "The Traveler's Best Friend." We aim to achieve this purpose by serving the needs and catering to the ever-evolving preferences of travelers through our product offerings and store concepts. Through our commitment to this purpose, as part of the global Dufry Group, we have become one of the largest travel concession operators in the continental United States and Canada.

As of December 31, 2017, we had a diversified portfolio of over 200 concession agreements, through which we operated 996 stores across 88 different transportation terminals and destinations, including concessions in 24 of the 25 largest airports in the continental United States and Canada. We have over one million square feet of commercial space and conduct close to 120 million transactions annually. From 2008 to our initial public offering in 2018, we were a wholly-owned subsidiary of Dufry, a leading global travel retailer operating close to 2,200 stores in 64 countries on six continents, and we continue to benefit from Dufry's expertise and scale in the travel retail market.

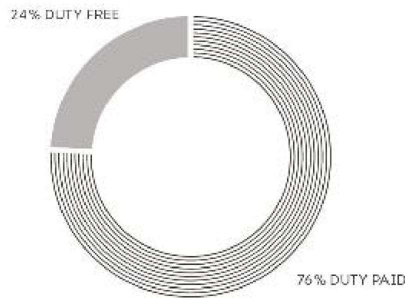
We operate travel essentials and convenience stores, bookstores, duty-free stores, proprietary and branded specialty stores, electronics stores, themed stores and quick-service food and beverage outlets under proprietary and third-party brands. Our proprietary brands include:

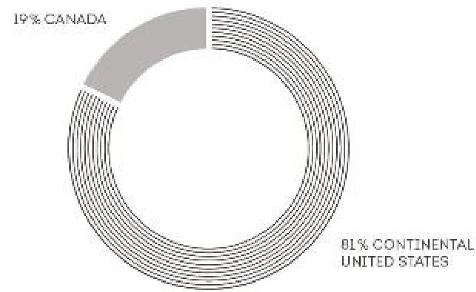
We offer our customers a broad assortment of products through our duty-paid and duty-free operations. Within our duty-paid operations, we offer products in the following categories: media (including books and magazines), food and beverage (including snacks and confectionary), essentials (including travel accessories, electronics, health and beauty accessories), destination (including souvenir, apparel and gifts) and fashion (including apparel, watches, jewelry, accessories, leather and baggage). Within our duty-free retail operations, our product categories include perfume and cosmetics, wine and spirits, confectionary, fashion (including watches, jewelry, accessories, leather and baggage) and tobacco.

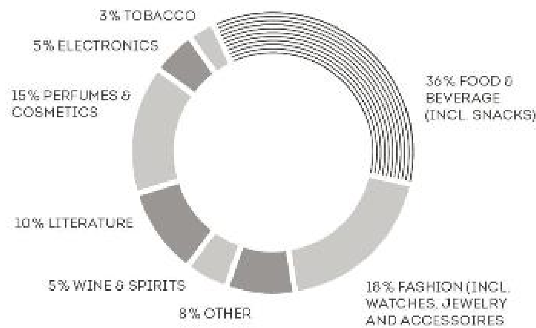
B. Business overview

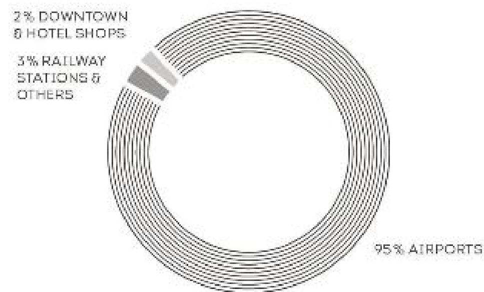
For the year ended December 31, 2017, our net sales were broken down as follows:

NET SALES BY PRODUCT CATEGORIES









As a travel concession operator, we operate primarily in airports and other locations where concessions are awarded by landlords, which include airlines, airport authorities, cities, counties, developers, master concessionaires, port authorities and states. Our success has been driven by our ability to provide differentiated retail concepts and customized concession programs to address the complex requirements of our landlords and the characteristics of the market that each location serves. This capability is key to our strong relationships with landlords.

Operational flexibility is key to our success. To promote and sustain our flexibility, we have established integrated and collaborative processes to drive coordinated operations across real estate management, store operations, marketing, merchandising and store concept design and planning. Our flexibility enables us to operate multiple retail concepts, ranging from 200 square-foot retail walls to 10,000 square-foot stores. Our stores are well-organized and designed to be comfortable and easy-to-shop, and are tailored to meet the unique specifications of each airport or travel facility. Additionally, our stores utilize innovative and highly-customized designs to draw attention to impulse items and maximize sales. As an example, in 2013 we introduced the new Hudson format, which brings modern visuals, a different layout and new allocation to product categories, such as increased space allocation to beverages and snacks, and reflects the changing needs and preferences of the travelers. Over the past three years, we have invested over $200 million in new store buildouts, store upgrades and expansions to improve the overall shopping experience at our stores, as well as other capital investments in our business to support our stores.

Through our customized merchandising approach, we provide curated assortments to each market to take advantage of traffic flow, seasonality, landlord preferences, local tastes, large-scale regional events and traveler spending habits. We merchandise our stores with both necessity-driven and on-trend discretionary products and we provide discretion to our location general managers to make choices regarding product mix for the stores they manage. Our merchandising team is committed to continuously sourcing new products to stay ahead of trends, getting the right product at the right price, to the right place at the right time. Both our and Dufry's tenured relationships with a diversified set of suppliers support our successful merchandise-sourcing approach.

We remain an integrated part of the global Dufry Group. Dufry is our controlling shareholder, a number of the members of our board of directors are affiliated with Dufry and our business continues to benefit from Dufry's global expertise and best practices across all major functions. Moreover, we expect that Dufry will continue to be one of our largest suppliers, extend intercompany financing to us and provide us with other support and services. See "Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions."

From December 31, 2015 to December 31, 2017, we:

– increased our number of stores from 733 to 996, representing a CAGR of 16.6%; and

– increased the total square feet of our stores from 996 thousand to 1.1 million, representing a CAGR of 2.9%.

Our strengths

Hudson is an iconic brand in North American travel retail

With over 450 Hudson-branded stores and a 30-year heritage in travel retail, Hudson is one of North America's leading travel essentials brands. We believe that we have built a reputation among travelers as a reliable destination to meet their needs and preferences when traveling. According to an Ipsos Market Research survey conducted in 2017, more travelers who shop at airports would prefer to shop at Hudson stores than at any other travel news, gift and convenience retail store. Our customers look for Hudson stores for personal items, gifts for loved ones or a convenient stop for food and beverages. We have also leveraged the strength of the Hudson brand to become one of the leading airport retailers in the United States for many international consumer brands such as Godiva Chocolates, Papyrus, Mophie, SwissGear, Sony and Belkin. We believe the iconic Hudson brand anchors our proposals for concessions and provides us with a competitive advantage.

Customized and Local Approach Delivers Compelling Traveler Experience

Our customized and local approach to creating our concession portfolio and to the design, layout and merchandising of our stores produces a compelling retail experience for travelers. We believe that our ability to operate multiple proprietary and third-party-branded retail concepts, ranging from 200 square-foot retail walls to 10,000 square-foot stores, while simultaneously meeting the unique specifications of each airport or travel facility, also provides an attractive retail proposition for our landlords.

We believe customers find our stores to be well-organized, comfortable and easy-to-shop. Our stores are merchandised to deliver both necessity-driven and on-trend products, while also displaying products that travelers may have forgotten to pack. We have unrivaled access to travelers, which enables us to understand their mindsets and behaviors and informs the evolution of our merchandising strategies and product mix. For example, we have merchandised our stores to take advantage of recent trends in traveler tastes, resulting in an increase in the share of our duty-paid sales mix attributable to electronic accessories, snacks and beverages. In addition, we serve customers' needs and preferences by offering merchandise that targets regional tastes and includes city-specific branding and logos. Our merchandising approach benefits from Dufry's expertise in duty-free retail and access to strong global brands, which complements our portfolio of concepts for our airports and customers.

Extensive experience and superior scale in our industry

We believe that other operators cannot match our 30 years of industry experience, unparalleled scale of over 200 concession agreements under which we operate over one million square feet of commercial space in the continental United States and Canada. We believe this experience and scale reflect our strong credibility with landlords and other business partners and our knowledge of airport retail operations and travel concessions.

Additionally, we believe the expertise and operational track record required to bid successfully on new concessions combined with our ability to offer a broad range of retail concepts and customize each opportunity regardless of landlord structure or concession model are advantages when competing for new concessions. Our expertise also allows us to successfully manage the myriad of legal, regulatory and logistical complexities involved in operating a business in complex and highly regulated environments.

Diversified and Dynamic Business Model

Our business model is diversified in terms of the customers we serve and concession models we manage. We operate a mix of concession programs and retail concepts under both proprietary and third-party brands, including travel essentials stores and bookstores under the Hudson brand, specialty branded retail stores such as Coach, Estée Lauder, Kate Spade and Tumi, duty-free shops under Dufry, World Duty Free and Nuance, themed stores such as Tech on the Go, Kids Works and 5th and Sunset, as well as food and beverage outlets such as Dunkin' Donuts. As of December 31, 2017, we sold products in 996 stores across 88 locations.

Our concessions also benefit from multi-year contract terms. For the year ended December 31, 2017, no single concession accounted for more than 10% of our sales. The long average residual duration of our concession portfolio and diversification across contracts provide us with a high degree of sales visibility.

In addition, our strategy emphasizes continuously improving formats and adjusting our store concepts and product mix to meet and exceed travelers' needs and preferences. Due to our merchandising flexibility, our location general managers can tailor their purchasing to address regional preferences. This approach enables our location general managers to update store concepts and product mix every season and allows them to be nimble in their approach, including testing new concepts.

Service-driven, cohesive management team

Together with our global parent, Dufry, our talented and dedicated senior management team has guided our organization through its expansion and positioned us for continued growth. Our team has an average of 18 years of experience at the Hudson Group. Additionally, our management team possesses extensive experience across a broad range of disciplines, including merchandising, marketing, real estate, finance, legal and regulatory and supply chain management. Our management team embraces our core purpose to be "The Traveler's Best Friend" and embodies our passionate, dedicated and service-oriented culture, which is shared by our employees throughout the entire organization. We believe this results in a cohesive team focused on sustainable long-term growth.

Our strategies

Increase Sales at existing concessions

Continue Innovation in Store Formats and Merchandise
At Hudson, every square foot matters. We aim to increase sales per transaction and overall sales by maintaining our emphasis on merchandising and refining operations to continuously provide travelers with an array of in-demand products. We seek innovative ways to increase potential selling space within existing locations. Through continuous refinement, we optimize our concession configurations to maximize sales for our landlord and product vendor partners. We also constantly evolve our merchandizing mix to stay relevant and on-trend, as well as to continue driving sales by serving travelers' enthusiasm for large-scale regional events, including music festivals, trade shows and sporting events, such as the Super Bowl and the World Series. We also will continue to leverage technology to enhance the customer experience through mobile pre-ordering applications, self-checkout capabilities and other evolving technologies.

Refurbish and Convert Existing Stores
We intend to improve sales and profitability within current concession agreements by focusing capital investments on refurbishing or converting existing stores, including when we pursue contract extensions. For example, we will continue converting our existing Hudson News stores into our updated and reinvigorated Hudson retail concept. We have already rebranded 60 Hudson News stores to our Hudson concept, and we plan to rebrand an additional 31 Hudson News stores to our Hudson concept over the next two years.

Expand concession portfolio

Continue to win airport concessions
We intend to grow by securing new concessions at the airports in which we currently operate and at additional airports in the continental United States and Canada, while maintaining a high renewal rate for our existing concessions. Airport authorities are dedicating more commercial space to concession opportunities and adopting a more comprehensive approach to its development. We are well-positioned to succeed in this competitive environment due to our experience and reputation with comprehensive retail concession opportunities, our integrated and collaborative approach, and the proven economics of our concession model. For investments in new concessions, expansions and renewals, we have defined a hurdle rate of a low double-digit internal rate of return over the lifetime of the concession and we typically target a payback period between two and five years.

Continue expansion into non-traditional locations
We intend to leverage Hudson's consumer brand awareness and retail expertise to capture customer spending at travel centers, tourist destinations, hotels and other non-airport locations. These venues share similar retail characteristics with airports, such as higher foot traffic and customers with above-average purchasing power and greater time to shop. Our ability to deploy our successful turnover maximizing capabilities outside of airports has led to a number of recent wins in such locations. For example, in June 2017, we announced the opening of six new stores at Hard Rock Hotel & Casino in Las Vegas, which will incorporate our specialty and travel essentials retail concepts. We will opportunistically pursue avenues for growth across the continental United States and Canada in these non-traditional locations.

Grow food and beverage platform
We intend to pursue growth opportunities in the large and expanding travel food and beverage market in the continental United States and Canada. Based on market data from the ARN Fact Book and our estimates, the airport food and beverage market in the United States and Canada generated in excess of $4.9 billion of passenger spending in 2016. This market generated sales of approximately 1.3x the combined airport sales of specialty, news and gifts and duty-free products in 2016. The travel food and beverage market is highly fragmented and there is an increasing overlap between travel food and beverage and travel retail, such as packaged food and "grab-and-go" concepts. We intend to pursue these growth opportunities both organically and through acquisitions. In addition, we believe that growing our food and beverage expertise and track record will strengthen our ability to compete for master-concessionaire contracts and drive sales, gross margin and cost synergies with our existing retail concepts.

Pursue accretive acquisitions
We believe that we have demonstrated our ability to create value by acquiring and integrating companies into the Hudson Group. During the last three years, we have successfully integrated the North American operations of Nuance and World Duty Free Group. By deploying our customized and collaborative approach to store operations and merchandising, we have been able to drive sales and advertising income growth at acquired locations and achieve significant cost synergies. Our management team will approach potential acquisitions in a disciplined manner with a focus on strengthening our offerings for travelers and driving additional procurement and cost synergies. We actively maintain a pipeline of potential acquisition opportunities across retail and food and beverage.

Target improved profitability by leveraging our fixed costs and investments

We plan to continue to improve our operating results by leveraging our scale, partnerships and operational excellence. The strength of our market position in the continental United States and Canada, combined with Dufry's global presence, enables us to negotiate favorable terms with our business partners. Additionally, as we continue to increase sales under new and existing concession agreements, we will seek to improve our profitability as general corporate overhead and fixed costs shrink as a percentage of sales. Further, we have invested in our sourcing and distribution network and integrated information technology systems. We intend to leverage these investments to grow our sales and profitability.

Our market

We operate in the travel concession market in the continental United States and Canada, which we consider to consist of concessions located in airports, ports, bus and railways stations, tourist destinations, hotels and highway rest stops, as well as sales onboard aircrafts, ferries and cruise liners. We plan to continue to expand across store formats and into non-airport locations as we grow our operations. See " – Our strategies – Expand concession portfolio."

The majority of our sales are derived from airports. As of and for the year ended December 31, 2017, 92% of our concessions were located in, and 94% of our net sales were generated at, airports in the continental United States and Canada. According to the ARN Fact Book, airport concession sales at the top 44 international airports by performance in the United States and Canada were approximately $8.7 billion for the year ended December 31, 2016. Based on the ARN Fact Book, as a breakdown of sales at these airports for the year ended December 31, 2016, food and beverage contributed $4.9 billion in sales while specialty, news and gifts and duty-free contributed $1.3 billion, $1.3 billion and $1.1 billion in sales, respectively.

The airport concession market

Airport concessions are comprised of a variety of retail, food and beverage and commercial service concepts. The terms of an agreement between an airport concession operator and the relevant airport landlord are generally set forth in a concession agreement. Concessions are generally awarded through either a public tender process or pursuant to direct negotiations. Landlords generally determine the number and type of concessions to be awarded, and terms for individual concessions may vary considerably from facility to facility.

Concession agreements may permit an airport concessionaire to sell a particular assortment of goods (for example, general duty-free shops may sell wine and spirits, tobacco, perfumes and cosmetics while specialty stores may sell one specific product category, such as sunglasses) or operate in a specified physical location (for example, an allocation of space within a terminal or the right to operate an entire terminal). The concession operator may also obtain the right to allocate concession space within all or a portion of the facility, subject to the approval of the landlord. The duration of a concession agreement typically ranges from five to ten years, depending on the location and type of facility.

Each landlord has needs and requirements that differ depending on a number of factors. Certain landlords may prefer to develop commercial operations from idea conception through to completion, and therefore will partner with an experienced travel concession operator to assist with overall development of airport concessions. Other landlords may be more involved in the management and allocation of commercial space and therefore may be more focused on maximizing returns at a given location, with pricing terms being more important. Most airport landlords determine rent by reference to metrics such as gross sales or the number of passengers traveling through an airport. Concession agreements typically provide for rent that generally is based on a variable component and in addition includes a MAG. See " – Concession agreements."

Airport retailers

Airport retailers differ significantly from traditional retailers. Unlike traditional retailers, airport retailers benefit from a steady and largely predictable flow of traffic from a constantly changing customer base. Airport retailers also benefit from "dwell time," the period after travelers have passed through airport security and before they board an aircraft. Airports often offer fewer shopping alternatives compared to the traditional channel, including limited competition from Internet retailers, which leads to necessity and impulse-driven purchases being made from available airport retailers.

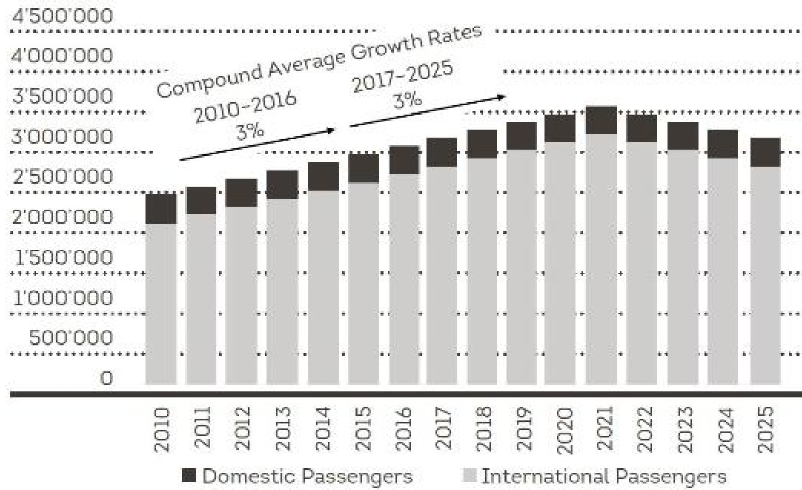
Airport retail customers differ from traditional retail customers in their wants and needs. Increased security incentivizes travelers to arrive well before their flights depart, which creates the opportunity and time for shopping, meals and other activities. Enhanced security checks and the need to reach a departure gate on time may also add to overall travel anxiety and drive impulse purchases. In general, airport retail customers are relatively more affluent than traditional retail customers, and travelers who are on holiday may be more inclined to spend money at the airport.

Trends

Recent trends affecting the airport concession market in North America include:

Growth in passenger numbers
In the past decade, there has been a significant increase in both domestic and international air travel due largely to improvements in, and greater accessibility of, air transport, as well as increased disposable income and business professionals needing to travel due to the internationalization of many industries. According to ACI, between 2010 and 2016, total passenger traffic in North America grew at a compound annual growth rate of 3%. Looking to the future, ACI projects that annual North American passenger volumes will surpass 2.0 billion by 2019, and grow at a 3% compound annual growth rate between 2017 and 2025. The North American airport retail market's overall exposure to passengers is much more heavily weighted towards passengers traveling domestically.

The chart below presents historical and projected North American passenger volumes.



[1] Source: ACL

Increased "dwell time" and propensity to spend
Travel industry dynamics continue to evolve. Lengthy security procedures and transportation delays have led to earlier arrival times and increased passenger dwell time, with dwell times in medium and large U.S. airports averaging 66 and 75 minutes, respectively, according to the 2016 Airport Council International-North America ("ACI-NA") Concessions Benchmarking Survey. Additionally, airlines have eliminated many complementary services, such as in-flight meals, headphones and other amenities to reduce costs. Further, travelers have demonstrated a willingness to spend more at airports when presented with better quality products, convenience and a greater product selection. Finally, airports often offer fewer shopping alternatives compared to the traditional channel, including limited competition from Internet retailers, which leads to necessity and impulse-driven purchases being made from available airport retailers.

Airport expansion and focus on new revenue streams
Air travel is a critical and central aspect of the United States economic infrastructure with resiliency to external pressures. Airports and governments are focused on redevelopment of terminal concession programs and additional space is being dedicated to new opportunities to develop retail and other new sales streams. As each travel location is unique, each airport operator works to find the optimal mix of formats and products best suited to that region or location in order to maximize turnover and profit.

Our history

Our business started in 1987 with a concession for five Hudson News stores in a single airport. Over time, we expanded our operations and successfully bid for concessions in other major travel hubs, including at John F. Kennedy International Airport, Boston Logan International and Washington Dulles International Airport. We acquired the WH Smith North American airport operations in 2003, adding 150 stores at 22 airports. In 2008, Dufry acquired the Hudson Group. Since then, we have expanded our operations as an integrated division of the global Dufry Group. Dufry acquired Nuance in 2014 and World Duty Free Group in 2015 and we now operate Nuance and World Duty Free Group's respective operations in the continental United States and Canada.

Our relationship with Dufry

Prior to our initial public offering, we were wholly-owned by Dufry. Following our initial public offering, Dufry is our controlling shareholder, the majority of the members of our board of directors are affiliated with Dufry, and, as an integrated part of the global Dufry Group, our business continues to benefit from the strength of Dufry's position in the global travel retail market. Moreover, Dufry continues to be one of our largest suppliers, extend financing to us and provide us with other important support and services, including a license to use the Dufry, Hudson, World Duty Free and Nuance brands and associated brands that are owned by Dufry. See "Item 7. Major Shareholders and Related Party Transactions."

Dufry has informed us that it does not intend to pursue opportunities in the continental United States, Hawaii or Canada in the following areas: retail or food and beverage concessions; leases at airports or train stations; master concessionaire roles at airports; or any other Dufry, Hudson, Nuance or World Duty Free-branded retail operations, except that Dufry may continue to pursue travel retail operations, using any of the aforementioned brands, on board cruise lines that visit the United States or Canada or at ports in the United States or Canada visited by cruise lines. Dufry will also continue to operate its duty-free and duty-paid stores in Puerto Rico and maintain and operate its international distribution facilities in the United States. Dufry has also informed us that it intends to pursue opportunities outside the continental United States, Hawaii and Canada using the Hudson brand and other associated brands used by us in the continental United States and Canada. We do not intend to operate outside of the continental United States, Hawaii and Canada.

Our retail concepts and products

We operate a number of retail concepts across our retail locations, including:

– *Travel Essentials and Convenience Stores.* Under a variety of brands, including Hudson, our travel essentials and convenience stores offer a wide assortment of products to the travelling public, including newspapers, magazines and books, sundries, health and beauty aids, food, snacks and beverages, souvenirs, electronics and travel accessories. These shops are operated as stand-alone stores or, in some cases, together with a coffee-take-out concept, such as Dunkin' Donuts or Euro Café.

– *Duty-Free Stores.* Under the brands Dufry, World Duty Free and Nuance, we offer a wide range of traditional retail products for travelers on a duty-free and duty-paid basis, as applicable, including perfumes and cosmetics, food, jewelry and watches, accessories, wines and spirits and tobacco. Many of these stores are so-called "walk-through" stores, which are designed to direct the entire passenger flow through the store. This innovative concept allows travelers to explore the products we sell without needing to deviate from their way to the boarding gate.

– *Electronics Stores.* Our electronics stores, operated under the brand Tech on The Go, offer products from a range of popular electronics and electronics accessory brands, including Sony, Mophie, Belkin and Moshi.

– *Bookstores.* Our bookstores offer a broad array of bestsellers and new releases, as well as a large selection of hard cover, paperback, trade and children's books. Our bookstores are operated under brands such as Hudson Booksellers and Ink by Hudson, as well as local and regional bookstore brands such as Tattered Cover and Book Soup, which we operate pursuant to licenses with the owners of the brands.

– *Specialty Branded Stores.* We operate branded specialty stores, offering a range of products from a single well-known global or national brand, including Coach, Estée Lauder, Kate Spade and Tumi. These stores, which are operated by our employees, provide travelers with the same experience as shoppers at the primary locations of the brands and appeal to both customers and suppliers alike: customers can use their waiting time to shop for their favorite brands and suppliers have a highly visible showcase to display their products. We operate specialty branded stores directly, although the brand owner or supplier may provide financial support.

– *Themed Stores.* These stores offer a broad product range relating to a special theme rather than a specific product category. Examples include "Kids Works" shops offering a wide selection of toys, dolls, games, books and apparel for children, the "$10/$15 boutique" store concept offering fashion accessories at value prices and "Discover" stores showcasing local gifts and souvenirs to promote the local market.

– *Quick-Service Food Outlets.* In addition to our travel convenience and quick-service coffee combination stores, we operate stand-alone quick service food and beverage outlets, such as Dunkin' Donuts, Jason's Deli and Pinkberry. We operate these stores under franchise agreements.

The following table sets forth the distribution of our net sales by product category as a percentage of our total net sales, and the total value of our net sales by product category, for the years ended December 31, 2017, 2016 and 2015:

	AS A PERCENT OF TOTAL NET SALES			IN MILLIONS OF USD		
FOR THE YEAR ENDED DECEMBER 31,	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Beverages, Confectionary and Food	35.67 %	34.68 %	34.29 %	628.0	572.3	469.6
Perfumes and Cosmetics	14.68 %	13.71 %	12.75 %	258.4	226.3	174.6
Fashion, Leather and Baggage	12.50 %	11.11 %	10.67 %	220.1	183.3	146.2
Literature and Publications	9.97 %	11.67 %	13.67 %	175.6	192.5	187.2
Watches, Jewelry and Accessories	6.56 %	5.22 %	5.61 %	115.5	86.2	76.9
Wine and Spirits	5.00 %	4.56 %	4.59 %	88.0	75.3	62.9
Electronics	4.98 %	4.76 %	4.86 %	87.7	78.5	66.6
Tobacco goods	2.96 %	2.87 %	3.38 %	52.2	47.4	46.3
Other product categories	7.68 %	11.41 %	10.17 %	135.3	188.3	139.3
Total	**100 %**	**100 %**	**100 %**	**1,760.8**	**1,650.1**	**1,369.6**

Our locations

As of December 31, 2017, we had over 200 concession agreements and operated 996 stores across 88 retail locations in the continental United States and Canada, totaling over one million square feet of commercial space. Our locations are distributed across 77 airports (representing 94 % of our stores), five commuter terminals (representing 4 % of our stores) and six other locations (representing 2 % of our stores), as illustrated below:

LOCATION	NUMBER OF STORES AS OF DECEMBER 31, 2017
Albuquerque International Sunport	7
Atlantic City International Airport	3
Baltimore Washington International Thurgood Marshall Airport	13
Bill and Hillary Clinton National Airport	3
Birmingham-Shuttlesworth International Airport	6
Hollywood Burbank Airport	5
Burlington International Airport	3
Calgary International Airport	17
Charleston International Airport	7
Chicago Citigroup Center	3
Chicago O'Hare International Airport	49
Cincinnati/Northern Kentucky International Airport	3
Cleveland Hopkins International Airport	14
Corpus Christi International Airport	1
Dallas Love Field Airport	23
Dallas/Fort Worth International Airport	24
Denver International Airport	14
Des Moines International Airport	2
Destin–Fort Walton Beach Airport	6
Detroit Metropolitan Wayne County Airport	15
Edmonton International Airport	11
Eppley Airfield	5

LOCATION	NUMBER OF STORES AS OF DECEMBER 31, 2017
Fort Lauderdale-Hollywood International Airport	17
Fresno Yosemite International Airport	3
George Bush Intercontinental Airport	22
Gerald R. Ford International Airport	4
Greater Rochester International Airport	6
Greenville-Spartanburg International Airport	5
Halifax Robert L. Stanfield International Airport	6
Harrisburg International Airport	3
Hartsfield-Jackson Atlanta International Airport	32
Houston Space Center	2
Jackson-Medgar Wiley Evers International Airport	3
John F. Kennedy International Airport	40
John Wayne Airport	8
La Guardia Airport	16
Ontario International Airport	7
Lambert-St. Louis International Airport	27
Las Vegas Hard Rock Hotel and Casino	5
Las Vegas Venetian and Palazzo Hotel and Casino	3
Lubbock Preston Smith International Airport	1
Logan International Airport	27
Los Angeles International Airport	48
Louis Armstrong New Orleans International Airport	19
Manchester-Boston Regional Airport	6
McCarran International Airport	33
Miami International Airport	28
Chicago Midway International Airport	20
Minneapolis / St. Paul International Airport	11
Mobile Regional Airport	3
Myrtle Beach International	4
Nashville International Airport	19
New York City Empire State Building	1
New York City Grand Central Station	3
New York City Penn Station	15
New York City Port Authority Bus Terminal	11
New York City United Nations Headquarters	2

LOCATION	NUMBER OF STORES AS OF DECEMBER 31, 2017
Newark Liberty International Airport	22
Newark Penn Station Newark	5
Newport News / Williamsburg International Airport	1
Norfolk International Airport	8
Norman Y. Mineta San Jose International Airport	16
Oakland International Airport	12
Orlando International Airport	14
Orlando Sanford International Airport	9
Philadelphia International Airport	10
Pittsburgh International Airport	14
Portland International Airport	6
Raleigh-Durham International Airport	3
Richmond International Airport	5
Roanoke Regional Airport	2
Ronald Reagan Washington National Airport	5
Salt Lake City International Airport	8
San Antonio International Airport	7
San Diego International Airport	8
San Francisco International Airport	14
Seattle-Tacoma International Airport	28
Sky Harbor International Airport	5
Stewart International Airport	3
Tampa International Airport.	6
Ted Stevens Anchorage International Airport	8
Toronto Pearson International Airport	9
Tucson International Airport	6
Tulsa International Airport	8
Vancouver International Airport	43
Washington Dulles International Airport	6
Washington, D.C. Union Station	4
William P. Hobby Airport	7

For the years ended December 31, 2017, 2016 and 2015, sales in the continental United States represented 81%, 82% and 85% of our net sales, respectively. Over the same time periods, sales in Canada represented 19%, 18% and 15% of our net sales in each period, respectively.

Duty-paid and duty-free operations

We operate both duty-paid and duty-free stores throughout the continental United States and Canada. For the years ended December 31, 2017, 2016 and 2015, duty-paid stores represented 76%, 78% and 78% of our net sales, respectively and duty-free stores represented 24%, 22% and 22% of our net sales, respectively.

Duty-paid shops target domestic and international travelers. Standard duties and other taxes apply to sales in these shops. They are located in both international and domestic airport terminals, train stations and other locations.

Duty-free shops are located in airports and generally offer goods to both international and domestic travelers, with international travelers exempt from duties and excise and other taxes on certain goods, such as tobacco and liquor.

Concession agreements

We enter into concession agreements with landlords of airports, railway stations and other locations to operate our stores. Concession agreements often cover a number of stores in a single location, and we often have multiple concession agreements per location.

These concession agreements typically define the:

– term of our operations;

– rent and other remuneration payable;

– permitted uses and product categories to be sold; and

– location of our stores and exterior appearance.

Concessions may be awarded in a public or private bidding process or in a negotiated transaction. Our landlords who award contracts through a bidding process typically consider some, if not all, of the following factors when reviewing concession bids: their relationship with the concession operator and the concession operator's experience in a particular region, ability to respond to the needs of the landlord for planning and design advice and operational ability. Price is also a significant competitive factor, as a concession may be awarded in a tender based upon the highest concession fee offered. Landlords also often consider the brands included in a proposal and ACDBE partnerships, if applicable, among other things. Our concession agreements often require us to perform initial renovations of the stores, as well as refurbishment to the stores over the term of the arrangement.

In return for the right to operate our concession, we pay rent to the airport authority or other landlord that is typically determined on a variable basis by reference to factors such as gross or net sales or the number of travelers using the airport or other location. Where rent is based on our sales, concession agreements generally also provide for a minimum annual guaranteed payment, or MAG, that is either a fixed dollar amount or an amount that is variable based upon the number of travelers using the airport or other location, retail space used, estimated sales, past results or other metrics. A limited number of our concession agreements contain fixed rents.

Many of our concession agreements at airports contain requirements to use good faith efforts to achieve an ACDBE participation goal, which we meet in different ways depending on the terms of the concession agreement. A failure to comply with such requirements may constitute a default under a concession agreement, which could result in the termination of the concession agreement and monetary damages. See " – Regulation." Generally, our concession agreements are terminable at will by our landlords.

Local partners

We operate most of our stores located at airports in cooperation with local partners. We partner with many of these entities through the ACDBE program operated by the FAA. See " – Regulation." We also may partner with other third parties to win and maintain new business opportunities. Consequently, our business model contemplates the involvement of local partners and we typically operate these concessions as associations and partnerships. The net earnings from these operating subsidiaries attributed to us are reduced to reflect the applicable ownership structure.

We generally structure our store operations through associations and partnerships. As of December 31, 2017, we had 112 associations and other partnerships with 90 local partners.

Our suppliers

We are supplied both directly from manufacturers and through distributors.

Our principal travel essentials suppliers are Core-Mark and Resnick Distributors. Our principal duty-free products supplier is Dufry. Our principal beverages supplier is The Coca Cola Company. Our principal book supplier is Readerlink Distribution Services. Our principal magazines and periodicals suppliers are The News Group, which includes The News Group L.P. and TNG, which is a division of Great Pacific Enterprises Inc., and Hudson News Distributors, which includes Hudson News Distributors, LLC and Hudson RPM Distributors, LLC. For more information on our supply arrangement with Hudson News Distributors, LLC and Hudson RPM Distributors, LLC, see "Item 7. Major Shareholders and Related Party Transactions –B. Related party transactions –Transactions with entities controlled by Mr. James Cohen."

As our largest duty-free products supplier, Dufry has historically supplied us with perfumes and cosmetics, as well as, in the United States, liquor and tobacco, for our duty-free stores. We expect that Dufry will continue to supply us with such products. See "Item 7. Major Shareholders and Related Party Transactions."

Competition

We face two different forms of competition in the travel retail market in the continental United States and Canada.

First, we compete for concessions at airports and other transportation terminals and destinations with a number of other global, national and regional travel concession operators. Travel concession operators compete primarily on the basis of their experience and reputation in travel retailing, including their relationships with airport authorities and other landlords, their experience in a particular region, their ability to respond to the needs of an airport authority or other landlords for planning and design advice, as well as operational ability. Price is also a significant competitive factor, as a concession may be awarded in a tender based upon the highest concession fee offered. Our main competitors for airport concessions are Paradies Lagardere and DFS, as well as regional airport concession operators such as Duty Free America and Stellar Partners.

Second, we also compete for customers directly with other travel retailers in some locations, and, as our range of products increases, we also become an indirect competitor of traditional Main Street and Internet retailers. The level of competition varies greatly among the different locations where we operate. For example, in a number of airport terminals, we are the sole concession operator, while in some locations we compete with other retailers.

Regulation

Our operations are subject to a range of laws and regulations adopted by national, regional and local authorities from the various jurisdictions in which we operate, including those relating to, among others, public health and safety and fire codes. Failure to obtain or retain required licenses and approvals, including those related to food service and public health and safety, would adversely affect our operations. Although we have not experienced, and do not anticipate, significant problems obtaining required licenses, permits or approvals, any difficulties, delays or failures in obtaining such licenses, permits or approvals could delay or prevent the opening, or adversely impact the viability, of our operations.

Airport authorities in the United States frequently require that our airport concessions meet minimum ACDBE participation requirements. The Department of Transportation's ("DOT") Disadvantaged Business Enterprise program is implemented by recipients of DOT Federal Financial Assistance, including airport agencies that receive federal funding. The ACDBE program is administered by the FAA, state and local ACDBE certifying agencies and individual airports. The ACDBE program is designed to help ensure that small firms owned and controlled by socially and economically disadvantaged individuals can compete for airport contracting and concession opportunities in domestic passenger service airports. The ACDBE regulations require that airport recipients establish annual ACDBE participation goals, review the scope of anticipated large prime contracts throughout the year, and establish contract-specific ACDBE participation goals. We generally meet the contract specific goals through an agreement providing for co-ownership of the retail location with a disadvantaged business enterprise. Frequently, and within the guidelines issued by the FAA, we may lend money to ACDBEs in connection with concession agreements in order to help the ACDBE fund the capital investment required under a concession agreement. The rules and regulations governing the certification of ACDBE participation in airport concession agreements are complex, and ensuring ongoing compliance is costly and time consuming. Further, if we fail to comply with the minimum ACDBE participation requirements in our concession agreements, we may be held responsible for breach of contract, which could result in the termination of a concession agreement and monetary damages. See "Item 3. Key Information – D. Risk factors – Risks relating to our business – Failure to comply with ACDBE participation goals and requirements could lead to lost business opportunities or the loss of existing business."

We derive a portion of our net sales from the sale of alcoholic beverages. Alcoholic beverage control laws and regulations require that we obtain liquor licenses for each of our concessions where alcoholic beverages are served and consumed. Liquor licenses are issued by governmental authorities (either state, municipal or provincial, depending on the jurisdiction) and must be renewed annually. Alcoholic beverage control laws and regulations impact the operations of our concessions in various ways relating to the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, other relationships with alcohol manufacturers, distributors, inventory control and handling, storage and dispensing of alcoholic beverages, as well as the conduct of various activities on licensed premises including contests, games and similar forms of entertainment.

We are subject to the Fair Labor Standards Act, the Immigration Reform and Control Act of 1986, the Occupational Safety and Health Act and various federal and state laws governing such matters as minimum wages, overtime, unemployment tax rates, workers' compensation rates, citizenship requirements and other working conditions. We are also subject to the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in public accommodations and employment, which may require us to design or modify our concession locations to make reasonable accommodations for disabled persons.

In the United States duty-free stores are considered an extension of "bonded warehouses" by U.S. Customs and Border Protection, and in Canada duty-free stores are part of a Duty Free Shop Program with the Canadian Border Service Agency, which avoids our clients from having to pay special taxes, such as value-added and duty, when they purchase goods while in international transit. This special status subjects us to bonded warehouse regulations that require, for example, that any bonded merchandise shall not be commingled with local merchandise or other non-bonded merchandise and requires us to ensure that such bonded merchandise is only sold to passengers leaving the respective country on a non-stop flight.

We are also subject to certain truth-in-advertising, general customs, consumer and data protection, product safety, workers' health and safety and public health rules that govern retailers in general, as well as the merchandise sold within the various jurisdictions in which we operate.

Seasonality

Our turnover is affected by seasonal factors. The third quarter of each calendar year has historically represented the largest percentage of our turnover for the year, which is when passenger numbers are typically higher, and the first quarter has historically represented the smallest percentage, as passenger numbers are typically lower. We increase our working capital prior to peak sales periods, so as to carry higher levels of stock and add temporary personnel to the sales team to meet the expected higher demand.

Intellectual property

In the United States and Canada, Dufry or one of its subsidiaries (other than us) holds all of the trademarks for our proprietary brands, including Dufry, Hudson Group, Nuance and World Duty Free, or the respective applications for trademark registration that are being processed by Dufry. Dufry licenses such trademarks to us. See "Item 7. Major Shareholders and Related Party Transactions."

Employees

We are responsible for hiring, training and management of employees at each of our retail locations. As of December 31, 2017, we employed 9,641 people, including both full-time and part-time employees. Of these employees, 8,147 were full-time employees and 1,494 were part time employees. As of December 31, 2017, 3,910 of our employees are subject to collective bargaining agreements.

Legal proceedings

We have extensive operations, and are defendants in a number of court, arbitration and administrative proceedings, and, in some instances, are plaintiffs in similar proceedings. Actions, including class action lawsuits, filed against us from time to time include commercial, tort, customer, employment (such as wage and hour and discrimination), tax, administrative, customs and other claims, and the remedies sought in these claims can be for material amounts.

C. Organizational structure

Hudson Ltd. was incorporated in Bermuda on May 30, 2017 as an exempted company limited by shares under the Companies Act 1981 of Bermuda as amended (the "Companies Act"). Dufry AG, through its wholly-owned subsidiary Dufry International AG, is our controlling shareholder as of the date of this annual report.

Our principal executive office is located at 4 New Square, Bedfont Lakes, Feltham, Middlesex, United Kingdom and our telephone number is +44 (0) 208 624 4300. Our website is www.hudsongroup.com. The information on our website is not incorporated by reference into this annual report, and you should not consider information contained on our website to be a part of this annual report or in deciding whether to purchase our Class A common shares.

See Exhibit 8.1 for a list of our subsidiaries.

D. Property, plant and equipment

We lease office space in East Rutherford, New Jersey, which consists of 93,000 square feet in a commercial office building. In addition, pursuant to our concession agreements, we operate 996 stores across 88 different transportation terminals and destinations throughout the United States and Canada. We also lease 38 warehouse facilities. See " – B. Business overview – Our locations" and " – B. Business overview – Concession agreements."

We do not own any real estate.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating results

Principal factors affecting our results of operations

General

Our business is impacted by fluctuations in economic activity primarily in the continental United States and Canada and, to a lesser extent, economic activity outside these areas. Our turnover is generated by travel-related retail and food and beverage sales and income from advertising activities. Apart from the cost of sales, our operating expense structure consists of selling expenses (including our concession fees and rents), personnel expenses, general expenses and other expenses associated with our retail operations.

Turnover

Our turnover growth has been primarily driven by the combination of organic growth and acquisitions.

Organic Growth
Organic growth represents the combination of growth in aggregate monthly sales from (i) like-for-like growth and (ii) net new stores and expansions.

Like-for-like growth represents the growth in aggregate monthly net sales in the applicable period at stores that have been operating for at least 12 months. Like-for-like growth excludes growth attributable to (i) net new stores and expansions until such stores have been part of our business for at least 12 months, (ii) acquired stores until such stores have been part of our business for at least 12 months and (iii) acquired wind-down stores, consisting of eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind-down.

Net new stores and expansions consists of growth from (i) changes in the total number of our stores (other than acquired stores), (ii) changes in the retail space of our existing stores and (iii) modification of store retail concepts through rebranding. Net new stores and expansions excludes growth attributable to (i) acquired stores until such stores have been part of our business for at least 12 months and (ii) acquired wind-down stores.

Net sales generated by acquired wind-down stores for the years ended December 31, 2017, 2016 and 2015 was $4.8 million, $36.7 million and $34.1 million, respectively.

Like-for-like growth is influenced by:

– Passenger Flows: The number of passengers passing through the concessions where we operate is the principal factor influencing sales. Between 2010 and 2016, total passenger traffic in North America grew at a compound annual growth rate of 3%. Annual North American passenger volumes were greater than 1.8 billion for the year ended December 31, 2016, and ACI projects that annual North American passenger volumes will grow at a 3% compound annual growth rate between 2017 and 2025, surpassing 2.0 billion by 2019.

– Product Pricing: Our concession agreements typically allow a maximum mark-up above prices at certain comparable Main Street stores to offset the additional cost of operating within the airport environment, and some of our duty-free concession agreements benchmark our prices against those in duty-free stores in other airports. In order to drive our organic growth, our pricing strategy reflects positioning and continuous monitoring of prices, including the pricing policies of our suppliers, and targeted marketing of specific products in certain concessions.

– Net Sales Productivity: Productivity may be improved through increased penetration (i.e., the number of travelers who actually buy products compared to total travelers the concession is exposed to) and average spend per customer. In the past, we have sought to influence both measures to improve net sales, through infrastructure changes, such as improving the layout, location and accessibility of our shops, and marketing and promotional activities, such as signposting inside and outside the stores and special offers, product variety, active selling by our sales staff and improved customer service.

We also present like-for-like growth on a constant currency basis by keeping exchange rates constant for each relevant month of the prior period to account for fluctuations in foreign exchange rates during such respective periods.

Net new stores and expansions growth is impacted by the modification of store retail concepts and the addition of new stores to our portfolio by negotiating expansions into additional retail space with our landlords to replace other travel industry retailers at existing concessions as their contracts expire and by expanding into newly created retail space. In addition, net new stores and expansions growth is also impacted by concession agreements that expire and which we are unable to renew. From December 31, 2017 to December 31, 2018, concessions representing approximately 15 % of our net sales for the year ended December 31, 2017 are scheduled to expire. We also expand into new markets and regularly submit proposals and respond to requests for proposals or directly negotiate with potential landlords for new concessions.

Acquisitions

Due to the fragmentation of the travel retail industry, acquisitions have been an important source of growth. We have played a leading role in consolidation of the travel retail industry in the continental United States and Canada. In 2014, Dufry acquired Nuance. The operations of Nuance in the continental United States and Canada have been included in our financial statements from September 2014. Similarly, in 2015, Dufry acquired World Duty Free Group and the operations of World Duty Free Group in the continental United States and Canada have been included in our financial statements from August 2015. We acquired 28 stores as part of the acquisition of Nuance (eight of which management expected, at the time of the acquisition, to wind-down) and 248 stores as part of the acquisition of World Duty Free Group (46 of which management expected, at the time of the acquisition, to wind-down). Acquisition growth represents growth in aggregate monthly net sales attributable to acquired stores that management did not expect, at the time of the applicable acquisition, to wind-down.

Advertising income

Our significant presence in the continental United States and Canada and our large number of concessions allow us to offer attractive promotional opportunities for our suppliers, from which we generate advertising income that positively affects our gross margin.

Quarterly trends and seasonality

Our sales are also affected by seasonal factors. The third quarter of each calendar year, which is when passenger numbers are typically higher, has historically represented the largest percentage of our turnover for the year, and the first quarter has historically represented the smallest percentage, as passenger numbers are typically lower. We increase our working capital prior to peak sales periods, so as to carry higher levels of merchandise and add temporary personnel to the sales team to meet the expected higher demand.

The following table sets forth certain data for each of the eight fiscal quarters from January 1, 2016 through December 31, 2017. Our historical results are not necessarily indicative of the results that may be expected in the future. The following quarterly financial data should be read in conjunction with our combined financial statements and the related notes included elsewhere in this annual report.

IN MILLIONS OF USD (UNAUDITED)	FOR THE THREE MONTHS ENDED DECEMBER 31, 2017	SEPTEMBER 30, 2017	JUNE 30, 2017	MARCH 31, 2017	DECEMBER 31, 2016	SEPTEMBER 30, 2016	JUNE 30, 2016	MARCH 31, 2016
Net sales	440.0	485.6	454.2	381.0	405.1	456.3	426.8	361.9
Net sales growth	8.6%	6.4%	6.4%	5.3%	6.9%	14.2%	34.0%	32.7%
Like-for-like growth [1]	5.6%	3.7%	4.3%	6.1%	6.5%	6.3%	2.1%	(0.8%)
Organic growth [2]	9.4%	8.3%	9.1%	8.5%	10.1%	6.5%	3.3%	(0.3%)
Operating profit	7.4	40.9	16.9	(5.1)	5.1	25.2	16.4	(3.5)

1 Like-for-like growth represents the growth in aggregate monthly net sales in the applicable period at stores that have been operating for at least 12 months. Like-for-like growth during the applicable period excludes growth attributable to (i) net new stores and expansions until such stores have been part of our business for at least 12 months, (ii) acquired stores until such stores have been part of our business for at least 12 months and (iii) eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind down. For more information see "- Turnover".

2 Organic growth represents the combination of growth from (i) like-for-like growth and (ii) net new stores and expansions. Organic growth excludes growth attributable to (i) acquired stores until such stores have been part of our business for at least 12 months and (ii) eight stores acquired in the 2014 acquisition of Nuance and 46 stores acquired in the 2015 acquisition of World Duty Free Group that management expected, at the time of the applicable acquisition, to wind down. For more information see "- Turnover".

Cost of sales and gross margin

Our cost of sales is a function of the prices we pay for certain merchandise and is positively influenced by our strategy of negotiating with our suppliers on a centralized basis at Dufry and Hudson. Moreover, as a member of the Dufry Group, we purchase certain products from Dufry for our duty-free stores and benefit from the economies of scale and enhanced purchasing power provided by Dufry.

Our pricing and product mix policy at any given store also affects the gross margin at such store.

Operating expense structure

Our principal operating expenses are selling expenses (including a franchise fee payable to subsidiaries of Dufry), personnel expenses, general expenses and other periodic expenses associated with our operations.

Selling Expenses

Concession fees and rents represent the substantial majority of our selling expenses. In return for having the right to operate our concession, we pay rent to the airport authorities or other landlords that is typically determined on a variable basis by reference to factors such as gross or net sales or the number of travelers using the airport or other location, which we record as concession fees and rents under selling expenses. Where rent is based on our sales, concession agreements generally also provide for a minimum annual guaranteed payment, or MAG, that is either a fixed dollar amount or an amount that is variable based upon the number of travelers using the airport or other location, retail space used, estimated sales, past results or other metrics. Where the minimum payment is adjusted based on prior year total rents, it usually represents between 80 – 90 % of prior year total concession expense. As a result, our profitability may be adversely affected if sales decrease at concessions where the MAG is higher than the variable concession fee. A limited number of our concession agreements contain fixed rents. We have periodically been required to make MAG payments to our landlords at certain of our locations. While the majority of our MAG payments are not material to our overall business, occasionally decreases in net sales result in a higher MAG to net sales ratio, which has impacted our net earnings. For example, at one of our concession locations, our MAG to net sales ratio increased for the years ended December 31, 2016 and 2015 due to a 11.4 % and 11.9 % decrease, respectively, in our net sales at that location. This decrease in net sales coupled with the fixed MAG payments had a material impact on our net earnings for those years. The respective concession agreement was re-negotiated in 2017. No other MAG payment at any other location has had a material impact for the years ended December 31, 2016 or 2015, and there was no contract for the year ended December 31, 2017, where the MAG payment had a material impact. We cannot guarantee that any future MAG payments will not be materially adverse to our results of operations. See also “Risk factors – Our profitability depends on the number of airline passengers in the terminals in which we have concessions.” Changes by airport authorities or airlines that lower the number of airline passengers in any of these terminals could affect our business, financial condition and results of operations.

Selling expenses also include credit card commissions and packaging materials and other expenses. Credit card commissions are typically calculated as a percentage of credit card sales.

Selling expenses are presented net of selling income. Selling income includes concession and rental income and commercial services and other selling income. At certain of our concessions, we sublease a portion of our retail space, and we receive concession and rental income from subtenants, which we record as concession and rental income.

Selling expenses also include our general and administrative expenses, such as repairs and maintenance, office and warehouse rent and general administration and marketing. These expenses are not impacted in the short term by variations in sales. We have, in the past, implemented a number of measures to control and reduce our costs in an economic downturn.

Personnel expenses

Our personnel expenses, which represent a significant expense, include wages, benefits and cash bonuses located at our airport concession locations. We expect personnel expense to grow proportionately with net sales. Factors that influence personnel expense include the terms of collective bargaining agreements, local minimum wage laws, the frequency and severity of workers' compensation claims and health care costs. Personnel expenses are comprised of fixed and variable components, such as bonuses, which are based on the performance of the business and / or personal goals.

In connection with our initial public offering, we adopted equity incentive award plans (the "Plans"). We did not grant any awards pursuant to the Plans in 2017. See "Item 6. Directors, Senior Management and Employees – B. Compensation – Changes to our remuneration structure following the consummation of our initial public offering – New equity incentive award plan."

General expenses

We have historically been charged by subsidiaries of Dufry franchise fees to license brands owned by Dufry or its subsidiaries, including the Dufry, Hudson, Nuance and World Duty Free brands, as well as for ancillary franchise services, including centralized support services such as treasury, audit and similar services. This amounted to $50.6 million, $50.1 million and $44.2 million for the years ended December 31, 2017, 2016 and 2015, respectively. In connection with our initial public offering, we entered into new agreements with Dufry pursuant to which the franchise fees we are charged were reduced. See "Item 7. Major Shareholders and Related Party Transactions – B. related party transactions – Transactions with Dufry – New agreements with Dufry -Franchise agreements." If these agreements had been in place on January 1, 2016, we would have been charged the lower amounts of $14.1 million instead of $50.6 million and $13.6 million instead of $50.1 million for the years ended December 31, 2017 and 2016, respectively, which would have resulted in higher earnings before taxes in each period.

Furthermore, in connection with becoming a public company, we anticipate our general and administrative expenses will increase as we hire more personnel and engage outside consultants.

Depreciation, amortization and impairment

Our leases and concessions generally require us to invest in our premises to build, renovate or remodel them, often before we commence business. These capital expenditures are generally capitalized as property, plant and equipment ("PPE") on our balance sheet. See " – B. Liquidity and capital resources – Capital expenditures." We depreciate PPE using the straight-line method over the useful life of the assets, for example, five years for furniture and up to ten years for leasehold improvements, but in any case not longer than the remaining life of the concession term related to the location where the PPE is used.

Our principal intangible assets are concession rights, all of which have definite life spans. Intangible assets with a finite lifespan are amortized over their economic useful life and are tested for impairment whenever there is an indication that the book value of the intangible asset may not be recoverable. Goodwill is tested for impairment annually.

Interest expense

Interest expense primarily consists of expenses related to borrowings from Dufry. As of December 31, 2017, we had $520.4 million in long-term financial debt outstanding (excluding current portion), with a weighted-average interest rate of 5.7%. Interest expense amounted to $30.2 million and $29.8 million for the years ended December 31, 2017 and 2016, respectively. In connection with the Reorganization Transactions, on August 1, 2017, one of our affiliates entered into a CAD $195.0 million loan agreement with another affiliate of Dufry, of which CAD$150.0 million remains outstanding. See " – B. Liquidity and capital resources – Indebtedness." If this loan agreement had been in place on January 1, 2016, we would have had $527.4 million in long-term financial debt outstanding with a weighted average interest rate of 5.7% as of December 31, 2016. Interest expense would have increased by $1.9 million and $1.1 million for the years ended December 31, 2016 and 2017, respectively.

Income tax

Income tax expenses are based on our taxable results of operations after financial result and non-controlling interests. Tax losses carried from one tax period to the next may also influence our deferred tax expenses.

As of December 31, 2017, we had deferred tax assets of $51.5 million in relation to net operating loss carryforwards, which begin to expire in 2028. Utilization of our U.S. net operating loss carryforwards is subject to annual limitations provided by the Internal Revenue Code and similar state provisions. Such annual limitations could result in the expiration of some portion of the net operating tax losses and the implied tax credit before their utilization.

Non-Controlling interests

Airport authorities in the United States frequently require us to partner with an ACDBE. We also may partner with other third parties to win and maintain new business opportunities. Consequently, our business model contemplates the involvement of local partners. The net earnings from these operating subsidiaries attributed to us reflect the applicable ownership structure, and as a result net earnings attributable to non-controlling interests excludes expenses payable by us which are not attributable to our operating partners, such as franchise fees and interest expense payable to Dufry and its subsidiaries, income taxes and amortization on fair value step-ups from acquisitions.

Results of operations

Comparison of the years ended December 31, 2017 and 2016

The following table summarizes changes in financial performance for the year ended December 31, 2017, compared to the year ended December 31, 2016:

IN MILLIONS OF USD	FOR THE YEAR ENDED DECEMBER 31, 2017	2016	PERCENTAGE CHANGE in %
Turnover	1,802.5	1,687.2	6.8
Cost of sales	(680.3)	(645.3)	5.4
Gross profit	**1,122.2**	**1,041.9**	**7.7**
Selling expenses	(421.2)	(395.7)	6.4
Personnel expenses	(371.3)	(337.4)	10.0
General expenses	(156.9)	(151.9)	3.3
Share of result of associates	(0.3)	(0.7)	(57.1)
Depreciation, amortization and impairment	(108.7)	(103.7)	4.8
Other operational result	(3.7)	(9.3)	(60.2)
Operating profit	**60.1**	**43.2**	**39.1**
Interest expenses	(30.2)	(29.8)	1.3
Interest income	1.9	2.1	(9.5)
Foreign exchange gain / (loss)	0.5	–	–
Earnings before taxes (EBT)	**32.3**	**15.5**	**108.4**
Income tax	(42.9)	34.3	(225.1)
Net earnings	**(10.6)**	**49.8**	**(121.3)**
ATTRIBUTABLE TO			
Equity holders of the parent	(40.4)	23.5	(271.9)
Non-controlling interests[1]	29.8	26.3	13.3

[1] Net earnings to non-controlling interests excludes expenses payable by us which are not attributable to non-controlling interests (which primarily consists of our operating partners), such as franchise fees and interest expense payable to Dufry and its subsidiaries, income taxes and amortization on fair value step-ups from acquisitions.

Turnover

Turnover increased by 6.8 % to $1,802.5 million for the year ended December 31, 2017 compared to $1,687.2 million in 2016. Net sales represented 97.7 % of turnover for the 2017 period, with advertising income representing the remainder. Net sales increased by $110.7 million, or 6.7 %, to $1,760.8 million.

Organic growth was 8.8 % for the year ended December 31, 2017 and contributed $142.6 million of the increase in net sales. Like-for-like growth was 4.8 % and contributed $72.6 million of the increase in net sales. On a constant currency basis, like-for-like growth was 4.4 %. The increase in like-for-like growth was primarily the result of increases in average sales per transaction, with the remainder attributable to an increase in the overall number of transactions. Net new stores and expansions growth contributed $70 million of the increase in net sales, primarily as a result of opening new stores. This growth was partially offset by a decrease of $31.9 million in net sales of acquired wind-down stores.

Gross profit

Gross profit reached $1,122.2 million for the year ended December 31, 2017 from $1,041.9 million for the prior year. Our gross profit margin increased to 62.3 % for 2017 compared to 61.8 % in 2016, primarily due to sales mix shift from lower margin categories to higher margin categories, and gross margin synergies related to our implementation in 2016 of the Hudson supply chain at the acquired World Duty Free stores, most of which are duty-paid stores. Our gross profit margin for our duty-paid sales was only slightly higher than the gross profit margin for duty-free sales during these periods which modestly impacted our gross profit margin for the year ended December 31, 2017, as both margins increased slightly and duty-paid sales and duty-free sales represented 75. 8 % and 24.2 % of our net sales, respectively, for the same period.

Selling expenses

Selling expenses reached $421.2 million for the year ended December 31, 2017, compared to $395.7 million for 2016. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up 92 % of the selling expenses for the year ended December 31, 2017. Selling expenses amounted to 23.4 % of turnover for the year ended December 31, 2017, compared to 23.5 % for the prior year. Our selling expenses as a percentage of turnover were lower for the year ended December 31, 2017 due to a $0.7 million reversal of provision related to the acquisition of Nuance. In addition, we consolidated our credit card processors which contributed to lower credit card commission costs as a percentage of net sales. For the year ended December 31, 2017, concession and rental income amounted to $11.6 million compared to $11.9 million for 2016.

Personnel expenses

Personnel expenses increased to $371.3 million for the year ended December 31, 2017 from $337.4 million in 2016. As a percentage of turnover, personnel expenses increased to 20.6 % for 2017 compared to 20.0 % for 2016. The increase in personnel expenses in absolute terms was primarily attributable to opening of new locations and the increase as a percentage of turnover was primarily due to medical benefits and wage increases for hourly paid employees.

General expenses

General expenses increased to $ 156.9 million for the year ended December 31, 2017 compared to $151.9 million in the prior year. As a percentage of turnover, general expenses decreased to 8.7 % in 2017 from 9.0 % in 2016. Our general expenses as a percentage of turnover were lower for the year ended December 31, 2017 mainly due to lower franchise fees due to an affiliate of Dufry following the integration of the acquired World Duty Free Group into the Dufry franchise fee structure.

Depreciation, amortization and impairment

Depreciation, amortization and impairment increased to $108.7 million for the year ended December 31, 2017 compared to $103.7 million for 2016. Depreciation reached $64.5 million for the year ended December 31, 2017, compared to $61.4 million for the year ended December 31, 2016. Amortization increased to $44.0 million for the year ended December 31, 2017 compared to $42.3 million for the prior year. There was $0.2 million impairment for the year ended December 31, 2017 and no impairment for the year ended December 31, 2016. The higher depreciation charge in 2017 was primarily due to higher than historical average capital investments in 2016 relating to renovating existing locations, opening new locations and expansions to our offices in New Jersey.

Other operational result

Other operational result decreased to $3.7 million for the year ended December 31, 2017 compared to $9.3 million in 2016. These expenses primarily related to $3.4 million of audit and consulting costs related to preparatory work in connection with our initial public offering, $4.1 million of restructuring expenses associated with the World Duty Free Group acquisition and $5.5 million of other operating expenses including restructuring and non-recurring items , and were offset by $9.4 million of other operating income resulting from a related party loan waiver due to Dufry.

Interest expenses

Interest expenses increased slightly to $30.2 million for the year ended December 31, 2017 compared to $29.8 million for 2016.

Income tax benefit / expense

Income taxes for the year ended December 31, 2017 amounted to an expense of $42.9 million compared to a benefit of $34.3 million for 2016. The main components of this change were (i) a $40.2 million expense as a result of the reduction in the U.S. federal corporate income tax rate as part of U.S. tax reform and (ii) a non-recurring tax benefit for 2016 from a reversal of an impairment of deferred tax assets related to the U.S. operations of World Duty Free Group. The total tax expense of the year ended December 31, 2017 consisted of $8.5 million current income tax expense incurred mainly in connection with our Canadian business and $34.4 million deferred tax expense principally due to the impact of the U.S. tax reform.

Comparison of the years ended December 31, 2016 and 2015

The following table summarizes changes in financial performance for the year ended December 31, 2016, compared to the year ended December 31, 2015:

	FOR THE YEAR ENDED DECEMBER 31,		PERCENTAGE CHANGE
IN MILLIONS OF USD	2016	2015	in %
Turnover	1,687.2	1,403.0	20.3
Cost of sales	(645.3)	(534.1)	20.8
Gross profit	**1,041.9**	**868.9**	**19.9**
Selling expenses	(395.7)	(325.7)	21.5
Personnel expenses	(337.4)	(279.5)	20.7
General expenses	(151.9)	(130.9)	16.0
Share of result of associates	(0.7)	1.7	(141.2)
Depreciation, amortization and impairment	(103.7)	(86.7)	19.6
Other operational result	(9.3)	(1.7)	447.1
Operating profit	**43.2**	**46.1**	**(6.3)**
Interest expenses	(29.8)	(25.4)	17.3
Interest income	2.1	1.6	31.3
Foreign exchange gain / (loss)	–	(0.2)	–
Earnings before taxes (EBT)	**15.5**	**22.1**	**(29.9)**
Income tax	34.3	(3.8)	(1,002.6)
Net earnings	**49.8**	**18.3**	**172.1**
ATTRIBUTABLE TO			
Equity holders of the parent	23.5	(7.7)	(405.2)
Non-controlling interests[1]	26.3	26.0	1.2

[1] Net earnings to non-controlling interests excludes expenses payable by us which are not attributable to non-controlling interests (which primarily consists of our operating partners), such as franchise fees and interest expense payable to Dufry and its subsidiaries, income taxes and amortization on fair value step-ups from acquisitions.

Turnover
Turnover increased by 20.3 % to $1,687.2 million for the year ended December 31, 2016 compared to $1,403.0 million in 2015.

Net sales represented 97.8 % of turnover for the year ended December 31, 2016, with advertising income representing the remainder. Net sales increased by $280.5 million, or 20.5 %, to $1,650.1 million.

Acquisition growth contributed $206.4 million of the increase in net sales, primarily due to 12 months of World Duty Free Group being included in our results in 2016, as compared to five such months in 2015 (resulting in seven months being attributable to acquisition growth in 2016). We added 248 stores as a result of this acquisition, 46 of which were acquired wind-down stores, and this contributed in part to the growth in our net sales of food and beverage and perfumes and cosmetics of 21.9 % and 29.6 %, respectively, for the year ended December 31, 2016 compared to the prior year.

Organic growth was 5.4 % for the year ended December 31, 2016 and contributed $71.5 million of the increase in net sales. Like-for-like growth was 3.9 % and contributed $49.3 million of the increase in net sales. On a constant currency basis, like-for-like growth was 4.3 %. Like-for-like sales grew primarily as a result of increases in average sales per transaction, with the remainder attributable to an increase in the overall number of transactions. Net new stores and expansions contributed $22.2 million of the increase in net sales, primarily as a result of new stores, expansions and renovations. Acquired wind-down stores, contributed $2.6 million of the increase in net sales.

Gross profit
Gross profit increased to $1,041.9 million in the year ended December 31, 2016 from $868.9 million in the prior year. The 19.9 % increase in gross profit was primarily driven by the acquisition of World Duty Free Group.

Our gross profit margin decreased slightly to 61.8 % for 2016 compared to 61.9 % for 2015. The decrease was principally a result of the World Duty Free Group acquisition, as World Duty Free Group had a lower gross profit margin than Hudson Group, which fully offset the increase in gross profit margin of Hudson Group on a stand-alone basis.

Selling expenses

Selling expenses reached $395.7 million for the year ended December 31, 2016, compared to $325.7 million for 2015. Concession and other periodic fees paid to airport authorities and other landlords in connection with our retail operations made up 91.8 % of the selling expenses for the year ended December 31, 2016. Selling expenses amounted to 23.5 % of turnover for the year ended December 31, 2016, compared to 23.2 % for the prior year. Our selling expenses were higher in the year ended December 31, 2016 due to the acquisition of World Duty Free Group in August 2015 and associated higher concession fees. For 2016, concession and rental income amounted to $11.9 million compared to $7.3 million for 2015.

Personnel expenses

Personnel expenses increased to $337.4 million for the year ended December 31, 2016 from $279.5 million in 2015. As a percentage of turnover, personnel expenses increased slightly to 20.0 % for 2016 compared to 19.9 % for 2015. The increase in personnel expenses in absolute terms was primarily attributable to the acquisition of World Duty Free Group and the increase as a percentage of turnover was primarily due to wage increases for hourly paid employees.

General expenses

General expenses increased to $151.9 million for the year ended December 31, 2016 compared to $130.9 million in the prior year primarily as a result of higher franchise fees based on sales and expenses on expanded office space. As a percentage of turnover, general expenses decreased to 9.0 % for 2016 compared to 9.3 % for 2015.

Depreciation, amortization and impairment

Depreciation, amortization and impairment increased to $103.7 million for the year ended December 31, 2016 compared to $86.7 million for 2015. Depreciation and impairment reached $61.4 million for the period (all of which was depreciation), compared to $51.1 million (of which $1.4 million was impairment) for the year ended December 31, 2015. Amortization increased to $42.3 million for the year ended December 31, 2016 compared to $35.6 million for the prior year. The higher depreciation charge was primarily due to higher than historical average capital investments in 2016 mainly relating to the opening of a greater-than-average number of high-end duty-free and specialty stores. The increase in amortization charge related to new intangible assets related to the acquisition of World Duty Free Group.

Other operational result

Other operational result increased for the year ended December 31, 2016 to an expense of $9.3 million from an expense of $1.7 million for 2015. The majority of these expenses related to restructuring costs associated with the World Duty Free Group acquisition.

Interest expenses

Interest expenses increased to $29.8 million for the year ended December 31, 2016 compared to $25.4 million for 2015 due to a new $50.0 million loan from Dufry. This loan was used in part to refinance pre-existing indebtedness of World Duty Free Group.

Income tax benefit / expense

Income taxes for the year ended December 31, 2016 amounted to a benefit of $34.3 million compared to an expense of $3.8 million for 2015. The tax benefit for 2016 was mainly due to a non-recurring reversal of an impairment of deferred tax assets related to the U.S. operations of World Duty Free Group. The reversal of the impairment was due to the tax and management integration of World Duty Free Group into the Hudson Group and the resulting reassessment of the prior deferred tax asset impairment.

B. Liquidity and capital resources

Our primary funding sources historically have included cash from operations, and financial debt arrangements with Dufry. The balance outstanding on our long-term debt obligations with Dufry at December 31, 2017, 2016 and 2015 was $520.4 million, $475.2 million and $483.1 million, respectively.

We believe existing cash balances, operating cash flows and our long-term financing arrangements with Dufry will provide us with adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the foreseeable future.

If our cash flows and capital resources are insufficient to fund our working capital, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures. We do not anticipate entering into additional third-party credit facilities for our working capital, and expect any future working capital requirements to be funded by Dufry. As a result, our financing arrangements and relationship with our controlling shareholder are material to our business. Nonetheless, when appropriate, we may borrow cash from third-party sources, and may also raise funds by issuing debt or equity securities, including to fund acquisitions.

Dufry Group cash pooling

For the efficient management of its short term cash and overdraft positions, Dufry, among other initiatives, operates various forms of notional cash pool arrangements. We have historically participated in Dufry's notional cash pool with Bank Mendes Gans BV, a subsidiary of ING BV. At December 31, 2017, we had an overdraft of $13.1 million compared to a deposit of $52.4 million in 2016 in our cash pool accounts. The overdraft was a result of paying the remaining balance of franchise fees to Dufry. The cash pool arrangement is structured such that the assets and liabilities remain in the name of the corresponding participant, i.e. no physical cash concentration occurs for the day-to-day operations. We, along with other participants in the cash pool, have pledged the cash we have each placed in the cash pool to the bank managing the cash pool as collateral to support the aggregate obligations of cash pool participants.

Capital expenditures

Capital expenditures are our primary investing activity, and we divide them into two main categories: tangible and intangible capital expenditures. Tangible capital expenditures consists of spending on the renovation and maintenance of existing stores and the fitting out of new stores. Intangible capital expenditures consists of investments in computer software and occasional upfront payments upon the granting of new concessions which are capitalized as intangible assets and amortized over the life of the concession unless otherwise impaired.

When contemplating investments in new concessions, we focus on profitable growth as its key investment criterion. In addition to fitting out new concessions, we expect to invest in renovation and maintenance of our existing stores, including undertaking some major refurbishment projects each year.

Our capital expenditures are presented for each of the periods below:

IN MILLIONS OF USD	FOR THE YEAR ENDED DECEMBER, 31		
	2017	2016	2015
Tangible capital expenditures	76.3	92.4	55.0
Intangible capital expenditures	8.2	5.7	3.0
Total	**84.5**	**98.1**	**58.0**

Cash flows

The following table summarizes the cash flow for each of the periods below:

IN MILLIONS OF USD	FOR THE YEAR ENDED DECEMBER, 31		
	2017	2016	2015
Net cash flows from operating activities	130.8	169.8	105.4
Net cash flows used in investing activities	(86.1)	(92.4)	(15.0)
Net cash flows used in financing activities	(95.8)	(51.3)	(31.6)
Currency translation	0.9	1.1	(2.9)
(Decrease) / Increase in cash and cash equivalents	**(50.2)**	**27.2**	**55.9**
Cash at the beginning of period	187.6	160.4	104.5
Cash at the end of period	137.4	187.6	160.4

Cash flows from operating activities

Net cash flows from operating activities were $130.8 million for the year ended December 31, 2017, a decrease of $39.0 million compared to the prior year. The decrease in net cash flows provided from operating activities mainly resulted from paying an outstanding balance of franchise fees to Dufry. Net cash flows from operating activities were $169.8 million for the year ended December 31, 2016, an increase of $64.4 million compared to the prior year. This increase was primarily due to an increase in concession fees payable, trade and other payables to related parties, principally consisting of franchise fees. Net cash flows from operating activities were $105.4 million for the year ended December 31, 2015. This decrease was primarily due to a decrease in other payables to Dufry.

Cash flows used in investment activities

Net cash used in investing activities decreased to $86.1 million for the year ended December 31, 2017, as compared to $92.4 million for the prior year. The decrease was primarily due to lower capital expenditures. Net cash used in investing activities increased to $92.4 million for the year ended December 31, 2016 as compared to $15.0 million for the prior year. The increase was due to higher capital expenditures for the year ended December 31, 2016 and proceeds from the sale of investments in associates, which consisted of Hudson's interests in two entities, during the prior year. Net cash used in investing activities decreased to $15.0 million for the year ended December 31, 2015. This decrease was primarily due to proceeds from the sale of investments in associates, which consisted of interests in two U.S. entities, during the year ended December 31, 2015.

Cash flows used in financing activities

Net cash used in financing activities increased by $44.5 million for the year ended December 31, 2017, to $95.8 million compared to cash flows used in financing activities of $51.3 million in the prior year. This increase in cash used was primarily due to repayment of financial debt to Dufry. Net cash used in financing activities reached $51.3 million for the year ended December 31, 2016, compared to $31.6 million from financing activities for the prior year. This net outflow was primarily due to repayment of financial debt to Dufry and $28.7 million in dividends paid to non-controlling interests. Net cash used in financing activities decreased to $31.6 million for the year ended December 31, 2015. This change was primarily due to dividends paid to non-controlling interests and repayment of third-party loans.

Recent development – Disposal of Dufry America Inc.
As part of the Reorganization Transactions effected in connection with the completion our initial public offering, an entity within the Hudson Group sold its ownership interest in Dufry America Inc. ("DAI'') to an entity within the Dufry Group for net consideration of $60.1 million. The net consideration for the sale was paid to Hudson Group in full in cash on February 1, 2018.

Internal control over financial reporting

In connection with our initial public offering, we identified an error in previously-issued combined financial statements of Hudson Group which required a restatement of our statement of cash flows for the year ended December 31, 2014. The error was caused by a material weakness in our internal control related to accounting for the Nuance acquisition. We have begun taking measures and plan to continue to take measures to remediate this material weakness, including designing and implementing a new control over the review of assumptions made in business combinations, specifically the assumptions made that affect the determination and presentation of the statement of cash flows. See "Item 3. Key Information – D. Risk factors – Risks relating to our business – We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial results, or prevent fraud, and investor confidence in our company and the market price of our shares may be adversely affected."

Indebtedness

Existing debt with Dufry
At December 31, 2017, 2016 and 2015, we owed $ 520.4 million, $475.2 million and $483.1 million, respectively, to Dufry pursuant to long-term financial loans (excluding current portion). We were charged $29.5 million, $29.1 million and $24.7 million in each of the years ended December 31, 2017, 2016 and 2015, respectively, in interest to Dufry. The weighted-average interest rate on our loans from Dufry for each of the years ended December 31, 2017, 2016 and 2015 was 5.7 %, 5.9 % and 5.9 %, respectively.

Our indebtedness owed to Dufry at December 31, 2017 consisted of 16 intercompany loans with affiliates of Dufry (the "intercompany loans"), which are all on substantially similar terms and most of which are due on October 15, 2022. The following table summarizes certain information regarding the intercompany loans:

LOAN	INTEREST RATE	PRINCIPAL AMOUNT OUTSTANDING AT DECEMBER 31, 2017
Loan Agreement between Dufry Finances SNC and Dufry Newark Inc.	5.9589%	$290,637.02
Loan Agreement between Dufry Finances SNC and Dufry Newark Inc.	5.9589%	$600,000.00
Loan Agreement between Dufry Finances SNC and Dufry Newark Inc.	5.9589%	$850,000.00
Loan Agreement between Dufry Finances SNC and Dufry Newark Inc.	5.9589%	$2,800,000.00
Loan Agreement between Dufry International and Dufry Houston DF & Retail Part.	2.7800%	$2,994,066.78
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$5,900,000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$7,700,000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$16,000,000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$21,000,000.00
Loan Agreement between Dufry Finances SNC and Dufry North America LLC	5.9589%	$39,700,000.00
Loan Agreement between Dufry Finances SNC and WDFG North America LLC	5.9589%	$50,000,000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$53,328000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$8,246,000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc.	5.9589%	$88,811,000.00
Loan Agreement between Dufry Finances SNC and Hudson Group Inc. [1]	5.9589%	$110,464,207.74
Loan Agreement between Dufry Financial Services B.V. and The Nuance Group (Canada) Inc. [2]		
Interest-bearing portion [2]	3.8900%	CAD$65,000,000.00
Non-interest bearing portion [2]	–	CAD$85,000,000.00

1 This loan agreement has been filed as an exhibit to this annual report. All intercompany loans are on substantially the same terms, except as noted above.

2 In connection with the Reorganization Transactions, on August 1, 2017, one of our affiliates, The Nuance Group (Canada) Inc. ("Nuance Group Canada"), a member of the Hudson Group, entered into a CAD$195.0 million loan agreement with another affiliate of Dufry. The loan consists of a non-interest bearing portion for CAD$130.0 million and a 3.8900% portion for CAD$65.0 million. Nuance Group Canada repaid CAD$45.0 million of the non-interest bearing portion on August 1, 2017. The balance outstanding on the loan is CAD$150.0 million, of which CAD$65.0 million bears interest at 3.8900 %.

Restrictions on our indebtedness

We are subject to certain of the covenants contained in Dufry's 4.50 % Senior Notes due 2023 (the "2023 Dufry Notes") and 2.50 % Senior Notes due 2024 (the "2024 Dufry Notes," and together with the 2023 Dufry Notes, the "Dufry Notes"). We are not a guarantor under any of the Dufry Notes. However, if we or any of our subsidiaries guarantee any bank debt or public debt of Dufry in excess of $50.0 million in the case of the 2023 Dufry Notes, or $75.0 million in the case of the 2024 Dufry Notes, then we or our subsidiaries will be required to guarantee such notes; provided however, that in the case of the 2024 Dufry Notes, we or our subsidiaries will only be required to guarantee such notes if, after giving effect to the guarantee of the bank debt or public debt, the aggregate principal amount of bank debt or public debt guaranteed by non-guarantor subsidiaries of Dufry exceeds EUR 500 million. In addition, the amount of debt that we may be able to incur from third parties is limited by the terms of the 2023 Dufry Notes. Subject to certain exceptions, we are also not permitted to grant liens on any of our assets, absent certain exceptions, unless we grant a lien to secure the repayment of the Dufry Notes.

We are also subject to certain of the covenants contained in Dufry's existing credit facilities (the "Dufry Credit Facilities"). We are not a guarantor under any of the Dufry Credit Facilities. The amount of third-party debt that we may incur is limited by the terms of the Dufry Credit Facilities. We are not permitted to grant liens on our assets, absent certain exceptions. Under the Dufry Credit Facilities, there are also restrictions on our ability to provide certain guarantees to third parties. In addition, our ability to enter into certain acquisitions, investments, mergers and asset sales is limited by the terms of the Dufry Credit Facilities.

Uncommitted letters of credit facilities

In addition to our debt-financing arrangements with Dufry, we have local credit facilities with each of Bank of America N . A. and Credit Agricole, which we use to obtain letters of credit. We use letters of credit to secure concession fee obligations pursuant to certain of our concession agreements. On October 30, 2014 we entered into a $45 million Amended and Restated Uncommitted Letter of Credit and Loan Facility Agreement with Bank of America N . A. (as amended, the "BofA Credit Facilities"). As of December 31, 2017, $36.1 million was outstanding (including letters of credit) and $8.9 million was available for borrowing under this facility. Direct advances under the BofA Credit Facilities bear interest at the U.S. prime rate. Letters of credit under the BofA Credit Facilities are subject to an annual fee of 0.75 % of the amount borrowed. On October 3, 2013, we entered into a $30 million Uncommitted Line of Credit Agreement with Credit Agricole Corporate and Investment Bank (as amended, the "Credit Agricole Credit Facilities"). As of December 31, 2017, $27.9 million was outstanding (including letters of credit) and $2.1 million was available for borrowing under this facility. Under the Credit Agricole Credit Facilities, we are required to pay a fee at a rate not to exceed 0.75 % of the amount borrowed. Lenders under the BofA Credit Facilities and the Credit Agricole Credit Facilities may in their discretion decline to fund our borrowing requests thereunder.

Contractual obligations and commitments

The following table presents our long-term debt obligations and operating and capital lease obligations as of December 31, 2017:

	PAYMENTS DUE BY PERIOD				
IN MILLIONS OF USD	TOTAL	LESS THAN 1 YEAR	1 – 3 YEARS	4 – 5 YEARS	THEREAFTER
Long-term debt obligations [1]	672.9	29.8	59.7	522.5	60.9
Operating and capital lease obligations [2]	1,707.2	276.7	480.2	414.1	536.2
Total	**2,380.1**	**306.5**	**539.9**	**936.6**	**597.1**

1 Includes aggregate principal amounts of financial debt outstanding to Dufry at December 31, 2017, and interest payable thereon. On August1, 2017, one of our affiliates entered into a loan agreement with an affiliate of Dufry AG for CAD$195.0 million of which CAD$85.0 million (short-term) and CAD$65.0 million (long-term) remain outstanding. See "– Indebtedness – Existing debt with Dufry."

2 Represents management estimates of future MAG payments under our concession agreements as of December31, 2017, as well as storage, office and warehouse rents. For the fiscal years ended December 31, 2017, 2016, and 2015, we paid concession fees of $399.1million, $375.3 million and $307.0 million, respectively, of which $136.7million, $168.7 million, and $137.0 million, respectively, consisted of variable rent.

Notwithstanding the maturity date of the existing financial debt outstanding to Dufry, we intend to make repayments of $15.8 million, $50.2 million and $402.7 million within the next year, one to three year period and four to five year period, respectively.

Off-Balance sheet arrangements

We have no off-balance sheet arrangements that have or are materially likely to have a current or future material effect on our financial condition, changes in financial condition, sales or expenses, results of operations, liquidity, capital expenditures or capital resources.

Quantitative and qualitative disclosures about market risk

We are exposed to market risks associated with foreign exchange rates, interest rates, commodity prices and inflation. In accordance with our policies, we seek to manage our exposure to these various market-based risks.

Foreign exchange risk

We are exposed to foreign exchange risk through our Canadian operations. Our Canadian sales are denominated in Canadian dollars, while expenses relating to certain products we sell in Canada are denominated in U.S. dollars. We also make a limited amount of purchases from foreign sources, which subjects us to minimal foreign currency transaction risk. As a result, our exposure to foreign exchange risk is primarily related to fluctuations between the Canadian dollar and the U.S. dollar. We are also exposed to foreign exchange fluctuations on the translation of our Canadian operating results into U.S. dollars for reporting purposes, which can affect the comparability quarter-over-quarter and year-over-year of our results. We generally benefit from natural hedging and therefore do not currently engage in material forward foreign exchange hedging.

Interest rate risk

We have a significant amount of interest-bearing liabilities related to our long term financing arrangements with Dufry, at a weighted average interest rate of 5.7% as of December 31, 2017. We do not have any material floating rate financial instruments and as such are not currently exposed to significant interest rate risk.

Commodity price risk

Our profitability is dependent on, among other things, our ability to anticipate and react to changes in the costs of the food and beverages we sell. Cost increases may result from a number of factors, including market conditions, shortages or interruptions in supply due to weather or other conditions beyond our control, governmental regulations and inflation. Substantial increases in the cost of the food and beverages we sell could impact our operating results to the extent that such increases cannot be offset by price increases.

Impact of inflation

Inflation has an impact on the cost of retail products, food and beverage, construction, utilities, labor and benefits and selling, general and administrative expenses, all of which can materially impact our operations. While we have been able to partially offset inflation by gradually increasing prices, coupled with more efficient practices, productivity improvements and greater economies of scale, we cannot assure you that we will be able to continue to do so in the future, and macroeconomic conditions could make price increases impractical or impact our sales. We cannot assure you that future cost increases can be offset by increased prices or that increased prices will be fully absorbed by our customers without any resulting change to their purchasing patterns.

Critical accounting estimates

The preparation of our financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities at the reporting date. The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which include a risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial periods. We discuss these estimates and assumptions below. Also, see Note 2.3 “Summary of Significant Accounting Policies” to our audited Combined Financial Statements included elsewhere in this annual report, which presents the significant accounting policies applicable to our financial statements.

Concession rights

Concession rights identified in a business combination are measured at fair value as at the date of acquisition and amortized over the contract duration. Hudson assesses concession rights for impairment indications at least annually and whenever events or circumstances indicate that the carrying amount may not be recoverable.

Goodwill

Goodwill is subject to impairment testing each year. The recoverable amount of the cash generating unit is determined based on value-in-use calculations which require the use of assumptions, including those relating to pre- and post-tax discount rates and growth rates for net sales. The calculation uses cash flow projections based on financial forecasts approved by Hudson's management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective market and is consistent with forecasted passenger growth included in the travel related retail industry reports.

Taxes

Income tax expense represents the sum of the current income tax and deferred tax. Income tax positions not relating to items recognized in the income statement, are recognized in correlation to the underlying transaction either in other comprehensive income or equity. Hudson is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. Hudson recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made.

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 or states where Hudson 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; or

– 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 be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits or tax losses. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. 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; or

- in respect of deductible temporary differences associated with investments in subsidiaries, in which case deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed 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.

Recent accounting pronouncements

Effective for annual period beginning January 1, 2019, a new accounting standard, IFRS 16, replaces existing guidance and eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and introduces a single, on-balance sheet accounting model. While we currently treat operating leases, such as concession or rental agreements, as selling expenses, under IFRS 16 all leases will become on-balance sheet right-of-use assets with corresponding lease liabilities on the statement of financial position. As a result, we will be recording the fair value of the fixed or minimum payment commitments for concessions and rents owed until the end of the respective agreement as a lease obligation on the statement of financial position, while a corresponding right-of-use asset will be capitalized in the same amount as the lease liability. While the Company is closely reviewing the terms of each lease and concession agreement to assess the impact of IFRS 16, we currently expect that it will materially increase the assets and liabilities on our statement of financial position.

See Note 4 of our Combined Financial Statements for a description of other recent account pronouncements.

C. Research and development, patents and licenses, etc.

We do not conduct research and development activities.

D. Trend information

For a discussion of Trend information, see " – A. Operating results – Principal factors affecting our results of operations," " – A. Operating results – Results of operations" and "Item 4. Information on the Company – B. Business overview – Our strategies."

E. Off-balance sheet arrangements

We have no off-balance sheet arrangements that have or are materially likely to have a current or future material effect on our financial condition, changes in financial condition, sales or expenses, results of operations, liquidity, capital expenditures or capital resources.

F. Tabular disclosure of contractual obligations

The following table presents our long-term debt obligations and operating and capital lease obligations as of December 31, 2017:

	PAYMENTS DUE BY PERIOD				
IN MILLIONS OF USD	TOTAL	LESS THAN 1 YEAR	1 – 3 YEARS	4 – 5 YEARS	THEREAFTER
Long-term debt obligations [1]	672.9	29.8	59.7	522.5	60.9
Operating and capital lease obligations [2]	1,707.2	276.7	480.2	414.1	536.2
Total	**2,380.1**	**306.5**	**539.9**	**936.6**	**597.1**

1 Includes aggregate principal amounts of financial debt outstanding to Dufry at December 31, 2017, and interest payable thereon. On August1, 2017, one of our affiliates entered into a loan agreement with an affiliate of Dufry AG for CAD$195.0 million of which CAD$85.0 million (short-term) and CAD$65.0 million (long-term) remain outstanding. See "– B. Liquidity and capital resources – Indebtedness – Existing debt with Dufry.

2 Represents management estimates of future MAG payments under our concession agreements as of December31, 2017, as well as storage, office and warehouse rents. For the fiscal years ended December 31, 2017, 2016 and 2015, we paid concession fees of $399.1million, $375.3 million and $307.0 million, respectively, of which $136.7million, $168.7 million and $137.0 million, respectively, consisted of variable rent.

Notwithstanding the maturity date of the existing financial debt outstanding to Dufry, we intend to make repayments of $9.5 million, $34.4 million and $64.7 million within the next year, one to three year period and four to five year period, respectively.

G. Safe harbor

See "Forward-Looking Statements."

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management

Board of directors

The following table lists each of our current executive officers and directors and their respective ages and positions as of the date of this annual report. Unless otherwise stated, the business address for our directors and executive officers is that of our principal executive offices at 4 New Square, Bedfont Lakes, Feltham, Middlesex, United Kingdom.

NAME	AGE	POSITION	INITIAL YEAR OF APPOINTMENT	DIRECTOR OF CLASS
Juan Carlos Torres Carretero	68	Chairman of the Board of Directors	2017	Class III (term expires in 2018)
Julián Díaz González	59	Deputy Chairman and Director	2017	Class III (term expires in 2018)
Joseph DiDomizio	47	Chief Executive Officer and Director	2017	Class III (term expires in 2018)
James Cohen	59	Director	2018	Class II (term expires in 2019)
Mary J. Steele Guilfoile	63	Director	2018	Class II(term expires in 2019
Heekyung (Jo) Min	59	Director	2018	Class I (term expires in 2020)
Joaquín Moya-Angeler Cabrera	68	Director	2018	Class I (term expires in 2020)
James E. Skinner	64	Director	2018	Class II (term expires in 2019)
Eugenia M. Ulasewicz	64	Director	2018	Class I (term expires in 2020
Adrian Bartella	42	Chief Financial Officer	2017	–
Roger Fordyce	62	Executive Vice President and Chief Operating Officer	2017	–
Brian Quinn	59	Executive Vice President and Chief Operating Officer	2017	–
Hope Remoundos	63	Executive Vice President and Chief Marketing Officer	2017	–
Michael Mullaney	51	Executive Vice President, Corporate Strategy & Business Development	2017	–
Richard Yockelson	67	Senior Vice President, People & Administration	2017	–
Michael Levy	48	Senior Vice President and Chief Merchandising Officer	2017	–

The following is a brief biography of each of our executive officers and directors:

Juan Carlos Torres Carretero is the Chairman of the board of directors of the Company. He was appointed to our board of directors on September 15, 2017, and has served as the Chairman of Dufry AG since 2003. Mr. Torres Carretero was a Partner at Advent International in Madrid from 1991 to 1995, and served as Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America from 1995 to 2016. He holds a MS in physics from Universidad Complutense de Madrid and a MS in management from MIT's Sloan School of Management. Mr. Torres Carretero also serves on the board of directors of TCP Participações S.A. and Moncler S.p.A.

Julián Díaz González is the Deputy Chairman of the board of directors of the Company. He was appointed to our board of directors on September 15, 2017, and has served as a board member and the Chief Executive Officer of Dufry AG since 2004. Mr. Díaz González held various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. from 1997 to 2000, and was General Manager of Latinoamericana DutyFree, S.A. de C.V. from 2000 to 2003. He holds a degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid. Mr. Díaz González also serves on the board of directors of Distribuidora Internacional de Alimentacion, S.A. (DIA).

Joseph DiDomizio is the Chief Executive Officer and a Director of the Company. He was appointed to our board of directors on August 3, 2017, and serves as a member of the Divisional Executive Committee of Dufry AG. He has served in a variety of roles at Hudson Group over the past 25 years, including as Retail Operations Manager in 1992, Director of Business in 1994, Vice President of Business Development in 1996, Chief Operating Officer in 2003, and Chief Executive Officer since 2008. He received a bachelor of science in marketing from the University of Bridgeport in 1992. Mr. DiDomizio also serves on the National Board of Directors for Communities in Schools.

James S. Cohen is a Director of the Company. Mr. Cohen served as a member of the board of directors of Dufry AG from 2009 to 2016. He has held various positions at Hudson Media, Inc. since 1980, where he has been the Chief Executive Officer and President since 1994. In addition, Mr. Cohen is the Chairman and Chief Executive Officer of Hudson Capital Properties, an owner and developer of multi-family rental properties located predominantly in the Southeastern and Midwestern United States, and serves on the board of directors of COMAG Marketing Group, LLC. Mr. Cohen holds a bachelor's degree in economics from the Wharton School of the University of Pennsylvania.

Mary J. Steele Guilfoile is a Director of the Company. Ms. Guilfoile is currently Chairman of MG Advisors, Inc., a privately owned financial services merger and acquisitions advisory and consulting firm, and is a Partner of The Beacon Group, LP, a private investment group. Ms. Guilfoile served as Executive Vice President and Corporate Treasurer at JPMorgan Chase & Co. and as Chief Administrative Officer of its investment bank from 2000 through 2002, and previously served as a Partner, CFO and COO of The Beacon Group, LLC, a private equity, strategic advisory and wealth management partnership, from 1996 through 2000. She has been a member of the boards of directors of C.H. Robinson Worldwide, Inc. since 2012, currently serving as a member of the audit committee, The Interpublic Group of Companies, Inc. since 2007, currently serving as a member of the audit committee and the corporate governance committee and Valley National Bancorp since 2003. Ms. Guilfoile holds a bachelor's degree in accounting from Boston College Carroll School of Management and a master's degree in business administration from Columbia Business School, and is a certified public accountant.

Heekyung (Jo) Min is a Director of the Company. Ms. Min has been a member of the Dufry AG board of directors since 2016, and has been serving as Executive Vice President at CJ Cheiljedang Corporation, focusing on Corporate Social Responsibility and Sustainability, for a publicly-listed Korean conglomerate since 2011. Ms. Min previously served as Director General of Incheon Free Economic Zone in Korea from 2007 to 2010, as Country Advisor of Global Resolutions in Korea in 2006 and as Executive Vice President of Prudential Investment and Securities Co., Korea from 2004 to 2005. Ms. Min holds an undergraduate degree from Seoul National University and a master's degree in business administration from Columbia Business School. Ms. Min is a member of the Board of Directors of CJ Welfare Foundation and a member of Honorary Advisory Board of Asia New Zealand Foundation.

Joaquín Moya-Angeler Cabrera is a Director of the Company. Mr. Moya-Angeler Cabrera has served as member of the board of directors of Redsa S.A. since 1997, Hildebrando since 2003, La Quinta Real Estate since 2003, Inmoan since 1989, Avalon Private Equity since 1999 and Corporación Tecnológica Andalucia since 2005. Mr. Moya-Angeler Cabrera is currently a member of the board of directors of La Quinta Group (chairman), Palamon Capital Partners, Board of Trustees University of Almeria (chairman), Fundación Mediterránea (chairman), Redsa S.A., Inmoan SL, Avalon Private Equity, Spanish Association of Universities Governing Bodies (chairman) and Corporation Group Leche Pascual (Vice Chairman). Mr. Moya-Angeler Cabrera holds a master's degree in Mathematics from the University of Madrid, a degree in economics and forecasting from the London School of Economics and Political Science and an MS in management from MIT's Sloan School of Management.

James E. Skinner is a Director of the Company. Mr. Skinner served as Vice Chairman of The Neiman Marcus Group LLC from July 2015 until his retirement in February 2016. Mr. Skinner previously held a variety of positions at The Neiman Marcus Group LLC from 2001, including Executive Vice President, Chief Operating Officer and Chief Financial Officer. In 2000, Mr. Skinner served as Senior Vice President and Chief Financial Officer of CapRock Communications Corporation. From 1991 to 2000, Mr. Skinner served in several positions with CompUSA Inc., including Executive Vice President and Chief Financial Officer beginning in 1994. Mr. Skinner also served as a partner with Ernst & Young LLP from 1987 until 1991. Mr. Skinner has served as a member of the board of directors of Fossil Group, Inc. since 2007 and Ares Commercial Real Estate Corporation since 2016. Mr. Skinner holds a bachelor's degree in business administration and accounting from Texas Tech University and is a certified public accountant in Texas.

Eugenia M. Ulasewicz is a Director of the Company. Ms. Ulasewicz most recently served as President of the Americas division for Burberry Ltd. from 1998 to 2013. She has been a member of the boards of directors of Bunzl PLC since 2011, Signet Jewelers Ltd. since 2013 and Vince Holding Corporation since 2014. Ms. Ulasewicz holds a bachelor's degree from the University of Massachusetts, Amherst.

Adrian Bartella is the Chief Financial Officer. Mr. Bartella has over 12 years of international finance experience. He joined Dufry AG in 2005 and has served in various positions in its Finance, Mergers and Acquisitions and Treasury before being named Global Head of Investment Control, Mergers and Acquisitions in 2010. He has served as Chief Financial Officer of Hudson Group since 2012. Mr. Bartella holds a degree in business administration from the European University Viadrina in Frankfurt, Germany.

Roger Fordyce is an Executive Vice President and Chief Operating Officer. He is responsible for the day-to-day general management of the company. Mr. Fordyce served as Senior Vice President of Operations at Hudson Group from 1996 to 2008. Previously, he was Vice President of Operations from 1992 to 1996. Prior to that, he served as District Manager overseeing operations in LaGuardia, Penn Station and Grand Central Station, which were acquired by Hudson Group in 1990. Prior to joining Hudson Group in 1988, Mr. Fordyce held positions as manager at Dobbs/Aeroplex, WH Smith, and Greenman Bros. Mr. Fordyce received a bachelor of arts in psychology from SUNY Stony Brook in 1977.

Brian Quinn is an Executive Vice President and Chief Operating Officer. He is responsible for the day-to-day general management of the company. Mr. Quinn was Vice President of Operations at Hudson Group from 1992 to 1996. Prior to that, he was General Manager of Hudson Group's LaGuardia Airport operations. Prior to joining Hudson Group in 1991, Mr. Quinn held positions as Regional Vice President at the Rite-Aid Corporation, Regional Vice President at Faber Coe & Gregg, and General Manager of WH Smith New York City operations. Mr. Quinn attended St. John's University, majoring in political science.

Hope Remoundos is an Executive Vice President and the Chief Marketing Officer. Ms. Remoundos served as Senior Vice President, Sales and Marketing at Hudson Group from 2000 to 2016, and held positions as Director and Vice President in Sales and Marketing from 1992 to 2000. Prior to joining Hudson Group in 1992, Ms. Remoundos worked for over 20 years in general management, circulation and consulting roles within the publishing and advertising industry. She served as a consultant with McNamee Consulting, and was General Manager and Circulation Manager for Egg Magazine (a division of Forbes) for three years. She was also associated with Select Magazines (five years), Curtis Circulation (three years), International Musician & Recording World, and Book Digest. Ms. Remoundos graduated with honors from Fairleigh Dickinson University in 1976, receiving a bachelor of science in marketing.

Michael Mullaney is the Executive Vice President, Corporate Strategy & Business Development. Prior to joining Hudson Group in 2004, Mr. Mullaney served as Manager in Commercial and Business Development for the Cincinnati/Northern Kentucky International Airport. Mr. Mullaney was previously a senior consultant with Aviation Planning Associates and TransPlan, and a member of the Florida Department of Transportation's Multimodal System Planning Bureau. Mr. Mullaney received a bachelor of science in aviation management/flight technology from Florida Institute of Technology in 1988.

Richard Yockelson is the Senior Vice President, People & Administration, overseeing Human Resources and Payroll. Prior to joining Hudson Group in this role in 2005, Mr. Yockelson was Vice President of Human Resources for Party City Corporation for eight years. He also served as Director of Human Resources or Personnel Director for NBO Clothing, Workbench Furniture, Abraham & Straus (Federated Department Stores), Linens 'N Things, Gimbel's and Korvette's Department Stores. Mr. Yockelson received a bachelor of business administration in marketing from Baruch College in 1974.

Michael Levy is a Senior Vice President and Chief Merchandising Officer. Prior to Mr. Levy joining Hudson Group in this role in 2008, he served as Vice President and Divisional Merchandise Manager of Saks Fifth Avenue from 2005 to 2008. Prior to that, he held positions as Vice President of Merchandise Planning and Buyer for Men's Designer Clothing. Mr. Levy also held roles in merchandise buying and planning at Brooks Brothers, Polo Ralph Lauren Factory Stores, and Lord & Taylor. Mr. Levy received a bachelor of arts in geriatric psychology from Syracuse University in 1991.

Board of Directors

Our bye-laws provide that our board of directors shall consist of nine directors. We have nine directors, three of whom are independent directors, on our board of directors. A director may be removed by the shareholders, in accordance with the Company's bye-laws. See "Item 10. Additional Information – B. Memorandum of association and bye-laws." Our board is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, but the terms are staggered so that the term of only one class of directors expires at each annual general meeting.

Our board of directors established an audit committee and a nomination and remuneration committee prior to the consummation of our initial public offering.

B. Compensation

The compensation for each member of our executive management is comprised of the following elements: base salary, bonus, contractual benefits, and pension contributions. Total amount of compensation paid and benefits in kind provided to our executive management for the fiscal year 2017 was $11.2 million. We do not currently maintain any bonus or profit-sharing plan for the benefit of the members of our executive management; however, certain members of our executive management are eligible to receive annual bonuses pursuant to the terms of their service agreements. No amount was set aside or accrued by us to provide pension, retirement or similar benefits to our executive management employees with respect to the fiscal year 2017. We did not pay any compensation to our non-employee directors in 2017.

Changes to our remuneration structure following the consummation of our initial public offering

New equity incentive award plan

Prior to the consummation of our initial public offering, we adopted an Equity Incentive Award Plan (the “PSU Plan”). The principal purpose of the PSU Plan is to attract, retain and motivate selected members of senior management through the granting of share-based compensation awards. The PSU Plan is similar to that currently used by Dufry to issue equity awards to certain members of our senior management. The PSU Plan provides for the issuance of performance share units (“PSUs”) to eligible members of senior management, as determined by our board of directors. Such PSUs represent the right to receive, free of charge, a certain number of our Class A common shares should the performance targets identified as of the date of grant be met by the Company as of the vesting date. The vesting date will be three years from the date of grant. We did not grant any awards pursuant to the PSU Plan in 2017. Subject to the discretion of our board of directors, we expect that the first awards will be granted pursuant to the PSU Plan in 2018 and be subject to a three-year vesting period. As such, any awards granted in 2018 would not vest, if at all, until 2021. Should any awards vest, we expect to settle such awards by purchasing Class A common shares in the market.

Certain members of our senior management were granted PSU awards from Dufry in each of the years ended December 31, 2017, 2016 and 2015. Should these Dufry PSU awards vest, they will entitle the holder to receive shares of Dufry.

New restricted stock unit award and equity compensation plan

Following our initial public offering, we approved a Restricted Stock Unit Award and Equity Compensation Plan (the “Equity Compensation Plan”). The principal purpose of the Equity Compensation Plan is to retain and / or motivate selected employees, employees of our affiliates and service providers through the granting of share-based awards. The Equity Compensation Plan provides for the issuance of restricted stock units (“RSUs”) and other share-based awards to eligible employees, employees of affiliates and service providers, as determined by our board of directors. RSUs granted under the Equity Compensation Plan will represent the right to receive, free of charge, a certain number of our Class A common shares. Subject to the discretion of our board of directors, we expect that the first awards would be granted pursuant to the Equity Compensation Plan in 2018 in the form of RSUs that would be subject to a two-year vesting period. As such, any awards granted in 2018 would not vest, if at all, until 2020, unless there were an earlier qualifying termination of employment. Upon vesting, we expect to settle such awards by purchasing Class A common shares in the market.

C. Board practices

Audit committee

The audit committee, which consists of Ms. Ulasewicz, Mr. Skinner and Ms. Guilfoile, assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. In addition, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The audit committee is also be responsible for reviewing and determining whether to approve certain transactions with related parties. See “Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions – Related person transaction policy.” The board of directors has determined that each of Ms. Guilfoile, Mr. Skinner and Ms. Ulasewicz qualifies as an “audit committee financial expert,” as such term is defined in the rules of the SEC, and that each of Ms. Guilfoile, Mr. Skinner and Ms. Ulasewicz is independent, as independence is defined under the rules of the SEC and NYSE applicable to foreign private issuers. Ms. Guilfoile was appointed to act as chairman of our audit committee.

Nomination and remuneration committee

The nomination and remuneration committee, which consists of Mr. Torres Carretero, Mr. Díaz González and Mr. Cohen, assists the board in overseeing the long-term planning of appropriate appointments to the position of Chief Executive Officer, as well as establishing criteria for the selection of candidates for executive officer positions, including the position of Chief Executive Officer, and reviewing candidates to fill vacancies for executive officer positions. In addition, the nomination and remuneration committee identifies, reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other executive officers, evaluate executive officers' performance in light of such goals and objectives and determine each executive officer's compensation based on such evaluation and will determine any long-term incentive component of each executive officer's compensation. Mr. Cohen was appointed to act as chairman of our nomination and remuneration committee.

Code of business conduct and ethics

Prior to the consummation of our initial public offering, we adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our code of business conduct and ethics addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the code of business conduct and ethics, employee misconduct, conflicts of interest or other violations. Our code of business conduct and ethics is attached as an exhibit to this annual report.

Duties of directors

Under Bermuda common law, members of the board of directors of a Bermuda company owe a fiduciary duty to the company to act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfill the duties of their office honestly. This duty includes the following essential elements:

– a duty to act in good faith in the best interests of the company;

– a duty not to make a personal profit from opportunities that arise from the office of director;

– a duty to avoid conflicts of interest; and

– a duty to exercise powers for the purpose for which such powers were intended.

The Companies Act imposes a duty on directors of a Bermuda company to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of the company. Directors and officers generally owe fiduciary duties to the company, and not to the company's individual shareholders. Our shareholders may not have a direct cause of action against our directors.

D. Employees

We are responsible for hiring, training and management of employees at each of our retail locations. As of December 31, 2017, we employed 9,641 people, including both full-time and part-time employees (as compared to 9,001 at December 31, 2016). Of these employees, 8,147 were full-time employees and 1,494 were part-time employees. As of December 31, 2017, 3,910 of our employees were subject to collective bargaining agreements.

E. Share ownership

As of March 8, 2018, members of our board of directors and our senior management held as a group 43,700 of our Class A common shares.

The following table shows the beneficial ownership of each member of our board of directors and senior management as of March 8, 2018.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Class A common shares that may be acquired by an individual or group within 60 days after the date of this annual report, pursuant to the exercise of options, warrants or other rights, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all common shares shown to be beneficially owned by them, based on information provided to us by such shareholders. The address for each director and executive officer listed is 4 New Square, Bedfont Lakes, Feltham, Middlesex, United Kingdom.

	SHARES BENEFICIALLY OWNED				
NAME OF BENEFICIAL OWNER	CLASS A COMMON SHARES	%	CLASS B COMMON SHARES	%	PERCENTAGE OF TOTAL VOTING POWER[1]
Executive officers and directors:					
Juan Carlos Torres Carretero	–	–	–	–	–
Julián Díaz González	–	–	–	–	–
Joseph DiDomizio	*	*	–	–	*
Adrian Bartella	*	*	–	–	*
James Cohen	–	–	–	–	–
Mary J. Steele Guilfoile	–	–	–	–	–
Heekyung (Jo) Min	*	*	–	–	*
Joaquín Moya-Angeler Cabrera	–	–	–	–	–
James E. Skinner	*	*	–	–	*
Eugenia M. Ulasewicz	*	*	–	–	*
Roger Fordyce	*	*	–	–	*
Brian Quinn	*	*	–	–	*
Hope Remoundos	*	*	–	–	*
Michael Mullaney	–	–	–	–	–
Richard Yockelson	*	*	–	–	*
Michael Levy	–	–	–	–	–

* Indicates ownership of less than 1% of outstanding Class A common shares and less than 1% of the total voting power of all outstanding common shares.

[1] Percentage of total voting power represents voting power with respect to all of our Class A and Class B common shares, as a single class. The holders of our Class B common shares are entitled to 10 votes per share, and holders of our Class A common shares are entitled to one vote per share. For more information about the voting rights of our Class A and Class B common shares, see "Item 10. Additional Information – B. Memorandum of association and bye-laws – Common shares – Voting rights."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major shareholders

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Class A common shares that may be acquired by an individual or group within 60 days after the date of this annual report pursuant to the exercise of options, warrants or other rights, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all common shares shown to be beneficially owned by them, based on information provided to us by such shareholders. The address for Dufry is Brunngässlein 12, CH – 4010 Basel, Switzerland.

Except as indicated in footnotes to this table, the following table presents the beneficial ownership of our common shares as of March 8, 2018:

	SHARES BENEFICIALLY OWNED				
NAME OF BENEFICIAL OWNER	CLASS A COMMON SHARES	%	CLASS B COMMON SHARES	%	PERCENTAGE OF TOTAL VOTING POWER [1]
Dufry AG [2]	–	–	53,093,315	100.00	93.1
Norges Bank (The Central Bank of Norway) [3]	2,060,000	5.2	–	–	0.4
Citadel Entities [4]	2,443,222	6.2	–	–	0.4
Point72 Entities [5]	1,976,624	5.0	–	–	0.3

1 Percentage of total voting power represents voting power with respect to all of our Class A and Class B common shares, as a single class. The holders of our Class B common shares are entitled to 10 votes per share, and holders of our Class A common shares are entitled to one vote per share. For more information about the voting rights of our Class A and Class B common shares, see "Item 10. Additional Information - B. Memorandum of association and bye-laws - Common shares - Voting rights."

2 Represents Class B common shares held by Dufry International AG. For additional information relating to our controlling shareholder, see "Item 10. Additional Information - B. Memorandum of association and bye-laws" and "Item 3. Key Information - D. Risk factors". The two-class structure of our common shares has the effect of concentrating voting control with Dufry and its affiliates. Because of its significant share ownership, Dufry exerts control over us, including with respect to our business, policies and other significant corporate decisions. This limits or precludes your ability to influence corporate matters, including the election of directors, amendments to our organizational documents and any merger, amalgamation, sale of all or substantially all of our assets or other major corporate transaction requiring shareholder approval.

3 As reported on Form 13G filed with the SEC on February 2, 2018. The address for Norges Bank is Bankplassen 2, PO Box 1179 Sentrum, NO 0107 Oslo, Norway.

4 As reported on Form 13G filed with the SEC on February 8, 2018, consists of Class A common shares owned by Citadel Multi-Strategy Equities Master Fund Ltd., a Cayman Islands limited company ("CM"), and Citadel Global Equities Master Fund Ltd., a Cayman Islands limited company ("CG"). Citadel Advisors LLC ("Citadel Advisors") is the portfolio manager for CM and CG. Citadel Advisors Holdings LP ("CAH") is the sole member of Citadel Advisors. Citadel GP LLC ("CGP") is the general partner of CAH. Mr. Kenneth Griffin is the President and Chief Executive Officer of, and owns a controlling interest in, CGP. Each of Citadel Advisors, CAH, CGP and Mr. Griffin may be deemed to beneficially own 2,443,222 Class A common shares. The address for each of CM, CG, Citadel Advisors, CAH and Mr. Griffin is 131 S. Dearborn Street, 32nd Floor, Chicago, Illinois 60603.

5 As reported on Form 13G filed with the SEC on February 8, 2018, consists of Class A common shares beneficially owned by (i) Point72 Asset Management, L.P. ("Point72 Asset Management"); (ii) Point72 Capital Advisors, Inc. ("Point72 Capital Advisors Inc."); (iii) Cubist Systematic Strategies, LLC ("Cubist Systematic Strategies"); (iv) Point72 Asia (Hong Kong) Limited ("Point72 Asia (Hong Kong)"); (v) Point72 Europe (London) LLP ("Point72 Europe (London)"); and (vi) Steven A. Cohen ("Mr. Cohen"). Point72 Asset Management, Point72 Capital Advisors Inc., Cubist Systematic Strategies, Point72 Asia (Hong Kong), Point72 Europe (London), and Mr. Cohen own directly no Class A common shares. Pursuant to an investment management agreement, Point72 Asset Management maintains investment and voting power with respect to the securities held by certain investment funds it manages. Point72 Capital Advisors Inc. is the general partner of Point72 Asset Management. Pursuant to an investment management agreement, Cubist Systematic Strategies maintains investment and voting power with respect to the securities held by certain investment funds it manages. Pursuant to an investment management agreement, Point72 Asia (Hong Kong) maintains investment and voting power with respect to the securities held by certain investment funds it manages. Pursuant to an investment management agreement, Point72 Europe (London) maintains investment and voting power with respect to the securities held by certain investment funds it manages. Mr. Cohen controls each of Point72 Asset Management, Point72 Capital Advisors Inc., Cubist Systematic Strategies, Point72 Asia (Hong Kong), and Point72 Europe (London). By reason of the provisions of Rule 13d-3 of the Securities Exchange Act of 1934, as amended, each of (i) Point72 Asset Management, Point72 Capital Advisors Inc., and Mr. Cohen may be deemed to beneficially own 1,875,000 Class A common shares (constituting approximately 4.8% of the Class A common shares outstanding); (ii) Cubist Systematic Strategies and Mr. Cohen may be deemed to beneficially own 200 Class A common shares (constituting less than 0.1% of the Class A common shares outstanding); (iii) Point72 Asia (Hong Kong) and Mr. Cohen may be deemed to beneficially own 51,424 Class A common shares (constituting approximately 0.1% of the Class A common shares outstanding); and (iv) Point72 Europe (London) and Mr. Cohen may be deemed to beneficially own 50,000 Class A common shares (constituting approximately 0.1% of the Class A common shares outstanding). Each of Point72 Asset Management, Point72 Capital Advisors Inc., Cubist Systematic Strategies, Point72 Asia (Hong Kong), Point72 Europe (London), and Mr. Cohen disclaims beneficial ownership of any of the securities covered by this statement. The address of the principal business office of (i) Point72 Asset Management, Point72 Capital Advisors Inc., and Mr. Cohen is 72 Cummings Point Road, Stamford, CT 06902; (ii) Cubist Systematic Strategies is 330 Madison Avenue, New York, NY 10173; (iii) Point72 Asia (Hong Kong) is 17th Floor, York House, The Landmark, 15 Queen's Road Central, Hong Kong; and (iv) Point72 Europe (London) is 8 St. James's Square, London, SW1Y 4JU, United Kingdom.

As of March 8, 2018, we had 2 shareholders of record. One record holder, CEDE & CO., a nominee of The Depository Trust Company, was a resident of the United States, which held an aggregate of 39,417,765 of our Class A common shares, representing approximately 42.6 % of our outstanding common shares. Since some of the shares are held by nominees, the number of shareholders may not be representative of the number of beneficial owners.

B. Related party transactions

Transactions with Dufry

Supply

Dufry is one of our largest suppliers of products. In particular, Dufry is the largest supplier of products for our duty free operations, including liquors and perfumes. For the years ended December 31, 2017, 2016, and 2015, $ 67.4 million, $64.5 million and $46.3 million, respectively, of cost of goods sold was attributable to purchases of products from Dufry. We expect Dufry to continue to supply us with products as contemplated by the Master Relationship Agreement entered into in connection with our initial public offering. See "– New agreements with Dufry – Master relationship agreement."

Franchise and other services

We have historically paid a franchise fee to Dufry to license brands owned by Dufry or its subsidiaries, including the Dufry, Hudson, Nuance and World Duty Free brands, and to receive ancillary franchise services from Dufry including centralized support services, such as treasury, internal audit and other similar services. We expect Dufry or its subsidiaries to continue to license these brands to us and provide us with ancillary franchise services pursuant to the terms of the agreements entered into in connection with our initial public offering. See "– New agreements with Dufry – Franchise agreements" and "– New agreements with Dufry – Trademark license agreement."

We have historically received a fee from Dufry for our provision of consultation services to Dufry to assist Dufry in store concept and design, primarily for duty-paid stores outside the continental United States and Canada and in connection with the development, enhancement, maintenance, protection and exploitation of the Hudson brand. We expect to continue to provide Dufry with consultation services pursuant to the terms of new franchise agreements, all as contemplated by the Master Relationship Agreement entered into in connection with our initial public offering. See "New agreements with Dufry – Master relationship agreement".

We recorded $50.6 million, $50.1 million and $44.2 million in net expenses for all such services, respectively, for the years ended December 31, 2017, 2016 and 2015.

Treasury operations

We have historically been an integral part of Dufry's global treasury and cash management operations and we expect to continue to be an integral part of such operations. We also participate in Dufry Group's cash pooling arrangement. See "Item 5. Operating and Financial Review and Prospects – B. Liquidity and capital resources – Dufry group cash pooling."

At December 31, 2017, 2016 and 2015, we owed $ 520.4 million, $475.2 million and $483.1 million, respectively, to Dufry pursuant to long-term financial loans (excluding current portion). We were charged $ℵ29.5 million, $29.1 million and $24.8 million in each of the years ended December 31, 2017, 2016 and 2015, respectively, in interest to Dufry. The weighted-average annual interest rate on our loans from Dufry for the years ended December 31, 2017, 2016 and 2015 was 5.7 %, 5.9 % and 5.9 %, respectively per year. In connection with the Reorganization Transactions, on August 1, 2017 we entered into an additional loan of CAD$195.0 million with Dufry. We repaid CAD$45.0 million on August 1, 2017. Interest on this loan is 3.8900 % for CAD$65.0 million, with the remaining CAD$85.0 million bearing no interest. For further details, see "Item 5. Operating and Financial Review and Prospects – B. Liquidity and capital resources – Indebtedness."

We expect to continue to borrow from Dufry, engage in cash pooling with other Dufry entities and receive other treasury services from Dufry, in each case as contemplated by the Master Relationship Agreement entered into in connection with our initial public offering. See "– New agreements with Dufry – Master relationship agreement."

New agreements with Dufry

In connection with our initial public offering, we entered into a series of new agreements with Dufry. Most importantly, we entered into the following agreements:

Master relationship agreement

This agreement governs the general commercial relationship between us and other members of the Dufry Group. Recognizing our position as an integral part of the Dufry Group, the agreement provides, among other things, that:

- we will provide information concerning our business to Dufry upon request;
- subject to applicable law, we will not publish press releases concerning our business, results of operations or financial condition, reports, notices, proxy or information statements, registration statements or prospectuses without Dufry's consent;
- we will cooperate with Dufry with respect to various matters, including the preparation of its public reports;
- unless we obtain Dufry's consent, we will borrow funds only pursuant to facilities provided by members of the Dufry Group, and any such borrowing will be on substantially the same terms as our outstanding borrowings from members of the Dufry Group at the date of our initial public offering, provided that the principal amount, interest rate (which may be fixed or floating) and term of future borrowings may vary from facility to facility, and the interest rate that Dufry charges us will correspond to Dufry's weighted average cost of debt funding in the currency of our borrowings at the time that we borrow or refinance any such debt or, if a floating rate of interest is applied, Dufry's weighted average cost of debt funding at each interest reset date, in each case plus an administration fee to reflect the cost to Dufry of providing the service;

- unless we obtain Dufry's consent, we will execute foreign exchange transactions only through members of the Dufry Group, and if Dufry executes such foreign exchange transactions for us, it may execute them either with a third person on our behalf at the best quoted price or directly with us at the best price quoted by a third person, in each case as reasonably determined by Dufry, plus an administration fee to reflect the cost to Dufry of providing the service;

- Dufry may direct us to deposit cash in any Dufry Group cash pooling arrangement up to the aggregate principal amount of borrowings by us from Dufry then outstanding, and such cash deposited by us may be used to secure any credit positions in the cash pooling arrangements, either of us or our subsidiaries, or other Dufry Group members, and with Dufry's consent, we may borrow from any cash pool at the then-prevailing market rate applicable to borrowings by similar borrowers from the bank operating the cash pooling arrangement, as reasonably determined by Dufry, plus an administration fee to reflect the cost to Dufry of providing the service; the agreement also provides that in the event of the insolvency, bankruptcy, receivership or other similar status of Dufry, the amount of any borrowing by us from Dufry should be set off against any amount deposited by us in any cash pooling arrangement that is not returned to us;

- at Dufry's option, we will purchase certain categories of products for sale, either directly from Dufry or through a third person with which Dufry has a supply arrangement, at prices to be determined by Dufry in accordance with its transfer pricing policy as then in effect for all members of the Dufry Group;

- we will do all things necessary to comply with Dufry Group's policies in effect from time to time;

- we will support the Dufry Group in its global sales and marketing strategy and take any action requested by Dufry in furtherance thereof that does not materially adversely affect us;

- we will use, apply and implement any information technology system, application or software required by Dufry, and we will be responsible to Dufry for the costs of any such system, application or software, as well as any support services provided by Dufry, on the basis of the cost to the Dufry Group (including the cost of Dufry Group employees) for such product or service plus an administration fee to reflect the cost to Dufry of providing the service;

- we will reimburse the Dufry Group for all costs incurred by the Dufry Group in connection with the granting and vesting of any awards to our employees of the Company Group, either before or after our initial public offering, pursuant to the Dufry PSU Plan; and

- at Dufry's option, we will participate in any insurance policy or arrangement that Dufry effects for the members of the Dufry Group, and we will be responsible for any costs (incurred by Dufry or otherwise) associated with effecting or maintaining such policy or arrangement, as determined by Dufry in its sole discretion.

The agreement will terminate on the date when there are no issued and outstanding Class B common shares. Also, Dufry may terminate the agreement without cause upon six months' notice to us. The agreement is governed by the Laws of Switzerland and if any dispute is not settled by mediation, it will be finally resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution.

Franchise agreements
As contemplated by the Master Relationship Agreement certain of our subsidiaries will maintain various franchise agreements with the Dufry Group. The franchise agreements provide us with access to:

- franchise intellectual property (such as trademarks), including guidance and training on its use;

- franchise business concepts;

- franchise global distribution center tools;

- franchise supporting knowhow, such as marketing and promotion knowhow and training; and

- ancillary franchise services, such as centralized support services including treasury, internal audit, legal, tax and other services to support the franchise.

In exchange for these access rights and support services, we pay members of the Dufry Group franchise fees, which will vary depending on the trademark under which sales were made. We pay franchise fees equal to:

– 3% of net sales for duty-free sales under the Dufry, Nuance and World Duty Free trademarks;

– 2% of net sales for duty-free sales not under any such trademark; and

– 0.35% of net sales for duty-paid sales.

Each franchise agreement may be terminated by Dufry without cause upon six months' notice. Upon failure to cure a default under a franchise agreement within ten days of receiving notice of such default, the non-defaulting party may terminate the agreement. The agreements will also terminate on the date that the Master Relationship Agreement terminates. The franchise agreements are governed by Swiss law. The other franchise agreements are on substantially the same terms as the Hudson brand franchise agreement.

Trademark license agreement
Separate to the franchise agreements, Dufry has granted us a seven-year license to use the Hudson brand and trademark within the continental United States, Hawaii and Canada. We will not pay Dufry any fee for such license.

Upon failure to cure a default under the trademark license agreement within ten days of receiving notice of such default, the non-defaulting party may terminate the agreement. The agreement will also terminate on the date that the Master Relationship Agreement terminates. The trademark license agreement is governed by Swiss law.

Registration rights agreement

In connection with our initial public offering, we have entered into a registration rights agreement with Dufry International AG. The registration rights agreement grants Dufry International AG and its designees specified registration rights in connection with any transfer of Class A common shares issuable to us or our affiliates upon conversion of any Class B common shares. See "Item 10. Additional Information – B. Memorandum of association and bye-laws – Common shares – Conversion." As a result, Dufry International AG may require us to use reasonable best efforts to effect the registration under the Securities Act of our Class A common shares that they or their affiliates own, in each case at our own expense. The registration rights agreement also provides that we will indemnify Dufry International AG in connection with the registration of our Class A common shares.

Transactions with entities controlled by Mr. James Cohen

During the years ended December 31, 2017, 2016 and 2015, we paid $ 20.7 million, $20.6 million and $23.5 million, respectively, to Hudson News Distributors, LLC and Hudson RPM Distributors, LLC, which are entities controlled by Mr. James Cohen, for the supply of magazines and other periodicals. We do not have a long-term distribution contract with these entities, but we expect to continue purchasing magazines and other periodicals from them. Mr. Cohen is the former controlling shareholder of our business, is a current shareholder of Dufry and a member of a group of shareholders that hold or control approximately 20 % of Dufry's issued and outstanding shares, and was a member of Dufry's board of directors from 2009 until April 2016. Mr. Cohen is invited to attend meetings of Dufry's board of directors as a guest of the chairman from time to time.

We have subleased to Hudson Media, Inc., a company controlled by Mr. Cohen and his family, approximately 2,000 usable square feet, and provide office services, at our offices in East Rutherford, New Jersey, pursuant to an agreement entered into between Hudson Group Holdings, Inc. and Hudson Media, Inc. prior to our acquisition by Dufry. In connection therewith, Hudson Media, Inc. has paid approximately $16,800 annually in rent to us for each of the years ended December 31, 2017, 2016 and 2015. In addition, Hudson Media, Inc. currently occupies an additional area of approximately 2,000 usable square feet at no additional charge. Pursuant to a termination agreement, as amended, between the parties, Hudson Media, Inc. agreed to vacate the space it occupies in our offices, but had not done so as of the date of this annual report .

In addition, in connection with the sale of their interests in our business, entities affiliated with Mr. Cohen entered into a Trademark Co-Existence Agreement (the "TCEA") with us in 2008 (prior to Dufry's acquisition of us later that year). The TCEA granted us the exclusive ownership of certain trademarks (Hudson News, Hudson Group, Hudson Booksellers, Hudson Group Retail Specialists, Hudson, the "Retail Marks"), which we have subsequently transferred to Dufry, and the entities affiliated with Mr. Cohen exclusive ownership of certain other marks (Hudson News Distributors, Hudson RPM Distributors, Magazine Distributors, the "Wholesale Marks"). We may not use the Wholesale Marks in connection with any distribution business, and the entities affiliated with Mr. Cohen may not use the Wholesale Marks in connection with any retail business. However, entities affiliated with Mr. Cohen may use other names and marks containing the terms "Hudson" or "Hudson News" in conjunction with the word or words "distributors," "distribution," "wholesale" and / or other words that clearly identify or reference the distribution business. Each party also agreed not to apply for any related mark in the other's sphere of operations. The term of the TCEA is indefinite and runs until terminated by mutual written agreement.

Related person transaction policy

In connection with our initial public offering, we adopted a policy regarding approval by the audit committee, subject to certain exceptions, of certain transactions between us and a related person (as defined below). Transactions subject to the policy include the following transactions in which a related person has or will have a direct or indirect material interest:

- any transaction or series of transactions with a related person that is material to us or the related person, or
- any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which we are a party.

For purposes of the policy, "related person" means:

- any director or executive officer of (i) the Company or (ii) an affiliated entity of the Company (including directors and members of the Global Executive Committee of Dufry and the Divisional Executive Committee of Dufry);
- any immediate family member of a director or executive officer of (i) the Company or (ii) an affiliated entity of the Company (including directors and members of the Global Executive Committee of Dufry and the Divisional Executive Committee of Dufry);
- any nominee for director of (i) the Company or (ii) an affiliated entity of the Company (including Dufry) and the immediate family members of such nominee;
- a 10 % beneficial owner of the Company's voting securities or any immediate family member of such owner; and
- enterprises in which a substantial interest in the voting power is owned, directly or indirectly by a person described in any of immediately preceding four bullet points or over which such a person is able to exercise significant influence.

Arrangements with related parties existing at the date of our initial public offering and new arrangements with related parties that were entered into in connection with our initial public offering, in each case (i) that were described in the prospectus for our initial public offering, (ii) including any subsequent amendment to any such arrangement that is not material to the Company and (iii) any ancillary services provided in connection therewith, will not require review, approval or ratification pursuant to the policy.

C. Interests of experts and counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Combined statements and other financial information

Financial statements

See "Item 18. Financial Statements," which contains our audited combined financial statements prepared in accordance with IFRS as issued by IASB .

Legal proceedings

We have extensive operations, and are defendants in a number of court, arbitration and administrative proceedings, and, in some instances, are plaintiffs in similar proceedings. Actions, including class action lawsuits, filed against us from time to time include commercial, tort, customer, employment (such as wage and hour and discrimination), tax, administrative, customs and other claims, and the remedies sought in these claims can be for material amounts.

Dividends and dividend policy

We do not currently intend to pay cash dividends on our common shares in the foreseeable future. Any future determination to pay cash dividends will be subject to the discretion of our board of directors in accordance with applicable law and dependent on a variety of factors including our financial condition, earnings, results of operations, current and anticipated cash needs, plans for growth, level of indebtedness, legal requirements, general business conditions and other factors that the board of directors deems relevant. Any payment of dividends will be at the discretion of our board of directors and we cannot assure you that we will pay any dividends to holders of our common shares, or as to the amount of any such dividends if our board of directors determines to do so.

Under Bermuda law, a company may not declare or pay a dividend if there are reasonable grounds to believe that: (i) the company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of its assets would thereby be less than its liabilities. Under our bye-laws, each Class A and Class B common share will be entitled to dividends if, as and when dividends are declared by our board of directors, subject to any preferred dividend right of the holders of any preference shares.

Any dividends we declare on our common shares will be in respect of our Class A and Class B common shares, and will be distributed such that a holder of one of our Class B common shares will receive the same amount of the dividends that are received by a holder of one of our Class A common shares. We will not declare any dividend with respect to the Class A common shares without declaring a dividend on the Class B common shares, and vice versa.

We are a holding company and have no material assets other than our direct and indirect ownership of our operating subsidiaries. If we were to distribute a dividend at some point in the future, we would cause the operating subsidiaries to make distributions to us in an amount sufficient to cover any such dividends to the extent permitted by our subsidiaries' financing agreements, if any.

B. Significant changes

A discussion of the significant changes in our business can be found under "Item 4. Information on the Company – B. Business overview."

ITEM 9. THE OFFER AND LISTING

A. Offering and listing details

Not applicable.

B. Plan of distribution

Not applicable.

C. Markets

On February 5, 2018, we completed our initial public offering and listed our common shares on the New York Stock Exchange (the "NYSE").

Our common shares have been listed on the NYSE under the symbol "HUD" since February 1, 2018.

The table below presents, for the periods indicated, the high and low closing prices of our Class A common shares on the NYSE.

	CLASS A COMMON SHARES	
U.S.$ PER SHARE	**HIGH**	**LOW**
MONTHLY PRICE HISTORY		
February 2018	18.00	15.36
March 2018 (through March 8, 2018)	16.23	15.00

D. Selling shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share capital

Not applicable.

B. Memorandum of association and bye-laws

The following is a description of the material terms of our bye-laws and memorandum of association which were effected in connection with the completion of our initial public offering. The following description may not contain all of the information that is important to you and we therefore refer you to our bye-laws and memorandum of association, copies of which are filed with the SEC as exhibits to the registration statement filed in connection with our initial public offering.

General

We are a Bermuda exempted company with limited liability. We are registered with the Registrar of Companies in Bermuda under registration number 52620. We were incorporated on May 30, 2017 under the name Hudson Ltd. Our registered office is located at 2 Church Street, Hamilton HM11, Bermuda. Our affairs are governed by our memorandum of association and bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act").

The objects of our business are unrestricted, and the company has the capacity of a natural person. We can therefore undertake activities without restriction on our capacity.

A register of holders of the common shares is maintained by Conyers Corporate Services (Bermuda) Limited in Bermuda, and a branch register will be maintained in the United States by Computershare Trust Company, N.A., who serves as branch registrar and transfer agent. As of March 8, 2018, there were issued and outstanding 39,417,765 Class A common shares, par value $0.001 per share, and 53,093,315 Class B common shares, par value $0.001 per share. As of March 8, 2018, our authorized share capital consisted of 2,000,000,000 Class A common shares, par value $0.001 per share, 1,000,000,000 Class B common shares, par value $0.001 per share, and 100,000,000 undesignated preference shares, par value $0.001 per share.

Pursuant to our bye-laws, subject to any resolution of the shareholders to the contrary, our board of directors is authorized to issue any of our authorized but unissued shares. There are no limitations on the right of non-Bermudians or non-residents of Bermuda to hold or vote our shares.

Common Shares

General

All of our issued and outstanding common shares are fully paid and non-assessable. Certificates representing our issued and outstanding common shares are generally not issued and legal title to our issued shares is recorded in registered form in the register of members. Our issued and outstanding common shares consist of Class A and Class B common shares. Holders of Class A and Class B common shares have the same rights other than with respect to voting and conversion rights. Holders of our common shares have no preemptive, redemption, conversion or sinking fund rights (except as described below under the heading " – Conversion"). If we issue any preference shares, the rights, preferences and privileges of holders of our Class A and Class B common shares will be subject to, and may be adversely affected by, the rights of the holders of such preference shares.

Dividends

The holders of our common shares will be entitled to such dividends as may be declared by our board of directors, subject to the Companies Act and our bye-laws. Dividends and other distributions on issued and outstanding shares may be paid out of the funds of the Company lawfully available for such purpose, subject to any preference of any issued and outstanding preference shares. Dividends and other distributions will be distributed among the holders of our common shares on a pro rata basis.

Under Bermuda law, we may not declare or pay any dividends if there are reasonable grounds for believing that (i) we are, or after the payment of such dividends would be, unable to pay our liabilities as they become due, or (ii) the realizable value of our assets would thereby be less than our liabilities. There are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares.

Voting Rights

Each Class A common share is entitled to one vote, and each Class B common share is entitled to 10 votes, on all matters upon which the shares are entitled to vote.

The quorum required for a general meeting of shareholders to consider any resolution or take any action, including with respect to any meeting convened to consider or adopt a resolution required for an amalgamation or merger of the Company, is one or more persons present and representing in person or by proxy at least 15% of the votes eligible to be cast at any such general meeting, provided that for so long as there are any Class B common shares issued and outstanding, at least one holder of Class B common shares shall be required to be present in person or by proxy to constitute a quorum.

To be passed at a general meeting of the Company, a resolution (including a resolution required for an amalgamation or merger of the Company) requires the affirmative vote of at least a majority of the votes cast at such meeting.

Subject to the Companies Act, at any general meeting of the Company a resolution put to the vote of the meeting shall be voted upon in such manner as the chairman of the meeting shall decide. The chairman of the meeting shall direct the manner in which the shareholders participating in such meeting may cast their votes. A poll may be demanded by (i) the chairman of the meeting; (ii) at least three shareholders present or voting by proxy or (iii) one or more shareholders present or represented by proxy holding not less than one-tenth of the total voting rights of the shareholders holding all of the issued and outstanding Class A and Class B common shares and any other shares of the Company or not less than one-tenth of the aggregate sum paid up on all issued and outstanding Class A and Class B common shares and any other shares of the Company having the right to attend and vote.

Conversion

Each Class B common share is convertible into one Class A common share at any time at the option of the holder of such Class B common share. Any Class B common shares that are converted into Class A common shares may not be reissued. The disparate voting rights of our Class B common shares will not change upon transfer unless such Class B common shares are first converted into our Class A common shares. Further, each Class B common share will automatically convert into one Class A common share upon any transfer thereof to a person or entity that is not an affiliate of the holder of such Class B common shares. Further, all of our Class B common shares will automatically convert into Class A common shares upon the date when all holders of Class B common shares together cease to hold Class B common shares representing, in the aggregate, 10% or more of the total number of Class A and Class B common shares issued and outstanding.

Variation of rights

As a matter of Bermuda law, the holders of one class of shares may not vary the voting rights of such class of shares relative to another class of shares, without the approval of the holders of each other class of our voting shares then in issue. As such, if at any time we have more than one class of shares, the rights attaching to any class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of a majority of the issued shares of that class; or (ii) with the sanction of a resolution passed by a majority of the votes cast at a general meeting of the relevant class of shareholders at which a quorum consisting of shareholders representing 10% of the issued shares of the relevant class is present. In addition, as the rights attaching to any class of shares are set forth in our bye-laws, a resolution of a general meeting of the Company is required to be passed to amend the bye-laws to vary such rights. For purposes of the Class A or Class B common shares, the only rights specifically attaching to such shares that may be varied as described in this paragraph are the voting, dividend and liquidation rights.

Our bye-laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares. In addition, the creation or issue of preference shares ranking prior to common shares will not be deemed to vary the rights attached to common shares or, subject to the terms of any other series of preference shares, to vary the rights attached to any other series of preference shares.

Further, our Class B common shares will automatically convert into Class A common shares on the date when all holders of Class B common shares together cease to hold Class B common shares representing, in the aggregate, 10% or more of the total number of Class A and Class B common shares issued and outstanding.

Transfer of shares

Our board of directors may in its absolute discretion and without assigning any reason refuse to register the transfer of a share that is not fully paid. Our board of directors may also refuse to recognize an instrument of transfer of a share unless it is accompanied by the relevant share certificate and such other evidence of the transferor’s right to make the transfer as our board of directors shall reasonably require. Subject to these restrictions, a holder of common shares may transfer the title to all or any of its common shares by completing a form of transfer in the form set out in our bye-laws (or as near thereto as circumstances admit) or in such other common form as the board may accept. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share our board of directors may accept the instrument signed only by the transferor.

Liquidation

In the event of our liquidation, dissolution or winding up, the holders of our Class A and Class B common shares are entitled to share equally and ratably in our assets, if any, remaining after the payment of all of our debts and liabilities, subject to any liquidation preference on any issued and outstanding preference shares.

Election and removal of directors

Our bye-laws provide that our board shall consist of nine directors. Our board is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, but the terms are staggered so that the term of only one class of directors expires at each annual general meeting.

Our bye-laws provide that the number of shareholders necessary to nominate a director is either (i) any number of shareholders representing at least 5% of the votes eligible to be cast at any general meeting of the Company by shareholders holding all of the issued and outstanding Class A and Class B common shares and any other shares of the Company having the right to vote; or (ii) not less than 100 shareholders of the Company. Any such eligible group of shareholders wishing to propose for election as a director someone who is not an existing director or is not proposed by our board must give notice of the intention to propose the person for election. Such notice must be given to the secretary or the chairman of the Company at any time between 1 January and 1 March of the year the general meeting to vote on such proposal will be held.

Our bye-laws provide that, at any time, a director may be removed by either (i) an affirmative vote of at least a majority of the votes cast at a general meeting of the Company; or (ii) the written consent of any number of holders of common shares representing at least a majority of the votes eligible to be cast at a general meeting.

Proceedings of board of directors

Our bye-laws provide that our business is to be managed and conducted by our board of directors. Bermuda law permits individual and corporate directors and there is no requirement in our bye-laws or Bermuda law that directors hold any of our shares.

The remuneration of our directors is determined by our board of directors, and there is no requirement that a specified number or percentage of "independent" directors must approve any such determination. Our directors may also be paid all travel, hotel and other expenses properly incurred by them in connection with our business or their duties as directors.

Provided a director discloses a direct or indirect interest in any contract or arrangement with us as required by Bermuda law, such director is entitled to vote in respect of any such contract or arrangement in which he or she is interested unless he or she is disqualified from voting by the chairman of the relevant board meeting.

Indemnity of directors and officers

We have adopted provisions in our bye-laws that provide that we shall indemnify our officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty. Subject to Section 14 of the Securities Act, which renders void any waiver of the provisions of the Securities Act, our bye-laws provide that the shareholders waive all claims or rights of action that they might have, individually or in right of the company, against any of the company's directors or officers for any act or failure to act in the performance of such director's or officer's duties, except in respect of any fraud or dishonesty of such director or officer. Section 98A of the Companies Act permits us to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not we may otherwise indemnify such officer or director. We have purchased and maintain a directors' and officers' liability policy for such a purpose.

Corporate opportunities

Our bye-laws will provide that, to the fullest extent permitted by applicable law, we, on our behalf and on behalf of our subsidiaries, renounce any interest or expectancy in, or in being offered an opportunity to participate in, any corporate opportunities, that are from time to time presented to Dufry or any of its officers, directors, employees, agents, shareholders, members, partners, affiliates or subsidiaries (other than us and our subsidiaries), even if the opportunity is one that we or our subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. Neither Dufry nor its officers, directors, employees, agents, shareholders, members, partners, affiliates or subsidiaries will generally be liable to us or any of our subsidiaries for breach of any fiduciary or other duty, as a director or otherwise, by reason of the fact that such person pursues or acquires such corporate opportunity, directs such corporate opportunity to another person or fails to present such corporate opportunity, or information regarding such corporate opportunity, to us or our subsidiaries. In the case of any such person who is a director or officer of the Company and who is expressly offered such corporate opportunity in writing solely in his or her capacity as a director or officer of the Company, such director or officer shall be obligated to communicate such opportunity to the Company. Existing and new shareholders will be deemed to have notice of and to have consented to the provisions of our bye-laws, including the corporate opportunity policy.

Preference shares

Pursuant to Bermuda law and our bye-laws, our board of directors may establish by resolution one or more series of preference shares in such number and with such designations, dividend rates, relative voting rights, conversion or exchange rights, redemption rights, liquidation rights and other relative participation, optional or other special rights, qualifications, limitations or restrictions as may be fixed by the board without any further shareholder approval. Such rights, preferences, powers and limitations could have the effect of discouraging an attempt to obtain control of the Company.

Capitalization of profits and reserves

Pursuant to our bye-laws, our board of directors may (i) capitalize any part of the amount of our share premium or other reserve accounts or any amount credited to our profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata (except in connection with the conversion of shares) to the shareholders; or (ii) capitalize any sum standing to the credit of a reserve account or sums otherwise available for dividend or distribution by paying up in full, partly paid or nil paid shares of those shareholders who would have been entitled to such sums if they were distributed by way of dividend or distribution.

Meetings of shareholders

Under Bermuda law, a company is required to convene at least one general meeting of shareholders each calendar year (the “annual general meeting”). However, the shareholders may by resolution waive this requirement, either for a specific year or period of time, or indefinitely. When the requirement has been so waived, any shareholder may, on notice to the company, terminate the waiver, in which case an annual general meeting must be called.

Bermuda law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote at general meetings. Bermuda law also requires that shareholders be given at least five days’ advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting. Our bye-laws provide that the chairman of the board or our board of directors may convene an annual general meeting or a special general meeting. Under our bye-laws, at least fourteen days’ notice of an annual general meeting or a special general meeting must be given to each shareholder entitled to vote at such meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if such notice is agreed: (i) in the case of an annual general meeting by all of the shareholders entitled to attend and vote at such meeting; or (ii) in the case of a special general meeting by a majority in number of the shareholders entitled to attend and vote at the meeting holding not less than 95% in nominal value of the shares entitled to vote at such meeting.

The quorum required for a general meeting of shareholders to consider any resolution or take any action, including with respect to any meeting convened to consider or adopt a resolution required for an amalgamation or merger of the Company, is one or more persons present and representing in person or by proxy common shares representing at least 15% of the votes eligible to be cast at any such general meeting, provided that for so long as there are any Class B common shares issued and outstanding, at least one holder of Class B common shares shall be required to be present in person or by proxy to constitute a quorum.

Certain provisions of Bermuda law

We have been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows us to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to United States residents who are holders of our common shares.

Consent under the Exchange Control Act 1972 (and its related regulations) has been received from the Bermuda Monetary Authority for the issue and transfer of our Class A common shares to and between non-residents of Bermuda for exchange control purposes provided our Class A common shares remain listed on an appointed stock exchange, which includes the New York Stock Exchange. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to our performance or our creditworthiness. Accordingly, in giving such consent or permissions, the Bermuda Monetary Authority shall not be liable for the financial soundness, performance or default of our business or for the correctness of any opinions or statements expressed in this annual report. Certain issues and transfers of common shares involving persons deemed resident in Bermuda for exchange control purposes require the specific consent of the Bermuda Monetary Authority.

In accordance with Bermuda law, share certificates are only issued in the names of companies, partnerships or individuals. In the case of a shareholder acting in a special capacity (for example as a trustee), certificates may, at the request of the shareholder, record the capacity in which the shareholder is acting. Notwithstanding such recording of any special capacity, we are not bound to investigate or see to the execution of any such trust. We will take no notice of any trust applicable to any of our shares, whether or not we have been notified of such trust.

Comparison of Bermuda Corporate Law and U.S. Corporate Law

You should be aware that the Companies Act, which applies to us, differs in certain material respects from laws generally applicable to Delaware corporations and their stockholders. In order to highlight these differences, set forth below is a summary of certain significant provisions of the Companies Act (including modifications adopted pursuant to our bye-laws) and Bermuda common law applicable to us that differ in certain respects from provisions of the General Corporation Law of the State of Delaware. Because the following statements are summaries, they do not address all aspects of Bermuda law that may be relevant to us and you or all aspects of Delaware law that may differ from Bermuda law.

Duties of directors

Our bye-laws provide that our business is to be managed and conducted by our board of directors. Under Bermuda common law, members of the board of directors of a Bermuda company owe a fiduciary duty to the company to act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfill the duties of their office honestly. This duty includes the following essential elements:

– a duty to act in good faith in the best interests of the company;

– a duty not to make a personal profit from opportunities that arise from the office of director;

– a duty to avoid conflicts of interest; and

– a duty to exercise powers for the purpose for which such powers were intended.

The Companies Act imposes a duty on directors and officers of a Bermuda company to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of the company. Directors and officers generally owe fiduciary duties to the company, and not to the company’s individual shareholders. Our shareholders may not have a direct cause of action against our directors.

Under Delaware law, the business and affairs of a corporation are managed by or under the direction of its board of directors. In exercising their powers, directors are charged with a fiduciary duty of care to protect the interests of the corporation and a fiduciary duty of loyalty to act in the best interests of its stockholders. The duty of care requires that directors act in an informed and deliberative manner and inform themselves, prior to making a business decision, of all material information reasonably available to them. The duty of care also requires that directors exercise care in overseeing and investigating the conduct of corporate employees. The duty of loyalty may be summarized as the duty to act in good faith, not out of self-interest, and in a manner that the director reasonably believes to be in the best interests of the stockholders.

Delaware law provides that a party challenging the propriety of a decision of a board of directors bears the burden of rebutting the applicability of the presumptions afforded to directors by the "business judgment rule." The business judgment rule is a presumption that in making a business decision, directors acted on an informed basis and that the action taken was in the best interests of the company and its stockholders, and accordingly, unless the presumption is rebutted, a board's decision will be upheld unless there can be no rational business purpose for the action or the action constitutes corporate waste. If the presumption is not rebutted, the business judgment rule attaches to protect the directors and their decisions, and their business judgments will not be second guessed. Where, however, the presumption is rebutted, the directors bear the burden of demonstrating the entire fairness of the relevant transaction. Notwithstanding the foregoing, Delaware courts may subject directors' conduct to enhanced scrutiny in respect of defensive actions taken in response to a threat to corporate control or the approval of a transaction resulting in a sale of control of the corporation.

Interested directors

Bermuda law and our bye-laws provide that if a director has an interest in a material transaction or proposed material transaction with us or any of our subsidiaries or has a material interest in any person that is a party to such a transaction, the director must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the directors. Our bye-laws provide that, after a director has made such a declaration of interest, he is allowed to be counted for purposes of determining whether a quorum is present and to vote on a transaction in which he has an interest, unless disqualified from doing so by the chairman of the relevant board meeting.

Under Delaware law, such transaction would not be voidable if (i) the material facts as to such interested director's relationship or interests are disclosed or are known to the board of directors and the board in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, (ii) such material facts are disclosed or are known to the stockholders entitled to vote on such transaction and the transaction is specifically approved in good faith by vote of the majority of shares entitled to vote thereon or (iii) the transaction is fair as to the company as of the time it is authorized, approved or ratified. Under Delaware law, such interested director could be held liable for a transaction in which such director derived an improper personal benefit.

Voting rights and Quorum requirements

Under Bermuda law, the voting rights of our shareholders are regulated by our bye-laws and, in certain circumstances, the Companies Act. Under our bye-laws, the quorum required for a general meeting of shareholders to consider any resolution or take any action, including with respect to any meeting convened to consider or adopt a resolution required for an amalgamation or merger of the Company, is one or more persons present and representing in person or by proxy at least 15% of the votes eligible to be cast at any such general meeting, provided that for so long as there are any Class B common shares issued and outstanding, at least one holder of Class B common shares shall be required to be present in person or by proxy to constitute a quorum.

Any individual who is our shareholder and who is present at a meeting and entitled to vote at such meeting, may vote in person, as may any corporate shareholder that is represented by a duly authorized representative at a meeting of shareholders. Our bye-laws also permit attendance at general meetings by proxy, provided the instrument appointing the proxy is in the form specified in the bye-laws or such other form as the board may determine. Under our bye-laws, each holder of Class A common shares is entitled to one vote per Class A common share held and each holder of Class B common shares is entitled to 10 votes per Class B common share held.

Under Delaware law, unless otherwise provided in a company's certificate of incorporation, each stockholder is entitled to one vote for each share of stock held by the stockholder. Delaware law provides that unless otherwise provided in a company's certificate of incorporation or by-laws, a majority of the shares entitled to vote, present in person or represented by proxy, constitutes a quorum at a meeting of stockholders. In matters other than the election of directors, with the exception of special voting requirements related to extraordinary transactions, and unless otherwise provided in a company's certificate of incorporation or by-laws, the affirmative vote of a majority of shares present in person or represented by proxy at the meeting entitled to vote is required for stockholder action, and the affirmative vote of a plurality of shares is required for the election of directors.

Dividend rights

Under Bermuda law, a company may not declare or pay dividends if there are reasonable grounds for believing that: (i) the company is, or after the payment of such dividends would be, unable to pay its liabilities as they become due, or (ii) the realizable value of its assets would thereby be less than its liabilities. Under our bye-laws, each Class A and Class B common share is entitled to dividends if, as and when dividends are declared by our board of directors on such classes, subject to any preferred dividend right of the holders of any preference shares. See " – Common Shares – Dividends" above.

Under Delaware law, subject to any restrictions contained in the company's certificate of incorporation, a company may pay dividends out of surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year. Delaware law also provides that dividends may not be paid out of net profits if, after the payment of the dividend, capital is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Amalgamations and mergers

The amalgamation or merger of a Bermuda company with another company or corporation requires the amalgamation or merger agreement to be approved by the company's board of directors and by its shareholders. Our bye-laws provide that any amalgamation or merger must be approved by the affirmative vote of at least a majority of the votes cast at a general meeting of the Company.

Under Bermuda law, in the event of an amalgamation or merger of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who did not vote in favor of the amalgamation or merger and is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the shareholders meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares.

Under Delaware law, with certain exceptions, a merger, consolidation or sale of all or substantially all the assets of a corporation must be approved by the board of directors and a majority of the issued and outstanding shares entitled to vote thereon. Under Delaware law, a stockholder of a corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which such stockholder may receive cash in the amount of the fair value of the shares held by such stockholder (as determined by a court) in lieu of the consideration such stockholder would otherwise receive in the transaction.

Compulsory acquisition of shares held by minority holders

An acquiring party is generally able to acquire compulsorily the common shares of minority holders of a Bermuda company in the following ways:

- By a procedure under the Companies Act known as a "scheme of arrangement." A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of common shares, representing in the aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their common shares under the terms of the scheme of arrangement.

- If the acquiring party is a company it may compulsorily acquire all the shares of the target company, by acquiring pursuant to a tender offer 90% of the shares or class of shares not already owned by, or by a nominee for, the acquiring party (the offeror), or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the shares or class of shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any nontendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, nontendering shareholders will be compelled to sell their shares unless the Supreme Court of Bermuda (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.

– Where the acquiring party or parties hold not less than 95% of the shares or a class of shares of the company, such holder(s) may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

Delaware law provides that a parent corporation, by resolution of its board of directors and without any stockholder vote, may merge with any subsidiary of which it owns at least 90% of each class of its capital stock. Upon any such merger, dissenting stockholders of the subsidiary would have appraisal rights.

Shareholders' suits

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts would, however, permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner that is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

Subject to Section 14 of the Securities Act, which renders void any waiver of the provisions of the Securities Act, our bye-laws contain a provision by virtue of which our shareholders waive any claim or right of action that they have, both individually and on our behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer. The operation of this provision as a waiver of the right to sue for violations of federal securities laws may be unenforceable in U.S. courts.

Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court generally has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

Indemnification of directors and officers

Section 98 of the Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company.

Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favor or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Companies Act.

We have adopted provisions in our bye-laws that provide that we shall indemnify our officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty. We also have entered into directors' service agreements with our directors, pursuant to which we have agreed to indemnify them against any liability brought against them by reason of their service as directors, except in cases where such liability arises from fraud, dishonesty, bad faith, gross negligence, willful default or willful misfeasance. Subject to Section 14 of the Securities Act, which renders void any waiver of the provisions of the Securities Act, our bye-laws provide that our shareholders waive all claims or rights of action that they might have, individually or in right of the company, against any of our directors or officers for any act or failure to act in the performance of such director's or officer's duties, except in respect of any fraud or dishonesty of such director or officer. Section 98A of the Companies Act permits us to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not we may otherwise indemnify such officer or director. We have purchased and maintain a directors' and officers' liability policy for such a purpose.

Under Delaware law, a corporation may indemnify a director or officer of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of such position if (i) such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, such director or officer had no reasonable cause to believe his conduct was unlawful.

Access to books and records and dissemination of information

Members of the general public have a right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the company's memorandum of association, including its objects and powers, and certain alterations to the memorandum of association. The shareholders have the additional right to inspect the bye-laws of the company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. The register of members of a company is also open to inspection by shareholders and by members of the general public without charge. The register of members is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of members for not more than thirty days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public without charge. A company is also required to file with the Registrar of Companies in Bermuda a list of its directors to be maintained on a register, which register will be available for public inspection subject to such conditions as the Registrar may impose and on payment of such fee as may be prescribed. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Delaware law permits any stockholder to inspect or obtain copies of a corporation's stockholder list and its other books and records for any purpose reasonably related to such person's interest as a stockholder.

Shareholder proposals

Under Bermuda law, shareholders may, as set forth below and at their own expense (unless the company otherwise resolves), require the company to: (i) give notice to all shareholders entitled to receive notice of the annual general meeting of any resolution that the shareholders may properly move at the next annual general meeting; and/or (ii) circulate to all shareholders entitled to receive notice of any general meeting a statement (of not more than one thousand words) in respect of any matter referred to in the proposed resolution or any business to be conducted at such general meeting. The number of shareholders necessary for such a requisition is either: (i) any number of shareholders representing not less than 10% of the total voting rights of all shareholders entitled to vote at the meeting to which the requisition relates; or (ii) not less than 100 shareholders.

Delaware law provides that stockholders have the right to put any proposal before the annual meeting of stockholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but stockholders may be precluded from calling special meetings.

Calling of special shareholders' meetings

Under our bye-laws, a special general meeting may be called by the chairman of the board or by a majority of our board of directors. Bermuda law also provides that a special general meeting must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote at general meetings.

Delaware law permits the board of directors or any person who is authorized under a corporation's certificate of incorporation or bye-laws to call a special meeting of stockholders.

Amendment of memorandum of association and bye-laws

Under our bye-laws, the memorandum of association may be amended by a resolution passed at a general meeting of the Company. Our bye-laws provide that no bye-law shall be rescinded, altered or amended, and no new bye-law shall be made, unless it shall have been approved by a resolution of our board of directors and by a resolution of our shareholders at a general meeting of the Company.

Under Bermuda law, the holders of an aggregate of not less than 20% in par value of a company's issued share capital or any class thereof have the right to apply to the Supreme Court of Bermuda for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment that alters or reduces a company's share capital as provided in the Companies Act. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda court. An application for an annulment of an amendment of the memorandum of association must be made within 21 days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as such holders may appoint in writing for such purpose. No application may be made by the shareholders voting in favor of the amendment.

Under Delaware law, amendment of the certificate of incorporation, which is the equivalent of a memorandum of association, of a company must be made by a resolution of the board of directors setting forth the amendment, declaring its advisability, and either calling a special meeting of the stockholders entitled to vote or directing that the proposed amendment be considered at the next annual meeting of the stockholders. Delaware law requires that, unless a different percentage is provided for in the certificate of incorporation, a majority of the voting power of the corporation is required to approve the amendment of the certificate of incorporation at the stockholders meeting. If the amendment would alter the number of authorized shares or par value or otherwise adversely affect the rights or preference of any class of a company's stock, the holders of the issued and outstanding shares of such affected class, regardless of whether such holders are entitled to vote by the certificate of incorporation, are entitled to vote as a class upon the proposed amendment. However, the number of authorized shares of any class may be increased or decreased, to the extent not falling below the number of shares then issued and outstanding, by the affirmative vote of the holders of a majority of the stock entitled to vote, if so provided in the company's certificate of incorporation that was authorized by the affirmative vote of the holders of a majority of such class or classes of stock.

Under Delaware law, unless the certificate of incorporation or by-laws provide for a different vote, holders of a majority of the voting power of a corporation and, if so provided in the certificate of incorporation, the directors of the corporation have the power to adopt, amend and repeal the by-laws of a corporation. Those by-laws dealing with the election of directors, classes of directors and the term of office of directors may only be rescinded, altered or amended upon approval by a resolution of the directors and by a resolution of shareholders carrying not less than a majority of all shares entitled to vote on the resolution.

C. Material contracts

See “Item 5. Operating and Financial Review and Prospects – B. Liquidity and capital resources – Indebtedness” and “Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions – New agreements with Dufry.”

D. Exchange controls

Consent under the Exchange Control Act 1972 (and its related regulations) has been received from the Bermuda Monetary Authority for the issue and transfer of our Class A common shares to and between non-residents of Bermuda for exchange control purposes provided our Class A common shares remain listed on an appointed stock exchange, which includes the New York Stock Exchange. In granting such consent the Bermuda Monetary Authority accepts no responsibility for our financial soundness or the correctness of any of the statements made or opinions expressed in this annual report.

E. Taxation

U.K. Tax considerations

The following is a general summary of material U.K. tax considerations relating to the ownership and disposal of Class A common shares. The comments set out below are based on current U.K. tax law as applied in England and Wales, and our understanding of HM Revenue & Customs (“HMRC”) practice (which may not be binding on HMRC) as at the date of this summary, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply to you only if you are a “U.S. Holder” (as defined in the section entitled “Material U.S. federal income tax considerations”). This summary only applies to you if you are not resident in the U.K. for U.K. tax purposes and do not hold Class A common shares for the purposes of a trade, profession, or vocation that you carry on in the U.K. through a branch, agency, or permanent establishment in the U.K. and if you hold Class A common shares as an investment for U.K. tax purposes and are not subject to special rules.

This summary does not address all possible tax consequences relating to an investment in Class A common shares. In particular it does not cover the U.K. inheritance tax consequences of holding Class A common shares. This summary is for general information only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor. Holders of Class A common shares are strongly urged to consult their tax advisers in connection with the U.K. tax consequences of their investment in Class A common shares.

U.K. tax residence

We intend to continue to centrally manage and control our affairs from the U.K., such that we are resident for tax purposes solely in the U.K.

U.K. taxation of dividends

We will not be required to withhold amounts on account of U.K. tax at source when paying a dividend in respect of Class A common shares.

U.S. Holders who hold their Class A common shares as an investment and not in connection with any trade carried on by them should not be subject to U.K. tax in respect of any dividends.

U.K. taxation of capital gains

An individual holder who is a U.S. Holder should not be liable to U.K. capital gains tax on capital gains realized on the disposal of his or her Class A common shares unless such holder carries on a trade, profession or vocation in the U.K. through a branch or agency in the U.K. to which the Class A common shares are attributable and subject to the below exception.

An individual holder of Class A common shares who is temporarily non-resident for U.K. tax purposes will, in certain circumstances, become liable to U.K. tax on capital gains in respect of gains realized while he or she was not resident in the U.K.

A corporate holder of Class A common shares that is a U.S. Holder should not be liable for U.K. corporation tax on chargeable gains realized on the disposal of Class A common shares unless it carries on a trade in the U.K. through a permanent establishment to which the Class A common shares are attributable.

Stamp duty and stamp duty reserve tax

No stamp duty reserve tax should be payable on any agreement to transfer Class A common shares, provided that Class A common shares are not registered in a register kept on our behalf in the U.K. and that Class A common shares are not paired with shares issued by a U.K. incorporated company. It is not intended that such a register will be kept in the U.K. or that Class A common shares will be paired with shares issued by a U.K. incorporated company.

No stamp duty should be payable on a transfer of Class A common shares by electronic book-entry through the facilities of DTC without an instrument of transfer. No stamp duty should be payable on a transfer of Class A common shares by way of an instrument of transfer provided that (i) any instrument of transfer is not executed in the U.K. and (ii) such instrument of transfer does not relate to any property situated, or any matter or thing done or to be done, in the U.K.

Material U.S. federal income tax considerations

The following is a description of the material U.S. federal income tax consequences to the U.S. Holders, as defined below, of owning and disposing our common shares. It does not describe all tax considerations that may be relevant to a particular person's decision to acquire common shares.

This discussion applies only to a U.S. Holder that holds common shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the U.S. federal income tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Code known as the Medicare contribution tax and tax consequences applicable to U.S. Holders subject to special rules, such as:

– certain financial institutions;

– dealers or traders in securities who use a mark-to-market method of tax accounting;

– persons holding common shares as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to the common shares;

– persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

– entities classified as partnerships for U.S. federal income tax purposes;

– tax-exempt entities, including an "individual retirement account" or "Roth IRA";

– persons that own or are deemed to own ten percent or more of our voting shares, by vote or value; or

– persons holding common shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds common shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding common shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the common shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the U.K. and the United States (the "Treaty") all as of the date hereof, any of which is subject to change or differing interpretations, possibly with retroactive effect.

– A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of common shares, who is eligible for the benefits of the Treaty and who is:

– an individual that is a citizen or resident of the United States;

– a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

– an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of common shares in their particular circumstances.

This discussion assumes that we are not, and will not become, a passive foreign investment company (a "PFIC"), as described below.

Taxation of distributions

Distributions paid on common shares, other than certain pro rata distributions of common shares, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends. For so long as our common shares are listed on the NYSE or we are eligible for benefits under the Treaty, dividends paid to certain non-corporate U.S. Holders will be eligible for taxation as "qualified dividend income" and therefore, subject to applicable limitations, will be taxable at rates not in excess of the long-term capital gain rate applicable to such U.S. Holder. U.S. Holders should consult their tax advisers regarding the availability of the reduced tax rate on dividends in their particular circumstances. The amount of a dividend will include any amounts withheld by us in respect of U.K. income taxes. The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's receipt of the dividend. The amount of any dividend income paid in euros will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Subject to applicable limitations, some of which vary depending upon the U.S. Holder's particular circumstances, U.K. income taxes withheld from dividends on common shares at a rate not exceeding the rate provided by the Treaty will be creditable against the U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a foreign tax credit, U.S. Holders may, at their election, deduct foreign taxes, including any U.K. income tax, in computing their taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

Sale or other disposition of common shares

For U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of common shares will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the common shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the common shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to various limitations.

Passive foreign investment company rules

Under the Code, we will be a PFIC for any taxable year in which, after the application of certain "look through" rules with respect to subsidiaries, either (i) 75 % or more of our gross income consists of "passive income," or (ii) 50 % or more of the average quarterly value of our assets consist of assets that produce, or are held for the production of, "passive income."

Based on our current operations, income, assets and certain estimates and projections, including as to the relative values of our assets, we believe that we were not a PFIC for U.S. federal income tax purposes for our taxable year ending December 31, 2017 and do not expect to become a PFIC in the foreseeable future. If we were a PFIC for any year during which a U.S. Holder holds common shares, we generally would continue to be treated as a PFIC with respect to that U.S. Holder for all succeeding years during which the U.S. Holder holds common shares, even if we ceased to meet the threshold requirements for PFIC status.

If we were a PFIC for any taxable year during which a U.S. Holder held common shares (assuming such U.S. Holder has not made a timely election described below), gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of the common shares would be allocated ratably over the U.S. Holder's holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amount. Further, to the extent that any distribution received by a U.S. Holder on its common shares exceeds 125% of the average of the annual distributions on the common shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. If we were a PFIC, certain elections may be available that would result in alternative tax consequences (such as mark-to-market treatment) of owning and disposing the common shares. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

In addition, if we were a PFIC or, with respect to particular U.S. Holder, were treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a U.S. Holder owns common shares during any year in which we are a PFIC, the holder generally must file annual reports containing such information as the U.S. Treasury may require on IRS Form 8621 (or any successor form) with respect to us, generally with the holder's federal income tax return for that year.

U.S. Holders should consult their tax advisers concerning our potential PFIC status and the potential application of the PFIC rules.

Information reporting and backup withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Information with respect to foreign financial assets

Certain U.S. Holders who are individuals (and, under proposed regulations, certain entities) may be required to report information on their U.S. federal income tax returns relating to an interest in our common shares, subject to certain exceptions (including an exception for common shares held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisers regarding the effect, if any, of this legislation on their ownership and disposition of the common shares.

Bermudian tax considerations

We are incorporated under the laws of Bermuda. At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by our shareholders in respect of our shares. We have obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to us or to any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy reports and other information filed with the SEC at the Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

I. Subsidiary information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks associated with foreign exchange rates, interest rates, commodity prices and inflation. In accordance with our policies, we seek to manage our exposure to these various market-based risks.

For further information on our market risks, please see Note 35.4 to our Combined Financial Statements.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt securities

Not applicable.

B. Warrants and rights

Not applicable.

C. Other securities

Not applicable.

D. American depositary shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

A. Defaults

No matters to report.

B. Arrears and delinquencies

No matters to report.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. Material modifications to instruments

Not applicable.

B. Material modifications to rights

Not applicable.

C. Withdrawal or substitution of assets

Not applicable.

D. Change in trustees or paying agents

Not applicable.

E. Use of proceeds

On January 31, 2018, our registration statement on Form F-1 (File No. 333-221547), as amended, was declared effective by the SEC for our initial public offering of our Class A common shares, pursuant to which our principal shareholder, Dufry International AG, offered and sold a total of 39,417,765 Class A common shares, par value $0.001 per share, at a public offering price of $19.00 per share. Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and UBS Securities LLC acted as joint book-running managers for the offering. The offering began on January 31, 2018 and was completed on February 5, 2018. All securities registered in the registration statement have been sold pursuant to the underwriting agreement for the initial public offering. Dufry International AG sold 39,417,765 Class A common shares for an aggregate price of $748.9 million before underwriting discounts and commissions. We did not receive any proceeds. Our expenses in connection with our initial public offering other than underwriting discounts and commissions, were as follows:

EXPENSES IN $	AMOUNT
U.S. Securities and Exchange Commission registration fee	118,517
FINRA filing fee	141,871
NYSE listing fee	231,322
Printing and engraving expenses	215,000
Legal fees and expenses	3,000,000
Accounting fees and expenses	2,000,000
Miscellaneous costs	1,393,290
Total	**7,100,000**

None of the underwriting discounts and commissions or other expenses were paid directly or indirectly to any director, officer or general partner of ours or to their associates, persons owning ten percent or more of any class of our equity securities, or to any of our affiliates.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure controls and procedures

As of December 31, 2017, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). There are inherent limitations to the effectiveness of any disclosure controls and procedures system, including the possibility of human error and circumventing or overriding them. Even if effective, disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are not effective due to the material weaknesses in our internal control over financial reporting identified during our preparation for our initial public offering and 2014 annual financial statements as more fully described in "Item 5. Operating and Financial Review and Prospects – B. Liquidity and capital resources – Internal control over financial reporting."

B. Management's annual report on internal control over financial reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

C. Attestation report of the registered public accounting firm

Not applicable.

D. Changes in internal control over financial reporting

See "Item 5. Operating and Financial Review and Prospects – B. Liquidity and capital resources – Internal control over financial reporting" for changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The audit committee is chaired by Ms. Guilfoile and includes Mr. Skinner and Ms. Ulasewicz. The Audit committee assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. In addition, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The audit committee is also responsible for reviewing and determining whether to approve certain transactions with related parties. See "Item 7. Major Shareholders and Related Party Transactions – B. Related party transactions – Related person transaction policy." Our board has determined that each of Ms. Guilfoile, Mr. Skinner and Ms. Ulasewicz is independent within the meaning of the independence requirements contemplated by Rule 10A-3 under the Exchange Act and NYSE and SEC rules applicable to foreign private issuers. Our board of directors has further determined that each of Ms. Guilfoile, Mr. Skinner and Ms. Ulasewicz has the professional experience and knowledge to qualify as "audit committee financial experts" as defined by SEC rules.

ITEM 16B. CODE OF ETHICS

We adopted a code of business conduct and ethics applicable to the board of directors and all employees. Since its effective date on September 28, 2017, we have not waived compliance with or amended the code of conduct.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table describes the amounts billed to us by Ernst & Young AG, an independent registered public accounting firm, for audit and other services performed in fiscal year 2017.

IN MILLIONS OF USD	2017	2016
Audit fees	1,785	879
Audit-related fees	3,150	-
Tax fees	N/A	N/A
All other fees	N/A	N/A

Audit fees

Audit fees are fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual combined financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. It includes the audit of our Combined Financial Statements and other services that generally only the independent accountant reasonably can provide, such as comfort letters, statutory audits, consents and assistance with and review of documents filed with the SEC.

Audit-related fees

Audit-related fees are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our Combined Financial Statements and not reported under the previous category. These services would include, among others: interim reviews, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statue or regulation and consultation concerning financial accounting and reporting standards.

Tax fees

Tax fees are fees billed for professional services for tax compliance, tax advice and tax planning. There were no tax fees in 2017 or 2016.

All other fees

There were no other fees in 2017 or 2016.

Pre-approval policies and procedures

The Audit Committee is responsible for the appointment, replacement, compensation, evaluation and oversight of the work of the independent auditors. As part of this responsibility, the Audit Committee pre-approves all audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditor's independence from the Company.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

In general, under the NYSE corporate governance standards, foreign private issuers, as defined under the Exchange Act, are permitted to follow home country corporate governance practices instead of the corporate governance practices of the New York Stock Exchange. Accordingly, we follow certain corporate governance practices of our home country, Bermuda, in lieu of certain of the corporate governance requirements of the New York Stock Exchange. Specifically, we do not have a board of directors composed of a majority of independent directors or a nomination and remuneration committee composed entirely of independent directors.

In the event we no longer qualify as a foreign private issuer, we intend to rely on the "controlled company" exemption under the New York Stock Exchange corporate governance rules. A "controlled company" under the New York Stock Exchange corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Our controlling shareholder controls a majority of the combined voting power of our outstanding common shares, and our controlling shareholder is able to nominate a majority of directors for election to our board of directors. Accordingly, we would be eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, take advantage of certain exemptions under the NYSE corporate governance rules, including exemptions from the requirement that a majority of the directors on our board of directors be independent and the requirement that our nomination and remuneration committee consist entirely of independent directors.

The foreign private issuer exemption and the "controlled company" exemption do not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and the New York Stock Exchange rules, which require that our audit committee be composed of at least three directors, all of whom are independent.

If at any time we cease to be a "controlled company" or a "foreign private issuer" under the rules of the New York Stock Exchange and the Exchange Act, as applicable, our board of directors will take all action necessary to comply with the New York Stock Exchange corporate governance rules.

Due to our status as a foreign private issuer and our intent to follow certain home country corporate governance practices, our shareholders will not have the same protections afforded to shareholders of companies that are subject to all the New York Stock Exchange corporate governance standards. See "Item 10. Additional Information – B. Memorandum of association and bye-laws."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

Financial Statements are filed as part of this annual report, see pages F-1 to F-63 to this annual report.

ITEM 19. EXHIBITS

The following documents are filed as part of this annual report:

1.1 Bye-laws (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-1 (File No. 333-221547) filed with the SEC on November 14, 2017).

1.2 Memorandum of Association (incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form F-1 (File No. 333-221547) filed with the SEC on November 14, 2017).

2.1 Registration Rights Agreement between Hudson Ltd. and Dufry International AG, dated February 1, 2018.

4.1 Master Relationship Agreement between Dufry International AG and Hudson Ltd, dated February 1, 2018.

4.2 Loan Agreement between Dufry Finances SNC and Hudson Group Inc., effective October 30, 2012 for $123,204,207.74 (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form F-1 (File No. 333-221547) filed with the SEC on November 14, 2017).

4.3 Loan Agreement between Dufry Financial Services B. V. and the Nuance Group (Canada) Inc., effective August 1, 2017 for CAD$195,030,000 (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form F-1 (File No. 333-221547) filed with the SEC on November 14, 2017).

4.4 Hudson Trademark License Agreement between Dufry International AG and Hudson Group (HG), Inc., dated February 1, 2018.

4.5 Franchising Agreement between Dufry International AG and Hudson Group (HG), Inc., dated February 1, 2018.

8.1 List of subsidiaries (incorporated herein by reference to Exhibit 21.1 to the Company's Registration Statement on Form F-1 (File No. 333-221547) filed with the SEC on November 14, 2017).

11.1 Code of business conduct and ethics.

12.1 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

13.2 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

14.1 Consent of Ernst & Young AG.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

HUDSON LTD.

By: /s/ Joseph DiDomizio
Name: Joseph DiDomizio
Title: Chief Executive Officer

By: /s/ Adrian Bartella
Name: Adrian Bartella
Title: Chief Financial Officer

Date: March 15, 2018

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HUDSON GROUP
COMBINED FINANCIAL STATEMENTS
COMBINED STATEMENTS OF COMPREHENSIVE INCOME
for the years ended December 31, 2017, 2016 and 2015

IN MILLIONS OF USD	NOTE	2017	2016	2015
Turnover	7	1,802.5	1,687.2	1,403.0
Cost of sales		(680.3)	(645.3)	(534.1)
Gross profit		**1,122.2**	**1,041.9**	**868.9**
Selling expenses	8	(421.2)	(395.7)	(325.7)
Personnel expenses	9	(371.3)	(337.4)	(279.5)
General expenses	10	(156.9)	(151.9)	(130.9)
Share of result of associates	11	(0.3)	(0.7)	1.7
Depreciation, amortization and impairment	12	(108.7)	(103.7)	(86.7)
Other operational result	13	(3.7)	(9.3)	(1.7)
Operating profit		**60.1**	**43.2**	**46.1**
Interest expenses	14	(30.2)	(29.8)	(25.4)
Interest income	14	1.9	2.1	1.6
Foreign exchange gain / (loss)		0.5	–	(0.2)
Earnings before taxes (EBT)		**32.3**	**15.5**	**22.1**
Income tax	15	(42.9)	34.3	(3.8)
Net earnings		**(10.6)**	**49.8**	**18.3**
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations		26.8	12.9	(35.9)
Items to be reclassified to net income in subsequent periods, net of tax		**26.8**	**12.9**	**(35.9)**
Total other comprehensive income / (loss), net of tax		**26.8**	**12.9**	**(35.9)**
Total comprehensive income / (loss), net of tax		**16.2**	**62.7**	**(17.6)**
NET EARNINGS ATTRIBUTABLE TO				
Equity holders of the parent		(40.4)	23.5	(7.7)
Non-controlling interests		29.8	26.3	26.0
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Equity holders of the parent		(13.6)	36.4	(43.6)
Non-controlling interests		29.8	26.3	26.0

HUDSON GROUP

COMBINED STATEMENTS OF FINANCIAL POSITION

at December 31, 2017 and 2016

IN MILLIONS OF USD	NOTE	DEC 31, 2017	DEC 31, 2016
ASSETS			
Property, plant and equipment	17	264.9	256.3
Intangible assets	19	685.8	691.2
Investments in associates	11	3.1	2.4
Deferred tax assets	21	90.3	153.0
Other non-current assets	22	24.9	31.1
Non-current assets		**1,069.0**	**1,134.0**
Inventories	23	186.0	161.4
Trade and credit card receivables	24	4.6	8.2
Other accounts receivable	25	59.4	47.3
Income tax receivables		1.4	4.5
Cash and cash equivalents		137.4	187.6
Current assets		**388.8**	**409.0**
Total assets		**1,457.8**	**1,543.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		493.7	658.2
Non-controlling interests	28	78.7	72.2
Total equity		**572.4**	**730.4**
Financial debt	29	520.4	475.2
Deferred tax liabilities	21	50.1	71.8
Post-employment benefit obligations	31	0.9	–
Other non-current liabilities	30	–	1.1
Non-current liabilities		**571.4**	**548.1**
Trade payables		97.1	91.3
Financial debt	29	80.7	1.5
Income tax payables		4.1	3.8
Other liabilities	30	132.1	167.9
Current liabilities		**314.0**	**264.5**
Total liabilities		**885.4**	**812.6**
Total liabilities and shareholders' equity		**1,457.8**	**1,543.0**

HUDSON GROUP
COMBINED STATEMENTS OF CHANGES IN EQUITY
for the years ended December 31, 2017, 2016 and 2015

IN MILLIONS OF USD	NOTE	SHAREHOLDER'S EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2015		**282.6**	**60.6**	**343.2**
Net earnings / (loss)		(7.7)	26.0	18.3
Other comprehensive income / (loss)		(35.9)	–	(35.9)
Total comprehensive income / (loss) for the period		**(43.6)**	**26.0**	**(17.6)**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS				
Dividends to non-controlling interests		–	(28.7)	(28.7)
Business combination	6	380.3	5.2	385.5
Share-based payment		0.6	–	0.6
Tax effect on equity transactions		0.2	–	0.2
Total transactions with or distributions to owners		**381.1**	**(23.5)**	**357.6**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES				
Changes in participation of non-controlling interests		–	4.7	4.7
Balance at December 31, 2015		**620.1**	**67.8**	**687.9**
Net earnings / (loss)		23.5	26.3	49.8
Other comprehensive income / (loss)		12.9	–	12.9
Total comprehensive income / (loss) for the period		**36.4**	**26.3**	**62.7**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS				
Dividends to non-controlling interests		–	(27.4)	(27.4)
Share-based payment	26	1.2	–	1.2
Tax effect on equity transactions		0.5	–	0.5
Total transactions with or distributions to owners		**1.7**	**(27.4)**	**(25.7)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES				
Changes in participation of non-controlling interests	27	–	5.5	5.5
Balance at December 31, 2016		**658.2**	**72.2**	**730.4**
Net earnings / (loss)		(40.4)	29.8	(10.6)
Other comprehensive income / (loss)		26.8	–	26.8
Total comprehensive income / (loss) for the period		**(13.6)**	**29.8**	**16.2**
TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS				
Dividends to non-controlling interests		–	(34.3)	(34.3)
Common control transaction	29	(154.7)	–	(154.7)
Share-based payment	26	4.6	–	4.6
Tax effect on equity transactions		(0.2)	–	(0.2)
Total transactions with or distributions to owners		**(150.3)**	**(34.3)**	**(184.6)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES				
Changes in participation of non-controlling interests	27	(0.6)	11.0	10.4
Balance at December 31, 2017		**493.7**	**78.7**	**572.4**

HUDSON GROUP
COMBINED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2017, 2016 and 2015

IN MILLIONS OF USD	NOTE	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Earnings before taxes (EBT)		**32.3**	**15.5**	**22.1**
ADJUSTMENTS FOR				
Depreciation, amortization and impairment	12	108.7	103.7	86.7
Loss / (gain) on sale of non-current assets		3.3	1.9	(0.1)
Increase / (decrease) in allowances and provisions		5.0	(2.0)	2.0
Loss / (gain) on unrealized foreign exchange differences		(0.5)	6.4	(0.3)
Other non-cash items		4.6	1.2	0.7
Share of result of associates	11	0.3	0.7	(1.7)
Interest expense	14	30.2	29.8	25.4
Interest income	14	(1.9)	(2.1)	(1.6)
Cash flow before working capital changes		**182.0**	**155.1**	**133.2**
Decrease / (increase) in trade and other accounts receivable		6.2	(9.1)	(2.2)
Decrease / (increase) in inventories	23	(26.9)	(14.2)	(17.1)
Increase / (decrease) in trade and other accounts payable		(26.9)	41.3	5.8
Dividends received from associates	11	–	0.2	1.2
Cash generated from operations		**134.4**	**173.3**	**120.9**
Income taxes received / (paid)*		(3.6)	(3.5)	(15.5)
Net cash flows from operating activities		**130.8**	**169.8**	**105.4**
CASH FLOW USED IN INVESTING ACTIVITIES				
Purchase of property, plant and equipment	18	(79.6)	(88.3)	(49.4)
Purchase of intangible assets	20	(8.2)	(5.7)	(3.0)
Net purchase of interest in associates	11	(1.0)	–	–
Proceeds from sale of property, plant and equipment		0.6	0.4	1.8
Interest received		2.1	1.2	1.2
Net cash acquired in business combinations	6	–	–	4.4
Proceeds from sale of interests in subsidiaries and associates		–	–	30.0
Net cash flows used in investing activities		**(86.1)**	**(92.4)**	**(15.0)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from financial debt		15.0	–	–
Repayment of financial debt		(43.0)	(7.3)	(10.0)
Change of financial debt, net	**29**	**(28.0)**	**(7.3)**	**(10.0)**
Proceeds from / (repayment of) 3rd party loans		(3.3)	12.8	31.4
Dividends paid to non-controlling interest		(34.3)	(27.4)	(28.7)
Net contributions from / (purchase of) non-controlling interests		–	(0.1)	1.2
Interest paid		(30.2)	(29.3)	(25.5)
Net cash flows used in financing activities		**(95.8)**	**(51.3)**	**(31.6)**
Currency translation on cash		0.9	1.1	(2.9)
(Decrease) / increase in cash and cash equivalents		**(50.2)**	**27.2**	**55.9**
CASH AND CASH EQUIVALENTS AT THE				
– beginning of the period		187.6	160.4	104.5
– end of the period		137.4	187.6	160.4

* The amounts for Income taxes received / (paid) only include payments made on behalf of companies in the scope of these combined financial statements as described in section 2.1 BASIS OF PREPARATION

1. CORPORATE INFORMATION

Hudson Group ("Hudson" or the "Group") operates in the Duty Paid and Duty Free travel retail markets and operated 996 stores in 88 locations, throughout the continental United States and Canada.

All entities combined in these financial statements are directly or indirectly owned subsidiaries of Dufry AG (Dufry), the world's leading travel retail company which is headquartered in Basel, Switzerland. Dufry's shares are listed on the Swiss Stock Exchange (SIX) in Zurich, Switzerland and its Brazilian Depository Receipts (BDR) on the BM&FBOVESPA in Sao Paolo, Brazil.

Hudson Ltd. was incorporated on May 30, 2017 in Hamilton, Bermuda as a wholly owned subsidiary of Dufry. The initial public offering (IPO) took place on February 1, 2018 and Hudson's Class A shares have been listed on the New York Stock Exchange, refer to note 36 Events after reporting date. Hudson Ltd. has had no operations, only nominal assets and no liabilities or contingencies since inception.

After the IPO, Dufry retained control of Hudson Ltd., as the shares offered through the IPO represented less than 50 % of the total shares outstanding or voting rights.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These combined financial statements have been prepared for the purpose of integration in the Form 20-F of Hudson Ltd. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

For the purpose of these combined financial statements, Hudson Group comprises all entities and operations directly or indirectly owned by Dufry which have been transferred to Hudson Ltd. after the reporting date, but prior to its initial listing at the NYSE: Refer to note 36 Events after reporting date; refer to List of subsidiaries for an overview of entities included in the scope of combination. The combined financial statements have been prepared based on the financial reporting packages that were used for the preparation of the consolidated financial statements of Dufry. Hudson Group uses the same accounting policies and principles in these combined financial statements as were used for the preparation of the consolidated financial statements of Dufry.

The combined financial statements have been prepared based on historical costs, except for eventual available-for-sale financial assets, other financial assets and liabilities (including derivative instruments), which are measured at fair value, as explained in the accounting policies below. Historical costs are generally based on the fair value of the consideration given in exchange for assets. The combined financial statements are presented in millions of US dollars (USD). All values are rounded to the nearest one hundred thousand, except when indicated otherwise.

For the purpose of these combined financial statements, income taxes have been calculated using the separate return method.

The combined financial statements were authorized for issue on March 6, 2018 by the management of Dufry International AG.

2.2 PRINCIPLES OF COMBINATION

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Dufry obtained control over the entity of Hudson Group, and continue to be consolidated until the date when such control is lost. An entity of Hudson Group controls another entity when it 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 other entity. All intra-group balances, transactions, unrealized gains or losses resulting from intra-group transactions and -dividends are eliminated in full.

Transactions with subsidiaries of Dufry outside the scope of combination of Hudson Group have not been eliminated and are reported as related party transactions in these combined financial statements, refer to note 32.

A change in the ownership of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Hudson Group 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 comprehensive income and

– reclassifies the parent's share of components previously recognized in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

For the accounting treatment of associated companies refer to note 2.3.

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, Hudson 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 included in other operational result. When Hudson 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. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in contingent considerations recognized in the statement of comprehensive income.

Hudson 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 comprehensive income.

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 Hudson's group of cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and a 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.

b) Turnover

Turnover is composed of net sales and advertising income. Sales are measured at the fair value of the consideration received, excluding sales taxes or duties. Retail sales are settled in cash or credit card, whereas advertising income is recognized when the services are rendered.

c) Cost of sales

Cost of sales are recognized when the Group sells a product and comprise the purchase price and the cost incurred until the product arrives at the warehouse, i. e. import duties and transport as well as inventory valuation adjustments, inventory differences and supplier rebates or discounts.

d) Foreign currency

Each subsidiary in Hudson 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 to their fair value in the functional currency using the exchange rate at the reporting date and the difference is recorded as unrealized foreign exchange gains or losses. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the statement of comprehensive income, except where the hedges on net investments allow the recognition through other comprehensive income, until the respective investments are disposed of. Any related deferred tax on unrealized FX is accounted 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 reporting currency of Hudson (USD) using the exchange rate at the reporting date. The statements of comprehensive income 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 comprehensive income as gain or loss on sale of subsidiaries.

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 USD	2017	2016	2015	DEC 31, 2017	DEC 31, 2016	DEC 31, 2015
1 CAD	0.7714	0.7552	0.7832	0.7951	0.7446	0.7232

e) 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 the Group are recognized at the proceeds received, net of direct issue costs. Repurchase of Hudson's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale, issue or cancellation of Hudson's own equity instruments.

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

g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the leases' inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

h) 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, Hudson 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 comprehensive income 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.

i) Taxation

Income tax expense represents the sum of the current income tax and deferred tax. Income tax positions not relating to items recognized in the statement of comprehensive income, 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 or states where Hudson operates and generates taxable income.

Income tax relating to items recognized in other comprehensive income is recognized there as well.

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.

j) 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

k) Intangible assets

These assets mainly comprise of concession rights. Intangible assets acquired separately are capitalized at cost and those from business combinations are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. 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.

l) Impairment of non-financial assets

Intangible 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 and 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).

m) Associates

Associates are all entities over which Hudson has significant influence but not control, generally accompanying a shareholding of more than 20 % but less than 50 % 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 the investor’s share of the net earnings of the investee after the date of acquisition and decreased by dividends declared. Hudson’s investment in associates includes goodwill identified on acquisition.

Hudson’s share of post-acquisition net earnings and its share of post-acquisition movements in other comprehensive income are recognized in the combined statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Hudson’s share of losses in an associate equals or exceeds its interest in the associate, Hudson 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 earnings where appropriate.

Hudson determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Hudson calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of result of associates in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between Hudson 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 Hudson.

Dilution gains and losses arising in investments in associates are recognized in the statement of comprehensive income.

n) Inventories

Inventories are valued at the lower of historical cost or net realizable value. The historical costs are determined using the weighted average method, Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. This includes mainly import duties and transport cost. Purchase discounts and rebates are deducted in determining the cost of inventories. 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 in the case of slow-moving and obsolete stock. Expired items are fully written off.

o) Trade receivables

This account includes receivables related to the sale of merchandise.

p) Cash and cash equivalents

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

q) Provisions

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

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

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

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, contingent liabilities and contingent assets and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

r) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss (FVTPL), are deducted from or added to the fair value of the financial assets or financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of comprehensive income.

Trade and other accounts receivable

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected. Certain categories of financial assets, such as trade receivables, are assessed for impairment individually. Subsequent recoveries of amounts previously written off are credited against the allowance accounts for these categories. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income in the lines selling expenses or other operational result.

Derecognition of financial assets

Hudson derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Hudson neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred as set, Hudson recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If Hudson retains substantially all the risks and rewards of ownership of a transferred financial asset, Hudson continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities at FVTPL

These are stated at fair value, with any gains or losses arising on re-measurement recognized in the statement of comprehensive income. The net gain or loss recognized in the combined statement of comprehensive income incorporates any interest paid on the financial liability and is included in the financial result in the statement of comprehensive income. Fair value is determined in the manner described in note 34.

Other financial liabilities

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

Derecognition of financial liabilities

Hudson 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 combined statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined 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.

s) Derivative financial instruments

Hudson may enter into a variety of derivative financial instruments to manage its exposure to interest rate or foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 35.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the statement of comprehensive income unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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 revised Standards and the Interpretations adopted in these financial statements (effective January 1, 2017).

- Disclosure initiative – amendments to IAS 7 Statement of cash flows: Requires additional disclosure of changes in liabilities arising from financing activities see note 35.
- IAS 12 Income taxes: Additional clarification on the recognition for deferred tax assets for unrealized losses on debt instruments measured at fair value. Hudson currently does not have debt valued at fair value.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Hudson's combined 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.

Concession rights

Concession rights acquired in a business combination are measured at fair value as at the date of acquisition and amortized over the contract duration. Hudson annually assesses the concession rights with finite lives for impairment indications.

Goodwill

Hudson tests these items annually for impairment. The underlying calculation requires the use of estimates. The assumptions used are disclosed in note 19.1.

Income taxes

Hudson is subject to income taxes in the US, UK and Canada. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. Hudson recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such assessment is made.
Further details are given in notes 15 and 21.

The United States recently enacted a reform of the tax legislation that, among other things, reduces the corporate federal income tax (CIT) rate from 35 % to 21 % and imposes in addition a "base erosion and anti-abuse tax" ("BEAT") on domestic corporations for payments done to foreign related persons in connection with tax deductible expenses. The reduction of the U.S. CIT rate is expected to be beneficial to us in future years in which we have net income subject to U.S. tax. For the current year the reduction in the U.S. CIT rate resulted in a one-off net loss of $40.2 million on deferred tax assets and deferred tax liabilities in the US-entities, reflected also in a higher Group effective tax rate. There are a number of uncertainties and ambiguities as to the interpretation and application of many of the provisions in the Tax Reform Legislation, including the provisions relating to the BEAT. In the absence of guidance on these issues, we will use what we believe are reasonable interpretations and assumptions in interpreting and applying the Tax Reform Legislation for purposes of determining our income tax payable and results of operations, which may change as we receive additional clarification and implementation guidance. It is also possible that the Internal Revenue Service could issue subsequent guidance or take positions on audit that differ from the interpretations and assumptions that we previously made, which could have a material adverse effect on our cash tax liabilities, results of operations and financial condition. In addition, we may be subject to audits of our income, sales and other transaction taxes by U.K. tax authorities, U.S. federal and state authorities and Canadian national and provincial authorities. Outcomes from these audits could have an adverse impact on our operating results and financial condition.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details are given in note 21.

Share-based payments

Hudson measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the grant date. Estimating such fair values require determining the most appropriate valuation model for a grant of equity instruments, which depends on the terms and conditions of the grant, as well as the most appropriate inputs to the valuation model including the expected probability that the triggering clauses will be met. The result will be the expected quantity of shares to be assigned. The assumptions and models used are disclosed in note 26.

Purchase price allocation

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

Consolidation of entities where Hudson has control, but holding only minority voting rights

Hudson considers controlling certain entities, even when it holds less than the majority of the voting rights, when it is exposed to or has the rights to variable returns from the involvements with the investee and has the ability to affect those returns through its power over the entity. These indicators are evaluated at the time of first consolidation and reviewed when there are changes in the statutes or composition of the executive board of these entities. Further details on non-controlling interests are disclosed in notes 27 and 28.
28.

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

The standards and interpretations described below are expected to have an impact on Hudson's financial position, performance, and / or disclosures. Hudson intends to adopt these standards when they become effective.

IFRS 9

Financial Instruments (effective January 1, 2018)
IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Phase 1: Classification and measurement – determines how financial assets and financial liabilities are accounted for and measured on an ongoing basis.

The Group currently has no financial assets classified as available for sale, held-to-maturity or FVOCI. The financial assets and liabilities currently classified as FVPL will continue to meet the criteria for this as these do not include any non-derivatives. Hence there will be no change to the accounting for these assets and liabilities.

Phase 2: Impairment – a new single expected loss impairment model is introduced that will require more timely recognition of expected credit losses.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken at the statement of financial position date, the Group does not expect a significant increase in the loss allowances.

Phase 3: Hedge accounting – the new model aligns the accounting treatment with risk management activities, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. In addition, the Group is considering to designate the intrinsic value of foreign currency option contracts as hedging instruments going forward. These are currently accounted as derivatives at FVPL. Changes in the fair value of foreign exchange forward contracts attributable to forward points, and in the time value of the option contracts, will in this case in future be deferred in new costs of hedging reserve (OCI) within equity. The deferred amounts will be recognized against the related hedged transaction when it occurs.

The Group has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to the transition for classification and measurement and impairment, and accordingly will not be restating the 2017 comparative period, except in relation to changes in the fair value of foreign exchange forward contracts attributable to forward points, which will be recognized in the costs of hedging reserve (OCI) (the Group did not utilize these hedges during 2017).

This will mean that:

- any adjustments to carrying amounts of financial assets or liabilities will be recognized at the beginning of the next reporting period, with the difference recognized in opening retained earnings;
- financial assets will not be reclassified in the statement of financial position for the comparative period;
- allowances for impairment will not be restated in the comparative period;
- the transition will be a change in accounting policy, and disclosures required by IAS 8 will be illustrated;
- a third statement of financial position as at January 1, 2017 will not be presented. The retrospective application of the accounting for the forward element of forward contracts will not impact the statement of financial position for the year ended December 31, 2017, other than on retained earnings and reserves which are disclosed in the statement of changes in equity.
- disclosure requirements arising from the consequential amendments made to IFRS 7 by IFRS 9 will not be presented in relation to the comparative period.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Hudson expects that the reclassifications from the IAS 39 financial assets categories to the IFRS 9 categories will have no impact on the measurement categories. The allowances for trade receivables and receivables for advertising income are not expected to increase due to the adoption of IFRS 9 in 2018.

IFRS 15

Revenue from contracts with customers (effective January 1, 2018)

IFRS 15, revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. Hudson has analyzed the impact of the standard and has not identified any material changes to the current revenue recognition approach. Hudson considered the following aspects:

(a) Sale of goods

Hudson's retail sales are in cash or credit card and the revenue recognition occurs when the assets are transferred to the customer .

(b) Advertising income

Advertising income is recognized when the services have been rendered.

The Group intends to adopt the modified retrospective approach, which means that the cumulative impact of the adoption (if any), will be recognized in retained earnings as of January 1, 2018 and that the comparatives will not be restated.

IFRS 16

Leases (effective January 1, 2019)

Lessees will be required to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability will be measured at present value of the lease payments to be made over the lease term. In other words, lessees will appear to become more asset-rich but also more indebted. To be considered as such, a lease agreement has to convey the right to control the use of an identified asset throughout the period of use, so that the customer 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 standard will mainly affect the accounting of:

a) Concession agreements

Hudson enters into concession agreements with operators of airports, railway stations etc. to operate retail shops. Usually these arrangements require a variable compensation based on sales or other activity indicators, with a minimum threshold. In those cases where at the inception of the agreement the minimum amounts can be calculated reliably over the respective contractual terms, Hudson will account for this part as a lease in accordance with IFRS 16,

b) Rent agreements for office and warehouse buildings

These agreements will usually qualify as leases under IFRS 16, except if the agreement is cancellable within 12 months.

As at the reporting date, the Group has non-cancellable operating lease commitments with remaining duration of more than 12 months. These lease agreements have minimal firm commitments and most of them also fees in proportion to the net sales of the specific shop.

The Group has hundreds of concession agreements with individual wording and specifications . Had the Group adopted the new lease standard as of December 31, 2017, we estimate the amount of right-of-use assets and lease liabilities that would have to be recognized at about USD 1 to 2 billion. In 2017 the Group recognized the lease payments as selling expenses (concession fees and rents) of USD 399.1 million and as general expenses (premises) of USD 14.9 million.

Amendments that are considered to be insignificant from a current point of view:

Sale or Contribution of Assets between an Investor and its Associate or Joint venture (proposed amendments to IFRS 10 and IAS 28)

(effective date not yet defined by IASB)

The gain or loss resulting from the sale to or contribution from an associate of assets that constitute a business as defined in IFRS 3 is recognized in full. The gain or loss resulting from the sale to or contribution from a subsidiary that does not constitute a business as defined in IFRS 3 (i. e. not a group of assets conforming a business) to an associate is recognized only to the extent of unrelated investors' interests in the associate.

Annual Improvements 2014 – 2016 – issued December 2016

IAS 28 Investment in Associates and Joint ventures (effective January 1, 2018)

Clarification that the election to measure at fair value through profit or loss is available on an investment-by-investment basis, upon initial recognition.

– Interpretation 22 – Foreign Currency Transactions and Advance Considerations (effective January 1, 2018)

Clarification of the date to be used for the exchange rate on initial recognition of a related asset, expense or income where consideration is paid or received in advance for foreign currency denominated contracts. For each payment the date to be used is the same as the date for the initial recognition of the related non-monetary asset or liability.

5. SEGMENT INFORMATION

Hudson consists of one operating segment "Travel Retail Operations" for which reports are submitted to the Group Executive Committee (formerly the Divisional Committee of Dufry), being the Chief Operating Decision Maker (CODM). These reports form the basis for the evaluation of performance and allocation of resources.

Hudson generates turnover from selling a wide range of duty-free and duty-paid products through its stores that are mainly located at airports, commuter terminals, hotels, landmarks or tourist destinations. Refer to note 7 for a split of net sales by product category, market sector and sales channel.

Net Sales by Country

IN MILLIONS OF USD	2017	2016	2015
US	1,420.9	1,359.1	1,164.2
Canada	339.9	291.0	205.4
Total	**1,760.8**	**1,650.1**	**1,369.6**

Non-Current Assets by Country (excluding financial instruments and deferred taxes)

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
US	358.8	568.2
Canada	416.8	410.4
Total	**975.6**	**978.6**

We refer to the annex List of subsidiaries for the assignment of each subsidiary to the respective country.

6. ACQUISITIONS OF BUSINESSES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

There were no transactions in 2017 and 2016.

2015 Transactions

ACQUISITION OF WORLD DUTY FREE S.P.A.

In a two step acquisition on August 7, 2015, and November 13, 2015, Dufry acquired 100 % in the voting equity interests in World Duty Free S.p.A. (WDF), a publicly listed company in Italy for a total consideration of USD 2,859.5 (EUR 2,608.7) million equivalent of EUR 10.25 per share in cash. The acquisition was mainly financed through the issuance of share capital. This acquisition was accounted using the acquisition method.

For this acquisition, Dufry incurred transaction costs of USD 32.7 million in 2015 presented as other operational expenses and of USD 12.8 million presented as related taxes in the statement of comprehensive income of Dufry, but not reflected in these combined financial statements.

For the purpose of these combined financial statements, only those entities of WDF located in the USA or Canada were combined in the formation of Hudson Group.

The final fair value of the identifiable assets and liabilities of the WDF entities in USA and Canada at the date of acquisition are as described below:

IN MILLIONS OF	FINAL FAIR VALUE AT AUGUST 7, 2015 IN EUR	IN USD
Trade receivables	37.4	41.0
Inventories	23.5	25.8
Other current assets	14.0	15.3
Property, plant and equipment	34.7	38.0
Concession rights	165.0	180.9
Other non-current assets	9.1	10.0
Deferred tax assets	3.2	3.5
Trade payables	(45.5)	(49.9)
Financial debt	(0.9)	(1.0)
Other liabilities	(22.0)	(24.2)
Deferred tax liabilities	(46.5)	(50.9)
Fair value of non-controlling interests	(4.8)	(5.2)
Identifiable net assets	**167.2**	**183.3**
Hudson's share in these net assets	167.2	183.3
Goodwill	179.7	197.0
Total purchase price allocated to US and Canada entities	**346.9**	**380.3**

From the date when Hudson took control of the US and Canada entities of the WDF operations in August 2015 until December 2015 these operations contributed USD 171.3 million in turnover and USD (1.5) million in operating profit to the statement of comprehensive income of Hudson.

If the business combination had occurred as at the beginning of 2015, US and Canada entities of WDF would have generated a turnover during 2015 of USD 381.7 million and an operating profit of approximately USD 3.0 million.

7. TURNOVER

IN MILLIONS OF USD	2017	2016	2015
Net sales	1,760.8	1,650.1	1,369.6
Advertising income	41.7	37.1	33.4
Turnover	**1,802.5**	**1,687.2**	**1,403.0**

NET SALES BREAKDOWN

Net sales by product categories

IN MILLIONS OF USD	2017	2016	2015
Confectionery, Food and Catering	628.0	572.3	469.6
Perfumes and Cosmetics	258.4	226.3	174.6
Fashion, Leather and Baggage	220.1	183.3	146.2
Literature and Publications	175.6	192.5	187.2
Wine and Spirits	88.0	75.3	62.9
Tobacco goods	52.2	47.4	46.3
Watches, Jewelry and Accessories	115.5	86.2	76.9
Electronics	87.7	78.5	66.6
Other product categories	135.3	188.3	139.3
Total	**1,760.8**	**1,650.1**	**1,369.6**

Net sales by market sector

IN MILLIONS OF USD	2017	2016	2015
Duty-paid	1,334.4	1,284.0	1,075.2
Duty-free	426.4	366.1	294.4
Total	**1,760.8**	**1,650.1**	**1,369.6**

Net sales by channel

IN MILLIONS OF USD	2017	2016	2015
Airports	1,662.6	1,565.9	1,307.6
Downtown and hotel shops	43.1	29.5	13.1
Railway stations and other	55.1	54.7	48.9
Total	**1,760.8**	**1,650.1**	**1,369.6**

8. SELLING EXPENSES

IN MILLIONS OF USD	2017	2016	2015
Concession fees and rents (note 33)	(399.1)	(375.3)	(307.0)
Credit card commissions	(29.0)	(27.7)	(20.9)
Advertising and commission expenses	(0.9)	(0.8)	(0.9)
Packaging materials	(2.5)	(2.3)	(2.2)
Other selling expenses	(3.3)	(3.4)	(3.3)
Selling expenses	**(434.8)**	**(409.5)**	**(334.3)**
Concession and rental income (note 33)	11.6	11.9	7.3
Commercial services and other selling income	2.0	1.9	1.3
Selling income	**13.6**	**13.8**	**8.6**
Total	**(421.2)**	**(395.7)**	**(325.7)**

9. PERSONNEL EXPENSES

IN MILLIONS OF USD	2017	2016	2015
Salaries and wages	(298.4)	(270.3)	(227.0)
Social security expenses	(43.0)	(38.5)	(29.8)
Other personnel expenses	(29.9)	(28.6)	(22.7)
Total	**(371.3)**	**(337.4)**	**(279.5)**
Full time equivalents (FTE - unaudited)	8,894	8,485	8,124

10. GENERAL EXPENSES

IN MILLIONS OF USD	2017	2016	2015
Franchise fees and commercial services	(63.2)	(62.5)	(51.7)
Repairs, maintenance and utilities	(17.1)	(15.5)	(14.4)
Office and administration	(16.2)	(14.5)	(11.4)
Premises	(14.9)	(16.3)	(13.3)
Legal, consulting and audit fees	(13.5)	(11.8)	(14.5)
Travel, entertainment and representation	(11.7)	(11.6)	(10.4)
Taxes, other than income taxes	(7.1)	(8.4)	(6.3)
IT expenses	(6.3)	(4.6)	(3.7)
PR and advertising	(3.2)	(2.7)	(2.1)
Insurances	(2.2)	(2.2)	(2.0)
Bank expenses	(1.5)	(1.8)	(1.1)
Total	**(156.9)**	**(151.9)**	**(130.9)**

11. INVESTMENTS IN ASSOCIATES

This includes Nuance Group (Chicago) LLC which operates four duty-free stores at O'Hare International Airport of Chicago in Illinois, USA, and as of 2017 Midway Partnership LLC operating duty paid stores at Chicago Midway International Airport.

Hudson's interests in Nuance Group (Orlando) LLC and Broward Duty Free LLC were sold on March 15, 2015, for USD 30 million to an existing shareholder at book value.

These investments are accounted for using the equity method.

Summarized statement of financial position

IN MILLIONS OF USD	DEC 31, 2017 NUANCE GROUP (CHICAGO) LLC	DEC 31, 2017 MIDWAY PARTNERSHIP LLC	DEC 31, 2017 TOTAL	DEC 31, 2016 NUANCE GROUP (CHICAGO) LLC
Cash and cash equivalents	2.6	1.4	4.0	2.5
Other current assets	4.0	2.7	6.7	4.0
Non-current assets	3.0	1.0	4.0	3.2
Other current liabilities	(3.9)	(2.9)	(6.8)	(2.8)
Net assets	**5.7**	**2.2**	**7.9**	**6.9**
Proportion of Hudson's ownership	35.0%	50.0%		35.0%
Hudson's share of the equity	**2.0**	**1.1**	**3.1**	**2.4**

Summarized statement of comprehensive income

2017 IN MILLIONS OF USD	NUANCE GROUP (CHICAGO) LLC	MIDWAY PARTNERSHIP LLC	OTHER ASSOCIATES	TOTAL
Turnover	18.7	15.1	–	33.8
Depreciation, amortization and impairment	(0.1)	–	–	(0.1)
Net earnings for the year	**(1.0)**	**0.2**	**–**	**(0.8)**
Total comprehensive income	**(1.0)**	**0.2**	**–**	**(0.8)**
HUDSON'S SHARE	35.0%	50.0%		
Net earnings for the year	(0.4)	0.1	–	(0.3)
Total comprehensive income	**(0.4)**	**0.1**	**–**	**(0.3)**

2016 IN MILLIONS OF USD	NUANCE GROUP (CHICAGO) LLC	MIDWAY PARTNERSHIP LLC	OTHER ASSOCIATES	TOTAL
Turnover	20.0	–	–	20.0
Depreciation, amortization and impairment	(0.1)	–	–	(0.1)
Net earnings for the year	**(2.1)**	**–**	**–**	**(2.1)**
Total comprehensive income	**(2.1)**	**–**	**–**	**(2.1)**
HUDSON'S SHARE	35.0%			
Net earnings for the year	(0.7)	–	–	(0.7)
Total comprehensive income	**(0.7)**	**–**	**–**	**(0.7)**

2015 IN MILLIONS OF USD	NUANCE GROUP (CHICAGO) LLC	MIDWAY PARTNERSHIP LLC	OTHER ASSOCIATES	TOTAL
Turnover	23.9	–	4.4	28.3
Depreciation, amortization and impairment	(0.2)	–	(0.1)	(0.3)
Other operational result	–	–	1.1	1.1
Net earnings for the year	**3.5**	**–**	**1.4**	**4.9**
Total comprehensive income	**3.5**	**–**	**1.4**	**4.9**
HUDSON'S SHARE	35.0%			
Net earnings for the year	1.2	–	0.5	1.7
Total comprehensive income	**1.2**	**–**	**0.5**	**1.7**

The information above reflects the amounts presented in the financial statements of the associates (other than Hudson's share of amounts) adjusted for differences in accounting policies between the associates and Hudson.

Reconciliation of the carrying amount of its investments

IN MILLIONS OF USD	NUANCE GROUP (CHICAGO) LLC	MIDWAY PARTNERSHIP LLC	OTHER ASSOCIATES	TOTAL
Net earnings	1.2	–	0.5	1.7
Dividends received	(0.7)	–	(0.5)	(1.2)
Disposals	–	–	(30.0)	(30.0)
Carrying value at December 31, 2015	**3.3**	**–**	**–**	**3.3**
Net earnings	(0.7)	–	–	(0.7)
Dividends received	(0.2)	–	–	(0.2)
Carrying value at December 31, 2016	**2.4**	**–**	**–**	**2.4**
Contribution to new partnership	–	1.0	–	1.0
Net earnings	(0.4)	0.1	–	(0.3)
Carrying value at December 31, 2017	**2.0**	**1.1**	**–**	**3.1**

12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF USD	2017	2016	2015
Depreciation	(64.5)	(61.4)	(49.7)
Impairment	(0.2)	–	(1.4)
Subtotal (note 17 Property, Plant and Equipment)	**(64.7)**	**(61.4)**	**(51.1)**
Amortization	(44.0)	(42.3)	(35.6)
Subtotal (note 19 Intangible Assets)	**(44.0)**	**(42.3)**	**(35.6)**
Total	**(108.7)**	**(103.7)**	**(86.7)**

13. OTHER OPERATIONAL RESULT

This line includes non-recurring transactions, impairments of financial assets and changes in provisions.

IN MILLIONS OF USD	2017	2016	2015
Consulting fees, expenses related to projects and start-up expenses	(0.2)	(0.3)	(0.5)
Impairment of loans and other receivables	(0.9)	(1.4)	(0.6)
Closing or restructuring of operations	(2.7)	(8.3)	(2.0)
Losses on sale of non-current assets	(3.3)	(2.0)	(0.4)
Project-related costs	(3.4)	-	-
Other operating expenses	(3.7)	(2.3)	0.3
Other operational expenses	**(14.2)**	**(14.3)**	**(3.2)**

IN MILLIONS OF USD	2017	2016	2015
Insurance - compensation for losses	0.1	0.1	-
Gain on sale of non-current assets	-	0.1	0.5
Recovery of write offs / release of allowances / debt waiver	9.4	4.0	-
Other operating income	1.0	0.8	1.0
Other operational income	**10.5**	**5.0**	**1.5**

IN MILLIONS OF USD	2017	2016	2015
Other operational expenses	(14.2)	(14.3)	(3.2)
Other operational income	10.5	5.0	1.5
Other operational result	**(3.7)**	**(9.3)**	**(1.7)**

14. INTEREST

IN MILLIONS OF USD	2017	2016	2015
EXPENSES ON FINANCIAL LIABILITIES			
Interest expense	(29.4)	(29.1)	(24.7)
Other financial expenses	(0.5)	(0.5)	(0.6)
Interest expense on financial liabilities	**(29.9)**	**(29.6)**	**(25.3)**
EXPENSES ON NON-FINANCIAL LIABILITIES			
Interest expense	(0.3)	(0.2)	(0.1)
Total interest expense	**(30.2)**	**(29.8)**	**(25.4)**
INCOME ON FINANCIAL ASSETS			
Interest income	1.8	2.0	1.6
Other financial income	0.1	0.1	–
Interest income on financial assets	**1.9**	**2.1**	**1.6**
Total interest income	**1.9**	**2.1**	**1.6**

15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE COMBINED STATEMENT OF COMPREHENSIVE INCOME

IN MILLIONS OF USD	2017	2016	2015
Current income taxes	(8.5)	(8.4)	(5.4)
of which corresponding to the current period	(8.5)	(7.3)	(8.1)
of which adjustments recognized in relation to prior years	–	(1.1)	2.7
Deferred income taxes	(34.4)	42.7	1.6
of which related to the origination or reversal of temporary differences	5.8	10.3	1.6
of which adjustments recognized in relation to prior years	–	32.4	–
of which adjustments due to change in tax rates	(40.2)	–	–
Total	**(42.9)**	**34.3**	**(3.8)**

IN MILLIONS OF USD	2017	2016	2015
Earnings before income tax (EBT)	32.3	15.5	22.1
Expected tax rate in %	35.2%	36.2%	36.9%
Tax at the expected rate	(11.3)	(5.6)	(8.2)
EFFECT OF			
Different tax rates for subsidiaries in other jurisdictions	0.5	(0.2)	(0.7)
Effect of changes in tax rates on previously recognized deferred tax assets and liabilities	(40.2)	–	(0.6)
Non-deductible expenses	0.3	(0.5)	2.4
Net change of unrealized tax loss carry-forwards	2.0	(4.1)	–
Non recoverable withholding taxes	–	–	(0.2)
Minority interests	11.2	10.1	9.5
Adjustments recognized in relation to prior year	–	31.3	2.7
Other items	(1.4)	3.3	(8.7)
Total	**(42.9)**	**34.3**	**(3.8)**

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. For 2017, there have been no significant changes in these income tax rates. In December 2017, a significant decrease of the US federal income tax rate has been enacted, applicable for the year 2018 and onwards. The reduction in the U.S. federal corporate income tax rate from 35 % to 21 % resulted in a net downward adjustment of USD 40.2 million in relation to deferred taxes.

16. EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The information on earnings per share for Hudson Group pursuant to IAS 33 has not been presented, as the combined entities have not formed a statutory group and, as such Hudson Group has no historical capital structure.

17. PROPERTY, PLANT AND EQUIPMENT

2017 IN MILLIONS OF USD	BUILDINGS & LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1	**226.6**	**182.2**	**28.1**	**3.8**	**20.0**	**460.7**
Additions (note 18)	13.4	8.4	6.5	0.5	47.5	76.3
Disposals	(20.8)	(10.7)	(0.5)	(0.3)	–	(32.3)
Reclassification within classes	29.3	12.7	5.6	0.1	(47.7)	–
Reclassification to intangible assets	–	–	(1.0)	–	–	(1.0)
Currency translation adjustments	2.7	1.7	0.2	–	0.3	4.9
Balance at December 31	**251.2**	**194.3**	**38.9**	**4.1**	**20.1**	**508.6**
ACCUMULATED DEPRECIATION						
Balance at January 1	**(98.6)**	**(80.5)**	**(18.0)**	**(2.7)**	**–**	**(199.8)**
Additions (note 12)	(31.8)	(27.6)	(4.7)	(0.4)	–	(64.5)
Disposals	18.2	9.6	0.4	0.3	–	28.5
Reclassification within classes	(2.1)	2.6	(0.5)	–	–	–
Currency translation adjustments	(1.6)	(1.2)	(0.2)	(0.1)	–	(3.1)
Balance at December 31	**(115.9)**	**(97.1)**	**(23.0)**	**(2.9)**	**–**	**(238.9)**
IMPAIRMENT						
Balance at January 1	**(3.3)**	**(1.3)**	**–**	**–**	**–**	**(4.6)**
Impairment (note 12)	(0.2)	–	–	–	–	(0.2)
Currency translation adjustments	–	–	–	–	–	–
Balance at December 31	**(3.5)**	**(1.3)**	**–**	**–**	**–**	**(4.8)**
CARRYING AMOUNT						
At December 31, 2017	**131.8**	**95.9**	**15.9**	**1.2**	**20.1**	**264.9**

2016 IN MILLIONS OF USD	BUILDINGS & LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURES	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1	**183.8**	**151.1**	**21.1**	**3.5**	**27.8**	**387.3**
Additions (note 18)	13.5	6.9	2.5	0.3	69.2	92.4
Disposals	(10.5)	(8.6)	–	–	(1.6)	(20.7)
Reclassification within classes	39.0	32.1	4.3	–	(75.4)	–
Currency translation adjustments	0.8	0.7	0.2	–	–	1.7
Balance at December 31	**226.6**	**182.2**	**28.1**	**3.8**	**20.0**	**460.7**
ACCUMULATED DEPRECIATION						
Balance at January 1	**(75.1)**	**(63.0)**	**(15.2)**	**(2.3)**	**–**	**(155.6)**
Additions (note 12)	(32.7)	(25.4)	(2.9)	(0.4)	–	(61.4)
Disposals	9.6	8.3	0.3	–	–	18.2
Currency translation adjustments	(0.4)	(0.4)	(0.2)	–	–	(1.0)
Balance at December 31	**(98.6)**	**(80.5)**	**(18.0)**	**(2.7)**	**–**	**(199.8)**
IMPAIRMENT						
Balance at January 1	**(2.7)**	**(1.7)**	**–**	**–**	**(0.1)**	**(4.5)**
Disposals	–	0.4	–	–	0.1	0.5
Currency translation adjustments	(0.6)	–	–	–	–	(0.6)
Balance at December 31	**(3.3)**	**(1.3)**	**–**	**–**	**–**	**(4.6)**
CARRYING AMOUNT						
At December 31, 2016	**124.7**	**100.4**	**10.1**	**1.1**	**20.0**	**256.3**

18. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

IN MILLIONS OF USD	2017	2016	2015
Payables for capital expenditure at the beginning of the period	(14.4)	(10.7)	(5.1)
Additions of property, plant and equipment (note 17)	(76.3)	(92.4)	(55.0)
Payables for capital expenditure at the end of the period	11.1	14.4	10.7
Currency translation adjustments	–	0.4	–
Total Cash Flow	**(79.6)**	**(88.3)**	**(49.4)**

19. INTANGIBLE ASSETS

2017 IN MILLIONS OF USD	CONCESSION RIGHTS	GOODWILL	OTHER	TOTAL
AT COST				
Balance at January 1	**514.1**	**317.9**	**36.7**	**868.7**
Additions (note 20)	2.7	–	5.5	8.2
Reclassification from property, plant & equipment	–	–	1.0	1.0
Currency translation adjustments	18.0	13.3	(3.4)	27.9
Balance at December 31	**534.8**	**331.2**	**39.8**	**905.8**
ACCUMULATED AMORTIZATION				
Balance at January 1	**(148.1)**	**–**	**(29.4)**	**(177.5)**
Additions (note 12)	(39.2)	–	(4.8)	(44.0)
Currency translation adjustments	(1.6)	–	3.1	1.5
Balance at December 31	**(188.9)**	**–**	**(31.1)**	**(220.0)**
CARRYING AMOUNT				
At December 31, 2017	**345.9**	**331.2**	**8.7**	**685.8**

2016 IN MILLIONS OF USD	CONCESSION RIGHTS	GOODWILL	OTHER	TOTAL
AT COST				
Restated * Balance at January 1	**511.9**	**312.3**	**27.4**	**851.6**
Additions (note 20)	–	–	5.7	5.7
Currency translation adjustments	2.2	5.6	3.6	11.4
Balance at December 31	**514.1**	**317.9**	**36.7**	**868.7**
ACCUMULATED DEPRECIATION				
Balance at January 1	**(110.7)**	**–**	**(22.4)**	**(133.1)**
Additions (note 12)	(38.4)	–	(3.9)	(42.3)
Currency translation adjustments	1.0	–	(3.1)	(2.1)
Balance at December 31	**(148.1)**	**–**	**(29.4)**	**(177.5)**
CARRYING AMOUNT				
At December 31, 2016	**366.0**	**317.9**	**7.3**	**691.2**

19.1 IMPAIRMENT TEST

Goodwill is subject to impairment testing each year. Concession rights with finite useful lives are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

19.1.1 Impairment test of goodwill

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to a group of cash generating units (CGUs) which represents Hudson Group's only operating segment "Travel Retail Operations" and amounts to USD 331.2 million.

The recoverable amount of the group of CGUs is determined based on value-in-use calculations which require the use of assumptions (see table with key assumptions below). The calculation uses cash flow projections based on financial forecasts approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective market and is consistent with forecasted growth included in the travel related retail industry reports.

The key assumptions (in %) used for determining the recoverable amounts of goodwill in Hudson Group are:

POST TAX DISCOUNT RATES		PRE TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
2017	2016	2017	2016	2017	2016
7.27	6.33	8.79	7.94	4.3-5.6	4.6-8.4

As basis for the calculation of these discount rates, the Group uses the weighted average cost of capital, based on risk free interest rates derived from the past 5 year average of prime 10-year USD bonds rates: 2.23 % (2016: 2.08%).

For the calculation of the discount rates and WACC (weighted average cost of capital), the Group used the following re-levered beta:

	2017	2016
Beta factor	0.85	0.86

Sensitivity to changes in assumptions

Management believes that any reasonably possible change (+/– 1 %) in the key assumptions, on which the recoverable amounts are based, would not cause the respective recoverable amount to fall below the carrying amount.

19.1.2 Key assumptions used for value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Sales growth
- Growth rate used to extrapolate
- Gross margin and suppliers prices
- Concession fee levels
- Discount rates

<u>Sales growth</u>
Sales growth is based on statistics published by external experts, such as ACI (Airports Council International) to estimate the development of passenger traffic per country where Hudson is active. For the budget year, the management also takes into consideration specific price inflation factors of the country, the cross currency effect and the expected potential changes to capture clients (penetration) per business unit.

<u>Gross rates used to extrapolate</u>
For the period after 5 years, Hudson has used a growth rate of 2.0 % (2016: 2.0 %) to extrapolate the cash flow projections.

<u>Gross margins</u>
The expected gross margins are based on average product assortment values estimated by the management for the budget 2017. These values are maintained over the planning period or where specific actions are planned and have been increased or decreased by up to 1 % over the 5 year planning horizon compared to the historical data. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the budget.

<u>Concession fee levels</u>
These assumptions regarding the concession fee evolution are important and monitored in the specific market as well as the renewal conditions and competitor behavior where the CGU is active. For a CGU subject to a value-in-use calculation, the management expects the competitive position to remain stable over the budget period.

<u>Discount rates</u>
Several factors affect the discount rates:

- For the financial debt part, the rate is based on the average interest of the past 5 years of the respective ten-year government bond and is increased by the Group's effective bank spread and adjusted by the effective tax rate and country risk of the CGU.
- For the equity part, a 5 % equity risk premium is added to the base rate commented above and adjusted by the Beta of Hudson's peer group.

The same methodology is used by the management to determine the discount rate used in discounted cash flow (DCF) valuations, which are a key instrument to assess business potential of new or additional investment proposals.

20. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF USD	2017	2016	2015
Additions of intangible assets (note 19)	(8.2)	(5.7)	(3.0)
Total Cash Flow	**(8.2)**	**(5.7)**	**(3.0)**

21. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
DEFERRED TAX ASSETS		
Property, plant and equipment	4.0	47.4
Intangible assets	19.8	60.1
Provisions and other payables	11.7	30.8
Tax loss carry-forward	51.5	57.5
Other	15.5	12.0
Total	**102.5**	**207.8**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(0.5)	(50.4)
Intangible assets	(59.8)	(68.3)
Provisions and other payables	–	(0.8)
Other	(2.0)	(7.1)
Total	**(62.3)**	**(126.6)**
Deferred tax assets, net	**40.2**	**81.2**

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

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Deferred tax assets	90.3	153.0
Deferred tax liabilities	(50.1)	(71.8)
Balance at December 31	**40.2**	**81.2**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Changes in deferred tax assets	(62.7)	6.5
Changes in deferred tax liabilities	21.7	36.8
Currency translation adjustments	6.4	(0.1)
Deferred tax income (expense) at December 31	**(34.6)**	**43.2**
THEREOF		
Recognized in the statement of comprehensive income	(34.4)	42.7
Recognized in equity	(0.2)	0.5

Tax loss carry-forwards

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

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016	DEC 31, 2015
Expiring within 1 to 3 years	4.4	–	–
Expiring within 4 to 7 years	0.8	–	–
Expiring after 7 years	39.8	31.9	21.3
Total [1]	**45.0**	**31.9**	**21.3**

[1] This amount includes USD 21.3 million added through business combination in 2015

22. OTHER NON-CURRENT ASSETS

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Guarantee deposits	2.5	1.8
Loans and contractual receivables	24.4	26.4
Other	0.1	6.7
Subtotal	**27.0**	**34.9**
Allowances	(2.1)	(3.8)
Total	**24.9**	**31.1**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF USD	2017	2016
Balance at January 1	**(3.8)**	**(2.4)**
Creation	(0.3)	(1.4)
Utilization	2.0	-
Balance at December 31	**(2.1)**	**(3.8)**

23. INVENTORIES

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Purchased inventories at cost	192.4	171.7
Inventory allowance	(6.4)	(10.3)
Total	**186.0**	**161.4**

CASH FLOWS USED FOR INCREASE / FROM DECREASE IN INVENTORIES

IN MILLIONS OF USD	2017	2016	2015
Balance at January 1	171.7	155.4	114.7
Balance at December 31	192.4	171.7	155.4
Gross change - at cost	**(20.7)**	**(16.3)**	**(40.7)**
Business combinations (note 6)	–	–	25.8
Utilization of allowances (in prior years: other cash flow effects)	(8.9)	0.5	0.3
Currency translation adjustments	2.7	1.6	(2.5)
Cash Flow – (increase) / decrease in inventories	**(26.9)**	**(14.2)**	**(17.1)**

Cost of sales includes inventories written down to net realizable value and inventory differences of USD 8.5 (2016: 8.4) million.

24. TRADE RECEIVABLES

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Trade receivables, gross	5.3	8.4
Allowances	(0.7)	(0.2)
Trade receivables, net	**4.6**	**8.2**

Trade receivables are stated at their nominal value less allowances for doubtful amounts. These allowances are established based on an individual evaluation when collection appears to be no longer probable.

AGING ANALYSIS OF TRADE RECEIVABLES

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Not due	0.7	4.1
OVERDUE		
Up to 30 days	0.6	0.1
31 to 60 days	–	0.2
61 to 90 days	0.8	0.1
More than 90 days	3.2	3.9
Total overdue	**4.6**	**4.3**
Trade receivables, gross	**5.3**	**8.4**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF USD	2017	2016
Balance at January 1	**(0.2)**	**(0.4)**
Creation	(0.4)	–
Utilized	–	0.2
Currency translation adjustments	(0.1)	–
Balance at December 31	**(0.7)**	**(0.2)**

25. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Receivables for refund from suppliers and related services	32.1	17.2
Guarantee deposits	0.2	0.2
Personnel receivables	1.3	1.3
Loans receivable	4.8	–
Accounts receivables	**38.4**	**18.7**
Prepayments for concession fees and rents	8.0	14.0
Prepayments of sales and other taxes	1.5	4.3
Prepayments, other	1.1	2.7
Prepayments	**10.6**	**21.0**
Receivables from subtenants and business partners	1.2	4.5
Other	9.2	4.6
Other receivables	**10.4**	**9.1**
Total	**59.4**	**48.8**
Allowances	–	(1.5)
Total	**59.4**	**47.3**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF USD	2017	2016
Balance at January 1	**(1.5)**	**(2.1)**
Creation	–	(1.3)
Utilized	1.5	1.9
Balance at December 31	**–**	**(1.5)**

26. SHARE-BASED PAYMENTS

SHARE PLAN OF DUFRY AG

On December 1, 2017, Dufry granted to the members of the Group Executive Committee (GEC) and selected members of the senior management the Award 2017 consisting of 24,474 PSU units. The PSU Award 2017 has a contractual life of 29 months and will vest on May 4, 2020. At grant date the fair value of one PSU Award 2017 represents the market value for one Dufry share at that date, i. e. CHF 140.69, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2017, no PSU Award 2017 forfeited, so that 24,474 PSU Award 2017 remain outstanding.

On October 27, 2016, Dufry granted to Hudson's members of the Group Executive Committee (GEC) and selected members of the senior management the Award 2016 consisting of 27.399 PSU. The Performance Share Unit (PSU) Award 2016 has a contractual life of 26 months and will vest on May 1, 2019. At grant date the fair value of one PSU Award 2016 represents the market value for one Dufry share at that date, i. e. CHF 127.00, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2017, no PSU Award 2016 forfeited, so that all PSU Award 2016 remain outstanding.

On October 27, 2016, the Board of Directors of Dufry decided, upon proposal by the Remuneration Committee, to pay out half of the 2015 bonus through a share program. Therefore, 26,530 Rights to Receive Shares (RRS) were awarded to selected members of the senior management of Hudson. These RRS have a contractual life of 26 months and will vest on January 1, 2019. At grant date the fair value of one RRS represents the market value for one Dufry share at that date, i. e. CHF 127.00, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2017, no RRS forfeited, so that all RRS remain outstanding.

One PSU (Award 2017 or Award 2016) will give the right to the holders to receive free of charge up to 1.5 (2016: 2) Dufry shares depending on the effective cumulative amount of cash earnings per share (Cash EPS) reached by Dufry during the years of award and the following two years compared with the target (2017: CHF 25.97, 2016: CHF 24.59). The Cash EPS equals the basic Earnings per Share adjusted for amortization of intangible assets identified during business combinations and non-recurring effects. If at vesting the cumulative adjusted Cash EPS is at target level, each PSU grants one share. If the cumulative adjusted Cash EPS is at 150 % of the target (maximum threshold) or above, each PSU grants 1.5 (2016: 2) shares at vesting, and if the adjusted Cash EPS is at 50 % of the target (minimum threshold) or below, no share will be granted at vesting. If the adjusted Cash EPS is between 50 % and 150 % of the target, the number of shares granted for each PSU will be allocated on a linear basis. Additionally, the allocation of shares is subject to an ongoing contractual relationship of the participant with Dufry throughout the vesting period. Holders of PSU are not entitled to vote or receive dividends, like shareholders do.

One RRS (Award 2016) will give the right to the holders to receive free of charge one Dufry share subject to an ongoing contractual relationship with Dufry throughout the vesting period (Award 2016 until January 1, 2019). Holders of these rights are not entitled to vote or receive dividends, like shareholders do.

With the Award 2015 Dufry granted to the members of the GEC 22,715 PSU options. One PSU gave the right to receive on May 3, 2018, free of charge, up to two shares, based on the performance achieved by Dufry. For the PSU Award 2015, the performance was measured based on the target Cash EPS of CHF 24.42 to be achieve over the three-year period 2015 – 2017 as described for the awards mentioned above. In May 2018 the PSU award 2015 will vest and Dufry will assign 0.926 Dufry shares per PSU award 2015 as during the preceding three-year period the effectively cash EPS achieved was of CHF 23.51, making a total of 21,034 shares.

In 2017 Hudson recognized through profit and loss share-based payment expenses for a total of USD 4.6 (2016: 1.2) million.

27. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The following table reflects increase in share capital of companies with non-controlling interests that have been recognized in equity attributable to non-controlling interests at fair value:

IN MILLIONS OF USD	2017	2016
HG Midway JV	2.2	–
WDFG Partners Duty Free LLC	1.4	–
HG Tucson Retailers JV	1.4	–
Dufry MSP Retailers JV	1.1	0.2
Increase in share capital of other subsidiaries	4.9	5.3
Total	**11.0**	**5.5**

28. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests (NCI) comprise the portions in equity and net earnings in 100 (Dec. 2017) subsidiaries that are not fully owned by the Group.

The list of subsidiaries (refer to the last note of these financial statements) provides the following information of subsidiaries with NCI's: name, principal place of business by country, the proportion of ownership hold by the Group and the share capital (if applicable).

Our non-controlling interests consists of partners in either common law partnerships or LLC's (collectively, "Joint Ventures"). Our partners own percentages of the Joint Ventures and are therefore entitled to distributions of net earnings. While there is some variation among our agreements, it is generally the case that the Executive Management Committee, controlled by Hudson's majority of representatives, is obligated to distribute, each quarter, the excess of an appropriate reserve reasonably determined by the committee to be necessary to meet the current and anticipated needs of the Joint Venture. Such distributions are allocated among the partners, Hudson included, based on each partner's percentage interest in the Joint Venture. Distributions are discretionary only to the extent that reserves are reasonably required as above stated.

Each of the Joint Ventures is treated as a separate operating entity and each has its own revenues and expenses. No expenses of Hudson are shared with any Joint Venture but Hudson does receive payments for "back office" services (financial, legal, HR, IT, etc.) that are provided to the Joint Venture by Hudson in amounts typically calculated as a percentage of the gross revenues of the Joint Venture. These amounts are stated in each Joint Venture agreement and vary by agreement. They are established at the time of agreement by calculating the internal cost for the services as a percentage of Hudson's gross revenues and that percentage of the Joint Venture gross revenue is inserted in the Joint Venture agreement as Hudson's compensation. Such payments are fees for services and not shared expenses.

In addition to the above, Hudson receives occasional, specific reimbursement for certain special services rendered and/or payroll expended on specific projects. Store openings are an example. Large numbers of Hudson personnel are made available to a Joint Venture in order to complete tasks in a mandated time frame that would be impossible to meet with the Joint Venture's own employees.

With the exception of the one presented in the following tables, none of the subsidiaries have non-controlling interests that are material for the Group.

Summarized statement of comprehensive income

IN MILLIONS OF USD	2017	2016	2015
Hudson Las Vegas JV			
Turnover	67.1	64.6	64.8
Depreciation, amortization and impairment	(1.3)	(1.4)	(0.8)
Net earnings for the year	**10.9**	**9.6**	**11.1**
Non-controlling interest	27%	27%	27%
Non-controlling interest share of the net earnings Hudson Las Vegas	**2.9**	**2.6**	**3.0**
Non-controlling interests in other subsidiaries	26.9	23.7	23.0
Total comprehensive income attributable to NCI	**29.8**	**26.3**	**26.0**

Summarized statement of financial position

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016	DEC 31, 2015
Hudson Las Vegas JV			
Cash and cash equivalents	5.2	4.1	6.5
Other current assets	7.2	8.0	5.4
Non-current assets	9.4	8.9	9.0
Other current liabilities	(3.5)	(3.5)	(4.5)
Net assets	**18.3**	**17.5**	**16.4**
Non-controlling interest	27%	27%	27%
Non-controlling interest share of the equity Hudson Las Vegas	**4.9**	**4.7**	**4.4**
Non-controlling interests in other subsidiaries	73.8	67.5	63.4
Total net assets attributable to NCI	**78.7**	**72.2**	**67.8**

29. FINANCIAL DEBT

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Bank debt (overdrafts)	–	1.5
Related party loans	80.7	–
Financial debt, short-term	**80.7**	**1.5**
Related party loans	520.4	475.2
Financial debt, long-term	**520.4**	**475.2**
Total	**601.1**	**476.7**
OF WHICH ARE		
Bank debt	–	1.5
Related party loans	601.1	475.2

The related party long-term loans (refer to note 32) are denominated in USD and CAD. The interest rate for USD loans in 2017 was 5.9 % (2016: 5.9 %). The interest rate for CAD loans in 2017 was 3.9 %.

DETAILED CREDIT FACILITIES

Dufry, jointly with Hudson, negotiates and manages its key credit facilities centrally and then provides intercompany financing to its subsidiaries. Minor credit lines at local level are kept for practical reasons. Hudson's credit lines are with Credit Agricole and Bank of America.

NET DEBT

IN MILLIONS OF USD	CASH AND CASH EQUIVALENTS	FINANCIAL DEBT CURRENT	FINANCIAL DEBT NON-CURRENT	NET DEBT
Balance at January 1, 2017	**187.6**	**1.5**	**475.2**	**289.1**
Cash flows from operating, financing and investing activities	(51.1)	–	–	51.1
Repayments of financial debt	–	(21.5)	(6.5)	(28.0)
Loan from common control transaction	–	103.1	51.6	154.7
Cash flow	**(51.1)**	**81.6**	**45.1**	**177.8**
Currency translation adjustments	0.9	(2.4)	0.1	(3.2)
Non-cash movements	**0.9**	**(2.4)**	**0.1**	**(3.2)**
Balance at December 31, 2017	**137.4**	**80.7**	**520.4**	**463.7**

IN MILLIONS OF USD	CASH AND CASH EQUIVALENTS	FINANCIAL DEBT CURRENT	FINANCIAL DEBT NON-CURRENT	NET DEBT
Balance at January 1, 2016	**160.4**	**0.9**	**483.1**	**323.6**
Cash flows from operating, financing and investing activities	26.1	–	–	(26.1)
Repayments of financial debt	–	–	(7.3)	(7.3)
Loan from common control transaction	–	–	–	–
Cash flow	**26.1**	**–**	**(7.3)**	**(33.4)**
Currency translation adjustments	1.1	0.6	(0.6)	(1.1)
Non-cash movements	**1.1**	**0.6**	**(0.6)**	**(1.1)**
Balance at December 31, 2016	**187.6**	**1.5**	**475.2**	**289.1**

IN MILLIONS OF USD	CASH AND CASH EQUIVALENTS	FINANCIAL DEBT CURRENT	FINANCIAL DEBT NON-CURRENT	NET DEBT
Balance at January 1, 2015	**104.5**	**–**	**473.6**	**369.1**
Cash flows from operating, financing and investing activities	54.5	–	–	(54.5)
Business combinations (acquisitions)	4.3	1.0	–	(3.3)
Repayments of financial debt	–	0.9	(10.9)	(10.0)
Loan from common control transaction	–	–	–	–
Cash flow	**58.8**	**1.9**	**(10.9)**	**(67.8)**
Currency translation adjustments	(2.9)	(1.0)	(0.1)	1.8
Non-cash movements	**(2.9)**	**(1.0)**	**(0.1)**	**1.8**
Other non-cash transactions *	–	–	20.5	20.5
Balance at December 31, 2015	**160.4**	**0.9**	**483.1**	**323.6**

* Related to the acquisition of the Nuance Group AG, (USA)

30. OTHER LIABILITIES

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Personnel payables	38.8	39.2
Other service related vendors	23.3	51.3
Accrued liabilities	16.5	11.8
Concession fee payables	12.8	18.9
Sales tax and other tax liabilities	11.9	12.5
Payables for capital expenditure	11.1	14.4
Accrued lease expenses	2.0	–
Payables to Joint Venture partners	0.8	1.0
Other payables	14.9	19.9
Total	**132.1**	**169.0**
THEREOF		
Current liabilities	132.1	167.9
Non-current liabilities	–	1.1
Total	**132.1**	**169.0**

31. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Hudson provides retirement benefits through defined contribution pension plans which are funded by regular contributions made by the employer and the employees to a third-party. As of December 31, 2017, the discretionary credit balance was USD 0.9 million.

32. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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

The following tables reflect related party transactions and transactions with associated companies:

Statement of comprehensive income

IN MILLIONS OF USD	2017	2016	2015
PURCHASE OF GOODS FROM			
International Operations & Services (USA)	–	37.2	38.4
International Operation & Services (UY) SA	67.4	27.3	7.9
Hudson News Distributors [1]	12.2	15.6	19.2
Hudson RPM [1]	8.5	5.0	4.3
PURCHASE OF SERVICES FROM			
Dufry International AG, Franchise fees expense	(50.6)	(42.9)	(35.9)
World Duty Free Group SA, Franchise fees expense	–	(7.2)	(6.5)
Nuance Group AG, Franchise fees expense	–	–	(1.8)
Dufry Finance SNC, Interest expenses	–	(26.6)	(24.6)
Dufry International AG, Interest expenses	(28.6)	(2.5)	(0.2)
Dufry Financial Services B. V., Interest expenses	(0.9)	–	–
Dufry Management AG, IT expenses	(1.3)	–	–
World Duty Free Group SA, Service fee expenses	(0.2)	–	–
OTHER OPERATIONAL INCOME FROM			
Dufry International AG, Debt waiver	9.4	–	–
SALES OF SERVICES TO			
Nuance Group (Chicago) LLC [2]	0.9	–	–

[1] Hudson News Distributors and Hudson RPM are controlled by James S. Cohen, a member of Hudson's board of directors

[2] Transactions with associated companies

Statement of financial position

IN MILLIONS OF USD	2017	2016
ACCOUNTS RECEIVABLES AT DECEMBER 31		
Hudson RPM, other receivables [1]	0.8	–
Nuance Group (Chicago) LLC [2]	0.1	–
ACCOUNTS PAYABLES AT DECEMBER 31		
Dufry International AG, Loans payable, long-term	468.7	475.2
Dufry International AG, Loans payable, short-term	13.1	–
Dufry Financial Services B. V., Loans payable, long-term	51.7	–
Dufry Financial Services B. V., Loans payable, short-term	67.6	–
International Operations & Services (USA), trade payables	–	14.8
International Operation & Services (UY) SA, trade payables	31.5	13.9
Hudson News Distributors, trade payables [1]	0.1	0.9
Hudson RPM, trade payables [1]	–	0.5
Dufry International AG, Fee payables	1.8	50.5
Dufry International AG, Other payables	7.2	7.6
Dufry Financial Services B. V., Other payables	0.2	–
World Duty Free Group UK Ltd, Other payables	0.3	–
Dufry Management AG, Fee payables	0.1	–
Dufry Management AG, Other payables	0.3	–

1 Hudson News Distributors and Hudson RPM are controlled by James S. Cohen, a member of Hudson's board of directors

2 Transactions with associated companies

Board members and executives

The compensation to key executives for the services provided during the respective years include all forms of consideration paid, payable or provided by the Group, including compensation in Dufry shares as follows:

IN MILLIONS OF USD	2017	2016	2015
Salaries	3.6	3.2	3.0
Variable payment	2.9	2.7	2.5
Non-monetary benefits	0.1	0.1	0.1
Share based payments	4.6	0.6	0.6
Total	**11.2**	**6.6**	**6.2**

During this period the Group had no board members.

33. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

Some long-term concession agreements, which Hudson has entered into, include obligations to fulfil minimal lease payments during the full term of the agreement. The lease payments to airports or terminals are also called concession fees. Some of these agreements have been backed with guarantees provided by Hudson or a financial institution. During the years 2017, 2016 or 2015, no party has exercised their right to call upon such guarantees.

LEASE INCOME / (EXPENSE)

Lease payments under operating leases have been recognized as an expense for the periods up to December 31, 2017. All accrued, but still unpaid concession fees are presented as liabilities in the statement of financial position.

The Group recognized the following lease and sublease as an income / (expense) in the period:

IN MILLIONS OF USD	2017	2016	2015
Minimum lease payments	(262.4)	(206.6)	(170.0)
Variable rent	(136.7)	(168.7)	(137.0)
Concession fees expense (note 8)	**(399.1)**	**(375.3)**	**(307.0)**
Sublease income (note 8)	11.6	11.9	7.3

Such fees are usually determined in proportion to sales and require a minimal payment, which varies by contract/agreement.

Expected income / (expense)

The total of future minimum lease payments under non-cancellable operating leases for each of the following years are as follows:

IN MILLIONS OF USD	FUTURE EXPENSES
Not later than one year	276.7
Later than one year and not later than five years	894.3
Later than five years	536.2
Total	**1,707.2**

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period are USD 35.5 million.

34. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

The fair value measurement hierarchy of Hudson's assets and liabilities, that are measured subsequent to initial recognition at fair value, are 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).

As of December 31, 2017 and 2016, Hudson Group did not hold any financial assets or liabilities which need to be re-measured at fair value. The Group's other financial assets and liabilities for which fair values are to be disclosed qualify as Level 2 fair value measurements. Their book values represent a fair approximation of their fair values. There were no transfers between Levels 1 and 2 during the period.

35. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 and 4.

35.1 CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent adjusted for effects from transactions with non-controlling interests.

The primary objective of Hudson'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.

Hudson 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, Hudson may adjust dividend payments to shareholders, return capital to shareholders, issue new shares or issue equity-linked instruments or equity-like instruments.

Furthermore, Hudson monitors the financing structure using a combination of ratios, including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio Hudson includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

35.1.1 Gearing ratio

The following ratio compares owner's equity to borrowed funds:

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Cash and cash equivalents	(137.4)	(187.6)
Financial debt, short-term	80.7	1.5
Financial debt, long-term	520.4	475.2
Net debt	**463.7**	**289.1**
Equity attributable to equity holders of the parent	493.7	658.2
ADJUSTED FOR		
Effects from transactions with non-controlling interests [1]	0.8	0.4
Total capital [2]	**494.5**	**658.6**
Total net debt and capital	**958.2**	**947.7**
Gearing ratio	**48.4%**	**30.5%**

1 Represents the excess paid (received) above fair value of non-controlling interests on shares acquired (sold) as long as there is no change in control (IFRS 10.23)

2 Includes all capital and reserves that are managed as capital

Hudson did not hold collateral of any kind at the reporting dates.

35.2 CATEGORIES OF FINANCIAL INSTRUMENTS

AT DECEMBER 31, 2017	FINANCIAL ASSETS				
IN MILLIONS OF USD	Loans and receivables	at FVTPL [1]	SUBTOTAL	NON-FINANCIAL ASSETS [2]	TOTAL
Cash and cash equivalents	137.4	–	137.4	–	137.4
Trade receivables	4.6	–	4.6	–	4.6
Other accounts receivable	43.3	–	43.3	16.1	59.4
Other non-current assets	24.9	–	24.9	–	24.9
Total	**210.2**	**–**	**210.2**		

	FINANCIAL LIABILITIES				
IN MILLIONS OF USD	at amortized cost	at FVTPL [1]	SUBTOTAL	NON-FINANCIAL LIABILITIES [2]	TOTAL
Trade payables	97.1	–	97.1	–	97.1
Financial debt short-term	80.7	–	80.7	–	80.7
Other liabilities	94.0	–	94.0	38.1	132.1
Financial debt long-term	520.4	–	520.4	–	520.4
Other non-current liabilities	–	–	–	–	–
Total	**792.2**	**–**	**792.2**		

AT DECEMBER 31, 2016	FINANCIAL ASSETS				
IN MILLIONS OF USD	Loans and receivables	at FVTPL [1]	SUBTOTAL	NON-FINANCIAL ASSETS [2]	TOTAL
Cash and cash equivalents	187.6	–	187.6	–	187.6
Trade receivables	8.2	–	8.2	–	8.2
Other accounts receivable	26.2	–	26.2	21.1	47.3
Other non-current assets	24.4	–	24.4	6.7	31.1
Total	**246.4**	**–**	**246.4**		

	FINANCIAL LIABILITIES				
IN MILLIONS OF USD	at amortized cost	at FVTPL [1]	SUBTOTAL	NON-FINANCIAL LIABILITIES [2]	TOTAL
Trade payables	91.3	–	91.3	–	91.3
Financial debt short-term	1.5	–	1.5	–	1.5
Other liabilities	143.7	–	143.7	24.2	167.9
Financial debt long-term	475.2	–	475.2	–	475.2
Other non-current liabilities	1.1	–	1.1	–	1.1
Total	**712.8**	**–**	**712.8**		

1 Financial assets and financial liabilities at fair value through profit and loss

2 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

35.2.1 Net income by IAS 39 valuation category

Financial Assets at December 31, 2017

IN MILLIONS OF USD	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income	1.8	–	1.8
Other finance income	0.1	–	0.1
From interest	**1.9**	**–**	**1.9**
Foreign exchange gain (loss) [1]	1.1	–	1.1
Impairments / allowances [2]	0.3	–	0.3
Total – from subsequent valuation	**1.4**	**–**	**1.4**
Net (expense) / income	**3.3**	**–**	**3.3**

Financial Liabilities at December 31, 2017

IN MILLIONS OF USD	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest expenses	(29.4)	–	(29.4)
Other finance expenses	(0.5)	–	(0.5)
From interest	**(29.9)**	**–**	**(29.9)**
Foreign exchange gain (loss) [1]	0.2	–	0.2
Total – from subsequent valuation	**0.2**	**–**	**0.2**
Net (expense) / income	**(29.7)**	**–**	**(29.7)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and liabilities through combined statement of comprehensive income

[2] This position includes the income from the released impairments and allowances and recoveries during the period less the increase of impairments and allowances

Financial Assets at December 31, 2016

IN MILLIONS OF USD	LOANS AND RECEIVABLES	AT FVTPL	TOTAL
Interest income	1.6	-	1.6
Other finance income	0.5	-	0.5
From interest	**2.1**	**-**	**2.1**
Foreign exchange gain (loss) [1]	(0.3)	-	(0.3)
Impairments/allowances [2]	(1.5)	-	(1.5)
Total – from subsequent valuation	**(1.8)**	**-**	**(1.8)**
Net (expense) / income	**0.3**	**-**	**0.3**

Financial Liabilities at December 31, 2016

IN MILLIONS OF USD	AT AMORTIZED COST	AT FVTPL	TOTAL
Interest expenses	(29.1)	-	(29.1)
Other finance expenses	(0.5)	-	(0.5)
From interest	**(29.6)**	**-**	**(29.6)**
Foreign exchange gain (loss) [1]	(0.1)	-	(0.1)
Total – from subsequent valuation	**(0.1)**	**-**	**(0.1)**
Net expense	**(29.7)**	**-**	**(29.7)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets and liabilities through combined statement of comprehensive income

[2] This position includes the income from the released impairments and allowances and recoveries during the period less the increase of impairments and allowances

35.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

As a retailer, Hudson has activities which need to be financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. Hudson’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 financial risk impacts.

Hudson continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. Hudson 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.

35.4 MARKET RISK

Hudson's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. Hudson's objective is to minimize the statement of comprehensive income impact 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, Hudson may use financial instruments to hedge the respective exposure.

Hudson 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 Hudson has not utilized foreign currency forward contracts and options for hedging purposes.

35.5 FOREIGN CURRENCY RISK MANAGEMENT

Hudson 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 may be hedged through foreign exchange forwards contracts.

35.5.1 Foreign currency sensitivity analysis

Among various methodologies to analyze and manage risk, Hudson 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 USD	USD [1]	EURO	CAD	CHF	TOTAL
DECEMBER 31, 2017					
Monetary assets	0.6	–	3.7	–	4.3
Monetary liabilities	6.3	0.1	–	0.2	6.6
Net currency exposure	**(5.7)**	**(0.1)**	**3.7**	**(0.2)**	**(2.3)**
DECEMBER 31, 2016					
Monetary assets	0.1	10.3	–	–	10.4
Monetary liabilities	18.6	0.2	–	0.9	19.7
Net currency exposure	**(18.5)**	**10.1**	**–**	**(0.9)**	**(9.3)**

[1] USD held by Canadian subsidiaries

The sensitivity analysis includes all monetary assets and liabilities held by each Group company irrespective of whether the positions are third party or intercompany.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of Hudson entities at December 31 of the respective year. The values and risk disclosed here are the hedged and not hedged positions assuming a 5 % appreciation of the USD against all other currencies.

A positive result indicates a profit, before tax in the statement of comprehensive income or in the hedging and revaluation reserves when the EUR strengthens against the relevant currency.

IN MILLIONS OF USD	DEC 31, 2017	DEC 31, 2016
Effect on the Statement of Comprehensive Income – profit (loss) of USD	(0.3)	(0.9)
Effect on the Statement of Comprehensive Income – profit (loss) of CAD	0.2	–
Effect on the Statement of Comprehensive Income – profit (loss) of EUR	–	0.5

35.6 INTEREST RATE RISK MANAGEMENT

35.6.1 Allocation of financial assets and liabilities to interest classes

	IN %		IN MILLIONS OF USD				
AT DECEMBER 31, 2017	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	0.1 %		6.6	–	6.6	130.8	137.4
Trade receivables			–	–	–	4.6	4.6
Other accounts receivable			–	–	–	43.3	43.3
Other non-current assets	7.3 %		19.2	–	19.2	5.7	24.9
Financial assets			**25.8**	**–**	**25.8**	**184.4**	**210.2**
Trade payables			–	–	–	97.1	97.1
Financial debt, short-term			–	–	–	80.7	80.7
Other liabilities			–	–	–	94.0	94.0
Financial debt, long-term		5.7 %	–	520.4	520.4	–	520.4
Other non-current liabilities			–	–	–	–	–
Financial liabilities			**–**	**520.4**	**520.4**	**271.8**	**792.2**
Net financial liabilities			**(25.8)**	**520.4**	**494.6**	**87.4**	**582.0**

	IN %		IN MILLIONS OF USD				
AT DECEMBER 31, 2016	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	0.1 %		184.8	–	184.8	2.8	187.6
Trade receivables			–	–	–	8.2	8.2
Other accounts receivable			–	–	–	26.2	26.2
Other non-current assets	7.0 %		22.5	–	22.5	1.9	24.4
Financial assets			**207.3**	**–**	**207.3**	**39.1**	**246.4**
Trade payables			–	–	–	91.3	91.3
Financial debt, short-term			–	–	–	1.5	1.5
Other liabilities			–	–	–	143.7	143.7
Financial debt, long-term		5.9 %	–	475.2	475.2	–	475.2
Other non-current liabilities			–	–	–	1.1	1.1
Financial liabilities			**–**	**475.2**	**475.2**	**237.6**	**712.8**
Net financial liabilities			**(207.3)**	**475.2**	**267.9**	**198.5**	**466.4**

35.7 CREDIT RISK MANAGEMENT

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

Almost all Hudson sales are retail sales made against cash or internationally recognized credit / debit cards. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. Hudson monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

The main banks where Hudson keeps net assets positions hold a credit rating of A – or higher.

35.7.1 Maximum credit risk

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents Hudson's maximum exposure to credit risk.

35.8 LIQUIDITY RISK MANAGEMENT

Hudson 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, Hudson, jointly with Dufry, mitigates liquidity risk by keeping unused credit facilities with financial institutions (see note 29).

35.8.1 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 Hudson can receive or be required to pay).

The following tables include principal and interest cash flows.

AT DECEMBER 31, 2017 IN MILLIONS OF USD	1 – 6 MONTHS	6 – 12 MONTHS	1 – 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	137.5	–	–	–	137.5
Trade receivables	4.6	–	–	–	4.6
Other accounts receivable	43.3	–	–	–	43.3
Other non-current assets	0.8	0.8	3.0	24.9	29.5
Total cash inflows	**186.2**	**0.8**	**3.0**	**24.9**	**214.9**
Trade payables	97.1	–	–	–	97.1
Financial debt, short-term	13.1	67.6	–	–	80.7
Other liabilities	94.0	–	–	–	94.0
Financial debt, long-term	14.9	17.9	29.8	609.6	672.2
Other non-current liabilities	–	–	–	–	–
Total cash outflows	**219.1**	**85.5**	**29.8**	**609.6**	**944.0**

AT DECEMBER 31, 2016 IN MILLIONS OF USD	1 – 6 MONTHS	6 – 12 MONTHS	1 – 2 YEARS	MORE THAN 2 YEARS	TOTAL
Cash and cash equivalents	187.8	–	–	–	187.8
Trade receivables	8.2	–	–	–	8.2
Other accounts receivable	26.2	–	–	–	26.2
Other non-current assets	–	–	–	29.1	29.1
Total cash inflows	**222.2**	**–**	**–**	**29.1**	**251.3**
Trade payables	91.3	–	–	–	91.3
Financial debt, short-term	1.5	–	–	–	1.5
Other liabilities	143.7	–	–	–	143.7
Financial debt, long-term	14.1	14.1	28.2	582.2	638.6
Other non-current liabilities	–	–	–	1.1	1.1
Total cash outflows	**250.6**	**14.1**	**28.2**	**583.3**	**876.2**

36. EVENTS AFTER REPORTING DATE

Prior to the completion of the initial public offering, Dufry International AG Switzerland created Hudson Ltd. Bermuda a fully owned subsidiary to hold all the shares of Dufry America Holding Inc., the parent entity of the Hudson Group in the USA and Canada, as well as Nuance Group (Canada) Inc., the parent entity of World Duty Free Group (Vancouver) Inc..

On January 31, 2018 the initial public offering (IPO) took place in which Dufry International AG offered 42.6 % or 39,417,765 Class A common shares of Hudson Ltd. at a public offering price of USD 19.00 per share, adding up to total consideration received by Dufry International AG of USD 714.4 million after underwriting discounts and commissions, but before expenses. The shares began trading on the New York Stock Exchange on February 1, 2018, under the ticker symbol “HUD.” Dufry will use the proceeds mainly to reduce the bank debt . The related over-allotment option was not exercised .

LIST OF SUBSIDIARIES

R = Retail H = Holding

AS OF DECEMBER 31, 2017	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
UNITED STATES OF AMERICA						
Hudson-Garza Albuquerque JV	Albuquerque	USA	R	80	–	USD
Hudson-Northwind Anchorage JV	Anchorage	USA	R	90	–	USD
Atlanta WDFG TAC ATL Retail LLC	Atlanta	USA	R	86	–	USD
Atlanta WDFG LTL ATL JV LLC	Atlanta	USA	R	70	–	USD
AMS-TE Atlantic City JV	Atlantic City	USA	R	85	–	USD
Hudson Birmingham JV	Birmingham	USA	R	70	–	USD
HG Logan Retailers JV	Boston	USA	R	80	–	USD
HG Burbank JV	Burbank	USA	R	88	–	USD
HG Burlington, JV	Burlington	USA	R	90	–	USD
HG-BW Charleston JV	Charleston	USA	R	90	–	USD
Hudson News O'Hare JV	Chicago	USA	R	70	–	USD
HG Midway JV	Chicago	USA	R	65	–	USD
Dufry O'Hare T5 JV	Chicago	USA	R	80	–	USD
Hudson O'Hare T5 JV	Chicago	USA	R	80	–	USD
Hudson Cleveland JV	Cleveland	USA	R	70	–	USD
HG-Multiplex-Regali Dallas JV	Dallas	USA	R	75	–	USD
Hudson-Retail Dallas JV	Dallas	USA	R	75	–	USD
Dallas Love Field WDFG-Love Field Partners II LLC	Dallas	USA	R	51	–	USD
WDFG-Aranza / Howell D2-14, LLC	Dallas	USA	R	65	–	USD
WDFG-Aranza / Howell D2-13, LLC	Dallas	USA	R	60	–	USD
Dallas Fort WDFG -Howell Mickens JV	Dallas	USA	R	65	–	USD
HG-Regali DFW JV	Dallas FW	USA	R	65	–	USD
HG DFW Retailers JV	Dallas FW	USA	R	65	–	USD
HG Multiplex DFW JV	Dallas FW	USA	R	65	–	USD
Dallas Fort Worth – WDFG-Howell Mickens Terminal A – Retail I J	Dallas FW	USA	R	65	–	USD
Detroit WDFG Detroit & Partners LLC	Delaware	USA	R	80	–	USD

AS OF DECEMBER 31, 2017	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
HG Denver JV	Denver	USA	R	76	–	USD
Denver Duty Free JV	Denver	USA	R	67	–	USD
WDFG Partners Duty Free LLC (Detroit)	Detroit	USA	R	75	–	USD
HG Grand Rapid Retailers JV	Grand Rapids	USA	R	90	–	USD
Hudson BW GSP JV	Greenville	USA	R	80	–	USD
WDFG Houston 8 2014 LLC	Houston	USA	R	60	–	USD
Houston WDFG Branch McGowen HOU, LLC	Houston	USA	R	64	–	USD
Dufry Houston Duty Free Partnership	Houston	USA	R	100	–	USD
Hudson Las Vegas, JV	Las Vegas	USA	R	73	–	USD
Nuance Group Las Vegas Partnership	Las Vegas	USA	R	73	850	USD
Little Rock World Duty Free Group Adevco Joint Venture	Little Rock	USA	R	70	–	USD
HG Magic Concourse TBIT	Los Angeles	USA	R	68	–	USD
Airport Management Services LLC	Los Angeles	USA	H / R	100	–	USD
Hudson-Magic Johnson Ent. CV LLC	Los Angeles	USA	R	91	–	USD
LAX Retail Magic 2 JV	Los Angeles	USA	R	73	–	USD
LAX Retail Magic 3-4 JV	Los Angeles	USA	R	75	–	USD
HG-LAX T6, JV	Los Angeles	USA	R	68	–	USD
LAX WDFG CA LLC	Los Angeles	USA	R	65	–	USD
HG LAX T3 Retailers JV	Los Angeles	USA	R	63	–	USD
HG Manchester, JV	Manchester	USA	R	90	–	USD
Miami Airport Retail Partners Joint-Venture	Miami	USA	R	70	–	USD
AMS-TEI Miami JV	Miami	USA	R	70	–	USD
Dufry MSP Retailers JV.	Minneapolis	USA	R	75	–	USD
Minneapolis-WDFG / ELN MSP Terminal 2 Retail – LLC	Minneapolis	USA	R	90	–	USD
AMS-Watson Mobile JV	Mobile	USA	R	80	–	USD
RDU Air ventures II JV	Morrisville	USA	R	80	–	USD
AMS-Shaw Myrtle Beach JV	Myrtle Beach	USA	R	88	–	USD
AMS-Olympic Nashville JV	Nashville	USA	R	83	–	USD
NEW ORLEANS AIR VENTURES II	New Orleans	USA	R	66	–	USD
Hudson Group (HG) Retail, LLC	New York	USA	H / R	100	–	USD

AS OF DECEMBER 31, 2017	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
JFK Air Ventures II JV	New York	USA	R	80	–	USD
Hudson-NIA JFK T1 JV	New York	USA	R	90	–	USD
HG-KCGI-TEI JFK T8 JV	New York	USA	R	85	–	USD
Hudson-Retail NEU LaGuardia JV	New York	USA	R	80	–	USD
Hudson-Keelee JFK 7 JV	New York	USA	R	83	–	USD
AMS-BW Newark JV	Newark	USA	R	70	–	USD
Dufry Newark Inc	Newark	USA	R	100	–	USD
Jimmy Stewart LLC	Newburg	USA	R	100	–	USD
Hudson-NIA Norfolk JV	Norfolk	USA	R	80	–	USD
Hudson-Keys Orlando, JV	Orlando	USA	R	100	–	USD
HG ONT Retailers JV	Ontario	USA	R	88	–	USD
Hudson Newburn AS2 JV	Orlando	USA	R	65	–	USD
AMS of South Florida LLC	Orlando	USA	R	50	–	USD
HG Orlando AS1-JV	Orlando	USA	R	75	–	USD
World Duty Free US Inc	Orlando	USA	R	100	–	USD
HG PHL Retailers JV	Philadelphia	USA	R	65	–	USD
HG Phoenix Retailers, JV	Phoenix	USA	R	70	–	USD
Dufry Phoenix Retailers JV	Phoenix	USA	R	70	–	USD
Phoenix WDFG Joint Venture	Phoenix	USA	R	70	–	USD
WDFG Portland Retailers JV	Portland	USA	R	96	–	USD
AMS-NIA Richmond JV	Richmond	USA	R	80	–	USD
Hudson-NIA Rochester JV	Rochester	USA	R	85	–	USD
San Antonio WDFG-Houston 8 San Antonio JV	San Antonio	USA	R	63	–	USD
Hudson-CV-Epicure-Martinez JV	San Diego	USA	R	71	–	USD
WDFG North America LLC	San Francisco	USA	H	100	–	USD
HG SFO Retailers JV	San Francisco	USA	R	80	–	USD
AMS-SJC JV	San Jose	USA	R	91	–	USD
Hudson Sanford JV	Sanford	USA	R	100	–	USD
John Wayne NG-AC JV	Santa Ana	USA	R	81	–	USD
Seattle Air Ventures	Seattle	USA	R	75	–	USD
Dufry Seattle JV	Seattle	USA	R	88	–	USD
HG St. Louis JV II.	St Louis	USA	R	69	–	USD
HG St Louis JV	St. Louis	USA	R	70	–	USD
WDFG-Transglobal TPA JV	Tampa	USA	R	70	–	USD
HG DFW Retailers P7 JV	Tampa	USA	R	65	–	USD
HG Tampa JV	Tampa	USA	R	76	–	USD
HG Tucson Retailers JV	Tucson	USA	R	70	–	USD
HG Tulsa Retailers JV	Tulsa	USA	R	90	–	USD
HG National JV	Virginia	USA	R	70	–	USD
CANADA						
TNG (Canada) Inc.	Toronto	Canada	R	100	13,260	CAD
WDFG Vancouver LP	Vancouver	Canada	R	100	9,500	CAD
Hudson Group Canada Inc	Vancouver	Canada	R	100	–	CAD
AMS Canada, Vancouver Int. Airport	Vancouver	Canada	R	100	–	CAD

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Hudson Ltd.

Opinion on the Financial Statements

We have audited the accompanying combined statements of financial position of Hudson Group (the Company) as of December 31, 2017 and 2016, and the related combined statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the combined financial position of the Company at December 31, 2017 and 2016, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young AG

We have served as the Company's auditor since 2017.

Basel, Switzerland
March 15, 2018

Exhibit 2.1

REGISTRATION RIGHTS AGREEMENT

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT, dated as of February 1, 2018 (this " **Agreement**"), is by and between Hudson Ltd., an exempted company limited by shares incorporated in Bermuda (the "**Company**"), and Dufry International AG, a Swiss stock corporation (" **Dufry**").

W I T N E S E T H:

WHEREAS, the Company is currently contemplating an underwritten initial public offering (" **IPO**") of certain of its Class A Common Shares (as defined below); and

WHEREAS, the Company desires to grant registration rights to Dufry on the terms and conditions set out in this Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Defined Terms*. As used in this Agreement, the following terms shall have the following meanings:

"**Action**" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any federal, state, local, foreign or international arbitration or mediation tribunal.

"**Affiliate**" of any Person means a Person that controls, is controlled by, or is under common control with such Person; *provided*, *however*, that, for purposes of this Agreement, the Company and its Subsidiaries shall not be considered to be "**Affiliates**" of Dufry and its Subsidiaries (other than the Company and its Subsidiaries), and Dufry and its Subsidiaries (other than the Company and its Subsidiaries) shall not be considered to be "**Affiliates**" of the Company or its Subsidiaries. As used herein, "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

"**Agreement**" has the meaning set forth in the preamble to this Agreement.

"**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by law to be closed in New York, New York or Zurich, Switzerland.

"**Class A Common Shares**" means the Class A common shares, par value $0.001 per share, of the Company and any shares into which such Class A Common Shares may be converted.

"**Company Notice**" has the meaning set forth in Section 2.01(a).

"**Company Takedown Notice**" has the meaning set forth in Section 2.01(f).

"**Demand Registration**" has the meaning set forth in Section 2.01(a).

"**Dufry**" has the meaning set forth in the preamble to this Agreement and shall include its successors, by merger, acquisition, reorganization or otherwise.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Governmental Authority**" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"**Holder**" shall mean Dufry or any of its Affiliates, so long as such Person holds any Registrable Securities, and any Person owning Registrable Securities who is a permitted transferee of rights under Section 3.03.

"**Initiating Holder**" has the meaning set forth in Section 2.01(a).

"**IPO**" has the meaning set forth in the recitals to this Agreement.

"**Loss**" or "**Losses**" has the meaning set forth in Section 2.08(a).

"**Person**" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority,

"**Piggyback Registration**" has the meaning set forth in Section 2.02(a).

"**Prospectus**" means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

"**Registrable Securities**" means any Shares and any securities issued or issuable directly or indirectly with respect to, in exchange for, upon the conversion of or in replacement of the Shares, whether by way of a dividend or distribution or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, exchange or other reorganization; *provided* that any such Shares shall cease to be Registrable Securities if (i) they have been registered and sold pursuant to an effective Registration Statement, (ii) they have been transferred by a Holder in a transaction in which the Holder's rights under this Agreement are not, or cannot be, assigned, (iii) they may be sold pursuant to Rule 144 under the Securities Act without limitation thereunder on volume or manner of sale, or (iv) they have ceased to be outstanding.

"**Registration**" means a registration with the SEC of the offer and sale to the public of Class A Common Shares under a Registration Statement. The terms "**Register,**" "**Registered**" and "**Registering**" shall have a correlative meaning.

"**Registration Expenses**" shall mean all expenses incident to the Company's performance of or compliance with this Agreement, including all (i) registration, qualification and filing fees; (ii) expenses incurred in connection with the preparation, printing and filing under the Securities Act of the Registration Statement, any Prospectus and any issuer free writing prospectus and the distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the state or foreign securities or blue sky laws and the preparation, printing and distribution of a World Sky Memorandum (including the related fees and expenses of counsel); (v) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of an offering by, Financial Industry Regulatory Authority, Inc.; (vii) expenses incurred in connection with any "**road show**" presentation to potential investors; (viii) printing expenses, messenger, telephone and delivery expenses; (ix) internal expenses of the Company (including all salaries and expenses of employees of the Company performing legal or accounting duties); and (x) fees and expenses of listing any Registrable Securities on any securities exchange on which Class A Common Shares are then listed; but excluding any Selling Expenses.

“**Registration Period**” has the meaning set forth in Section 2.01(c).

“**Registration Rights**” shall mean the rights of the Holders to cause the Company to Register Registrable Securities pursuant to this Agreement.

“**Registration Statement**” means any registration statement of the Company filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

“**SEC**” has the meaning set forth in the recitals to this Agreement.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Selling Expenses**” means all underwriting discounts, selling commissions and transfer taxes applicable to the sale of Registrable Securities hereunder.

“**Shares**” means all Class A Common Shares that are beneficially owned by Dufry or any of its Affiliates or any permitted transferee of rights under Section 3.03 from time to time, whether or not held immediately following the IPO.

“**Shelf Registration**” means a Registration Statement of the Company for an offering to be made on a delayed or continuous basis of Class A Common Shares pursuant to Rule 415 under the Securities Act (or similar provisions then in effect).

“**Subsidiary**” means, when used with respect to any Person, (a) a corporation in which such Person or one or more Subsidiaries of such Person, directly or indirectly, owns capital stock having a majority of the total voting power in the election of directors of all outstanding shares of all classes and series of capital stock of such corporation entitled generally to vote in such election; and (b) any other Person (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, has (i) a majority ownership interest or (ii) the power to elect or direct the election of a majority of the members of the governing body of such first-named Person.

“**Takedown Notice**” has the meaning set forth in Section 2.01(f).

“**Underwritten Offering**” means a Registration in which securities of the Company are sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

Section 1.02. *General Interpretive Principles*. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. Whenever the words “**include**,” “**includes**” or “**including**” are used in this Agreement, they shall be deemed to be followed by the words “ **without limitation**.” Unless otherwise specified, the terms “**hereof**,” “**herein**,” “**hereunder**” and similar terms refer to this Agreement as a whole (including the exhibits hereto), and references herein to Articles and Sections refer to Articles and Sections of this Agreement. Except as otherwise indicated, all periods of time referred to herein shall include all Saturdays, Sundays and holidays; *provided*, *however*, that if the date to perform the act or give any notice with respect to this Agreement shall fall on a day other than a Business Day, such act or notice may be performed or given timely if performed or given on the next succeeding Business Day. References to a Person are also to its permitted successors and assigns. The parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE 2
REGISTRATION RIGHTS

Section 2.01. *Registration*.

(a) *Request*. Any Holder(s) of Registrable Securities (collectively, the "**Initiating Holder**") shall have the right to request that the Company file a Registration Statement with the SEC on the appropriate registration form for all or part of the Registrable Securities held by such Holder once such Holder is no longer subject to the lock-up applicable to it entered into in connection with the IPO (which may be due to the expiration or waiver of such lock-up with respect to such Registrable Securities) by delivering a written request to the Company specifying the kind and number of shares of Registrable Securities such Holder wishes to Register and the intended method of distribution thereof (a "**Demand Registration**"). The Company shall (i) within 10 Business Days of the receipt of such request, give written notice of such Demand Registration to all Holders of Registrable Securities (the "**Company Notice**"), (ii) use its reasonable best efforts to file a Registration Statement in respect of such Demand Registration within 45 days of receipt of the request, and (iii) use its reasonable best efforts to cause such Registration Statement to become effective as soon as reasonably practicable thereafter. The Company shall include in such Registration all Registrable Securities that the Holders request to be included within the 10 Business Days following their receipt of the Company Notice.

(b) *Limitations of Demand Registrations*. There shall be no limitation on the number of Demand Registrations pursuant to Section 2.01(a); *provided*, *however*, that the Holders may not require the Company to effect more than ten Demand Registrations in a 12-month period. In the event that any Person shall have received rights to Demand Registrations pursuant to Section 3.03, and such Person shall have made a Demand Registration request, such request shall be treated as having been made by the Holder(s). The Registrable Securities requested to be Registered pursuant to Section 2.01(a) must represent an (i) aggregate offering price of Registrable Securities that is reasonably be expected to equal at least $10,000,000 or (ii) all of the remaining Registrable Securities owned by the requesting Holder and its Affiliates.

(c) *Effective Registration*. The Company shall be deemed to have effected a Registration for purposes of Section 2.01(b) if the Registration Statement is declared effective by the SEC or becomes effective upon filing with the SEC, and remains effective until the earlier of (i) the date when all Registrable Securities thereunder have been sold and (ii) 40 days from the effective date of the Registration Statement (the "**Registration Period**"). No Registration shall be deemed to have been effective if the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such Registration are not satisfied by reason of the Company. If, during the Registration Period, such Registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other Governmental Authority, the Registration Period shall be extended on a day-for-day basis for any period the Holder is unable to complete an offering as a result of such stop order, injunction or other order or requirement of the SEC or other Governmental Authority.

(d) *Underwritten Offering*. If the Initiating Holder so indicates at the time of its request pursuant to Section 2.01(a), such offering of Registrable Securities shall be in the form of an Underwritten Offering and the Company shall include such information in the Company Notice. In the event that the Initiating Holder intends to distribute the Registrable Securities by means of an Underwritten Offering, no Holder may include Registrable Securities in such Registration unless such Holder, subject to the limitations set forth in Section 2.06, (i) agrees to sell its Registrable Securities on the basis provided in the applicable underwriting arrangements; (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and (iii) cooperates with the Company's reasonable requests in connection with such Registration (it being understood that the Company's failure to perform its obligations hereunder, which failure is caused by such Holder's failure to cooperate, will not constitute a breach by the Company of this Agreement).

(e) *Priority of Securities in an Underwritten Offering*. If the managing underwriter or underwriters of a proposed Underwritten Offering, including an Underwritten Offering from a Shelf Registration, pursuant to this Section 2.01 informs the Company and the Holders with Registrable Securities in the proposed Underwritten Offering in writing that, in its or their opinion, the number of securities requested to be included in such Underwritten Offering exceeds the number that can be sold in such Underwritten Offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the number of securities to be included in such Underwritten Offering shall be reduced in the following order of priority: *first*, there shall be excluded from the Underwritten Offering any securities to be sold for the account of any selling securityholder other than the Holders; *second*, there shall be excluded from the Underwritten Offering any securities to be sold for the account of the Company; *third*, there shall be excluded from the Underwritten Offering any securities to be sold for the account of Holders other than Dufry and its Affiliates that have been requested to be included therein *pro rata* based on the number of Registrable Securities owned by each such Holder; and *finally*, the number of Registrable Securities of Dufry and its Affiliates shall be reduced, in each case to the extent necessary to reduce the total number of securities to be included in such offering to the number recommended by the managing underwriter or underwriters.

(f) *Shelf Registration*. At any time after the date hereof when the Company is eligible to Register the applicable Registrable Securities on Form F-3 (or a successor form) and the Holder may request Demand Registrations, the requesting Holders may request the Company to effect a Demand Registration as a Shelf Registration. There shall be no limitations on the number of Underwritten Offerings pursuant to a Shelf Registration; *provided*, *however*, that the Holders may not require the Company to effect more than ten Underwritten Offerings in a 12-month period. Any Holder of Registrable Securities included on a Shelf Registration shall have the right to request that the Company cooperate in a shelf takedown at any time, including an Underwritten Offering, by delivering a written request thereof to the Company specifying the kind and number of shares of Registrable Securities such Holder wishes to include in the shelf takedown ("**Takedown Notice**"). The Company shall (i) within 5 Business Days of the receipt of a Takedown Notice for an Underwritten Offering, give written notice of such Takedown Notice to all Holders of Registrable Securities included on such Shelf Registration (the "**Company Takedown Notice**"), and (ii) shall take all actions reasonably requested by such Holder, including the filing of a Prospectus supplement and the other actions described in Section 2.04, in accordance with the intended method of distribution set forth in the Takedown Notice as expeditiously as practicable. If the takedown is an Underwritten Offering, the Company shall include in such Underwritten Offering all Registrable Securities that that the Holders request to be included within the 5 days following their receipt of the Company Takedown Notice. If the takedown is an Underwritten Offering, the Registrable Securities requested to be included in a shelf takedown must represent (i) an aggregate offering price of Registrable Securities that is reasonably be expected to equal at least $10,000,000 or (ii) all of the remaining Registrable Securities owned by the requesting Holder and its Affiliates.

(g) *SEC Form*. Except as set forth in the next sentence, the Company shall use its reasonable best efforts to cause Demand Registrations to be Registered on Form F-3 (or any successor form), and if the Company is not then eligible under the Securities Act to use Form F-3, Demand Registrations shall be Registered on Form F-1 (or any successor form). The Company shall use its reasonable best efforts to become eligible to use Form F-3 and, after becoming eligible to use Form F-3, shall use its reasonable best efforts to remain so eligible. All Demand Registrations shall comply with applicable requirements of the Securities Act and, together with each Prospectus included, filed or otherwise furnished by the Company in connection therewith, shall not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Section 2.02. *Piggyback Registrations*.

(a) *Participation*. If the Company proposes to file a Registration Statement under the Securities Act with respect to any offering of Class A Common Shares for its own account and/or for the account of any other Persons (other than a Registration (i) under Section 2.01 hereof, (ii) pursuant to a Registration Statement on Form S-8 (or other registration solely relating to an offering or sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit arrangement) or Form F-4 or similar form that relates to a transaction subject to Rule 145 under the Securities Act, (iii) pursuant to any form that does not include substantially the same information as would be required to be included in a Registration Statement covering the sale of Registrable Securities, (iv) in connection with any dividend reinvestment or similar plan or (v) for the sole purpose of offering securities to another entity or its security holders in connection with the acquisition of assets or securities of such entity or any similar transaction), then, as soon as practicable (but in no event less than 15 days prior to the proposed date of filing such Registration Statement), the Company shall give written notice of such proposed filing to each Holder, and such notice shall offer such Holders the opportunity to Register under such Registration Statement such number of Registrable Securities as each such Holder may request in writing (a "**Piggyback Registration**"). Subject to Section 2.02(a) and Section 2.02(c), the Company shall include in such Registration Statement all such Registrable Securities that are requested to be included therein within 12 days after the receipt of any such notice; *provided*, *however*, that if, at any time after giving written notice of its intention to Register any securities pursuant to this Section 2.01(a) and prior to the effective date of the Registration Statement filed in connection with such Registration, the Company shall determine for any reason not to Register or to delay Registration of such securities, the Company may, at its election, give written notice of such determination to each such Holder and, thereupon, (i) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Securities in connection with such Registration and shall have no liability to any Holder in connection with such termination, without prejudice, however, to the rights of any Holder to request that such Registration be effected as a Demand Registration under Section 2.01, and (ii) in the case of a determination to delay Registration, shall be permitted to delay Registering any Registrable Securities for the same period as the delay in Registering such other Class A Common Shares. No Registration effected under this Section 2.02 shall relieve the Company of its obligation to effect any Demand Registration under Section 2.01. If the offering pursuant to a Registration Statement pursuant to this Section 2.02 is to be an Underwritten Offering, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.02(a) shall, and the Company shall use reasonable best efforts to coordinate arrangements with the underwriters so that each such Holder may, participate in such Underwritten Offering. If the offering pursuant to such Registration Statement is to be on any other basis, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.02(a) shall, and the Company shall use reasonable best efforts to coordinate arrangements so that each such Holder may, participate in such offering on such basis. If the Company files a Shelf Registration for its own account and/or for the account of any other Persons, the Company agrees that it shall use its reasonable best efforts to include in such Registration Statement such disclosures as may be required by Rule 430B under the Securities Act in order to ensure that the Holders may be added to such Shelf Registration at a later time through the filing of a Prospectus supplement rather than a post-effective amendment.

(b) *Right to Withdraw*. Each Holder shall have the right to withdraw such Holder's request for inclusion of its Registrable Securities in any Underwritten Offering pursuant to this Section 2.02 at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of such Holder's request to withdraw and, subject to the preceding clause, each Holder shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date thereof.

(c) *Priority of Piggyback Registration*. If the managing underwriter or underwriters of any proposed Underwritten Offering of a class of Registrable Securities included in a Piggyback Registration informs the Company and the Holders in writing that, in its or their opinion, the number of securities of such class which such Holder and any other Persons intend to include in such Underwritten Offering exceeds the number which can be sold in such Underwritten Offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Underwritten Offering shall be reduced in the following order of priority: *first*, there shall be excluded from the Underwritten Offering any securities to be sold for the account of any selling securityholder other than the Holders; *second*, there shall be excluded from the Underwritten Offering any securities to be sold for the account of the Company; *third*, there shall be excluded from the Underwritten Offering any securities to be sold for the account of Holders other than Dufry and its Affiliates that have been requested to be included therein *pro rata* based on the number of Registrable Securities owned by each such Holder; and *finally*, the number of Registrable Securities of Dufry and its Affiliates shall be reduced, in each case to the extent necessary to reduce the total number of securities to be included in such offering to the number recommended by the managing underwriter or underwriters.

Section 2.03. *Selection of Underwriter(s)*. In any Underwritten Offering pursuant to Section 2.01 or Section 2.02 in which a Holder is participating, Dufry, in the event Dufry is participating, or the Holders of a majority of the outstanding Registrable Securities being included in the Underwritten Offering (the "**Majority Holders**"), in the event Dufry is not participating, shall select the underwriter(s). Dufry or the Majority Holders shall consult with the Company in the selection of such underwriters by Dufry or such Majority Holders, provided that Dufry or such Majority Holders, as applicable, shall be under no obligation to the Company as a result of or in connection with such consultation.

Section 2.04. *Registration Procedures*.

(a) In connection with the Registration and/or sale of Registrable Securities pursuant to this Agreement, through an Underwritten Offering or otherwise, the Company shall use reasonable best efforts to effect or cause the Registration and the sale of such Registrable Securities in accordance with the intended methods of disposition thereof and:

(i) prepare and file the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith, and before filing with the SEC a Registration Statement or Prospectus, or any amendments or supplements thereto, (A) furnish to the underwriters, if any, and to the Holders participating in such Registration, copies of all documents prepared to be filed, which documents will be subject to the review of such underwriters and such participating Holders and their respective counsel, and (B) consider in good faith any comments of the underwriters and Holders and their respective counsel on such documents;

(ii) prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective in accordance with the terms of this Agreement and to comply with the provisions of the Securities Act with respect to the disposition of all of the Shares Registered thereon;

(iii) in the case of a Shelf Registration, prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Shares subject thereto for a period ending on the 3rd anniversary after the effective date of such Registration Statement;

(iv) notify the participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (A) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, or when the applicable Prospectus or any amendment or supplement to such Prospectus has been filed, (B) of any written comments by the SEC or any request by the SEC or any other Governmental Authority for amendments or supplements to such Registration Statement or such Prospectus or for additional information, (C) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (D) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects, and (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(v) promptly notify each selling Holder and the managing underwriter or underwriters, if any, when the Company becomes aware of the occurrence of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus and any preliminary Prospectus, in light of the circumstances under which they were made) not misleading or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the selling Holder and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus which will correct such statement or omission or effect such compliance;

(vi) use its reasonable best efforts to prevent or obtain the withdrawal of any stop order or other order suspending the use of any preliminary or final Prospectus;

(vii) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, and the Holders may reasonably request to be included therein in order to permit the intended method of distribution of the Registrable Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) furnish to each selling Holder and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(ix) deliver to each selling Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Holder or underwriter may reasonably request (it being understood that the Company consents to the use of such Prospectus or any amendment or supplement thereto by each selling Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto) and such other documents as such selling Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Holder or underwriter;

(x) on or prior to the date on which the applicable Registration Statement is declared effective or becomes effective, use its reasonable best efforts to register or qualify, and cooperate with each selling Holder, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "World Sky" laws of each state and other jurisdiction of the United States as any selling Holder or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such registration or qualification in effect for so long as such Registration Statement remains in effect and so as to permit the continuance of sales and dealings in such jurisdictions of the United States for so long as may be necessary to complete the distribution of the Registrable Securities covered by the Registration Statement; *provided* that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(xi) in connection with any sale of Registrable Securities that will result in such securities no longer being Registrable Securities, cooperate with each selling Holder and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive Securities Act legends; and to register such Registrable Securities in such denominations and such names as such selling Holder or the underwriter(s), if any, may request at least two Business Days prior to such sale of Registrable Securities; *provided* that the Company may satisfy its obligations hereunder without issuing physical stock certificates through the use of The Depository Trust Company's Direct Registration System;

(xii) cooperate and assist in any filings required to be made with the Financial Industry Regulatory Authority and each securities exchange, if any, on which any of the Company's securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company's securities are then quoted, and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of each such exchange, and use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(xiii) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company; *provided* that the Company may satisfy its obligations hereunder without issuing physical stock certificates through the use of The Depository Trust Company's Direct Registration System;

(xiv) in the case of an Underwritten Offering, obtain for delivery to and addressed to Dufry, if Dufry is participating, and the underwriter or underwriters, an opinion from the Company's outside counsel in customary form and content for the type of Underwritten Offering, dated the date of the closing under the underwriting agreement;

(xv) in the case of an Underwritten Offering, obtain for delivery to and addressed to the underwriter or underwriters and, to the extent agreed by the Company's independent certified public accountants, each selling Holder, a comfort letter from the Company's independent certified public accountants (and the independent certified public accountants with respect to any acquired company financial statements) in customary form and content for the type of Underwritten Offering, including with comfort letters customarily delivered in connection with quarterly period financial statements if applicable, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(xvi) use its reasonable best efforts to comply with all applicable rules and regulations of the SEC and make generally available to its security holders, as soon as reasonably practicable, but no later than 90 days after the end of the 12-month period beginning with the first day of the Company's first quarter commencing after the effective date of the applicable Registration Statement, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder and covering the period of at least 12 months, but not more than 18 months, beginning with the first month after the effective date of the Registration Statement;

(xvii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xviii) cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company's securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company's securities are then quoted;

(xix) provide (A) each Holder participating in the Registration, (B) the underwriters (which term, for purposes of this Agreement, shall include a Person deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act), if any, of the Registrable Securities to be Registered, (C) the sale or placement agent therefor, if any, (D) counsel for such underwriters or agent, and (E) any attorney, accountant or other agent or representative retained by such Holder or any such underwriter, as selected by such Holder, the opportunity to participate in the preparation of such Registration Statement, each Prospectus included therein or filed with the SEC, and each amendment or supplement thereto, and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such Holder(s) and their counsel should be included; and for a reasonable period prior to the filing of such Registration Statement, make available upon reasonable notice at reasonable times and for reasonable periods for inspection by the parties referred to in (A) through (E) above, all pertinent financial and other records, pertinent corporate documents and properties of the Company that are available to the Company, and cause all of the Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available at reasonable times and for reasonable periods, to discuss the business of the Company and to supply all information available to the Company reasonably requested by any such Person in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence responsibility, subject to the foregoing, *provided* that any such Person gaining access to information or personnel pursuant to this Section 2.04(a)(xix) shall agree to use reasonable efforts to protect the confidentiality of any information regarding the Company which the Company determines in good faith to be confidential, and of which determination such Person is notified, unless (F) the release of such information is required by law or regulation or is requested or required by deposition, interrogatory, requests for information or documents by a governmental entity, subpoena or similar process, (G) such information is or becomes publicly known without a breach of this Agreement, (H) such information is or becomes available to such Person on a non-confidential basis from a source other than the Company or (I) such information is independently developed by such Person;

(xx) to cause the executive officers of the Company to participate in the customary "road show" presentations that may be reasonably requested by the managing underwriter or underwriters in any Underwritten Offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto; and

(xxi) take all other customary steps reasonably necessary to effect the Registration, offering and sale of the Registrable Securities.

(b) As a condition precedent to any Registration hereunder, the Company may require each Holder as to which any Registration is being effected to furnish to the Company such information regarding the distribution of such securities and such other information relating to such Holder, its ownership of Registrable Securities and other matters as the Company may from time to time reasonably request in writing. Each such Holder agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

(c) Dufry agrees, and any other Holder agrees by acquisition of such Registrable Securities, that, upon receipt of any written notice from the Company of the occurrence of any event of the kind described in Section 2.04(a)(v), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 2.04(a)(v), or until such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period during which the applicable Registration Statement for a Demand Registration is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 2.04(a)(v) or is advised in writing by the Company that the use of the Prospectus may be resumed.

Section 2.05. *Holdback Agreements*. Each of the Company and the Holders agrees, upon notice from the managing underwriter or underwriters in connection with any Registration for an Underwritten Offering of the Company's securities (other than pursuant to a registration statement on Form F-4 or any similar or successor form or pursuant to a registration solely relating to an offering and sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit plan arrangement), not to effect (other than pursuant to such Registration) any public sale or distribution of Registrable Securities, including, but not limited to, any sale pursuant to Rule 144, or make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of, any Registrable Securities, any other equity securities of the Company or any securities convertible into or exchangeable or exercisable for any equity securities of the Company without the prior written consent of the managing underwriters during such period as reasonably requested by the managing underwriters (but in no event longer than the seven days before and the 90 days after the pricing of such Underwritten Offering); *provided*, that such restrictions shall not apply in any circumstance to (i) Registrable Securities acquired by a Holder in the public market subsequent to the IPO, (ii) distributions-in-kind to a Holder's limited or other partners, members, shareholders or other equity holders, (iii) Registrable Securities with regard to which Dufry has beneficial ownership pursuant to an investment advisory arrangement under which Dufry provides investment advisory services to a non-related third party in connection with such Registrable Securities and does not derive a benefit from such Registrable Securities other than customary advisory or similar fees. Notwithstanding the foregoing, no holdback agreements of the type contemplated by this Section 2.05 shall be required of Holders unless each of the Company's directors and executive officers agrees to be bound by a substantially identical holdback agreement for at least the same period of time.

Section 2.06. *Underwriting Agreement in Underwritten Offerings*. If requested by the managing underwriters for any Underwritten Offering, the Company and the participating Holders shall enter into an underwriting agreement in customary form with such underwriters for such offering; *provided*, *however*, that no Holder shall be required to make any representations or warranties to the Company or the underwriters (other than representations and warranties regarding (i) such Holder's ownership of Registrable Securities to be transferred free and clear of all liens, claims and encumbrances created by such Holder, (ii) such Holder's power and authority to effect such transfer, (iii) such matters pertaining to such Holder's compliance with securities laws as reasonably may be requested and (iv) such Holder's intended method of distribution) or to undertake any indemnification obligations to the Company with respect thereto, except as otherwise provided in Section 2.08 hereof.

Section 2.07. *Registration Expenses Paid By Company*. In the case of any Registration of Registrable Securities required pursuant to this Agreement (including any Registration that is delayed or withdrawn) or proposed Underwritten Offering pursuant to this Agreement, the Company shall pay all Registration Expenses regardless of whether the Registration Statement becomes effective or the Underwritten Offering is completed. The Company shall have no obligation to pay any Selling Expenses.

Section 2.08. Indemnification.

(a) *Indemnification by the Company*. The Company agrees to indemnify and hold harmless, to the full extent permitted by law, each Holder and such Holder's officers, directors, employees, advisors, Affiliates and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Holder from and against any and all losses, claims, damages, liabilities (or actions in respect thereof, whether or not such indemnified party is a party thereto) and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "**Loss**" and collectively "**Losses**") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was Registered under the Securities Act (including any final or preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or any such statement made in any free writing prospectus (as defined in Rule 405 under the Securities Act) that the Company has filed or is required to file pursuant to Rule 433(d) of the Securities Act, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading; *provided*, *however*, that the Company shall not be liable to any particular indemnified party in any such case to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such Registration Statement in reliance upon and in conformity with written information furnished to the Company by such indemnified party expressly for use in the preparation thereof. This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the transfer of such securities by such Holder.

(b) *Indemnification by the Selling Holder*. Each selling Holder agrees (severally and not jointly) to indemnify and hold harmless, to the full extent permitted by law, the Company and the Company's directors, officers, employees, advisors, Affiliates and agents and each Person who controls the Company (within the meaning of the Securities Act and the Exchange Act) from and against any Losses arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was Registered under the Securities Act (including any final or preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or any such statement made in any free writing prospectus that the Company has filed or is required to file pursuant to Rule 433(d) of the Securities Act, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading to the extent, but, in each case (i) or (ii), only to the extent, that such untrue statement or omission is contained in any information furnished in writing by such selling Holder to the Company expressly for inclusion in such Registration Statement, Prospectus, preliminary Prospectus or free writing prospectus. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder under the sale of the Registrable Securities giving rise to such indemnification obligation. This indemnity shall be in addition to any liability the selling Holder may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any indemnified party.

(c) *Conduct of Indemnification Proceedings*. Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (*provided* that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder to the extent that it is materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; *provided*, *however*, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (a) the indemnifying party has agreed in writing to pay such fees or expenses, (b) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder or fails to employ counsel reasonably satisfactory to such Person or to pursue the defense of such claim in a reasonably vigorous manner, (c) the named parties to any proceeding include both such indemnified and the indemnifying party and the indemnified party has reasonably concluded (based on written advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (d) in the reasonable judgment of any such Person, based upon written advice of its counsel, a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent, but such consent may not be unreasonably withheld, conditioned or delayed. If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party, which consent may not be unreasonably withheld, conditioned or delayed. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm (in addition to any appropriate local counsel) at any one time from all such indemnified party or parties unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on written advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or in the reasonable judgment of such Person may exist (based on advice of counsel to an indemnified party) between such indemnified party or parties and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel.

(d) *Contribution*. If for any reason the indemnification provided for in Section 2.08(a) or Section 2.08(b) is unavailable to an indemnified party or insufficient to hold it harmless as contemplated by Section 2.08(a) or Section 2.08(b), then the indemnifying party shall, in lieu of indemnifying such indemnified party thereunder, contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions which resulted in such Loss as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. Notwithstanding anything in this Section 2.08(d) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.08(d) to contribute any amount in excess of the amount by which the net proceeds received by such indemnifying party from the sale of Registrable Securities in the offering to which the Losses of the indemnified parties relate (before deducting expenses, if any) exceeds the amount of any damages which such indemnifying party has otherwise been required to pay by reason of such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.08(d) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 2.08(d). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party hereunder shall be deemed to include, for purposes of this Section 2.08(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. If indemnification is available under this Section 2.08, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 2.08(a) and Section 2.08(b) hereof without regard to the relative fault of said indemnifying parties or indemnified party.

Section 2.09. *Reporting Requirements; Rule 144*. The Company shall use its reasonable best efforts to be and remain in compliance with the periodic filing requirements imposed under the SEC's rules and regulations, including the Exchange Act, and thereafter shall timely file such information, documents and reports as the SEC may require or prescribe under Section 13 or 15(d) (whichever is applicable) of the Exchange Act. If the Company is not required to file such reports during such period, it will, upon the request of any Holder, make publicly available such necessary information for so long as necessary to permit sales pursuant to Rule 144 or Regulation S under the Securities Act, and it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without Registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 or Regulation S under the Securities Act, as such Rules may be amended from time to time, or (b) any rule or regulation hereafter adopted by the SEC. From and after the date hereof through the date upon which no Holder owns any Registrable Securities, the Company shall forthwith upon request furnish any Holder (i) a written statement by the Company as to whether it has complied with such requirements and, if not, the specifics thereof, (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents filed by the Company with the SEC as such Holder may reasonably request in availing itself of an exemption for the sale of Registrable Securities without registration under the Securities Act.

ARTICLE 3
MISCELLANEOUS

Section 3.01. *Term*. This Agreement shall terminate at such time as there are no Registrable Securities, except for the provisions of Section 2.07 and Section 2.08 and all of this Article 3, which shall survive any such termination.

Section 3.02. *Notices*. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to Dufry, to:

Dufry AG
Brunngässlein 12, CH – 4010
Basel, Switzerland
Attention: Group General Counsel

If to the Company to:

Hudson Ltd.
4 New Square
Bedfont Lakes
Feltham, Middlesex TW14 8HA
United Kingdom
Attention: Chief Financial Officer

with a copy to:

The Hudson Group
One Meadowlands Plaza
East Rutherford, NJ 07073
Attention: Richard J. Green, Senior Counsel

Any party may, by notice to the other party, change the address to which such notices are to be given.

Section 3.03. *Successors, Assigns and Transferees*. This Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Company may assign this Agreement at any time in connection with a sale or acquisition of the Company, whether by merger, consolidation, sale of all or substantially all of the Company's assets, or similar transaction, without the consent of the Holders; *provided* that the successor or acquiring Person agrees in writing to assume all of the Company's rights and obligations under this Agreement. A Holder may assign its rights and obligations under this Agreement to any transferee that acquires at least 5% of the outstanding Class A Common Shares and executes an agreement to be bound hereby in the form attached hereto as Exhibit A, an executed counterpart of which shall be furnished to the Company. Notwithstanding the foregoing, if such transfer is subject to covenants, agreements or other undertakings restricting transferability thereof, the Registration Rights shall not be transferred in connection with such transfer unless such transferee complies with all such covenants, agreements and other undertakings.

Section 3.04. *GOVERNING LAW; NO JURY TRIAL*.

(a) This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any law other than the laws of the State of New York. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY COURT PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF AND PERMITTED UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE.

(b) With respect to any Action relating to or arising out of this Agreement, each party to this Agreement irrevocably (i) consents and submits to the exclusive jurisdiction of the courts of the State of New York and any court of the United States located in the Borough of Manhattan in New York City; (ii) waives any objection which such party may have at any time to the laying of venue of any Action brought in any such court, waives any claim that such Action has been brought in an inconvenient forum and further waives the right to object, with respect to such Action, that such court does not have jurisdiction over such party; and (iii) consents to the service of process at the address set forth for notices in Section 3.02 herein; *provided*, *however*, that such manner of service of process shall not preclude the service of process in any other manner permitted under applicable law.

Section 3.05. *Specific Performance*. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are or are to be thereby aggrieved shall have the right to seek specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

Section 3.06. *Headings*. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 3.07. *Severability*. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 3.08. *Amendment; Waiver*.

(a) This Agreement may not be amended or modified and waivers and consents to departures from the provisions hereof may not be given, except by an instrument or instruments in writing making specific reference to this Agreement and signed by the Company and Dufry or, if neither Dufry or any of its Affiliates is a Holder, the Holders of a majority of the Registrable Securities.

(b) Waiver by any party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

Section 3.09. *Further Assurances*. Each of the parties hereto shall execute and deliver all additional documents, agreements and instruments and shall do any and all acts and things reasonably requested by the other party hereto in connection with the performance of its obligations undertaken in this Agreement.

Section 3.10. *Counterparts*. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

[*The remainder of page intentionally left blank. Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

HUDSON LTD.

By: /s/ Julián Díaz González
Name: Julián Díaz González
Title: Director

DUFRY INTERNATIONAL AG

By: /s/ Andreas Schneiter
Name: Andreas Schneiter
Title: Director

EXHIBIT A

THIS INSTRUMENT forms part of the Registration Rights Agreement (the " **Agreement**"), dated as of ________, 2018, by and among Hudson Ltd., an exempted company limited by shares incorporated in Bermuda, and Dufry International AG, a Swiss stock corporation ("**Dufry**"). The undersigned hereby acknowledges having received a copy of the Agreement and having read the Agreement in its entirety, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, hereby agrees that the terms and conditions of the Agreement binding upon and inuring to the benefit of Dufry shall be binding upon and inure to the benefit of the undersigned and its successors and permitted assigns as if it were an original party to the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this day of ___________, 20__.

By: ______________________________
Name:
Title:

Exhibit 4.1

MASTER RELATIONSHIP AGREEMENT

BETWEEN

DUFRY INTERNATIONAL AG

AND

HUDSON LTD.

Dated February 1, 2018

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MASTER RELATIONSHIP AGREEMENT

MASTER RELATIONSHIP AGREEMENT, dated February 1, 2018 (this "Agreement"), between Dufry International AG, a stock corporation incorporated pursuant to the laws of Switzerland ("Dufry"), which is a wholly owned subsidiary of Dufry AG, a stock corporation incorporated pursuant to the laws of Switzerland ("Dufry AG"), and Hudson Ltd., an exempted company limited by shares incorporated pursuant to the laws of Bermuda (the " Company"). Certain terms used in this Agreement are defined in Section 1.1.

W I T N E S E T H:

WHEREAS, the Company is a wholly owned Subsidiary of Dufry and, through its Subsidiaries, operates duty-free and duty-paid stores in the continental United States and Canada;

WHEREAS, Dufry has determined to sell Company Common Stock in an Initial Public Offering, following which Dufry will remain the controlling shareholder of the Company;

WHEREAS, the Company Group is part of the Dufry Group and, as such, the members of the Company Group have heretofore operated, and will continue to operate, pursuant to policies and processes applicable to members of the Dufry Group;

WHEREAS, members of each of the Dufry Group, on the one hand, and members of the Company Group, on the other hand, have heretofore been, and will continue to be, party to multiple agreements, arrangements and transactions with each other;

WHEREAS, the Board of Directions of the Company has acknowledged the benefit to the Company Group of such agreements, arrangements and transactions; and

WHEREAS, each of the Board of Directors of Dufry and the Board of Directors of the Company has resolved that it is in the interests of each company, respectively, to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1. Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Action" means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" (and, with a correlative meaning, "affiliated") means, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies or the power to appoint and remove a majority of directors (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Business Day" means Monday to Friday, except for any day on which banking institutions in New York, New York or Basel, Switzerland are authorized or required by applicable Law or executive order to close.

"Company Common Stock" means the Class A common shares, $0.001 par value per share, of the Company.

"Company Group" means the Company, each Subsidiary of the Company and each other Person that is controlled either directly or indirectly by the Company.

"Dufry Group" means Dufry AG, each Subsidiary of Dufry AG and each other Person that is controlled either directly or indirectly by Dufry AG.

"Dufry PSU Plan" means the Dufry AG PSU Plan.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government, including any governmental authority, agency, department, board, commission or instrumentality whether federal, state, local or foreign (or any political subdivision thereof), and any tribunal, court or arbitrator(s) of competent jurisdiction.

"IFRS" means International Financial Reporting Standards.

"Indebtedness" means, with respect to any Person, any Liability of such Person in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments and shall include, without limitation, any Liability of such Person pursuant to any agreement related to the fixing of interest rates on any Indebtedness, any Liability pursuant to any credit card arrangement or contract, any Liability of such Person pursuant to any financing transaction, and any Liability of such Person pursuant to any derivative or other financial instrument or contract.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Initial Public Offering" means the initial public offering of the Company Common Stock pursuant to the IPO Registration Statement.

"IPO Registration Statement" means the registration statement on Form F-1 filed under the Securities Act (No. 333-221547) pursuant to which the offering of Company Common Stock has been registered with the SEC.

"Law" means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued, communicated or entered by a Governmental Authority.

"Liabilities" means (i) any debt, loss, damage, adverse claim, liability or obligation of any Person (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), (ii) any guarantee by a Person in respect of such debt, loss, damage, adverse claim, liability or obligation of any such Person described in (i), (iii) any action by a Person to secure the repayment of any such debt, loss, damage, adverse claim, liability or obligation described in (i) or any such guarantee described in (ii) (whether or not it is the debt or other obligation of such Person so securing its repayment), including the grant of security over such securing Person's assets or otherwise, and (iv) all costs and expenses relating to (i), (ii) and (iii).

"Parties" means Dufry and the Company.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) directly or indirectly owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

1.2. Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated.

Term	**Section**
Agreement	Preamble
Company	Preamble
Company Auditors	2.2(b)
Company Public Documents	2.1(c)
Dufry	Preamble
Dispute	13.1(a)
Dufry Auditors	2.2(b)
Dufry Confidential Information	12.2(a)
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ARTICLE II
FINANCIAL AND OTHER INFORMATION

2.1. Company Information.

During any fiscal year that Dufry AG is required, in accordance with IFRS, to account for its investment in the Company on a consolidated basis or under the equity method of accounting:

(a) *Provision of Information Generally*. At the Company's cost, the Company shall, or shall cause its Subsidiaries to, provide to any member of the Dufry Group, for any purpose that such member of the Dufry Group may determine appropriate, including use to provide any service contemplated by this Agreement, use for internal reporting, planning and forecasting, use for compliance with reporting, disclosure, filing or other requirements imposed on any member of the Dufry Group (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over such member of the Dufry Group, use in any other judicial, regulatory, administrative, tax or other proceeding, or use to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, any Information in respect of the Company or the Company Group that any Dufry Group member shall request, within the time periods that such Dufry Group member shall request, and presented in the format that such Dufry Group member shall request.

(b) *Fiscal Year*. The Company shall, and shall cause each of its Subsidiaries to, maintain a fiscal year which commences on January 1 and ends on December 31 of each calendar year.

(c) *Dufry's Role in Company Public Documents* . Subject to applicable Law, the Company shall not publish, send to holders of Company Common Stock or file with or furnish to the SEC, any national stock exchange or any Governmental Authority, any press releases concerning the business, results of operations or financial condition of the Company (including earnings releases), reports, notices, proxy or information statements, registration statements or prospectuses (collectively, "Company Public Documents") or any other Information prepared by the Company or any of its Subsidiaries for release to financial analysts or investors without the prior written consent of Dufry. The Company shall consult with Dufry on the preparation of any such Company Public Document or other Information and provide Dufry with the opportunity to review and comment on any such Company Public Documents or other Information.

(d) *Company Meetings with Financial Analysts* . The Company shall consult with Dufry as to the appropriate timing for all scheduled meetings and conference calls to be held between the Company and members of the investment community (including any financial analysts), and of any conferences to be attended by management of the Company with members of the investment community. The Company shall not schedule any such meeting or call or attend any such conference to which Dufry objects.

2.2. Dufry AG Public Documents. During any fiscal year that Dufry AG is required, in accordance with IFRS, to account for its investment in the Company on a consolidated basis or under the equity method of accounting:

(a) *Company Cooperation with Dufry*. The Company shall cooperate, and cause its accountants and auditors to cooperate, with any member of the Dufry Group to the extent requested by such member of the Dufry Group in the preparation of Dufry AG's press releases, public earnings releases, any other proxy, information and registration statements, reports, notices, prospectuses and any other documents to be prepared by Dufry AG or any of its Subsidiaries (collectively, "Dufry Public Documents"). If and to the extent requested by any member of the Dufry Group, the Company shall diligently and promptly review all drafts of such Dufry Public Documents and prepare in a diligent and timely fashion any portion of such Dufry Public Documents pertaining to the Company or its Subsidiaries. Unless required by Law, without the prior consent of Dufry, the Company shall not publicly release any Information that conflicts with any Information with respect to the Company, any Affiliate of the Company or the Company Group that is provided by the Company to any member of the Dufry Group for any Dufry Public Document.

(b) *Coordination of Audit and Auditors' Opinions* . The Company shall cause its independent certified public accountants (the " Company Auditors") to complete their audit such that, should Dufry so request, the Company Auditors will date their opinion on the Company's audited annual financial statements on the same date that Dufry AG's independent certified public accountants (the "Dufry AG Auditors") date their opinion on Dufry AG's audited annual financial statements, and to enable Dufry AG to meet its timetable for the printing, filing and public dissemination of Dufry AG's annual report; *provided* that the foregoing shall not preclude the Company from making all required public filings in a timely manner. Should Dufry so request, the Company Auditors shall be the same as the Dufry AG Auditors, unless applicable Law requires otherwise. The Dufry Group and the Dufry AG Auditors shall have full audit rights with respect to the Company Group. The costs of Company Auditors for the audit of the Company shall be borne by the Company.

(c) *Access to Personnel and Working Papers*. The Company will request the Company Auditors to make available to the Dufry AG Auditors both the personnel who performed or are performing the annual audit of the Company and, consistent with customary professional practice and courtesy of such auditors with respect to the furnishing of work papers, work papers related to the annual audit of the Company, in all cases within a reasonable time after the Company Auditors' opinion date, so that the Dufry AG Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the Company Auditors as it relates to the Dufry AG Auditors' report on Dufry AG's audited annual financial statements, all within sufficient time to enable Dufry AG to meet its timetable for the printing, filing and public dissemination of the Dufry AG's annual report.

2.3. Accounting Estimates and Principles. During any fiscal year that Dufry AG is required, in accordance with IFRS, to account for its investment in the Company on a consolidated basis or under the equity method of accounting: the Company shall give Dufry reasonable notice of any proposed material change in accounting estimates or material changes in accounting principles from those in effect with respect to the Company Group immediately prior to the date hereof, and shall give Dufry notice immediately following adoption of any such changes that are mandated or required by the SEC, the Financial Accounting Standards Board, the International Accounting Standards Board or the Public Company Accounting Oversight Board. In connection therewith, the Company shall consult with Dufry, and, if requested by Dufry, the Company shall consult with the Dufry AG Auditors with respect thereto. As to changes in accounting principles that could reasonably be expected to affect Dufry AG's financial statements, the Company shall not make any such changes without Dufry's prior written consent, excluding changes that are mandated or required by the SEC, the Financial Accounting Standards Board, the International Accounting Standards Board or the Public Company Accounting Oversight Board.

2.4. Internal Audit. Without limiting the generality of Section 2.1 hereof, in connection with the provision of internal audit services to the Company Group pursuant to the Franchise Agreements or otherwise, the Company shall provide representatives of the Dufry Group complete access upon request to the Company's and its Subsidiaries' books and records as well as to the internal accounting controls and operations of the Company and its Subsidiaries. The Company shall, and shall cause its Subsidiaries to, comply with the instructions of representatives of the Dufry Group engaged in the provision of internal audit services, or otherwise directing or carrying out internal audit functions. The Company shall, and shall cause its Subsidiaries to, retain or provide any employees, at the expense of the Company, to carry out internal audit work as directed by representatives of the Dufry Group. The Company shall not engage any third Person to provide internal audit services without the consent in writing of Dufry.

2.5. Accountants' Reports. During any fiscal year that Dufry AG is required, in accordance with IFRS, to account for its investment in the Company on a consolidated basis or under the equity method of accounting, no later than two (2) Business Days following the receipt thereof, the Company shall deliver to Dufry copies of all communications or reports submitted to the Company or any of its Subsidiaries by their independent certified public accountants, including, each report submitted to the Company or any of its Subsidiaries concerning its accounting practices and systems and any comment letter submitted to management in connection with their annual audit and all responses by management to such reports and letters.

2.6. Record Retention. To facilitate the provision of Information pursuant to this Article II and other provisions of this Agreement, the Company shall, and shall cause its Subsidiaries to, retain all Information in its possession or control in accordance with the policies of the Dufry Group as in effect on the date hereof or such other policies as may be adopted by the Dufry Group. The Company will not destroy, or permit any of its Subsidiaries to destroy, any Information without the prior written consent of Dufry.

2.7. Production of Witnesses; Records; Cooperation.

(a) Except in the case of an adversarial Action by one Party against another Party, the Company shall, and shall cause its Subsidiaries to, make available to the Dufry Group, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of the respective entity as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may be required in connection with any Action in which any member of the Dufry Group may from time to time be involved.

(b) Without limiting the foregoing, the Company shall, and shall cause its Subsidiaries to, cooperate and consult with Dufry to the extent so requested by Dufry with respect to any Actions referred to in clause (a) to this Section 2.7.

(c) Without limiting any provision of this Section 2.7, the Company agrees to cooperate, and to cause each of its Subsidiaries to cooperate, with any member of the Dufry Group that requests such cooperation in the defense of any infringement or similar claim with respect any intellectual property and shall not claim to acknowledge, or permit any member of the Company Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim except as required by Law.

(d) The obligation of the Company and is Subsidiaries to provide witnesses pursuant to this Section 2.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict.

(e) In connection with any matter contemplated by this Section 2.7, if requested by Dufry, the Company shall enter into a joint defense agreement with any member of the Dufry Group so as to maintain to the extent practicable any applicable attorney-client privilege, work product immunity or other applicable privileges or immunities of the Dufry Group or the member of any Dufry Group.

2.8. Privilege. The provision of any information pursuant to this Article II shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privilege (a "Privilege").

2.9. General Cooperation. The Company shall, and shall cause its Subsidiaries to, provide to any member of the Dufry Group, at no cost to the Dufry Group, timely access to such personnel, facilities, assets and information, books and records of the Company Group, and provide timely decisions, approvals and acceptances, in each case as may be reasonably necessary to enable any member of the Dufry Group to exercise its rights pursuant to this Agreement in a timely and efficient manner.

ARTICLE III
FINANCING AND TREASURY OPERATIONS

3.1. Company Group Financing. The Company shall, and cause its Subsidiaries to, do all things necessary to comply with and maintain in full force and effect the agreements listed on Schedule 3.1 hereto. Unless the Company has obtained the prior written consent of Dufry, which Dufry may withhold in its sole discretion, the Company shall, and shall cause its Subsidiaries to, incur Indebtedness only pursuant to facilities provided by members of the Dufry Group (that are not members of the Company Group). Any Indebtedness incurred by members of the Company Group pursuant to facilities provided by members of the Dufry Group (that are not members of the Company Group) after the date of this Agreement shall be on substantially the same terms as the Indebtedness provided by members of the Dufry Group to members of the Company Group that is outstanding on the date of this Agreement; *provided* that the principal amount, interest rate (which may be fixed or floating) and term may vary from facility to facility; *provided further* that the interest rate applicable to such Indebtedness incurred after the date of this Agreement shall correspond to Dufry AG's weighted average cost of debt funding (in the currency of the Indebtedness to be incurred) at the time that such Indebtedness is incurred initially or refinanced by the Company Group, or if a floating rate of interest is applied, Dufry AG's weighted average cost of debt funding (in the currency of the Indebtedness to be incurred) at each interest reset date, in each case of incurrence, refinancing or resetting, plus an additional 50 basis points (*i.e.*, 0.50%).

3.2. Third Person Guarantee or Letter of Credit Facilities. Unless the Company has obtained the prior written consent of Dufry, the Company shall not enter into, and not permit its Subsidiaries to enter into, any guarantee, letter of credit guarantee facilities or other similar arrangements with banks or other third parties.

3.3. Foreign Exchange Transactions. Unless the Company has obtained the prior written consent of Dufry, which Dufry may withhold in its sole discretion, the Company shall, and shall cause its Subsidiaries to, execute foreign exchange transactions only through members of the Dufry Group. At its sole discretion, Dufry may execute any such foreign exchange transaction with a third Person on behalf of the Company or any of its Subsidiaries at the best quoted price, as reasonably determined by Dufry, and the Company, or its Subsidiary, as the case may be, shall pay Dufry 10 basis points (i.e., 0.10%) for each such transaction. If Dufry does not execute such transaction on behalf of the Company or its Subsidiary with a third Person, Dufry shall execute such transaction directly with the Company or its Subsidiary at the best price quoted by a third Person to execute such transaction, as reasonably determined by Dufry, plus an additional 10 basis points (i.e., 0.10%).

3.4. Cash Pooling. Dufry may direct the Company to, or cause its Subsidiaries to, deposit cash in any Dufry Group cash pooling arrangement up to the aggregate principal amount of Indebtedness then outstanding borrowed by members of the Company Group from members of the Dufry Group. The Company or its Subsidiaries, as the case may be, shall be compensated (or charged, if applicable interest rates are negative) by Dufry for any cash placed by the Company or its Subsidiaries in the cash pool arrangement based on the then-prevailing market rate for short-term cash balances in bank accounts at the same bank that operates the cash pooling arrangement. The cash deposited by Company Group members in the cash pooling arrangement may be used to secure any credit positions in the cash pooling arrangements, either of Company Group members or other Dufry Group members. Dufry may, in its sole discretion, offer the Company the ability to borrow from the cash pooling arrangement. Should the Company or any of its Subsidiaries incur Indebtedness from any cash pooling arrangement, the Company, or its Subsidiaries, as the case may be, shall be charged an interest rate at the then-prevailing market rate applicable to borrowings by similar borrowers from the bank operating the cash pooling arrangement, as reasonably determined by Dufry, plus an additional 10 basis points (i.e., 0.10%). In the event of the insolvency, bankruptcy, receivership or other similar status of Dufry AG or Dufry, the amount of any Indebtedness of Company Group members to Dufry Group members shall be automatically set off against any amounts deposited by Company Group members in any cash pooling arrangement that are not returned to such Company Group members upon demand by such Company Group members, irrespective of the due date of any claim by a Company Group member.

3.5. General. The Company shall, and shall cause its Subsidiaries to, support Dufry in its treasury and cash management operations and take any action requested by Dufry in furtherance of Dufry Group treasury and cash management operations, *provided* that such action shall not materially adversely affect the Company Group.

ARTICLE IV
SUPPLY OF PRODUCTS FOR SALE

4.1. Purchase of Products from Dufry. At Dufry's option, the Company shall, and shall cause its Subsidiaries to, purchase from members of the Dufry Group all products to be sold by the Company Group in the following categories: wine/spirits, tobacco, fashion, watches, jewelry, perfume, cosmetics, electronics and confectionary/chocolate. The Dufry Group may elect to supply products directly to the Company Group or through a supply arrangement between the Dufry Group and a third Person.

4.2. Obligation to Supply. Should Dufry elect to supply products directly to the Company Group, it shall use, or cause its Subsidiaries to use, reasonable best efforts to supply the Company Group on the terms set by the Dufry Group for such supply, such terms to be determined by Dufry in its sole discretion in accordance with Dufry's transfer pricing policy as then in effect for all members of the Dufry Group.

ARTICLE V
FRANCHISE AND OTHER SERVICES AGREEMENTS

5.1. Franchise Agreements. The Company shall, and cause its Subsidiaries to, do all things necessary to comply with and maintain in full force and effect the agreements listed on Schedule 5.1 hereto (the "Franchise Agreements").

5.2. Retail Shop Concepts Services Agreements. The Company shall, and shall cause its subsidiaries to, do all things necessary to comply with and maintain in full force and effect the agreements listed on Schedule 5.2 hereto.

5.3. Financial Support Services. The Company shall, and shall cause its subsidiaries to, do all things necessary to comply with and maintain in full force and effect the agreements listed on Schedule 5.3 hereto

ARTICLE VI
OTHER SERVICES

6.1. Financial Statement Consolidation Services.

At its option and subject to the Company's compliance with Article II hereof, Dufry shall, and shall cause its Subsidiaries, to provide such consolidation services that it deems appropriate in connection with the preparation of the financial statements of the Company. Should Dufry exercise its option to provide such services to the Company, Dufry shall provide such services only in respect of the annual consolidated financial statements of the Company and the interim condensed consolidated financial statements of the Company for each of the first three fiscal quarters of each fiscal year, in each case for financial statements in accordance with IFRS. The Company shall be responsible for the costs of such services. The Company shall be charged on the basis of the cost to Dufry (including the cost of Dufry employees) for the provision of such services plus an additional amount up to 500 basis points (i.e., 5.00%), as determined by Dufry in its sole discretion.

ARTICLE VII
COMPLIANCE WITH DUFRY POLICIES

7.1. Compliance Generally. The Company shall, and shall cause all of its Subsidiaries to, do all things necessary to comply with (i) the policies, processes and procedures of the Dufry Group applicable to Dufry Group members that are in effect at the date hereof, (ii) all policies adopted by the Board of Directors or Group Executive Committee of Dufry AG after the date hereof that amend or replace such policies, and (iii) all other policies adopted by the Board of Directors or Group Executive Committee of Dufry AG after the date hereof that apply equally to all members of the Dufry Group.

ARTICLE VIII
SALES AND MARKETING MATTERS

8.1. Pricing and Assortment. The Company shall, and shall cause its Subsidiaries to, comply with (i) the Dufry Group's pricing and assortment strategies and initiatives in respect of the Dufry Group's (including the Company Group's) duty-free business and (ii) the Dufry Group's directives on pricing and assortment in respect of the Company Group's duty-paid business.

8.2. Advertising, Marketing and Promotions. The Company shall, and shall cause its Subsidiaries to, comply with (i) the Dufry Group's advertising, marketing and promotions strategies and initiatives in respect of the Dufry Group's (including the Company Group's) duty-free business and (ii) the Dufry Group's directives on advertising, marketing and promotions activities in respect of the Company Group's duty-paid business.

8.3. Shop Design. The Company shall, and shall cause its Subsidiaries to, comply with the Dufry Group's directives regarding duty-free and duty-paid shop design, construction and operation.

8.4. General. The Company shall, and shall cause its Subsidiaries to, support the Dufry Group in its global sales and marketing strategy and take any action requested by any member of the Dufry Group in furtherance of the Dufry Group's global sales and marketing strategy, *provided* that such action shall not materially adversely affect the Company Group taken as a whole.

ARTICLE IX
INFORMATION TECHNOLOGY

9.1. Information Technology Agreements. The Company shall, and shall cause its Subsidiaries to, do all things necessary to comply with and maintain in full force and effect the agreements listed on Schedule 9.1 hereto.

9.2. Company to Use Dufry Information Technology . The Company shall, and shall cause its Subsidiaries to, use, apply and implement any information technology system, application or software required by Dufry. Without limiting the generality of the foregoing, the Company shall, and shall cause its Subsidiaries to, deliver information to the Dufry Group's global applications and databases as requested by Dufry. The use or development by the Company or its Subsidiaries of any information technology tools, systems or digital applications, and the provision of associated services, shall require the prior written approval of Dufry, which may be withheld in Dufry's sole discretion.

9.3. Dufry Support. Dufry shall, and shall cause its Subsidiaries to, support the Company and its Subsidiaries in the implementation and subsequent operation of any of the Dufry Group's global information technology systems, applications or software that Dufry shall require the Company Group to use. To the extent that Dufry shall require the Company to use the Dufry Group's information technology systems, applications or software, Dufry shall also ensure that the Company Group's use of such systems, applications or software is permitted by Dufry's global license or other applicable agreements in respect of such applications or software, to the extent applicable. The Dufry Group shall be solely responsible for the development and maintenance of the Dufry Group's global information technology systems, applications and software.

9.4. Company Costs . The Company shall be responsible for: (a) the costs of implementation of any Dufry Group global information technology systems, applications or software at the Company Group, (b) all day-to-day running costs of such information technology systems, applications or software, including corresponding licensing costs, and (c) the costs of Dufry's provision of support contemplated by Section 9.3 hereof. Any product or service that is provided by the Dufry Group to the Company Group pursuant to this Article IX shall be charged to the Company on the basis of the cost to the Dufry Group (including the cost of Dufry Group employees) for such product or the provision of such service plus an additional amount of up to 500 basis points (i.e., 5.00%), as determined by Dufry in its sole discretion.

ARTICLE X
TAX MATTERS

10.1. Provision of Tax Services. Without limiting the generality of Article VII hereof, the Company shall, and shall cause its Subsidiaries to, comply with the Dufry Group's tax policy as in effect from time to time. The Company shall not, and shall not permit its Subsidiaries, to engage any third Person to provide tax services to the Company Group without the prior written approval of Dufry, which may be withheld at Dufry's sole discretion.

10.2. Provision of Information and Cooperation. Without limiting the generality of Article II hereof, the Company shall, and shall cause its Subsidiaries to, provide all information requested by any member of the Dufry Group in connection with any tax matter concerning the Dufry Group, including the Company Group, and shall, and shall cause its Subsidiaries to, cooperate with any member of the Dufry Group that requests cooperation in connection with any tax matter, including but not limited to the preparation of any tax filing, interaction with a Governmental Authority including a taxation authority or in connection with any litigation of a tax matter, concerning the Dufry Group, including the Company Group.

ARTICLE XI
EMPLOYEE COMPENSATION EXPENSE

11.1. Dufry PSU Plan. The Company shall reimburse the Dufry Group for all costs incurred by the Dufry Group in connection with the granting and vesting of any awards to employees of the Company Group, either before or after the date of this Agreement, pursuant to the Dufry PSU Plan.

ARTICLE XII
OTHER AGREEMENTS

12.1. Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, the Company shall cause its Subsidiaries to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the provisions of this Agreement.

12.2. Confidentiality.

(a) The Company shall not, and shall cause its Subsidiaries and their respective Representatives not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of such Party or of its Affiliates who reasonably need to know such information in providing services to the Company or any member of the Company Group or use or otherwise exploit for its own benefit or for the benefit of any third Person, any Dufry Confidential Information. For purposes of this Section 12.2, any Information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by Dufry or any of its Affiliates (other than any member of the Company Group) furnished to or in possession of any member of the Company Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the Company, any member of the Company Group or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents is hereinafter referred to as "Dufry Confidential Information."

(b) If the Company or its Affiliates are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any Dufry Confidential Information, as applicable, the entity or person receiving such request or demand shall use all reasonable efforts to provide Dufry with written notice of such request or demand as promptly as practicable under the circumstances so that Dufry shall have an opportunity to seek an appropriate protective order. The Company shall take, and cause its representatives to take, all other reasonable steps necessary to obtain confidential treatment by the recipient. Subject to the foregoing, the Company may thereafter disclose or provide any Dufry Confidential Information, as the case may be, to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

12.3. Insurance Matters.

(a) Without limiting the generality of Article VII hereof, the Company shall, and shall cause its Subsidiaries to, comply with the Dufry Group's policy on insurance for members of the Dufry Group. At Dufry's option, the Company shall, and shall cause its Subsidiaries to, participate in any insurance policy or arrangement that Dufry effects, or causes to be effected, for the members of the Dufry Group. The Company shall be responsible for any costs (incurred by Dufry or otherwise) associated with effecting or maintaining such policy or arrangement, as determined by Dufry in its sole discretion.

12.4. IPO Costs and Expenses. The Company shall pay all underwriting fees, discounts and commissions incurred in connection with the Initial Public Offering and all out-of-pocket costs and expenses of the Parties in connection with the Initial Public Offering.

12.5. Covenants Against Taking Certain Actions Affecting Dufry. Except to the extent otherwise contemplated by this Agreement, the Company shall not, without the prior written consent of Dufry (which it may withhold in its sole discretion) take, or cause to be taken, directly or indirectly, any action, including making or failing to make any election under the Law of any state, which has the effect, directly or indirectly, of restricting or limiting the ability of Dufry or any of its Affiliates to freely sell, transfer, assign, pledge or otherwise dispose of any securities of the Company. Without limiting the generality of the foregoing, the Company shall not, without the prior written consent of Dufry (which it may withhold in its sole discretion), take any action, or recommend to its stockholders any action, which would limit the legal rights of, or deny any benefit to, Dufry or any of its Affiliates in Dufry's capacity as a Company stockholder in a manner not applicable to Company stockholders generally.

ARTICLE XIII
DISPUTE RESOLUTION

13.1. General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination thereof, or any agreement or action contemplated thereby (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article XIII, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) All communications between the Parties or their representatives in connection with the attempted resolution of any Dispute, including any mediator's evaluation, shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of the Dispute.

(c) The Parties expressly waive and forego any right to trial by jury.

(d) The specific procedures set forth below, including but not limited to the time limits referenced therein, may be modified by agreement of the Parties in writing.

(e) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Article XIII are pending. The Parties will take such action, if any, required to effectuate such tolling.

(f) Notwithstanding anything to the contrary contained in this Article XIII, any Dispute relating to Dufry's rights as a stockholder of the Company pursuant to applicable Law, the Company's Memorandum of Association or the Company's Amended and Restated Bye-Laws, including Dufry's rights as a stockholder of the Company, will not be governed by or subject to the procedures set forth in this Article XIII.

13.2. Mediation. The Board of Directors of either Party may submit any Dispute for resolution by mediation in accordance with the Swiss Rules of Commercial Mediation of the Swiss Chambers' Arbitration Institution in force on the date when the request for mediation was submitted in accordance with these Rules. The seat of the mediation shall be Zurich, although the meetings may be held elsewhere. The mediation proceedings shall be conducted in English.

13.3. Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 13.2 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either Party may submit the Dispute to be finally resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution in force on the date when the Notice of Arbitration was submitted in accordance with those Rules. The Parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

(b) The number of arbitrators shall be three. The seat of the arbitration shall be in Zurich. The arbitral proceedings shall be conducted in English. The arbitration shall be conducted in accordance with the provisions for expedited procedure.

(c) The Parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 13.3 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 13.3 may be entered and enforced in any court having jurisdiction thereof.

(d) Except as expressly permitted by this Agreement, no Party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (i) for enforcement as contemplated in paragraph (c) above, to (ii) restrict or vacate an arbitral decision based on the grounds specified under applicable Law, or (iii) for interim relief as provided in paragraph (e) below.

(e) In addition to the authority otherwise conferred on the arbitral tribunal, the tribunal shall have the authority to make such orders for interim relief, including injunctive relief, as it may deem just and equitable. Notwithstanding paragraph (d) above, each Party acknowledges that in the event of any actual or threatened breach of the provisions of this Agreement, injunctive or other interim relief may be sought immediately to restrain such breach. If the tribunal shall not have been appointed, either Party may seek interim relief from a court having jurisdiction if the award to which the applicant may be entitled may be rendered ineffectual without such interim relief. Upon appointment of the tribunal following any grant of interim relief by a court, the tribunal may affirm or disaffirm such relief, and the Parties will seek modification or rescission of the court action as necessary to accord with the tribunal's decision.

(f) Each Party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article XIII.

ARTICLE XIV
MISCELLANEOUS

14.1. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the substantive Laws of Switzerland.

14.2. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by email with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.5):

If to Dufry, to:

Brunngässlein 12,
CH – 4010
Basel, Switzerland
Attention: Group General Counsel
E-mail: legal@dufry.com

If to the Company, to:

4 New Square
Bedfont Lakes
Feltham, Middlesex TW14 8HA
United Kingdom
Attention: General Counsel
E-mail: legal@hudsongroup.com

14.3. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

14.4. Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the Parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties hereto with respect to the subject matter of this Agreement.

14.5. Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Parties hereto. This Agreement is for the sole benefit of the Parties to this Agreement and the members of the Dufry Group and the Company Group and their respective permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

14.6. Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by all the Parties to such agreement. Either Party may, in its sole discretion, waive any and all rights granted to it in this Agreement; *provided*, that no waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

14.7. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified, (c) the word “including” and words of similar import shall mean “including, without limitation,” (d) provisions shall apply, when appropriate, to successive events and transactions, (e) the table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement and (f) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

14.8. Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties to each such agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of any such Agreement.

14.9. Term and Termination.

(a) Subject to Section 14.9(b) hereof, this Agreement shall be effective as of the date hereof and terminate on the date on which there are no Class B common shares of the Company issued and outstanding.

(b) In its sole discretion, without cause, Dufry may terminate this Agreement upon giving six months' notice to the Company. Without prejudice to the foregoing sentence, in case of a termination by Dufry without cause, upon request of the Company, Dufry will use its commercially reasonable efforts to provide, on a case by case basis, to the Company and/or its permitted sub-franchisees who, as of the receipt by Dufry of Dufry's termination notice, operate certain shops in good faith reliance on the continued duration of this Agreement, or franchise or other agreements that terminate upon the termination of this Agreement, the right to continue to use the reasonably necessary intellectual property rights for the operation of the relevant shop(s) for a limited term. Each such continued use shall: (i) fully comply with the terms and conditions of this Agreement, or, as applicable, franchise or other agreements that terminate upon the termination of this Agreement (including, without limitation, regarding remuneration), which shall continue to remain in force insofar as the operation of the relevant shop(s) is concerned (but, for the avoidance of doubt, not with regard to any other shops and/or any other use of intellectual property rights); (ii) be limited to the use expressly permitted by Dufry on a case by case basis; (iii) cease immediately without further notice required in case of any breach of the terms and conditions of this Agreement, or, as applicable, franchise or other agreements that terminate upon the termination of this Agreement, by the Company and/or its permitted sub-franchisee that is not remedied within 30 (thirty) days after Dufry's request; and (iv) cease immediately without further notice required, in respect of each shop for which an extension is granted, upon the expiry of the remainder of the minimum term of the concession, lease or similar agreement applicable to the relevant Shop as in effect as of the receipt by Franchisee of Franchisor's termination notice (without any extension or prolongation).

14.10. Compliance with Law and Existing Contractual Arrangements .

Notwithstanding anything to the contrary in this Agreement, no member of the Dufry Group or the Company Group shall be required by the terms of this Agreement to take any action if such action would result in a violation of any federal, state, provincial or other law or regulation, including any rules, regulations, policies or guidance of the U.S. Federal Aviation Administration or any airport authority, that is applicable to members of the Dufry Group or the Company Group or cause such member of the Dufry Group or Company Group to violate the terms of an agreement between a Dufry Group member or a Company Group member and a third party existing at the date hereof.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

DUFRY INTERNATIONAL AG

By: /s/ Julián Díaz González
Name: Julián Díaz González
Title: Director

By: /s/ Andreas Schneiter
Name: Andreas Schneiter
Title: Director

HUDSON LTD.

By: /s/ Julián Díaz González
Name: Julián Díaz González
Title: Director

By: /s/ Juan Carlos Torres Carretero
Name: Juan Carlos Torres Carretero
Title: Director

Schedule 3.1

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated February 13, 2013 ($123,204,207.74) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated February 13, 2013 ($99,250,000.00) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated February 13, 2013 ($78,500,000.00) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated February 13, 2013 ($67,000,000.00) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Dufry Newark Inc., dated February 13, 2013 ($2,800,000.00) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Dufry Newark Inc., dated February 13, 2013 ($850,000.00) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Dufry Newark Inc., dated February 13, 2013 ($600,000.00) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Dufry Newark Inc., dated February 13, 2013 ($290,637.02) (effective October 30, 2012)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated December 19, 2013 ($21,000,000.00)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated December 19, 2013 ($16,000,000.00)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated December 19, 2013 ($7,700,000.00)

Loan Agreement between Dufry Finances SNC and Hudson Group Inc., dated December 19, 2013 ($5,900,000.00)

Loan Agreement between Dufry Finances SNC and Dufry North America LLC, dated November 2, 2015 ($55,700,000.00)

Loan Agreement between Dufry Finances SNC and WDFG North America LLC, dated December 18, 2015 ($50,000,000.00)

Loan Agreement between Dufry International and Dufry Houston DF & Retail Part., dated December 31, 2016 ($2,994,066.78)

Assignment of Loan Receivables Agreement between Dufry Finances SNC and Dufry International AG, dated February 2, 2017

Loan Agreement between Dufry Financial Services B.V. and The Nuance Group (Canada) Inc., dated August 1, 2017 (CAD $195,030,000)

Schedule 5.1

Franchising Agreement between Dufry International AG and Hudson Group (HG), Inc., dated February 1, 2018

Hudson Trademark License Agreement between Dufry International AG and Hudson Group (HG), Inc., dated February 1, 2018

Franchising Agreement between Dufry International AG and The Nuance Group (Canada) Inc., dated February 1, 2018

Franchising Agreement between Dufry International AG and WDFG Vancouver L.P., dated February 1, 2018

Schedule 5.2

Retail Shop Concepts Services Agreement between Hudson Group (HG), Inc. and Dufry International AG, dated March 15, 2010

Schedule 5.3

Support Services Agreement between WDFG SA and WDFG Vancouver L.P., dated September 20, 2017

Schedule 9.1

Agreement for the Provision of Services between Dufry Newark, Inc. and Dufry Management Ltd., dated July 7, 2009

IT Support Services Agreement between Dufry Management Ltd and The Nuance Group (Canada) Inc., dated June 28, 2016

IT Support Services Agreement between Dufry Management Ltd and The Nuance Group (US) Inc., dated June 28, 2016

IT Support Services Agreement between WDFG SA and WDFG Vancouver L.P., dated September 13, 2017

Exhibit 4.4

HUDSON Trademark License Agreement

Between

DUFRY INTERNATIONAL AG
(SWITZERLAND)

and

Hudson Group (HG) Inc
(USA)

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I. PARTIES

On one side

Dufry International AG, a Swiss stock corporation duly incorporated and existing under the laws of Switzerland with registered office at Hardstrasse 95, CH-4020 Basel, Switzerland

(hereinafter referred to as "DIAG" or the "Licensor")

and on the other side

Hudson Group (HG), Inc., a corporation duly incorporated and existing under the laws of the State of Delaware, United States of America with registered office at 1 Meadowlands Plaza New Jersey 07073 East Rutherford, USA

(hereinafter referred to as "HGI" or the "Licensee")

II. RECITALS

This agreement is to be read in conjunction with the **Retail Shop Concept Development Agreement** entered into by and between Licensor and Licensee as of March 16, 2010.

This agreement makes reference to the following facts:

I. **WHEREAS,** the Dufry Group is one of the world's leading operators of shops that sells luxury consumer products and is engaged in the retail business with "duty free" and "duty paid" concessions located at airports, borders, on cruise liners, seaports, ferries, railway stations and city centre locations;

II. **WHEREAS,** DIAG is the owner of certain know-how, intellectual property rights, marks, and confidential information relating to the design, development, marketing concepts, operation and management of retail shops, as defined herein;

III. **WHEREAS**, HGI acknowledges the prior contribution of DIAG to the HUDSON Trademark and marketing intangibles, including its Development, Enhancement, Maintenance, Protection and Exploitation (hereinafter referred to collectively as "DEMPE");

IV. **WHEREAS,** DIAG and HGI acknowledge that DIAG will be in charge of all DEMPE functions related to the HUDSON Trademark;

V. **WHEREAS,** the Parties have entered into an Agreement for Development of Retail Shop Concepts ("RSC Agreement") effective as of the Effective Date January 4, 2010, under which DIAG engaged HGI to perform services in order to maintain and further develop the intellectual property associated with the Hudson Trademark;

VI. **WHEREAS,** DIAG has determined that Hudson Ltd., a company incorporated under the laws of Bermuda and wholly owned subsidiary of DIAG, will list its Class A Common Shares on the New York Stock Exchange (the "NYSE Listing"), in connection with which DIAG will offer a certain number of such Class A Common Shares for sale in an initial public offering "(IPO"); and

VII. **WHEREAS,** Hudson Ltd. will become the indirect parent company of HGI as part of a series of transactions among various direct and indirect subsidiaries of DIAG (the "Reorganization"), and in connection with the NYSE Listing, IPO and Reorganization, HGI wishes to acquire, and DIAG is willing to grant to HGI, (a) a licence to the Trademark for HGI's own use as well as the right to sub-licence the Trademark to subsidiaries of HGI under the terms and conditions of this Agreement and (b) an exclusive license to utilize the know-how, intellectual property rights, marks, and confidential information for the territory and period stipulated in the this Agreement solely in accordance with the terms and conditions of this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements hereinafter contained and for other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the parties hereto) the parties covenant and agree each with the other as follows:

II. DEFINITIONS AND INTERPRETATION

A. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

- “Affiliate” shall mean any subsidiary or controlled affiliate, which includes any legal entity that is directly or indirectly, through the majority of voiting rights, equity capital or otherwise by exercising a controlling influence, controlled by a Party.
- “Agreement” shall mean this Agreement.
- "Effective Date" shall mean the date as from which this Agreement shall be deemed effective in accordance with Article 4 below.
- “Territory” shall mean the Territory referred to in Article 2.
- “HGI Group” shall mean HGI and its subsididaries and controlled affiliates.
- “IP Rights” shall mean collectively certain trademarks, trade-name related marketing intangibles or other intellectual property rights, which are legally and/or economically owned by DIAG or to which DIAG has a right of use, all as further defined in Article 3.
- “Fair Value” shall mean purchase price determined by an external valuation report prepared by KPMG Switerland.
- "The Dufry Group" shall mean all the companies affiliated to the Parties by whatsoever corporate links in whatever jurisdiction.
- “Party” or “Parties” shall mean DIAG and HGI referred to alone or collectively.
- “Shops” shall mean brick and mortar travel retail outlets, spaces, or concessions operated by HGI and its permitted sub-licensees (if any) in the Territory with the approval of DIAG.

B. INTERPRETATION GUIDELINES

- A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them
- A reference to an article, a clause, a chapter or a schedule is a reference to an article, a clause, a chapter or a schedule of this Agreement.
- The singular includes the plural and conversely, unless otherwise expressly indicated.

III. COVENANTS

ARTICLE 1 OBJECT

Subject to and in accordance with the terms and conditions of this Agreement, DIAG agrees to grant and herewith grants to Licensee the right to use the IP Rights as further defined under Article 3 below for the purpose of the operation of the Shops in the Territory.

This Agreement sets forth the terms and conditions of, as well as the respective rights and obligations of, both Parties under the terms of this grant.

ARTICLE 2 TERRITORY

The "Territory" shall mean and include the continental United States, Hawaii and Canada.

ARTICLE 3 IP RIGHTS

The IP Rights are limited to the following:

- The HUDSON Brand/Trademark (including logo and signage, as well as applicable colours and fonts) (the “Trademark”);
- Global Brand Guidelines (technical details regarding application of the brand);
- How to utilise the logo within stores (e.g. on banners, logos, point of sale machines, sales tickets, plastic bags etc);
- How to utilise the brand on stationary (letters, business cards, signage etc).

ARTICLE 4 VALIDITY - EFFECTIVE DATE

This Agreement shall be effective as from January 1, 2018, which shall be deemed to be the Effective Date.

This Agreement has a term of 7 years validity from the Effective Date or terminated in accordance with Article 18 hereunder.

ARTICLE 5 SUB-LICENCE

HGI has the full right to sub-licence to its Affiliates. HGI shall under the terms of this Agreement not have the right to grant any sub-licences of the Trademark to any other third parties without DIAG’s prior written consent, which shall not be unreasonably withheld. HGI shall procure that any of its sub-licensees fully comply with the terms and conditions of this Agreement and HGI shall be responsible for any acts (and omissions) of its sub-licensees as if they were HGI's own acts (and omissions).

ARTICLE 6 REMUNERATION

The license granted by this Agreement shall be fully paid and royalty free. For the avoidance of doubt, this Agreement shall not supersede any provision of any franchise agreement between DIAG and any member of the HGI Group

ARTICLE 7 LICENSEE'S RIGHTS AND OBLIGATIONS

7.1 EXERCISE OF TRADEMARK

HGI has the right and the obligation to make full use of the Trademark in accordance with the terms and conditions of this Agreement and DIAG's instructions during the term of validity of this Agreement. Furthermore HGI acknowledges and agrees that the Trademark granted in this Agreement applies only in connection with the Shops and the products and – if at all applicable – services sold therein and may not be used for any other purpose.

HGI hereby undertakes to exercise the Trademark in such a manner which is not in any manner detrimental for the business and/or the reputation of DIAG and/or the Dufry Group.

7.2 USE OF INTELLECTUAL PROPERTY

All use of the IP Rights shall conform fully with all written policies, standards and instructions of DIAG supplied to HGI from time to time. HGI may not use the IP Rights in a manner, which would injure the reputation or goodwill of DIAG or the Dufry Group. HGI further agrees that it will not use the IP Rights for activities, products and services, which are not within the scope of business operation of the Shops.

HGI hereby agrees that any use of the IP Rights by HGI outside the terms and conditions of this Agreement is and shall be deemed as infringement of DIAG's rights.

ARTICLE 8 DIAG'S RIGHTS AND OBLIGATIONS

8.1 PROVISION OF MATERIALS

DIAG undertakes to provide HGI with the rights owned by or licensed to DIAG and with information and materials which DIAG deems reasonably necessary or convenient in order to enable HGI to exercise its rights in accordance with this Agreement.

8.2 EXCLUSIVITY

DIAG commits to abstain, as long as this Agreement remains in force, from granting to any other person or entity a license to the Trademark for the Territory.

8.3 TRADEMARK MAINTENANCE

Without prejudice to any other term of this Agreement (including, without limitation, Articles 13 and 14), DIAG undertakes to use its commercially reasonable best efforts to maintain and defend the Trademark during the term of this Agreement. Notwithstanding the foregoing in this Article 8.3, the Parties agree that DIAG may in its sole discretion at any time during the term of this Agreement make changes to the IP Rights, including, without limitation, by amending the Trademark and/or any of the marketing intangibles and/or by amending, adding and/or removing trademark registrations to resp. from the scope of the license grant.

ARTICLE 9 OWNERSHIP OF INTELLECTUAL PROPERTY

The parties hereto hereby acknowledge that between the Parties DIAG is the exclusive owner or has otherwise the exclusive right to use and license the IP Rights and all goodwill associated therewith. Furthermore the parties expressly agree that except as expressly provided in this Agreement, HGI acquires no right, title or interest in any of the IP Rights or related marketing intangibles. HGI shall not in any manner represent that it has any economic ownership interest in the IP Rights or applications thereof. HGI may not at any time dispute or contest, directly or indirectly, the validity, ownership or enforceability of any of the IP Rights, nor directly or indirectly attempt to dilute the value of the goodwill attached to any of the IP Rights.

ARTICLE 10 REGISTRATION OF HGI AS REGISTERED USER

Should the registration of HGI as registered user of the IP Rights be possible, necessary or convenient in any public or private register, HGI agrees, upon request by DIAG made at any time after the execution of this Agreement, to join DIAG in applying for such registration as registered user or any analogue registration in respect to the IP Rights or a part of them. HGI agrees to execute all documents and do all acts necessary or convenient to obtain such registration, as well as any documents, which might be necessary for the variation, completion or cancellation of such registration.

HGI shall not at any time during the term of this Agreement or at any time after its termination use its capacity as registered user of the IP Rights to do any act or assist any person in doing any act which may in any way invalidate, impair or prejudice the rights or title of DIAG, whichever nature these rights might have, in the IP Rights.

ARTICLE 11 OTHER MARKETING INTANGIBLES

As far as registered or registerable, HGI undertakes hereby not to register the Trademark and/or marketing intangibles or any marketing intangibles confusingly similar thereto. Any application or registration in breach of this Article shall endure to the benefit of and be beneficially owned by DIAG. HGI shall assign to DIAG at its request and its own expense all rights, title and interest in any such application or registration.

ARTICLE 12 QUALITY CONTROL, INSPECTION & REPORTING

12.1 QUALITY CONTROL

HGI agrees that it shall only exercise the Trademark within the scope of business of the Shops and that such operation shall conform in nature and quality and shall be performed by HGI in compliance with this Agreement, as well as in accordance with the quality standards and specifications set by DIAG, in its sole discretion from time to time. Without limiting the foregoing, HGI agrees that the operation of the Trademark by HGI shall be of high quality standards prevailing in the sector and consistent with that quality standard maintained by DIAG in connection with comparable businesses. HGI further agrees that the operation of the Trademark shall be in conformity with all laws, rules and regulations applicable to HGI as well as with the laws applicable in the Territory.

12.2 INSPECTION

DIAG or its authorised agents shall have the right at any time to inspect the Shops, the performance thereof and any relevant documents, materials and records related to the Shops in order to determine whether HGI has complied with its obligations under this Agreement.

12.3 REPORTING

HGI agrees to report to DIAG at the latter's request about the exercise and use of the Trademark by HGI and its sub-licensees and their compliance with the terms and conditions of this Agreement. For the purposes of this reporting, DIAG shall be entitled to provide HGI with a standard form to be filled in by HGI. HGI undertakes further, at the request of DIAG, to have its statutory independent auditors certifying the completeness and accuracy of such reports.

ARTICLE 13 INFRINGEMENT BY UNAUTHORISED PERSONS

HGI agrees to immediately give notice to DIAG of any conflicting use or any act of infringement or passing off by unauthorized persons which comes to its or its sub-licensees attention involving the IP Rights or any variation or imitation thereof. Upon DIAG's request, HGI shall provide at its own cost all reasonable support and assistance to DIAG in any action taken by DIAG to defend against any infringement of and/or to enforce its rights.

ARTICLE 14 HGI'S INFRINGEMENT OF THIRD PARTIES' RIGHTS

HGI agrees to immediately give notice to DIAG of any demand, claim and/or action involving the IP Rights that is made or threatened by any person against HGI and/or any of its sub-licensees. HGI shall, and shall cause its relevant sub-licensee(s) to, upon DIAG's option and request, allow (i) either DIAG to undertake the defence against any such demand, claim and/or action or (ii) defend against such demand, claim and/or action in accordance with DIAG's instructions. HGI and/or its sub-licensees shall not agree to any settlement or any judicial finding or award that is reviewable by a higher authority without the express prior written approval of DIAG. HGI shall, and shall cause its relevant sub-licensee(s) to, further implement the measures identified by DIAG to prevent any further infringement of any third party rights by the use of the IP Rights.

ARTICLE 15 CONFIDENTIALITY

Both parties acknowledge that by virtue of this Agreement they may have direct or indirect access and acquire knowledge of the other Party's confidential information. Both parties undertake hereby to hold in absolute confidence all and any information and not to use, disclose, reproduce or dispose of any information in any manner other than (i) as expressly provided for in this Agreement, or (ii) required under applicable law or regulation, in the good understanding that the undertaking contemplated in this Article 16 shall survive in case of termination of this Agreement, being irrelevant the reasons of such a termination.

ARTICLE 16 TRANSFERABILITY

This Agreement and all rights and obligations arising here from shall not be transferred by either party to a third party without the express previous consent from the other party, which shall be in writing.

ARTICLE 17 NO REPRESENATIONS OR WARRANTIES

Notwithstanding any other provision in this Agreement, HGI acknowledges and agrees that the IP Rights are made available to HGI on an "as-is" basis without any representation or warranty, including, without limitation, without any representation or warranty regarding the validity, enforceability and/or non-infringement of the IP Rights. To the maximum extent permitted by applicable law, DIAG hereby disclaims any liability for any damages or detrimental consequences which may arise for the HGI as a direct or indirect consequence of the HGI's exercise of its rights or fulfilment of its obligations under this Agreement.

ARTICLE 18 TERMINATION

In the event either Party defaults on its obligations as provided for in this Agreement, the other Party shall give the defaulting Party written notice of said default. If the defaulting Party does not cure said default to the satisfaction of the other Party and notifies in writing such other Party of such cure within 10 (ten) calendar days after receipt of the notice of default, then the Party having given notice of default may terminate this Agreement. This termination shall then be effective immediately upon notification of termination.

Without limiting the generality of the foregoing statement, and just with explanatory effect, this Agreement may be terminated by either party with immediate effect in the following cases:

(i) if the other party is in an insolvency, bankruptcy or similar situation or in any other legal situation which might lead thereto;

(ii) if there is any change in the ownership of more than 50% of the other party's voting stock (other than in case of Dufry group internal restructuings), including but not limited to the case of expropriation, nationalisation or whatsoever manner of exercise of governmental control upon the other party.

The Parties further agree that this Agreement shall terminate upon the effective date of any termination or expiry, if any, of the Master Relationship Agreement entered into between Franchisor and Hudson Ltd. dated February 1, 2018.

ARTICLE 19 HGI'S OBLIGATIONS ON TERMINATION

Upon the proper termination of this Agreement for any reason whatsoever, HGI shall immediately cease to be a licensee of DIAG and shall immediately cease to exercise, directly or indirectly, in any manner whatsoever any rights arising out of the Trademark and shall, forthwith upon request by DIAG, sign all documents and take such actions as may be necessary to cancel any registration in whatsoever register of HGI as a user of the Trademarks and/or the marketing intangibles. Further HGI shall return to DIAG, at the sole discretion of DIAG, all materials which have been provided by DIAG.

ARTICLE 20 NO GOODWILL REDUNDANCY ON TERMINATION

Any and all goodwill which accrues or which has accrued from the Trademark has accrued and shall accrue for the benefit of DIAG and if so requested by DIAG at any time or on the termination of this Agreement, HGI shall assign all goodwill to DIAG.

For the case that HGI has prior to the date of execution of this Agreement already exercised any right inherent to the Trademark, HGI acknowledges that all such use has been under the control of DIAG. Insofar as HGI might have been regarded as the proprietor of the IP Rights for the purposes of any applicable law, HGI hereby confirms that it has abandoned in favour of DIAG its proprietorship in the IP Rights.

Consequently, upon the proper termination of this Agreement for any reason whatsoever, HGI shall in no case be entitled to receive from DIAG any kind of compensation, redundancy fee or whatever payment from DIAG on the basis of any goodwill which might have arisen out of HGI's compliance with its obligations under this Agreement.

In the unlikely case that any applicable law would vest HGI with any right to claim from DIAG any payment based on goodwill, HGI hereby waives, to the full extend permitted by law, any right to claim such payment and simultaneously declares hereby that, in case of its entitlement being compulsory by law, it hereby assigns any payment in full to DIAG without requesting any compensation therefore.

ARTICLE 21 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties in connection to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions with respect to the subject matter hereof whether written or oral. Except as provided in this Agreement, there are no conditions, representations, warranties, undertakings, promises, inducements or agreements whether direct or indirect, collateral, expressed or implied made by DIAG to HGI.

No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by authorised officers of DIAG and HGI.

ARTICLE 22 OTHER CONTRACTUAL RELATIONSHIPS BETWEEN THE PARTIES

The parties hereto acknowledge that they have or may have in the future other contractual relationships between them. It is both parties' interest and intention that the different contractual relationships between the parties are kept separated from each other and that the matters regulated in this Agreement shall in no way be affected by any term or condition other than those set forth in this Agreement.

ARTICLE 23 SEVERABILITY

The invalidity or unenforceability of any provision or any covenant of this Agreement in any jurisdiction shall not affect the validity or enforceability of such provision or covenant in any other jurisdiction or of any other provision or covenant hereof or herein contained and any invalid provision or covenant shall be deemed to be severable. The Parties shall negotiate in good faith in order to replace the provision declared invalid or unenforceable with a new provision, valid and enforceable, which preserves the original intention of the parties.

ARTICLE 24 SUCCESSORS AND ASSIGNEES

This Agreement shall endure to the benefit of and be binding upon DIAG and HGI and their respective legal representatives, successors and permitted assignees.

ARTICLE 25 INDEPENDENT PARTIES

HGI is and will at all times remain an independent party of DIAG and is not and shall not represent itself to be the agent, joint venturer or partner of DIAG. No representations will be made or acts taken by HGI which could establish any apparent relationship of agency, joint venture or partnership and DIAG shall not be bound in any manner whatsoever by any agreements, warranties or representations made by HGI to any other person or with respect to any other action of HGI. No acts of assistance given by DIAG to HGI shall be construed to alter this relationship.

ARTICLE 26 COSTS AND TAXES

26.1 COSTS

All costs related to the implementation of this Agreements and the execution of any actions therefore, such as but not limited to HGI's registration in any relevant register, renewal procedures thereof or whatsoever governmental fees, shall be borne by DIAG. For the avoidance of doubt, this Article 26.1 shall not apply to the costs of the use of the IP Rights, including, without limitation, the operation of the Shops, by HGI and its sub-licensees.

26.2 TAXES

DIAG shall be completely responsible for any taxes now or hereafter imposed on DIAG with respect to the transactions contemplated hereunder, and HGI shall be completely responsible for any taxes now or hereafter imposed on HGI with respect to the transactions contemplated hereunder.

ARTICLE 27 FORCE MAJEURE

Neither DIAG nor HGI shall be liable in damages, or shall be subject to termination of this Agreement by the other party, for any delay or default in performing any obligation hereunder if that delay or default is due to any cause beyond the reasonable control and without fault or negligence of that party, provided that, in order to excuse its delay or default hereunder, a party shall notify the other of the occurrence or the cause, specifying the nature and particulars thereof and the expected duration thereof, and provided, further, that within 15 (FIFTEEN) calendar days after the termination of such occurrence or cause, that party shall give notice to the other party specifying the date of termination thereof. All obligations of both parties shall return to being in full force and effect upon termination of such occurrence or clause.

For the purposes of this Agreement, a "cause beyond the reasonable control" of a party shall include, without limiting the generality of the phrase, any act of God, act of any government (excepting the causes contained in Article 19.2), or other statutory undertaking, industrial dispute, fire, explosion, accident, power failure, flood, riot, or war (declared or undeclared).

ARTICLE 28 NON-WAIVER AND CUMULATIVE RIGHTS

The failure of either party to exercise any right, power or option given hereunder or to insist upon the compliance with the terms and conditions hereof by the other party shall not constitute a waiver of the terms and conditions of this Agreement with respect to that or any other or subsequent breach thereof nor a waiver by the non-exercising party of its rights at any time thereafter to require strict compliance with all terms and conditions hereof including the terms or conditions with respect to which non-complying party has failed to exercise such right or option. The rights of each party hereunder are cumulative.

ARTICLE 29 NOTICES

All notices, consents and approvals (hereinafter referred to as a "Notice") permitted or required to be given hereunder shall be deemed to be sufficiently and duly given if written and delivered personally or sent by courier or transmitted by facsimile transmission or other form of recorded communication tested prior to transmission, addressed as follows:

If to DIAG:

Dufry International AG
Brunngässlein 12
CH-4010 Basel
Switzerland

and if to HGI:

Hudson Group (HG) Inc
One Meadowlands Plaza, 11th Floor
East Rutherford
New Jersey, 07073

Any notice so given shall be deemed to have been received on the date of delivery if sent by courier, facsimile transmission or other form of recorded communication, as the case may be. Either party from time to time by Notice may change its address for the purposes of this Agreement.

ARTICLE 30 APPLICABLE LAW

This Agreement shall be governed and construed in accordance with the substantive laws of Switzerland, excluding its conflict of laws principles and excluding the UN Convention on Contracts for the International Sale of Goods.

ARTICLE 31 DISPUTE RESOLUTION AND ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination thereof, or any agreement or action contemplated thereby (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article 32, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

The Board of Directors of either Party may submit any Dispute for resolution by mediation in accordance with the Swiss Rules of Commercial Mediation of the Swiss Chambers' Arbitration Institution in force on the date when the request for mediation was submitted in accordance with these Rules. The seat of the mediation shall be Zurich, although the meetings may be held elsewhere. The mediation proceedings shall be conducted in English.

If a Dispute is not resolved by mediation as provided in this Article 32 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either Party may submit the Dispute to be finally resolved by arbitration pursuant in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution in force on the date when the Notice of Arbitration was submitted in accordance with those Rules. The Parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

The number of arbitrators shall be three. The seat of the arbitration shall be in Zurich. The arbitral proceedings shall be conducted in English. The arbitration shall be conducted in accordance with the provisions for expedited procedure.

ARTICLE 32 FURTHER ASSURANCES

The parties hereto agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent, including any kind of public deed or official document which could be required according to the laws of Switzerland, the laws of the Territory or to the laws applying to either HGI or the Trademark.

IN WITNESS THEREOF the parties hereto have entered into this Agreement on the date and place set hereunder and have executed it in two originals, both of them together constituting one and the same document.

For DIAG:

DATED at Basel this 1st day of February 2018

Signature: /s/ Julián Díaz González
Name: Julián Díaz González
Title: Director

Signature: /s/ Andreas Schneiter
Name: Andreas Schneiter
Title: Director

For HGI:

DATED at Basel this 1st day of February 2018

Signature: /s/ Julián Díaz González
Name: Julián Díaz González
Title: Director

Signature: /s/ Andreas Schneiter
Name: Andreas Schneiter
Title: Director

FRANCHISING AGREEMENT

BETWEEN

Dufry International AG
(Switzerland)

and

Hudson Group (HG) Inc
(USA)

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I. PARTIES

On one side,

Dufry International AG, a Swiss stock corporation duly incorporated and existing under the laws of Switzerland with registered offices at Brunngässlein 12, 4010 Basel, Switzerland.

(hereinafter referred to as the "Franchisor")

and on the other side

Hudson Group (HG) Inc , a limited company incorporated and existing under the laws of the United States of America with registered offices One Meadowlands Plaza, 11th Floor, East Rutherford, New Jersey, 07073, USA.

(hereinafter referred to as the "Franchisee")

II. RECITALS

I. **WHEREAS,** both Parties belong to a multinational group of companies operative in a number of markets (hereinafter referred to as "the Dufry Group").

II. **WHEREAS,** the Dufry Group is one of the world's leading operators of shops that sell luxury consumer products and is engaged in the retail business with "duty free" and "duty paid" concessions located at airports, borders, on cruise liners, seaports, ferries, railway stations and city centre locations.

III. **WHEREAS,** the Franchisor has existing goodwill, know-how and retail specific intellectual property including a brand portfolio and a "business concept" in the area of duty-free and duty-paid retailing, and has achieved a valuable goodwill amongst stakeholders in the business of the Dufry group (i.e. airport operators, luxury branded goods suppliers, retail industry employees, banks and financial institutions etc.).

IV. **WHEREAS,** the Franchisor provides corporate and supporting services as listed in Exhibit 1 and grants the Franchisee access to global functions (hereinafter referred to as the "Centralised Support Services").

V. **WHEREAS,** the Franchisor has the right to use and licence its trademarks - Dufry, Nuance and WDFG - (hereinafter referred to as the "Trademarks"), registered in several jurisdictions including the Territory, as well as ancillary brand-building and business related intangibles as further described in Article 3 of this Agreement.

VI. **WHEREAS,** the Franchisee and Franchisor acknowledge the existence of a separate trademark license agreement in relation to the right of Franchisee to use the Hudson brand as set forth in such trademark license agreement.

VII. **WHEREAS,** the Franchisee and its subsidiaries and/or controlled affiliates operate currently certain duty-free and/or duty paid shops in the Territory (hereinafter referred to as "the Shops").

VIII. **WHEREAS,** the Franchisee, on behalf of its subsidiaries and/or controlled affiliates, wishes to benefit from the widespread recognition of Dufry Group's trademarks, business concept and goodwill, which shall open for the Franchisee business opportunities to which it would have no access as a stand-alone duty-free or other retail business and which shall translate into the Franchisee's ability to compete in the globally competitive environment of the duty free business while reducing its own business risks.

IX. **WHEREAS,** the Franchisor is prepared to franchise certain of the Dufry Group trademarks and its business related intangibles to implement in the Franchisee's local business as well as provide access to its Global Distribution Centers to the Franchisee in return for a franchise fee as this term is defined in Article 6.

NOW THEREFORE in consideration of the mutual covenants and agreements hereinafter contained and for other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the Parties hereto) the Parties covenant and agree each with the other as follows:

[*Remainder of page intentionally left blank*]

III. DEFINITIONS AND INTERPRETATION

A. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

- "Affiliate" shall mean any subsidiary or controlled affiliate, which includes any legal entity that is directly or indirectly, through the majority of voting rights, equity capital or otherwise by exercising a controlling influence, controlled by a Party.
- "Agreement" shall mean this Agreement including all Exhibits and as amended from time to time.
- "Effective Date" shall mean the date as from which this Agreement shall be deemed effective in accordance with Article 4 below.
- "Territory" shall mean the Territory referred to in Article 2.
- "IP Rights" shall mean collectively certain trademarks, marketing intangibles and any other intellectual property rights, which are legally and/or economically owned by the Franchisor, or to which the Franchisor has a right of use, including the "business concept", and which Franchisor has designated to be used by Franchisee under this Agreement.
- "Business Concept" shall mean the Dufry Group's business concept in the area of travel retail sales, as described in Article 3 of this Agreement.
- "Centralised Support Services" shall mean all services as outlined in Exhibit 1.
- "Global Distribution Centers" shall mean the central purchasing and logistic platforms operated by the Dufry Group.
- "Duty Free" shall mean shops located in or product sales made in an environment exempt from customs duties and/or value added taxes.
- "Duty Paid" shall mean shops located in or product sales made in an environment subject to ordinary local duties and/or value added taxes.
- "Franchise" shall mean all elements of the Franchise as defined in Article 3 of this Agreement and in Exhibit 1, which may be reviewed and updated from time to time by Franchisor, including, as the case may be: i) the "trademark(s)"; ii) the "business concept"; iii) access to the Global Distribution Centers"; iv) all supporting or related business intangibles; and v) all centralised support services.
- "Franchise Fee" shall mean the consideration payable by the Franchisee to the Franchisor for the Franchise referred to and calculated in Article 6.
- "Net Sales" shall mean the gross sales in Shops in the Territory of the Franchisee and its sub-franchisees, less discounts and value added tax as referred to in Article 6.

- "The Dufry Group" shall mean all the companies affiliated to the Parties by whatsoever corporate links in whatever jurisdiction.
- “Party” or “Parties” shall mean the Franchisor and/or the Franchisee referred to alone or collectively.
- “Shops” shall mean brick and mortar travel retail outlets, spaces, or concessions operated by the Franchisee and its permitted sub-franchisees (if any) in the Territory with the approval of Franchisor.

B. INTERPRETATION GUIDELINES

- A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- A reference to an article, a clause, a chapter or a schedule is a reference to an article, a clause, a chapter or a schedule of this Agreement.
- The singular includes the plural and conversely, unless otherwise expressly indicated.

IV. COVENANTS

Article 1 Object

Subject to and in accordance with the terms and conditions of this Agreement, the Franchisor agrees to grant and hereby grants to Franchisee the right to use the franchise as further defined under Article 3 below (hereinafter referred to as "Franchise") for the purpose of the operation of its Shops in the Territory.

This Agreement sets forth the terms and conditions under which the Franchisee may use the Franchise and shall remunerate the Franchisor for the Franchise as well as the respective rights and obligations of both Parties under the terms of this grant.

Article 2 Territory

This Agreement shall be valid within the continental United States, Hawaii and Canada. (hereinafter referred to as the "Territory").

Article 3 Franchise

The elements of the Franchise include the following:

(i) Trademarks

(ii) Business Concept

(iii) Access to the Global Distribution Centers

(iv) Supporting Business Related IP

(v) Centralised Support Services

A more detailed description of these elements is included in **Exhibit 1** to this Agreement, which shall be considered as an integral part of this Agreement and may be updated and/or amended by Franchisor in its sole discretion from time to time, including, without limitation, to reflect changes and/or developments in the IP Rights portfolio of Franchisor, as may be made available by the Franchisor to the Franchisee from time to time.

The Franchisor is entitled to outsource to third parties the total or part of the delivery of the Franchise elements, i.e. the Franchisor may engage (without the Franchisee's consent) third parties for the execution of the entire or part of the Franchise Agreement as sub-contractors whereby such a sub-contracting relationship between a sub-contractor and the Franchisor does not affect in any manner the Francisee and no legal relationship shall be deemed to exist between the Franchisee and sub-contractors.

The Franchisor is in no case obliged to notify or otherwise inform the Franchisee about any kind of delegation and/or outsourcing to third parties in connection with this Agreement.

ARTICLE 4 EFFECTIVE DATE - VALIDITY

This Agreement shall be effective as from January 1, 2018, which shall be deemed to be the Effective Date. This Agreement is of unlimited duration and shall remain in force until terminated in accordance with Article 19 hereunder.

The Parties mutually agree that any prior concluded franchise agreement between the Parties shall be deemed terminated in its entirety as per January 1, 2018. They shall procure that such franchise agreements be terminated as of that date. In particular, they shall procure that the franchise agreement between

- Dufry International AG and Dufry Newark Inc, dated September 30, 2005
- Dufry International AG and Dufry New York Inc, dated September 30, 2005
- Dufry International AG and Dufry Houston Duty Free & Retail Partnership, dated September 30, 2005
- Dufry International AG and The Nuance Group (US) Inc, dated December 2011, 2015

terminate as of said date.

ARTICLE 5 SUB-FRANCHISE

The Franchisee has the full right to grant sub-franchises to its Affiliates. The Franchisee shall not under the terms of this Agreement have the right to grant sub-franchises to any other third parties without Franchisor's prior consent, which shall not be unreasonably withheld. Franchisee shall procure that any of its sub-franchisees fully comply with the terms and conditions of this Agreement and Franchisee shall be responsible for any acts (and omissions) of its sub-franchisees as if they were Franchisee's own acts (and omissions).

ARTICLE 6 REMUNERATION

As a consideration for the Franchise granted hereby, Franchisee commits to remunerate Franchisor with a fee (hereinafter referred to as "the Franchise Fee") which shall amount to the percentage of the Net Sales achieved in the Territory as defined in **Exhibit 2**, which shall be considered an integral part of this Agreement.

This Franchise Fee will be reviewed periodically to ensure that it remains in line with internationally recognised transfer pricing rules such as the OECD report on "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations" effective 2017 with subsequent updates. In case any such transfer pricing rules require the Franchise Fee to be adjusted, Franchisor shall have the right to adjust the Franchise Fee accordingly and such adjustment shall be binding upon Franchisee.

For the purpose of this Agreement the Franchisee's "net sales" achieved in the Territory shall mean the gross sales by Franchisee and its sub-franchisees in the Shops less any discounts and/or value added taxes.

ARTICLE 7 PAYMENTS

The payment of the Franchise Fee shall be made by the Franchisee to the Franchisor on a monthly basis, namely in accordance with the following rules:

(i) Within 30 (thirty) days as from the last day of a calendar month the Franchisee will submit to the Franchisor a monthly statement (hereinafter “the Monthly Statement”) for the foregoing calendar month containing the amount of Net Sales and the calculation of the corresponding Franchise Fee.

(ii) Not later than 30 (thirty) days as from the date of the Monthly Statement, the Franchisee shall pay to the Franchisor the amount due corresponding to the Monthly Statement.

(iii) Interest of 0.5 % per month will be charged on all late payments.

(iv) All payments shall be made in USD by wire transfer to a bank account to be specified by the Franchisor and duly communicated to the Franchisee.

(v) Franchisee shall retain for a period of at least 10 years, and provide to Franchisor upon its request, all records and supporting evidence necessary for Franchisor to verify the Monthly Statement, the Net Sales and the calculation of the Franchise Fee.

ARTICLE 8 FRANCHISEE’S RIGHTS AND OBLIGATIONS

8.1 EXERCISE OF FRANCHISE

The Franchisee has the right and the obligation to use the Franchise in accordance with the terms and conditions of this Agreement and Franchisor's instructions during the term of validity of this Agreement. Furthermore the Franchisee acknowledges and agrees that the Franchise granted in this Agreement applies only in connection with the Shops and the products and – if at all applicable – services sold therein and may not be used for any other purpose.

All use of the Franchise shall conform fully with all policies, standards and instructions of the Franchisor supplied to the Franchisee from time to time. The Franchisee hereby undertakes to exercise the Franchise in a manner which is not in any way detrimental to the business and/or the reputation of the Franchisor and the Dufry Group.

8.2 USE OF INTELLECTUAL PROPERTY

The Franchisee commits to use the IP Rights at a minimum to the extent required by law for the maintenance of the valid registration of the Trademarks and the survival of marketing intangibles. The Franchisee acknowledges and agrees that the rights granted in this Agreement for the use of the IP Rights apply only to their use in connection with the operation of the Shops.

All use of the IP Rights shall conform fully with all written policies, standards and instructions of the Franchisor supplied to the Franchisee from time to time. The Franchisee may not use the IP Rights in a manner, which would injure the reputation or goodwill of the Franchisor or the Dufry Group. The Franchisee further agrees that it will not use the IP Rights for activities, products and services, which are not within the scope of business operation of the Shops.

The Franchisee hereby agrees that any use of the IP Rights by the Franchisee outside the terms and conditions of this Agreement is and shall be deemed as infringement of the Franchisor's rights.

8.3 Exclusivity

The Franchisee commits to abstain, as long as this Agreement remains in force, from entering into any third party franchise to be fully or partially exercised in the Shops without prior written permission from the Franchisor.

Article 9 The Franchisor's Rights And Obligations

9.1 Provision of Materials

The Franchisor undertakes to provide the Franchisee with the rights owned by or licensed to Franchisor and with information and materials which Franchisor deems necessary or convenient in order to enable the Franchisee to use the Franchise in accordance with this Agreement.

9.2 Coaching

The Franchisor undertakes hereby to provide the Franchisee, at the Franchisee's reasonable request, with the training and coaching of personnel, which is, in Franchisor's reasonable assessment, required for the Franchisee to be in a position to properly exercise the Franchise as set out in this Agreement.

9.3 Exclusivity

The Franchisor commits to abstain, as long as this Agreement remains in force, from granting to any other person or entity which is not a member of the Dufry Group a Franchise valid for the Territory.

9.4 Trademark Maintenance

Without prejudice to any other term of this Agreement (including, without limitation, Articles 14 and 15), Franchisor undertakes to use its commercially reasonable best efforts to maintain and defend the Trademark during the term of this Agreement. Notwithstanding the foregoing in this Article 9.4, the Parties agree that Franchisor may in its sole discretion at any time during the term of this Agreement make changes to the IP Rights, including, without limitation, by amending the Trademark and/or any of the marketing intangibles and/or by amending, adding and/or removing trademark registrations to resp. from the scope of the license grant.

Article 10 Ownership Of Intellectual Property

The Parties hereto hereby acknowledge that between the Parties the Franchisor is the exclusive owner or has otherwise the exclusive right to use and license the IP Rights and all goodwill associated therewith. Furthermore the Parties expressly agree that except as expressly provided in this Agreement, the Franchisee acquires no right, title or interest in any of the IP Rights or related marketing intangibles. The Franchisee shall not in any manner represent that it has any ownership interest in the IP Rights or applications thereof. The Franchisee may not at any time dispute or contest, directly or indirectly, the validity, ownership or enforceability of any of the IP Rights, nor directly or indirectly attempt to dilute the value of the goodwill attached to any of the IP Rights.

Article 11 Registration Of The Franchisee As Registered User

Should the registration of the Franchisee as registered user of the IP Rights be possible, necessary or convenient in any public or private register, the Franchisee agrees, upon request by the Franchisor made at any time after the execution of this Agreement, to join the Franchisor in applying for such registration as registered user or any analogue registration in respect to the IP Rights or a part of them. The Franchisee agrees to execute all documents and do all acts necessary or convenient to obtain such registration, as well as any documents, which might be necessary for the variation, completion or cancellation of such registration.

The Franchisee shall not at any time during the term of this Agreement or at any time after its termination use its capacity as registered user of the IP Rights to do any act or assist any person in doing any act which may in any way invalidate, impair or prejudice the rights or title of the Franchisor, whichever nature these rights might have, in the IP Rights.

Article 12 Other Marketing Intangibles

As far as registered or registerable, the Franchisee undertakes hereby not to register the Trademarks and/or marketing intangibles or any marketing intangibles confusingly similar thereto. Any application or registration in breach of this Article shall enure to the benefit of and be beneficially owned by the Franchisor. The Franchisee shall assign to the Franchisor at Franchisor's request and own expense all rights, title and interest in any such application or registration.

Article 13 Quality Control, Inspection & Reporting

13.1 Quality Control

The Franchisee agrees that it shall only exercise the Franchise within the scope of business of the Shops and that such operation shall conform in nature and quality and shall be performed by the Franchisee in compliance with this Agreement, as well as in accordance with the quality standards and specifications set by the Franchisor, in its sole discretion from time to time. Without limiting the foregoing, the Franchisee agrees that the operation of the Franchise by the Franchisee shall be of high quality standards prevailing in the sector and consistent with that quality standard maintained by the Franchisor in connection with comparable businesses. The Franchisee further agrees that the operation of the Franchise shall be in conformity with all laws, rules and regulations applicable to the Franchisee as well as with the laws applicable in the Territory.

13.2 Inspection

The Franchisor or its authorised agents shall have the right at any time to inspect the Shops, the performance thereof and any relevant documents, materials and records related to the Shops in order to determine whether the Franchisee has complied with its obligations under this Agreement.

13.3 Reporting

The Franchisee agrees to maintain adequate books and records and to report to the Franchisor at the latter's request about the exercise of the Franchise by Franchisee and its permitted sub-franchisees and their compliance with the terms and conditions of this Agreement. For the purposes of this reporting, the Franchisor shall be entitled to provide the Franchisee with a standard form to be filled in by the Franchisee. The Franchisee undertakes further, at the request of the Franchisor, to have its statutory independent auditors certifying the completeness and accuracy of such reports.

Article 14 Infringement By Unauthorised Persons

The Franchisee agrees to immediately give notice to the Franchisor of any conflicting use or any act of infringement or passing off by unauthorised persons which comes to its or its sub-franchisees attention and which involves the Franchise and/or IP Rights or any variation or imitation thereof. Upon Franchisor's request, Franchisee shall provide at its own cost all reasonable support and assistance to Franchisor in any action taken by Franchisor to defend against any infringement of and/or to enforce its rights.

Article 15 Infringement of Third Parties' Rights

The Franchisee agrees to immediately give notice to the Franchisor of any demand, claim and/or action involving the Franchise and/or IP Rights that is made or threatened by any person against the Franchisee and/or any of its sub-franchisees. Franchisee shall, and shall cause its relevant sub-franchisee(s) to, upon Franchisor's option and request, allow (i) either Franchisor to undertake the defence against any such demand, claim and/or action or (ii) defend against such demand, claim and/or action in accordance with Franchisor's instructions. Franchisee and/or its sub-franchisees shall not agree to any settlement or any judicial finding or award that is reviewable by a higher authority without the express prior written approval of Franchisor. Franchisee shall, and shall cause its relevant sub-franchisee(s) to, further implement the measures identified by Franchisor to prevent any further infringement of any third party rights by the use of the Franchise and/or the IP Rights.

Article 16 Confidentiality

Both Parties acknowledge that by virtue of this Agreement they may have direct or indirect access and acquire knowledge of the other Party's confidential information. Both Parties undertake hereby to hold in absolute confidence all and any information and not to use, disclose, reproduce or dispose of any information in any manner other than (i) as expressly provided for in this Agreement, or (ii) required under applicable law or regulation, in the good understanding that the undertaking contemplated in this Article 16 shall survive in case of termination of this Agreement, being irrelevant the reasons of such a termination.

Article 17 Transferability

Except as provided for in Article 3, this Agreement and all rights and obligations arising here from shall not be transferred by either Party to a third party without the express previous consent from the other Party, which shall be in writing.

Article 18 No Represenations or Warranties

Notwithstanding any other provision in this Agreement, Franchisee acknowledges and agrees that the Franchise and the IP Rights are made available to Franchisee on an "as-is" basis without any representation or warranty, including, without limitation, without any representation or warranty regarding the validity, enforceability and/or non-infringement of the IP Rights. To the maximum extent permitted by applicable law, Franchisor hereby disclaims any liability for any damages or detrimental consequences which may arise for the Franchisee as a direct or indirect consequence of the Franchisee's exercise of its rights or fulfilment of its obligations under this Agreement.

Article 19 Termination

19.1 Ordinary Termination

The Franchisor may at any time and in its sole discretion terminate this Agreement by serving a prior termination notice of 6 (six) months to the Franchisee.

19.2 Extraordinary Termination

In the event either Party defaults on its obligations as provided for in this Agreement, the other Party shall give the defaulting Party written notice of said default. If the defaulting Party does not cure said default to the satisfaction of the other Party and notifies in writing such other Party of such cure within 10 (ten) calendar days after receipt of the notice of default, then the Party having given notice of default may terminate this Agreement. This termination shall then be effective immediately upon notification of termination.

Notwithstanding the foregoing paragraph, the Franchisee shall be deemed to be in default under this Agreement and this Agreement and all rights granted therein shall be deemed to be terminated effective immediately, without notice or prior opportunity to cure the default in the following cases:

(i) If an application or order is made, proceedings are commenced, a resolution is passed or an application to court is made or whatsoever steps are taken which might lead to the Franchisee's winding-up, dissolution, declaration of bankruptcy or insolvency, appointment of an administrator or controller or custodian or similar officer over all or any of its assets (including any undertaking of the Franchisee or any step preliminary to such appointment), assignment for the benefit of creditors or the appointment of a receiver or trustee for the assets.

(ii) If there is any change in the ownership of more than 15% of the Franchisee's voting stock (other than in case of Dufry group internal restructuings), including but not limited to the case of expropriation, nationalisation or whatsoever manner of exercise of governmental control upon the Franchisee.

The Parties further agree that this Agreement shall terminate upon the effective date of any termination or expiry, if any, of the Master Relationship Agreement entered into between Franchisor and Hudson Ltd. dated February 1, 2018.

Article 20 Effects of Termination

Upon the proper termination of this Agreement for any reason whatsoever, the Franchisee shall immediately cease to be a franchisee of the Franchisor and shall immediately cease to exercise, directly or indirectly, through any of its sub-franchisees, in any manner whatsoever any rights arising out of the Franchise and shall, forthwith upon request by the Franchisor, sign all documents and take such actions as may be necessary to cancel any registration in whatsoever register of the Franchisee as a user of the Trademarks. Further the Franchisee shall return to the Franchisor, at the sole discretion of the Franchisor, all materials which have been provided by the Franchisor.

Without prejudice to the foregoing in this Article 20, in case of a termination by Franchisor without cause based on Article 19.1, upon request of Franchisee, Franchisor will use its commercially reasonable efforts to provide, on a case by case basis, to Franchisee and/or its permitted sub-franchisees who, as of the receipt by Franchisee of Franchisor's termination notice, operate certain Shops in good faith reliance on the continued duration of this Agreement, the right to continue to use the reasonably necessary IP Rights for the operation of the relevant Shop(s) for a limited term. Each such continued use shall: (i) fully comply with the terms and conditions of this Agreement (including, without limitation, regarding remuneration), which shall continue to remain in force insofar as the operation of the relevant Shop(s) is concerned (but, for the avoidance of doubt, not with regard to any other Shops and/or any other use of the IP Rights); (ii) be limited to the use expressly permitted by Franchisor on a case by case basis; (iii) cease immediately without further notice required in case of any breach of the terms and conditions of this Agreement by Franchiseee and/or its permitted sub-franchisee that is not remedied within 30 (thirty) days after Franchisor's request; and (iv) cease immediately without further notice required, in respect of each Shop for which an extension based on this Article 20 is granted, upon the expiry of the remainder of the minimum term of the concession, lease or similar agreement applicable to the relevant Shop as in effect as of the receipt by Franchisee of Franchisor's termination notice (without any extension or prolongation).

Article 21 No Goodwill Redundancy On Termination

Any and all goodwill which accrues or which has accrued from the Franchise has accrued and shall accrue for the benefit of the Franchisor and if so requested by the Franchisor at any time or on the termination of this Agreement, the Franchisee shall assign all goodwill to the Franchisor.

For the case that the Franchisee has prior to the date of execution of this Agreement already exercised any right inherent to the Franchise, the Franchisee acknowledges that all such use has been under the control of the Franchisor. Insofar as the Franchisee might have been regarded as the proprietor of the IP Rights for the purposes of any applicable law, the Franchisee hereby confirms that it has abandoned in favour of the Franchisor its proprietorship in the IP Rights.

Consequently, upon the proper termination of this Agreement for any reason whatsoever, the Franchisee shall in no case be entitled to receive from the Franchisor any kind of compensation, redundancy fee or whatever payment from the Franchisor on the basis of any goodwill which might have arisen out of the Franchisee’s compliance with its obligations under this Agreement.

In the unlikely case that any applicable law would vest the Franchisee with any right to claim from the Franchisor any payment based on goodwill, the Franchisee hereby waives, to the full extend permitted by law, any right to claim such payment and simultaneously declares hereby that, in case of its entitlement being compulsory by law, it hereby assigns any payment in full to the Franchisor without requesting any compensation therefore.

Article 22 Entire Agreement

This Agreement and its Exhibit hereto constitute the entire agreement between the Parties in connection to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions with respect to the subject matter hereof whether written or oral. Except as provided in this Agreement and its Exhibit, there are no conditions, representations, warranties, undertakings, promises, inducements or agreements whether direct or indirect, collateral, expressed or implied made by the Franchisor to the Franchisee.

No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by authorised officers of the Franchisor and the Franchisee.

Article 23 Other Contractual Relationships Between The Parties

The Parties hereto acknowledge that they have or may have in the future other contractual relationships between them. It is both Parties’ interest and intention that the different contractual relationships between the Parties are kept separated from each other and that the matters regulated in this Agreement shall in no way be affected by any term or condition other than those set forth in this Agreement.

Article 24 Severability

The invalidity or unenforceability of any provision or any covenant of this Agreement in any jurisdiction shall not affect the validity or enforceability of such provision or covenant in any other jurisdiction or of any other provision or covenant hereof or herein contained and any invalid provision or covenant shall be deemed to be severable. The Parties shall negotiate in good faith in order to replace the provision declared invalid or unenforceable with a new provision, valid and enforceable, which preserves the original intention of the Parties.

Article 25 Successors And Assignees

This Agreement shall enure to the benefit of and be binding upon the Franchisor and the Franchisee and their respective legal representatives, successors and permitted assignees.

Article 26 Independent Parties

The Franchisee is and will at all times remain an independent party of the Franchisor and is not and shall not represent itself to be the agent, joint venturer or partner of the Franchisor. No representations will be made or acts taken by the Franchisee which could establish any apparent relationship of agency, joint venture or partnership and the Franchisor shall not be bound in any manner whatsoever by any agreements, warranties or representations made by the Franchisee to any other person or with respect to any other action of the Franchisee. No acts of assistance given by the Franchisor to the Franchisee shall be construed to alter this relationship.

Article 27 Costs And Taxes

27.1 Costs

All costs related to the preparation and execution of this Agreement shall be borne by the Franchisor. For the avoidance of doubt, this Article 27.1 shall not apply to the costs of the use of the Franchise, including, without limitation, the operation of the Shops, by Franchisee and its sub-franchisees.

27.2 Taxes

The Franchisor shall be completely responsible for any taxes now or hereafter imposed on the Franchisor with respect to the transactions contemplated hereunder, and the Franchisee shall be completely responsible for any taxes now or hereafter imposed on the Franchisee with respect to the transactions contemplated hereunder.

All sums payable to the Franchisor under or in connection with this Agreement shall be calculated excluding any VAT or any other applicable taxes. In this Agreement "VAT" means Value Added Tax and includes any similar tax replacing it or adding to it. Therefore the Franchisee shall also pay to the Franchisor an amount equal to the amount of any VAT chargeable according to the applicable tax regime in each case.

If under the applicable legal dispositions in the Franchisee’s jurisdiction, any amount to be paid to the Franchisor is subject to withholding tax, the latter will be subject to taxation at the relevant tax rate, so that the Franchisor receives the amount agreed net of withholding tax. To the extent applicable law requires any such amounts to be paid by the Franchisee directly to a governmental authority, the Franchisee shall pay such amounts promptly and receipts or other proof of such payment shall be provided to the Franchisor immediately upon receipt. If the Franchisee fails to pay these withholding taxes, will indemnify the Franchisor for the full amount of such taxes, including any losses occasioned by its failure to withhold any taxes imposed by any local jurisdiction on amounts payable by the Franchisee, and for any liability (including penalties, interest, and expenses) arising from or concerning the payment of such taxes, whether such withholding taxes were correctly or legally asserted or not.

Whenever an Agreement for the avoidance of double taxation between the involved countries is available, the Franchisee shall provide the Franchisor with a Certificate of Tax Residence within the meaning of such agreement.

The Franchisee shall bear the cost and be responsible for the payment of stamp duty, if any, applicable to this Agreement.

All other taxes imposed, such as turnover taxes, which may be imposed now or in the future, will be the Franchisee´s responsibility and will not affect its obligations to make payments as required under this Agreement.

Article 28 Force Majeure

Neither the Franchisor nor the Franchisee shall be liable in damages, or shall be subject to termination of this Agreement by the other Party, for any delay or default in performing any obligation hereunder if that delay or default is due to any cause beyond the reasonable control and without fault or negligence of that Party, provided that, in order to excuse its delay or default hereunder, a Party shall notify the other of the occurrence or the cause, specifying the nature and particulars thereof and the expected duration thereof, and provided, further, that within 15 (fifteen) calendar days after the termination of such occurrence or cause, that Party shall give notice to the other Party specifying the date of termination thereof. All obligations of both Parties shall return to being in full force and effect upon termination of such occurrence or clause.

For the purposes of this Agreement, a "cause beyond the reasonable control" of a Party shall include, without limiting the generality of the phrase, any act of God, act of any government (excepting the causes contained in Article 19.2), or other statutory undertaking, industrial dispute, fire, explosion, accident, power failure, flood, riot, or war (declared or undeclared).

Article 29 Non-Waiver And Cumulative Rights

The failure of either Party to exercise any right, power or option given hereunder or to insist upon the compliance with the terms and conditions hereof by the other Party shall not constitute a waiver of the terms and conditions of this Agreement with respect to that or any other or subsequent breach thereof nor a waiver by the non-exercising Party of its rights at any time thereafter to require strict compliance with all terms and conditions hereof including the terms or conditions with respect to which non-complying Party has failed to exercise such right or option. The rights of each Party hereunder are cumulative.

Article 30 Notices

All notices, consents and approvals (hereinafter referred to as a "Notice") permitted or required to be given hereunder shall be deemed to be sufficiently and duly given if written and delivered personally or sent by courier or transmitted by facsimile transmission or other form of recorded communication tested prior to transmission, addressed as follows:

For the Franchisor: Dufry International AG
Brunngässlein 12
CH-4010 Basel
Switzerland

For the Franchisee: Hudson Group (HG) Inc
One Meadowlands Plaza, 11th Floor
East Rutherford
New Jersey, 07073
USA

Any Notice so given shall be deemed to have been received on the date of delivery if sent by courier, facsimile transmission or other form of recorded communication, as the case may be. Either Party from time to time by Notice may change its address for the purposes of this Agreement.

Article 31 Applicable Law

This Agreement shall be governed and construed in accordance with the substantive laws of Switzerland, excluding its conflict of laws principles and excluding the UN Convention on Contracts for the International Sale of Goods.

Article 32 Dispute Resolution and Arbitration

Any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination thereof, or any agreement or action contemplated thereby (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article 32, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

The Board of Directors of either Party may submit any Dispute for resolution by mediation in accordance with the Swiss Rules of Commercial Mediation of the Swiss Chambers' Arbitration Institution in force on the date when the request for mediation was submitted in accordance with these Rules. The seat of the mediation shall be Zurich, although the meetings may be held elsewhere. The mediation proceedings shall be conducted in English.

If a Dispute is not resolved by mediation as provided in this Article 32 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either Party may submit the Dispute to be finally resolved by arbitration pursuant in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution in force on the date when the Notice of Arbitration was submitted in accordance with those Rules. The Parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

The number of arbitrators shall be three. The seat of the arbitration shall be in Zurich. The arbitral proceedings shall be conducted in English. The arbitration shall be conducted in accordance with the provisions for expedited procedure.

Article 33 Further Assurances

The Parties hereto agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent, including any kind of public deed or official document which could be required according to the laws of Switzerland, the laws of the Territory or to the laws applying to either the Franchisee or the Franchiser.

IN WITNESS THEREOF the Parties hereto have entered into this Franchising Agreement on the date and place set hereunder and have executed it in two originals, both of them together constituting one and the same document.

For The Franchisor (Dufry International AG):

DATED at Basel this 1st day of February 2018

Signature:	/s/ Julián Díaz González	Signature:	/s/ Andreas Schneiter
Name:	Julián Díaz González	Name:	Andreas Schneiter
Title:	Director	Title:	Director

For The Franchisee (Hudson Group (HG) Inc):

DATED at Basel this 1st day of February 2018

Signature:	/s/ Julián Díaz González	Signature:	/s/ Andreas Schneiter
Name:	Julián Díaz González	Name:	Andreas Schneiter
Title:	Director	Title:	Director

EXHIBIT 1: COMPONENTS OF THE FRANCHISE

The list herein below represents only an overview of the components of the Franchise and is not meant to be exhaustive. The scope of the Centralised Support Services, which may vary from time to time, shall be at the sole discretion of the Franchisor. The application of the Dufry Group Trademarks has to be compliant with "Dufry Corporate Identity Guidelines" as updated from time to time. Should an envisaged application not be covered by the "Dufry Corporate Identity Guidelines" the Franchisors approval is required.

(i) Trademarks:

- The Dufry Brands/Trademarks:
  - ❑ DUFRY
  - ❑ NUANCE
  - ❑ WORLD DUTY FREE GROUP

  (including “DUFRY” master brand logo and “ ” signage, as well as applicable colours and fonts);
- Global Brand Guidelines (technical details regarding application of the brands);
- Guidance and training on how to utilise the logos and brands within stores (e.g. on banners, logos, point of sale machines, sales tickets, plastic bags etc);
- Guidance and training on how to utilise the master brand logo and brands on stationery (letters, business cards, signage etc); and
- Trademark registrations and legal protection by the Franchisor.

(ii) Business Concept:

- Commercial Concepts for the traditional duty-free business (DUFRY, WDFG & NUANCE)
- Store Product Category Concepts;
- Store Operating Concept;
- The VIP Discount Card;
- Special Offers Brochure (issued 3/4 times a year in major stores);
- Calendar of Promotions (month by month calendar of promotions designed for every Store);
- Corporate Web-Sites including Pre-Order Platforms; and
- Development of Alternative Sales Channels.

(iii) **Access to Global Distribution Center:**

- Access to replenishing tools; and
- Access to central datawarehouse structures such as Dufry Central Information System (DCIS).

(iv) **Supporting Business Related IP:**

- Marketing Knowhow;
- Product Assortment;
- Standardised Business Procedures;
- Central Management of Promotion and Advertising Activities;
- Dufry Magazines & Corporate Communication;
- Central Industry/Market/Sales Knowledge;
- Sales Staff Training; and
- Tender and Business Development Support.

(v) **Centralised Support Services:**

- Treasury Services including Intragroup Financing and FX Hedging;
- Internal Audit including Loss Prevention Program;
- Legal Services;
- Tax Support;
- Global Insurance Programs; and
- Budgeting, Controlling and Performance Analysis Support.

EXHIBIT 2: FRANCHISE FEE

The Franchise fee rate payable by the Franchisee to the Franchisor shall be set at:

Duty Free Sales under the DUFRY trademark
3% (THREE PERCENT) of the Net Sales of the Franchisee.

Duty Free Sales under the NUANCE trademark
3% (THREE PERCENT) of the Net Sales of the Franchisee.

Duty Free Sales under the WORLD DUTY FREE trademark
3% (THREE PERCENT) of the Net Sales of the Franchisee.

Duty Free Sales under the franchise concept but not under a trademark(s) of the Dufry Group
2% (TWO PERCENT) of the Net Sales of the Franchisee.

Duty Paid Sales under the franchise concept whether or not under a trademark(s) of the Dufry Group ("Endorsement Fee")
0.35% (POINT THREE FIVE PERCENT) of the Net Sales of the Franchisee

Exhibit 11.1

Hudson Ltd

Code of Ethics

Adopted by the Board of Directors of Hudson Ltd. on September 28, 2017

Introduction

This Code of Ethics (the "**Code**") has been adopted by the Board of Directors of Hudson Ltd., is applicable to all employees, officers and directors of Hudson Ltd. and summarizes the standards that must guide our actions. Although they cover a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise or every situation in which ethical decisions must be made, but rather set forth key guiding principles that represent the policies of Hudson Ltd and Hudson Ltd's direct and indirect subsidiaries (including partnerships and joint ventures) (together the "**Company**") and establish conditions for employment at the Company.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company's business activities, including, but not limited to, relationships with employees, customers, suppliers, competitors, the government, the public and our shareholders. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well-intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our Company's most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

Further, as the Company is controlled by Dufry AG (" **Dufry**"), our employees, officers and directors also have an obligation to comply with the Code of Ethics, Sustainability and Integrity in Business Transactions of Dufry, as amended from time to time.

Conflicts of Interest

Our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole, which includes the interests of the Company's subsidiaries and affiliates, as well as those of the entire Dufry group, of which the Company is a controlled subsidiary. A conflict of interest may arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of the employee's, officer's or director's position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations that may constitute a conflict of interest:

- Working, in any capacity, for a competitor, customer or supplier while employed by the Company.
- Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your position in the Company from a competitor, customer or supplier.
- Competing with the Company for the purchase or sale of property, products, services or other interests.
- Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to the Compliance Officer of Hudson Ltd.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

Quality of Public Disclosures

The Company has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Company’s financial condition and results of operations. Our reports and documents filed with or submitted to the United States Securities and Exchange Commission and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company has established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

Compliance with Laws, Rules and Regulations

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

Compliance with This Code and Reporting of Any Illegal or Unethical Behavior

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including by subjecting persons who violate its provisions to corrective and/or disciplinary action such as dismissal or removal from office.

Situations which may involve a violation of ethics, laws, rules, regulations or this Code may not always be clear and may require the exercise of judgment or the making of difficult decisions.

Any concerns about a potential violation of ethics, laws, rules, regulations or this Code by any employee, officer or director of Hudson Ltd. or concerns or complaints regarding accounting, internal accounting controls and auditing matters or questionable accounting or auditing issues may be reported by contacting the Compliance Officer of Hudson Ltd. or anonymously by e-mail to integrity@hudsongroup.com or by telephone to 1-877-866-7852. Upon receipt of any such concerns, the Compliance Officer of Hudson Ltd. shall report to the Audit Committee, in the manner directed by it, in respect of any concerns or complaints regarding accounting, internal accounting controls and auditing matters or questionable accounting or auditing issues as well. The Compliance Officer shall also notify the member of the Board of Directors of Hudson Ltd. designated by the Board as the "Code of Ethics Director" and the Group General Counsel of Dufry of all concerns reported. Any concerns involving the Compliance Officer of Hudson Ltd. should be reported directly to the Code of Ethics Director.

Concerns about potential violations of ethics, laws, rules, regulations or this Code may also be reported to the wrongdoing reporting platform of Dufry by e-mail to integrity@dufry.com or in writing to the Group General Counsel, Dufry, Brunngaesslein 12, CH-4010 Basel, Switzerland.

An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints that were made in good faith require confidentiality, including keeping an identity anonymous, the Company will endeavor to protect this confidentiality, subject to applicable laws, regulations or legal proceedings.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and directors without fear of retribution or retaliation is vital to the successful implementation of this Code. All employees, officers and directors are required to cooperate in any internal investigations of misconduct and unethical behavior.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The Compliance Officer of Hudson Ltd. will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Code of Ethics Director Questions concerning this Code should be directed to the Compliance Officer of Hudson Ltd.

The provisions of this section are qualified in their entirety by reference to the following section.

Waivers and Amendments

Any waiver (including any implicit waiver) of the provisions in this Code for executive officers or directors will be disclosed to the Company's shareholders in the Company's annual report on Form 20-F. Amendments to this Code will also be disclosed in the Company's annual report on Form 20-F.

Exhibit 12.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph DiDomizio, certify that:

1. I have reviewed this annual report on Form 20-F of Hudson Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [Reserved];

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 15, 2018

By: /s/ Joseph DiDomizio
Name: Joseph DiDomizio
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Adrian Bartella, certify that:

I have reviewed this annual report on Form 20-F of Hudson Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [Reserved];

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 15, 2018

By: /s/ Adrian Bartella
Name: Adrian Bartella
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of Hudson Ltd. (the "Company") for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph DiDomizio, Chief Executive Officer of the Company and Principal Executive Officer, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2018

By: /s/ Joseph DiDomizio
Name: Joseph DiDomizio
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of Hudson Ltd. (the "Company") for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adrian Bartella, Chief Financial Officer of the Company and Principal Financial Officer, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2018

By: /s/ Adrian Bartella
Name: Adrian Bartella
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 14.1

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Hudson Ltd.

Opinion on the Financial Statements

We have audited the accompanying combined statements of financial position of Hudson Group (the Company) as of December 31, 2017 and 2016, and the related combined statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the combined financial position of the Company at December 31, 2017 and 2016, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young AG

We have served as the Company’s auditor since 2017.

Basel, Switzerland
March 15, 2018