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# FORM F-1

## Hudson Ltd. - HUD

**Filed: November 14, 2017 (period: )**

Registration statement for certain foreign private issuers

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**As filed with the Securities and Exchange Commission on November 14, 2017.**
**Registration No. 333-**

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

# FORM F-1
# REGISTRATION STATEMENT
**UNDER**
**THE SECURITIES ACT OF 1933**

# Hudson Ltd.
(Exact name of Registrant as specified in its charter)

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

| **Bermuda** | **5399** | **NOT APPLICABLE** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**4 NEW SQUARE**
**BEDFONT LAKES**
**FELTHAM, MIDDLESEX TW14 8HA**
**UNITED KINGDOM**
**+44 (0) 208 624 4300**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**HUDSON GROUP (HG), INC.**
**ONE MEADOWLANDS PLAZA**
**EAST RUTHERFORD, NJ 07073**
**+1-201-939-5050**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

***Copies to:***

| **John B. Meade**<br>**Davis Polk & Wardwell LLP**<br>**450 Lexington Avenue**<br>**New York, NY 10017**<br>**(212) 450-4000** | **Craig F. Arcella**<br>**Cravath, Swaine & Moore LLP**<br>**825 Eighth Avenue**<br>**New York, NY 10019**<br>**(212) 474-1000** |
|---|---|

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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 7(a)(2)(B) of the Securities 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.

**CALCULATION OF REGISTRATION FEE**

| Title of each class of securities to be registered | Proposed maximum aggregate offering price[(1)(2)] | Amount of registration fee[(3)] |
|---|---|---|
| Class A common shares, par value $0.001 per share | $100,000,000 | $12,450 |

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933.
(2) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.
(3) Calculated pursuant to Rule 457(o) under the Securities Act of 1933, as amended, based on an estimate of the proposed maximum aggregate offering price.

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.**



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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to completion**
**Preliminary Prospectus dated November 14, 2017**

**PRELIMINARY PROSPECTUS**

## Shares

# Hudson Ltd.

**Class A Common Shares**

This is the initial public offering of Hudson Ltd. The selling shareholder named in this prospectus is selling all of the Class A common shares offered hereby. We are not selling any of the Class A common shares in this offering and will not receive any proceeds from the sale of the Class A common shares.

We expect the public offering price to be between $ and $ per share. Prior to this offering, no public market existed for our Class A common shares. We intend to apply to list our Class A common shares on the New York Stock Exchange under the symbol "HUD."

Following this offering, we will have two classes of common shares outstanding: Class A common shares and Class B common shares. The rights of the holders of our Class A common shares and our Class B common shares are identical, except with respect to voting and conversion. 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 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. As a result of its ownership of Class B common shares, our controlling shareholder will have 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, consolidation or sale of all or substantially all of our assets. See "Description of Share Capital and Bye-Laws — Common Shares."

**Investing in our Class A common shares involves risks. See "Risk Factors" beginning on page 18 of this prospectus.**

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Public offering price | $ | $ |
| Underwriting discounts and commissions(1) | $ | $ |
| Proceeds, before expenses, to the selling shareholder | $ | $ |

(1) See "Underwriting" beginning on page 112 for additional information regarding underwriting compensation.

Delivery of the Class A common shares is expected to be made on or about , 2017. The selling shareholder named in this prospectus has granted the underwriters an option for a period of 30 days to purchase an additional Class A common shares solely to cover over-allotments.

**Credit Suisse** **Morgan Stanley** **UBS Investment Bank**

Prospectus dated , 2017

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## ABOUT THIS PROSPECTUS

In this prospectus, the words "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, assuming consummation of 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 will be transferred to Hudson Ltd. in connection with this 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" and "the selling shareholder" are to Dufry International AG, a Swiss stock corporation, which is a wholly-owned subsidiary of Dufry AG.

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

We, the selling shareholder and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we may have referred you. We, the selling shareholder and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We, the selling shareholder and the underwriters have not authorized any other person to provide you with different or additional information. The selling shareholder is offering to sell, and seeking offers to buy, Class A common shares only in jurisdictions where such offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Class A common shares.

## PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all financial information contained in this prospectus is prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain differences exist between IFRS and generally accepted accounting principles in the United States of America (''U.S. GAAP'') which might be material to the financial information herein. We have not prepared a reconciliation of our combined financial statements and related footnote disclosures between IFRS and U.S. GAAP. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information herein.

### Hudson Group Combined Financial Statements

In connection with this offering, our combined financial statements have been prepared in accordance with IFRS as issued by the IASB. For the purpose of our combined financial statements, Hudson Group comprises all entities and operations directly or indirectly owned by Dufry that carry on Dufry's duty-free and duty-paid travel retail operations in the continental United States and Canada that will be transferred to Hudson Ltd. in connection with this offering. Generally, we used the same accounting policies and principles in these combined financial statements as were used for the preparation of the consolidated financial statements of Dufry. Hudson Group has not operated as an independent group of companies. Our combined financial statements may therefore not be indicative of the financial position and performance that would have been achieved had we operated as an independent group of companies or of our future results.

### Nuance Group Entities Financial Statements

Dufry acquired 100% of The Nuance Group AG ("Nuance") on September 9, 2014. Certain entities that were part of Nuance will be transferred to Hudson Ltd. in connection with this offering and are therefore reflected in the Hudson Group combined financial statements from September 2014. This prospectus includes historical financial statements for those entities as of September 8, 2014 and for the period January 1 to September 8, 2014 which have been prepared in accordance with IFRS as issued by the IASB.



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## THE REORGANIZATION TRANSACTIONS

Prior to the completion of this offering, as part of a series of reorganization transactions, Dufry will cause 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 will occur prior to the completion of this offering, our business will be conducted through Hudson Ltd. and its subsidiaries. In this prospectus, 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 and nominal assets.

## MARKET AND INDUSTRY DATA

We obtained certain industry data concerning the travel concession sector used throughout this prospectus from research conducted by us and our controlling shareholder, surveys or studies conducted by third parties and industry publications and surveys, as well as an overview of brand usage, prepared by Ipsos Market Research, which was commissioned by us. Third-party and industry studies, publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies, publications and surveys is reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information. Similarly, we believe our internal research and that by our controlling shareholder is reliable, but it has not been verified by any independent sources. Certain information contained in this prospectus relating to our market share represents management estimates based, where available, on the most recently available industry reports relevant to our market. We have accurately reproduced this data, and as far as we are aware and able to ascertain from surveys or studies conducted by third parties and industry or general publications, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## TRADEMARKS

In our key markets, we have rights to use, or hold, certain trademarks relating to Hudson Group, Dufry, Nuance and World Duty Free, or the respective applications for trademark registration are underway. We do not hold or have rights to any other additional patents, trademarks or licenses, that, if absent, would have had a material adverse effect on our business operations. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the "®" or "™" symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name or service mark of any other company appearing in this prospectus is the property of its respective holder.

## EXCHANGE CONTROL

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 prospectus.



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## SUMMARY

*This prospectus summary highlights certain information appearing elsewhere in this prospectus. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. You should read the entire prospectus carefully, including the information under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes thereto included in this prospectus, before investing. This prospectus includes forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements."*

### Company Overview

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 September 30, 2017, we had a diversified portfolio of over 200 concession agreements, through which we operated 989 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. Since 2008, we have been a wholly-owned subsidiary of Dufry, a leading global travel retailer operating close to 2,200 stores in 64 countries on six continents, and 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.



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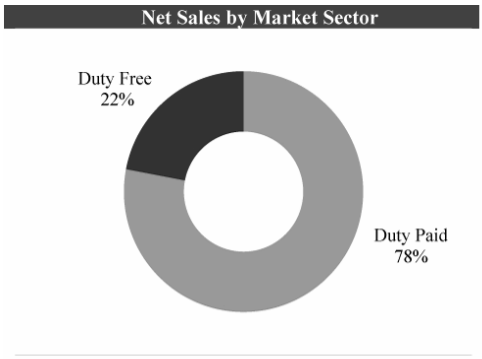
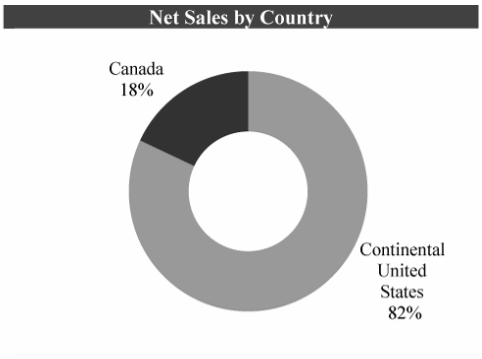
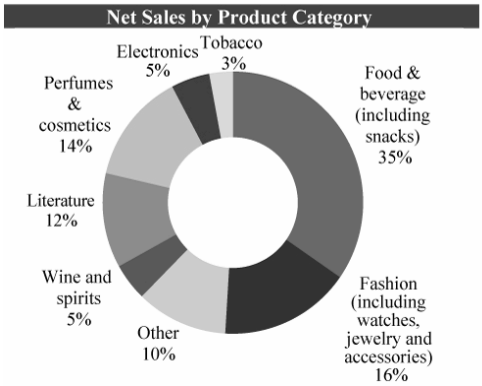
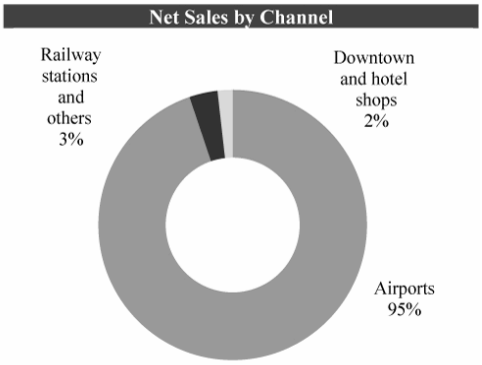
For the year ended December 31, 2016, our net sales were broken down as follows:




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, leading to a concession agreement renewal rate exceeding 80% over the last five years.

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 opened 100 stores under the new Hudson format and, overall, we have invested close to $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



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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.

Following this offering, we will remain an integrated part of the global Dufry Group. Dufry will be our controlling shareholder, a number of the members of our board of directors will be affiliated with Dufry and our business will continue 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 "Certain Relationships and Related Party Transactions."

From December 31, 2014 to December 31, 2016, we:

- increased our number of stores from 733 to 948, representing a CAGR of 9.0%; and
- increased the total square feet of our stores from 742.9 million to 1,010.5 million, representing a CAGR of 10.8%.

**Competitive Strengths**

***Hudson is an Iconic Brand in North American Travel Retail***

With over 440 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 beverage. 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 and 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.



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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, category 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 September 30, 2017, we sold products in 989 stores across 88 locations.

Our concessions also benefit from multi-year contract terms. For the year ended December 31, 2016, approximately 70% of our sales were generated from concessions with a remaining term greater than five years, while 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.

This diversified and dynamic business model, combined with a historical concession agreement renewal rate that exceeds 80%, has contributed to the historical resilience of our financial performance.

***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 operational excellence and sustainable long-term growth.

**Growth 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.



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*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 successfully our capabilities to maximize sales outside of airports has led to a number of recent wins. 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 Airport Revenue News ("ARN") Fact Book and our estimates, the airport food and beverage market in the United States and Canada generated in excess of $4.5 billion of passenger spending in 2015. This market generated sales of approximately 1.2x the combined airport sales of specialty, news and gifts and duty-free products in 2015. 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 operations of Nuance and World Duty Free S.p.A. ("World Duty Free Group") in the continental United States and Canada following the acquisitions 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.



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***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 "Business — Growth Strategies."

The majority of our sales are derived from airports. As of and for the year ended December 31, 2016, 95% of our concessions were located in, and 95% 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 43 international airports by performance in the United States and Canada were approximately $8.2 billion for the year ended December 31, 2015. Based on the ARN Fact Book, as a breakdown of sales at these airports for the year ended December 31, 2015, food and beverage contributed more than $4.5 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 also includes a MAG (referring to a "minimum annual guaranteed" payment). See "Business — 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



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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***

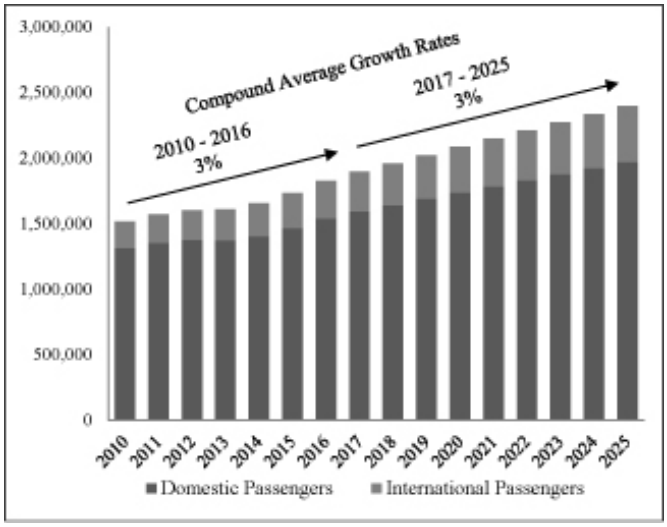
Recent trends affecting the airport concession market in North America include:

*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 Airports Council International ("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.

**Historical and Projected**
**North American Passenger Volumes(1)**




(1) Source: ACI.

*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



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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 Sales 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.

**Risks Affecting Us**

We are subject to numerous risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flow and prospects. Please read the section entitled "Risk Factors" beginning on page 14 for a discussion of some of the factors you should carefully consider before deciding to invest in our Class A common shares. Risks to our business include the following, among others:

- 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 sales growth.
- 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.
- 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.
- 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.
- 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 are dependent on our local partners.
- Taxation of goods policies in the United States and Canada may change.
- 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.
- We generate a meaningful portion of our turnover in certain airports or groups of airports in metropolitan areas.
- 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.
- Failure to comply with Airport Concession Disadvantaged Business Enterprise ("ACDBE") participation goals and requirements could lead to lost business opportunities or the loss of existing business.



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- 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.
- 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.
- Our failure to maintain an effective system of internal control over financial reporting, given the material weakness identified in connection with the audit of our combined financial statements as of and for the year ended December 31, 2014.

**Our Corporate Information**

We were 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 sole shareholder as of the date of this prospectus.

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 prospectus, and you should not consider information contained on our website to be a part of this prospectus or in deciding whether to purchase our Class A common shares.



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## THE OFFERING

| | |
|---|---|
| Issuer | Hudson Ltd. |
| Selling shareholder | Dufry International AG |
| The offering | Class A common shares offered by the selling shareholder. |
| Offering price range | Between $ and $ per Class A common share. |
| Class A common shares to be outstanding after this offering | shares. |
| Class B common shares to be outstanding after this offering | shares. |
| Over-allotment option | The selling shareholder has granted the underwriters the right to purchase up to an additional Class A common shares from it within 30 days of the date of this prospectus, to cover over-allotments, if any, in connection with this offering. |
| Voting rights | Following this offering, we will have two classes of common shares outstanding: Class A common shares and Class B common shares. The rights of the holders of our Class A common shares and our Class B common shares are identical, except with respect to voting and conversion. 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. As a result of its ownership of Class B common shares, our controlling shareholder will have the ability to determine the outcome of all matters submitted to our shareholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets. See "Description of Share Capital and Bye-Laws — Common Shares."<br><br>The Class A common shares and Class B common shares issued and outstanding after this offering will represent approximately % and %, respectively, of the total number of shares of our Class A and Class B common shares issued and outstanding after this offering and % and %, respectively, of the combined voting power of our Class A and Class B common shares issued and outstanding after this offering. |
| Use of proceeds | We will not receive any proceeds from the sale of any Class A common shares being sold in this offering. |



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| | |
|---|---|
| Dividend policy | We do not currently intend to pay cash dividends on our Class A common shares in the foreseeable future. Any future determination to pay 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. See "Dividend Policy." |
| Listing | We intend to apply to list our Class A common shares on the New York Stock Exchange, or NYSE, under the symbol "HUD." |
| Risk factors | Investing in our Class A common shares involves risks. See "Risk Factors" beginning on page 14 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common shares. |

Unless otherwise indicated, all information in this prospectus assumes (i) no exercise by the underwriters of their over-allotment option to purchase up to additional Class A common shares from the selling shareholder and (ii) an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.



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## SUMMARY FINANCIAL AND OTHER INFORMATION

You should read the following summary financial data together with "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes appearing elsewhere in this prospectus.

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. Hudson Ltd. is a newly formed holding company with nominal assets and liabilities, and will not have conducted any operations prior to the completion of this offering. Following the Reorganization Transactions and this offering, our financial statements will present the results of operations of Hudson Ltd. and its consolidated subsidiaries. Hudson Ltd.'s financial statements will be the same as Hudson Group's financial statements prior to this offering, as adjusted for the Reorganization Transactions. See "— The Reorganization Transactions."

The summary 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 prospectus. The summary historical combined statement of comprehensive income and other financial data for the fiscal years ended December 31, 2016, 2015 and 2014 and summary historical combined statement of financial position data as of December 31, 2016 and 2015 were derived from our audited combined financial statements included elsewhere in this prospectus. The summary historical combined statement of comprehensive income and other financial data for the nine months ended September 30, 2017 and 2016 and summary historical combined statement of financial position data as of September 30, 2017 have been derived from our unaudited interim combined financial statements included elsewhere in this prospectus. The results for any interim period are not necessarily indicative of the results that may be expected for the full year. Additionally, 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.

| | For the nine months ended September 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (unaudited) | | | | |
| | (in millions of USD) | | | | |
| **Combined Statement of Comprehensive Income Data:** | | | | | |
| Turnover | 1,352.1 | 1,272.1 | 1,687.2 | 1,403.0 | 1,118.7 |
| Cost of sales | (511.4) | (489.5) | (645.3) | (534.1) | (424.6) |
| **Gross profit** | **840.7** | **782.6** | **1,041.9** | **868.9** | **694.1** |
| Selling expenses | (315.4) | (298.2) | (395.7) | (325.7) | (249.7) |
| Personnel expenses | (275.7) | (251.9) | (337.4) | (279.5) | (222.6) |
| General expenses | (118.2) | (114.2) | (151.9) | (130.9) | (106.2) |
| Share of result of associates | (0.3) | — | (0.7) | 1.7 | 0.6 |
| Depreciation, amortization and impairment | (79.3) | (72.5) | (103.7) | (86.7) | (59.6) |
| Other operational result | 0.9 | (7.7) | (9.3) | (1.7) | (1.5) |
| **Operating profit** | **52.7** | **38.1** | **43.2** | **46.1** | **55.1** |
| Interest expenses | (22.7) | (22.3) | (29.8) | (25.4) | (25.4) |
| Interest income | 1.4 | 1.7 | 2.1 | 1.6 | 1.7 |
| Foreign exchange gain / (loss) | 0.8 | (0.1) | — | (0.2) | (0.2) |
| **Earnings before taxes (EBT)** | **32.2** | **17.4** | **15.5** | **22.1** | **31.2** |
| Income tax | (8.0) | (1.7) | 34.3 | (3.8) | (1.6) |
| **Net earnings** | **24.2** | **15.7** | **49.8** | **18.3** | **29.6** |



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| | For the nine months ended September 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (unaudited) | | | | |
| | (in millions of USD) | | | | |
| ATTRIBUTABLE TO: | | | | | |
| Equity holders of the parent | 1.0 | (5.5) | 23.5 | (7.7) | 7.1 |
| Non-controlling interests[1] | 23.2 | 21.2 | 26.3 | 26.0 | 22.5 |
| **Pro Forma Data of Hudson Ltd.[2]:** | | | | | |
| Pro forma earnings/(loss) per share | | | | | |
| Basic | | | | | |
| Diluted | | | | | |
| Pro forma weighted average number of shares outstanding (thousands) | | | | | |
| Basic | | | | | |
| Diluted | | | | | |

(1) Dividends paid to non-controlling interests amounted to $23.4 million and $21.2 million for the nine months ended September 30, 2017 and 2016, respectively, and $27.4 million, $28.7 million and $21.7 million for the years ended December 31, 2016, 2015 and 2014, respectively.

(2) Pro forma data gives effect to (i) the Reorganization Transactions and (ii) the sale of Class A common shares by the selling shareholder in this offering at a price equal to $ per share, which is the midpoint of the price range set forth on the cover of this prospectus, as if they were consummated at the beginning of the referenced period.



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| | As of September 30, 2017 | As of December 31, 2016 | 2015 |
|---|---|---|---|
| | (unaudited) | (in millions of USD) | |
| **Combined Statement of Financial Position Data:** | | | |
| Non-current assets | 1,147.3 | 1,134.0 | 1,125.1 |
| Current assets | 458.4 | 409.0 | 371.4 |
| **Total assets** | **1,605.7** | **1,543.0** | **1,496.5** |
| Non-current liabilities | 602.1 | 548.1 | 593.5 |
| Current liabilities | 387.6 | 264.5 | 215.1 |
| **Total liabilities** | **989.7** | **812.6** | **808.6** |
| **Net assets** | **616.0** | **730.4** | **687.9** |

| | For the nine months ended September 30, | | For the years ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (unaudited) | | | | |
| **Other Data** | | | | | |
| *Operating Metrics* | | | | | |
| Number of stores[1] | 989 | 964 | 948 | 973 | 733 |
| Total square feet of stores (thousands)[2] | 1,059.7 | 1,002.9 | 1,010.5 | 997.9 | 742.9 |
| *Financial Metrics* | | | | | |
| Net sales growth | 6.1% | 25.6% | 20.5% | 25.7% | |
| Like-for-like growth[3] | 4.6% | 2.9% | 3.9% | 3.0% | |
| Like-for-like growth on a constant currency basis[4] | 4.3% | 3.5% | 4.3% | 4.3% | |
| Organic growth[5] | 8.7% | 3.6% | 5.4% | 1.9% | |
| Net earnings (millions of USD) | 24.2 | 15.7 | 49.8 | 18.3 | 29.6 |
| Net earnings growth | 54.1% | (27.0%) | 172.1% | (38.2%) | |
| Net earnings margin[6] | 1.8% | 1.2% | 3.0% | 1.3% | 2.6% |
| Adjusted EBITDA[7] (millions of USD) | 131.1 | 118.3 | 156.2 | 134.5 | 116.2 |
| Adjusted EBITDA growth | 10.8% | 19.7% | 16.1% | 15.7% | |
| Adjusted EBITDA margin[8] | 9.7% | 9.3% | 9.3% | 9.6% | 10.4% |
| Net earnings attributable to equity holders of the parent | 1.0 | (5.5) | 23.5 | (7.7) | 7.1 |
| Net earnings attributable to equity holders of the parent growth | N/A | N/A | N/A | N/A | |
| Net earnings attributable to equity holders of the parent margin[9] | 0.1% | (0.4%) | 1.4% | (0.5%) | 0.6% |
| Adjusted net earnings attributable to equity holders of parent (millions of USD)[10] | 29.3 | 27.8 | 67.6 | 25.7 | 24.6 |
| Adjusted net earnings attributable to equity holders of parent growth | 7.2% | 12.1% | 163.0% | 4.5% | |
| Adjusted net earnings attributable to equity holders of parent margin[11] | 2.2% | 2.2% | 4.0% | 1.8% | 2.2% |

(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



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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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — 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 prospectus 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.



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

| | For nine months ended September 30, | | For the years ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (unaudited) | | | | |
| | (in millions of USD) | | | | |
| **Net earnings** | **24.2** | **15.7** | **49.8** | **18.3** | **29.6** |
| Income tax expense | 8.0 | 1.7 | (34.3) | 3.8 | 1.6 |
| **Earnings before taxes (EBT)** | **32.2** | **17.4** | **15.5** | **22.1** | **31.2** |
| Foreign exchange gain (loss) | (0.8) | 0.1 | — | 0.2 | 0.2 |
| Interest income | (1.4) | (1.7) | (2.1) | (1.6) | (1.7) |
| Interest expenses | 22.7 | 22.3 | 29.8 | 25.4 | 25.4 |
| **Operating profit** | **52.7** | **38.1** | **43.2** | **46.1** | **55.1** |
| Depreciation, amortization and impairment | 79.3 | 72.5 | 103.7 | 86.7 | 59.6 |
| Other operational result[(a)] | (0.9) | 7.7 | 9.3 | 1.7 | 1.5 |
| **Adjusted EBITDA** | **131.1** | **118.3** | **156.2** | **134.5** | **116.2** |

(a) For the nine months ended September 30, 2017, other operational result consisted primarily of $9.9 million of other operating income resulting from forgiveness of certain intercompany payables due to Dufry which was partially offset by other operating expenses including $3.2 million of audit and consulting costs related to preparatory work in connection with this offering, $3.0 million of restructuring costs associated with the World Duty Free Group acquisition and $2.8 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 costs associated with the World Duty Free Group acquisition. See note 13 to our audited combined financial statements included elsewhere in this prospectus for further information.

(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 parent as net earnings attributable to equity holders of parent adjusted for the items set forth in the table below. Adjusted net earnings attributable to equity holders of parent is a non-IFRS measure and is not a uniformly or legally defined financial measure. Adjusted net earnings attributable to equity holders of parent is not a substitute for IFRS measures in assessing our overall operating performance. Because Adjusted net earnings attributable to equity holders of parent is not determined in accordance with IFRS, and is susceptible to varying calculations, Adjusted net earnings attributable to equity holders of parent may not be comparable to other similarly titled measures presented by other companies. Adjusted net earnings attributable to equity holders of parent is included in this prospectus because it is a measure of our operating performance and we believe that Adjusted net earnings attributable to equity holders of 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 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 parent for planning purposes. Adjusted net earnings attributable to equity holders of 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.



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

| | For nine months ended September 30, | | For the years ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (unaudited) | | | | |
| | (in millions of USD) | | | | |
| **Net earnings attributable to equity holders of parent** | **1.0** | **(5.5)** | **23.5** | **(7.7)** | **7.1** |
| Amortization related to acquisitions[(a)] | 28.8 | 28.6 | 38.4 | 32.4 | 16.6 |
| Other operational result[(b)] | (0.9) | 7.7 | 9.3 | 1.7 | 1.5 |
| Income tax adjustment[(c)] | 0.4 | (3.0) | (3.6) | (0.7) | (0.6) |
| **Adjusted net earnings attributable to equity holders of parent** | **29.3** | **27.8** | **67.6** | **25.7** | **24.6** |

(a) Amortization related to acquisitions represents amortization expense in respect of acquired intangible assets, primarily concessions. Although the purchase accounting for an acquisition necessarily reflects the accounting value assigned to intangible assets, we believe the IFRS impact of acquired intangible assets does not reflect our operating performance.

(b) For the nine months ended September 30, 2017, other operational result consisted primarily of $9.9 million of other operating income resulting from forgiveness of certain intercompany payables due to Dufry which was partially offset by other operating expenses including $3.2 million of audit and consulting costs related to preparatory work in connection with this offering, $3.0 million in restructuring costs associated with the World Duty Free Group acquisition and $2.8 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 in restructuring costs associated with the World Duty Free Group acquisition. See note 13 to our audited combined financial statements included elsewhere in this prospectus for further information.

(c) Income tax adjustment represents the reduction in amount of taxes we actually paid during the applicable period attributable to other operational result reducing our net earnings. This assumption uses an effective tax rate of 39.0% for the adjustment. Amortization expenses related to acquisitions did not reduce the amount of taxes we actually paid during the applicable periods, and therefore there are no corresponding income tax adjustments in respect of the amortization expense adjustment.

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



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# 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.

From September 30, 2017 to December 31, 2018, concessions in respect of stores that represented approximately 14% of our net sales for the twelve months ended September 30, 2017 are scheduled to expire. There is no guarantee that we will be able to renew these existing concessions or obtain new



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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.



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***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 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.



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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 169 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;



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- 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 parent of $7.7 million for the year ended December 31, 2015. 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 prospectus 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, three distributors, two of which are affiliated, are responsible for supplying magazines and periodicals to virtually all of our concessions. See



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"Certain Relationships and Related Party Transactions — Transactions with Entities Controlled by Mr. James Cohen." We do not have a long-term distribution contract with these entities, but we expect to continue purchasing magazines and other periodicals from them after completion of this offering. 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.

In addition, affiliates of the selling shareholder have been our exclusive supplier of duty-free products. After this offering, we will be obligated, at Dufry's option, to continue purchasing duty-free products from such affiliates pursuant to the Master Relationship Agreement to be entered into in connection with this offering. See "Certain Relationships and Related Party Transactions — New Agreements with Dufry — Master Relationship Agreement." 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 duty-free 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 2016, 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 2016. 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 2016. Our duty-free concessions in Vancouver and Toronto generated the significant majority of our turnover at each location in 2016.

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



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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



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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.



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***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.

***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.***

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 for this offering. 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 consolidated 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 will be subject to reporting obligations under U.S. securities laws, including the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act will require 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



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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.



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***Unanticipated 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.

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, 2016, we had federal net operating loss carryforwards of $177.9 million and state net operating loss carryforwards of $88.5 million. We expect that approximately $34.5 million of our federal net operating loss carryforwards ("NOLs") and approximately $23.1 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 expect this offering to result 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 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 2.9% of our net sales and constituted our fifth largest duty-free product category for the year ended December 31, 2016. 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



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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, 2016, 42% 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.



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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 $71 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 "Management's Discussion and Analysis of Financial Condition and Results of Operation — 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 this offering and the related Reorganization Transactions, we operated as a business unit of Dufry. We have 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 this offering, we will enter into a series of new agreements with Dufry, including the Master Relationship Agreement. See "Certain Relationships and Related Party Transactions — New Agreements with Dufry." The services provided under the Master Relationship Agreement will 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



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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 following this offering. We currently have $527.4 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 will exert control over us, including with respect to our business, policies and other significant corporate decisions. This will limit or preclude 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.***

Immediately prior to this offering, our controlling shareholder, Dufry, will control 100% of our issued and outstanding Class A common shares and Class B common shares, representing 100% of the voting power of our issued and outstanding share capital. Upon the closing of this offering, the shares owned by our controlling shareholder will represent % 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 "Description of Share Capital and Bye-Laws."

As a result, after completion of this offering, our controlling shareholder will have 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 will have 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



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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 300 concessions. Following this offering, Dufry will continue 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 Global 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 “Description of Share Capital 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



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than 50% of the voting power is held by an individual, group or another company. Following this offering, our controlling shareholder will control 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 would be 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 prospectus may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.***

Prior to this 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 "Certain Relationships and Related Party Transactions" for our arrangements with Dufry and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our combined financial statements included elsewhere in this prospectus for our historical cost allocation. Therefore, our historical results may not necessarily be indicative of our future performance.

**Risks Relating to Our Initial Public Offering and 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.



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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 will require significant resources and management attention.***

As a public company in the United States, we will incur legal, accounting and other expenses that we did not previously incur. We will become 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. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. 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. For example, we expect these rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage. 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.

***There is no existing market for our Class A common shares, and we do not know if one will develop to provide you with adequate liquidity.***

Prior to this offering, there has been no public market for our Class A common shares. We cannot predict the extent to which investor interest in our Class A common shares will lead to the development of an active trading market on the New York Stock Exchange or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling the Class A common shares that you purchase, and the value of such shares might be materially impaired. The initial public offering price for our Class A common shares will be determined by negotiations among us, our controlling shareholder and the representatives of the several underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell shares of our Class A common shares at prices equal to or greater than the price you paid in this offering.



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***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 after this offering, 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. Upon completion of this offering, we will have Class A common shares outstanding. The Class A common shares offered in this offering will be 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. See "Common Shares Eligible for Future Sale." We also 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 will enter into the Registration Rights Agreement pursuant to which we will grant demand and piggyback registration rights to Dufry. See "Common Shares Eligible for Future Sale" for a more detailed description of the shares that will be available for future sale upon completion of this offering.

In connection with this offering, we, our directors and executive officers and Dufry have each entered into a lock-up agreement pursuant to which we and they will not be permitted to sell any Class A common shares for 180 days after the date of this prospectus, without the prior consent of the representatives of the underwriters. See "Underwriting."

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 "Description of Share Capital 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.

***The per share offering price in this offering will be substantially higher than the net tangible book value per share.***

The initial public offering price per share of our Class A common shares will be substantially higher than the net tangible book value per share of our Class A common shares immediately after this offering. As a result, you will pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. See "Dilution."

***If securities or industry analysts do not 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



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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 prospectus 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



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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 "Description of Share Capital and Bye-Laws" for a discussion of these provisions.



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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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 prospectus. 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 prospectus, 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 prospectus include, but are not limited to the risks described under "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;



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- 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 "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.



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## USE OF PROCEEDS

The selling shareholder is selling all of the Class A common shares in this offering. We will not receive any proceeds from the sale of such shares.



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## 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.



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## CAPITALIZATION

The table below sets forth our combined capitalization as of September 30, 2017:

- on an actual basis (reflecting the capitalization of Hudson Group); and
- on an as adjusted basis to reflect the Reorganization Transactions, the sale of Class A common shares by the selling shareholder in this offering at a price equal to $ per share, which is the midpoint of the price range set forth on the cover of this prospectus, and the payment by us of expenses incurred in connection with this offering.

Prior to the Reorganization Transactions, Hudson Ltd., which was incorporated on May 30, 2017, had no operations and nominal assets. You should read this table in conjunction with "Use of Proceeds," "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes included elsewhere in this prospectus.

| | As of September 30, 2017 | |
|---|---|---|
| | Actual | As Adjusted |
| | (Unaudited) (in millions of USD) | |
| Cash and cash equivalents | 220.5 | |
| **Total financial debt, long term** | 527.4 | |
| **Shareholders' equity[(1)]:** | | |
| Class A common shares, par value $0.001 per share, 0 issued and outstanding actual, and issued and outstanding as adjusted | — | |
| Class B common shares, par value $0.001 per share, 0 issued and outstanding actual, and issued and outstanding as adjusted | — | |
| Other equity attributable to equity holders of the parent | 535.8 | |
| **Equity attributable to equity holders of the parent** | 535.8 | |
| **Total capitalization[(2)]** | 1,063.2 | |

(1) Our bye-laws and memorandum of association will allow us to issue up to an additional Class A common shares and up to an additional Class B common shares. See "Description of Share Capital and Bye-Laws."

(2) Total capitalization consists of total financial debt, long term plus equity attributable to equity holders of the parent.



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## DILUTION

Our pro forma net tangible book value as of September 30, 2017 was $ million, or $ per common share. Pro forma net tangible book value per share is determined by dividing our tangible net worth (defined as total assets, less goodwill assets, minus total liabilities) by the aggregate number of common shares outstanding immediately prior to this offering, after giving effect to the Reorganization Transactions. After giving effect to the sale by the selling shareholder of of our Class A common shares pursuant to this offering at an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, our pro forma, as adjusted net tangible book value at September 30, 2017 would have been $ million, or $ per share. This represents an immediate decrease in pro forma net tangible book value to our controlling shareholder of $ per share and an immediate dilution to new investors purchasing our Class A common shares in this offering of $ per share. The following table illustrates this per share dilution:

| | |
|---|---|
| Assumed initial public offering price | $ |
| Pro forma net tangible book value per Class A common share as of September 30, 2017 | |
| Decrease in pro forma net tangible book value per Class A common share attributable to new investors | |
| Pro forma net tangible book value per Class A common share after the offering | |
| Dilution per Class A common share to new investors[1] | $ |
| Percentage of dilution in net tangible book value per Class A common share for new investors | % |

(1) Decrease attributable to payment by us of expenses incurred in connection with this offering

Dilution is determined by subtracting pro forma, as adjusted net tangible book value per share after the offering from the initial public offering price per share. Each $1.00 increase (decrease) in the offering price per Class A common share, respectively, would increase (decrease) our pro forma, as adjusted net tangible book value after this offering by $ per Class A common share and the dilution to investors in the offering by $ per Class A common share.

The following table sets forth, on a pro forma basis, as of September 30, 2017, the number of Class A and Class B common shares purchased from the controlling shareholder, after giving effect to the Reorganization Transactions, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by the controlling shareholder and by the new investors, at the assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions:

| | Class A and Class B Common Shares Purchased | | Total Consideration (in millions of USD) | | Average Price Per Share |
|---|---|---|---|---|---|
| | Number | Percent | Amount | Percent | |
| Controlling shareholder[1] | | % | | % | $ |
| New investors | | % | | % | $ |
| Total | | % | | % | $ |

(1) Reflects the total number of Class B common shares to be issued to Dufry International AG, a wholly-owned subsidiary of Dufry, in consideration of its contribution of assets and liabilities to us.

Sales of Class A common shares by the selling shareholder in this offering will reduce the total number of Class A and Class B common shares beneficially owned by the controlling shareholder to , or approximately % of the total outstanding Class A and Class B common shares and will increase the number of Class A common shares to be purchased by new investors to , or approximately % of the total outstanding Class A and Class B common shares, or , or approximately % of the total outstanding Class A and Class B common shares if the underwriters exercise their over-allotment option in full.



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## SELECTED FINANCIAL AND OTHER INFORMATION

You should read the following selected financial data together with "Presentation of Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes appearing elsewhere in this prospectus.

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. Hudson Ltd. is a newly formed holding company with nominal assets and liabilities, and will not have conducted any operations prior to the completion of this offering. Following the Reorganization Transactions and this offering, our financial statements will present the results of operations of Hudson Ltd. and its consolidated subsidiaries. Hudson Ltd.'s financial statements will be the same as Hudson Group's financial statements prior to this offering, as adjusted for the Reorganization Transactions. See "— The Reorganization Transactions."

The selected financial data in this section 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 prospectus. The selected historical combined statement of comprehensive income and other financial data for the fiscal years ended December 31, 2016, 2015 and 2014 and selected historical combined statement of financial position data as of December 31, 2016 and 2015 were derived from our audited combined financial statements included elsewhere in this prospectus. The selected historical combined statement of comprehensive income and other financial data for the nine months ended September 30, 2017 and 2016 and selected historical combined statement of financial position data as of September 30, 2017 have been derived from our unaudited interim combined financial statements included elsewhere in this prospectus. The results for any interim period are not necessarily indicative of the results that may be expected for the full year. Additionally, our historical results are not necessarily indicative of the results expected for any future period. We have not included financial information at and for the years ended December 31, 2013 and 2012, as such information is not available on a basis that is consistent with the combined financial information included in this prospectus without unreasonable effort or expense.

We prepare our combined financial statements in accordance with IFRS as issued by IASB.



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| | For the nine months ended September 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (unaudited) | | (in millions of USD) | | |
| **Combined Statement of Comprehensive Income Data:** | | | | | |
| **Turnover** | **1,352.1** | **1,272.1** | **1,687.2** | **1,403.0** | **1,118.7** |
| Cost of sales | (511.4) | (489.5) | (645.3) | (534.1) | (424.6) |
| **Gross profit** | **840.7** | **782.6** | **1,041.9** | **868.9** | **694.1** |
| Selling expenses | (315.4) | (298.2) | (395.7) | (325.7) | (249.7) |
| Personnel expenses | (275.7) | (251.9) | (337.4) | (279.5) | (222.6) |
| General expenses | (118.2) | (114.2) | (151.9) | (130.9) | (106.2) |
| Share of result of associates | (0.3) | — | (0.7) | 1.7 | 0.6 |
| Depreciation, amortization and impairment | (79.3) | (72.5) | (103.7) | (86.7) | (59.6) |
| Other operational result | 0.9 | (7.7) | (9.3) | (1.7) | (1.5) |
| **Operating profit** | **52.7** | **38.1** | **43.2** | **46.1** | **55.1** |
| Interest expenses | (22.7) | (22.3) | (29.8) | (25.4) | (25.4) |
| Interest income | 1.4 | 1.7 | 2.1 | 1.6 | 1.7 |
| Foreign exchange gain/(loss) | 0.8 | (0.1) | — | (0.2) | (0.2) |
| **Earnings before taxes (EBT)** | **32.2** | **17.4** | **15.5** | **22.1** | **31.2** |
| Income tax | (8.0) | (1.7) | 34.3 | (3.8) | (1.6) |
| **Net earnings** | **24.2** | **15.7** | **49.8** | **18.3** | **29.6** |
| ATTRIBUTABLE TO: | | | | | |
| Equity holders of the parent | 1.0 | (5.5) | 23.5 | (7.7) | 7.1 |
| Non-controlling interests[1] | 23.2 | 21.2 | 26.3 | 26.0 | 22.5 |

(1) Dividends paid to non-controlling interests amounted to $23.4 million and $21.2 million for the nine months ended September 30, 2017 and 2016, respectively, and $27.4 million, $28.7 million and $21.7 million for the years ended December 31, 2016, 2015 and 2014, respectively.

| | As of September 30, 2017 | As of December 31, | |
|---|---|---|---|
| | | 2016 | 2015 |
| | (unaudited) | (in millions of USD) | |
| **Combined Statement of Financial Position Data:** | | | |
| Non-current assets | 1,147.3 | 1,134.0 | 1,125.1 |
| Current assets | 458.4 | 409.0 | 371.4 |
| **Total assets** | **1,605.7** | **1,543.0** | **1,496.5** |
| Non-current liabilities | 602.1 | 548.1 | 593.5 |
| Current liabilities | 387.6 | 264.5 | 215.1 |
| **Total liabilities** | **989.7** | **812.6** | **808.6** |
| **Net assets** | **616.0** | **730.4** | **687.9** |



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## UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial statements are based on our historical combined financial statements for the nine months ended September 30, 2017 and for the year ended December 31, 2016, adjusted to give effect to the Reorganization Transactions, which are described elsewhere in this prospectus, as if they had occurred at January 1, 2016, in the case of income statement data, and at September 30, 2017, in the case of statement of financial position data.

You should read the following pro forma financial data together with "Presentation of Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes appearing elsewhere in this prospectus.

The unaudited pro forma condensed combined financial statements do not necessarily reflect what Hudson Group's financial condition or results of operations would have been had the Reorganization Transactions occurred on the dates indicated. They also may not be useful in predicting the future financial condition or results of operations of Hudson Group. The actual financial condition and results of operations may differ significantly from the pro forma financial data reflected herein due to a variety of factors. The unaudited pro forma financial data below is based upon available information and assumptions that we believe are reasonable, that reflect the expected impacts of events that are directly attributable to the Reorganization Transactions, that are factually supportable and, in connection with earnings information, that are expected to have a continuing impact on us.

**Unaudited Pro Forma Condensed Combined Statement of Financial Position**
At September 30, 2017
(in millions of USD)

| | Hudson Group Historical | Pro Forma Adjustments | Notes | Hudson Group Pro Forma |
|---|---|---|---|---|
| Property, plant and equipment | 265.1 | — | | 265.1 |
| Intangible assets | 693.7 | — | | 693.7 |
| Other non-current assets | 188.5 | (13.5) | 1 | 175.0 |
| Inventories | 180.8 | — | | 180.8 |
| Trade receivables | 3.9 | — | | 3.9 |
| Other current assets | 53.2 | (1.1) | 4 | 52.1 |
| Cash and cash equivalents | 220.5 | (6.0) | 4 | 214.5 |
| **Total assets** | **1,605.7** | **(20.6)** | | **1,585.1** |
| | | 25.1 | 1 | |
| | | (7.1) | 4 | |
| Shareholders' equity | 535.8 | 18.0 | | 553.8 |
| Non-controlling interests | 80.2 | — | | 80.2 |
| Deferred tax liabilities | 74.7 | — | | 74.7 |
| Trade payables | 100.4 | — | | 100.4 |
| Financial debt | 596.1 | — | | 596.1 |
| Other liabilities | 218.5 | -38.6 | 1 | 179.9 |
| **Total liabilities and shareholders' equity** | **1,605.7** | **(20.6)** | | **1,585.1** |



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**Unaudited Pro Forma Condensed Combined Income Statement**
for the nine months ended September 30, 2017
(in millions of USD, except per share information)

| | Hudson Group Historical | Pro Forma Adjustments | Notes | Hudson Group Pro Forma |
|---|---|---|---|---|
| Turnover | 1,352.1 | — | | 1,352.1 |
| Cost of sales | (511.4) | — | | (511.4) |
| Selling and General expenses | (708.7) | 27.2 | 2 | (681.5) |
| Depreciation, amortization and impairment | (79.3) | — | | (79.3) |
| **Operating profit** | **52.7** | **27.2** | | **79.9** |
| Financial expenses, net | (20.5) | (1.1) | 3 | (21.6) |
| **Earnings before taxes (EBT)** | **32.2** | **26.1** | | **58.3** |
| | | (10.6) | 2 | (10.6) |
| | | 0.4 | 3 | 0.4 |
| Income tax | (8.0) | (10.2) | | (18.2) |
| **Net earnings** | **24.2** | **15.9** | | **40.1** |
| **NET EARNINGS ATTRIBUTABLE TO:** | | | | |
| Equity holders of the parent | 1.0 | 15.9 | | 16.9 |
| Non-controlling interests | 23.2 | — | | 23.2 |
| Basic and diluted earnings per share | | | | |
| Weighted average shares (in millions) | — | | | |

**Unaudited Pro Forma Condensed Combined Income Statement**
for the year ended December 30, 2016
(in millions of USD, except per share information)

| | Hudson Group Historical | Pro Forma Adjustments | Notes | Hudson Group Pro Forma |
|---|---|---|---|---|
| Turnover | 1,687.2 | — | | 1,687.2 |
| Cost of sales | (645.3) | — | | (645.3) |
| Selling and general expenses | (895.0) | 36.5 | 2 | (858.5) |
| Depreciation, amortization and impairment | (103.7) | — | | (103.7) |
| **Operating profit** | **43.2** | **36.5** | | **79.7** |
| Financial expenses, net | (27.7) | (1.9) | 3 | (29.6) |
| **Earnings before taxes (EBT)** | **15.5** | **34.6** | | **50.1** |
| | | (14.3) | 2 | (14.3) |
| | | 0.7 | 3 | 0.7 |
| Income tax | 34.3 | (13.6) | | 20.7 |
| **Net earnings** | **49.8** | **21.0** | | **70.8** |
| **NET EARNINGS ATTRIBUTABLE TO:** | | | | |
| Equity holders of the parent | 23.5 | 21.0 | | 44.5 |
| Non-controlling interests | 26.3 | — | | 26.3 |
| Basic and diluted earnings per share | | | | |
| Weighted average shares (in millions) | — | | | |



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**Notes to Unaudited Pro Forma Condensed Combined Financial Statements**

**1. Disposal of Dufry America Inc.**

Prior to completion of this offering, Hudson Group shall dispose of its ownership interest in Dufry America Inc., a subsidiary of Dufry Americas Holding Inc., to Dufry Group for net consideration of $38.6 million. Even though it is a subsidiary of Hudson Group, Dufry America Inc. has not been included in the historical combined financial statements of Hudson Group, included elsewhere in this prospectus. Therefore, the sale will be reflected (i) as a decrease in the other liabilities to Dufry Group, in the amount of $38.6 million (as the purchase price will not be paid in cash but will be offset against existing liabilities Hudson Group owes to Dufry Group), (ii) as a reduction of deferred tax assets presented under non-current assets of $13.5 million (as the taxable income generated by this sale will be offset by previously incurred net operating losses) and (iii) as a result of the foregoing, an increase in shareholders' equity of $25.1 million. For accounting purposes, this transaction will generate a profit of $0.5 million, whereas for income tax purposes, the income is estimated to be $34.5 million, which will be offset by net operating losses and will not result in a reduction to cash and cash equivalents.

**2. Franchise Fees**

Hudson Group has 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. Prior to completion of this offering, Hudson Group will enter into new agreements with Dufry, including a seven-year royalty-free license agreement for the use of the Hudson brand and trademarks within the continental United States and Canada, pursuant to which the franchise fees Hudson Group is charged will be reduced. The new agreements will maintain the existing revenue-based fee structure with respect to Hudson's duty free sales, and will provide for a reduced franchise fee of 0.35% with respect to Hudson's duty paid sales. Had these agreements been in effect as of January 1, 2016, there would have been a net reduction of franchise fee expenses of $36.5 million for year ended December 31, 2016 and of $27.2 million for the nine months ended September 30, 2017. The new franchise fees have been reflected in the pro forma income statements under selling and general expenses and income tax.

**3. Interest on Canada Financing**

On August 1, 2017, Hudson Group obtained a CAD$65.0 million ($52.1 million) interest bearing loan from Dufry Group in connection with its acquisition of the shares of WDFG Vancouver LP from Dufry Group. Had this loan been incurred as of January 1, 2016, it would have generated additional interest expense of $1.9 million for the year ended December 31, 2016 and $1.1 million for the nine month period ended September 30, 2017. This additional interest expense would have been considered as a tax deductible expense reducing the amount of income tax. This has been reflected in the pro forma income statements under financial expenses, net and income tax.

**4. IPO Transaction Costs**

We estimate that Hudson Group will incur approximately $7.1 million of transaction costs in connection with this offering that will be reflected as a reduction to shareholders' equity. This does not include those IPO transaction costs, including underwriters' commissions and fees, that will be borne directly by Dufry. As of September 30, 2017, Hudson Group had accrued $1.1 million of transaction costs presented as other current assets. For the purpose of the pro forma financial data, the accrued transaction costs have been reflected as a reduction to shareholders' equity of $7.1 million, accordingly reducing other current assets by $1.1 million. The remaining estimated transaction costs related with this offering of $6.0 million have been recognized in shareholders' equity as well, reducing cash and cash equivalents by the same amount.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations is based on and should be read in conjunction with the combined financial statements and the related notes included elsewhere in this prospectus for each of the years ended December 31, 2016, 2015 and 2014, and for each of the nine months ended September 30, 2017 and 2016. This discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied herein. For a discussion of some of those risks and uncertainties, see the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors." Many of the amounts and percentages in this discussion and analysis have been rounded for convenience of presentation.*

### Overview

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 September 30, 2017, we had a diversified portfolio of over 200 concession agreements, through which we operated 989 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. Since 2008, we have been a wholly-owned subsidiary of Dufry, a leading global travel retailer operating close to 2,200 stores in 64 countries on six continents, and benefit from Dufry's expertise and scale in the travel retail market.

### 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.



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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 nine-month period ended September 30, 2017 and 2016 was $4.4 million and $33.5 million, respectively and $36.7 million, $34.1 million and $7.0 million for the years ended December 31, 2016, 2015 and 2014, 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 September 30, 2017 to December 31, 2018, concessions representing approximately 14% of our net sales for the twelve months ended September 30, 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.



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*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 seven fiscal quarters from January 1, 2016 through September 30, 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 prospectus.

| | For the three months ended, | | | | | | |
|---|---|---|---|---|---|---|---|
| | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 | September 30, 2016 | June 30, 2016 | March 31, 2016 |
| | (unaudited) (in millions of USD) | | | | | | |
| Net sales | 485.6 | 454.2 | 381.0 | 405.1 | 456.3 | 426.8 | 361.9 |
| Net sales growth | 6.4% | 6.4% | 5.3% | 6.9% | 14.2% | 34.0% | 32.7% |
| Like-for-like growth[(1)] | 3.7% | 4.3% | 6.1% | 6.5% | 6.3% | 2.1% | (0.8)% |
| Organic growth[(2)] | 8.3% | 9.1% | 8.5% | 10.1% | 6.5% | 3.3% | (0.3)% |
| Operating profit | 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.



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*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. No other MAG payment at any other location has had a material impact for the years ended December 31, 2016 or 2015. 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 this offering, we will adopt an Equity Incentive Award Plan (the “Equity Plan”). We do not expect to grant any awards pursuant to the Equity Plan in 2017. See “Management — Potential Changes to our Remuneration Structure Contingent Upon the Consummation of this 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 $39.0 million, $50.1 million and $44.2 million for the nine months ended



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September 30, 2017 and the years ended December 31, 2016 and 2015, respectively. In connection with this offering, we will enter into new agreements with Dufry pursuant to which the franchise fees we are charged will be reduced. See "Certain Relationships and 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 $11.8 million instead of $39.0 million and $13.6 million instead of $50.1 million for the nine months ended September 30, 2017 and the year ended December 31, 2016, respectively, which would have resulted in higher earnings before taxes in each period.

Furthermore, as we transition to 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 "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 September 30, 2017, we had $527.4 million in long-term financial debt outstanding (excluding current portion), with a weighted-average interest rate of 5.7%. Interest expense amounted to $22.7 million and $29.8 million for the nine months ended September 30, 2017 and the year ended December 31, 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 "— 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 5.8% as of December 31, 2016. Interest expense would have increased by $1.9 million and $1.1 million for the year ended December 31, 2016 and the nine months ended September 30, 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, 2016, we had deferred tax assets of $57.5 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



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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 nine months ended September 30, 2017 and 2016***

The following table summarizes changes in financial performance for the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016:

| | For the nine months ended September 30, | | |
|---|---|---|---|
| | 2017 | 2016 | Percentage change |
| | (unaudited) (in millions of USD) | | (%) |
| Turnover | 1,352.1 | 1,272.1 | 6.3 |
| Cost of sales | (511.4) | (489.5) | 4.5 |
| **Gross profit** | **840.7** | **782.6** | **7.4** |
| Selling expenses | (315.4) | (298.2) | 5.8 |
| Personnel expenses | (275.7) | (251.9) | 9.4 |
| General expenses | (118.2) | (114.2) | 3.5 |
| Share of result of associates | (0.3) | — | — |
| Depreciation, amortization and impairment | (79.3) | (72.5) | 9.4 |
| Other operational result | 0.9 | (7.7) | — |
| **Operating profit** | **52.7** | **38.1** | **38.3** |
| Interest expenses | (22.7) | (22.3) | (1.8) |
| Interest income | 1.4 | 1.7 | (17.6) |
| Foreign exchange gain/(loss) | 0.8 | (0.1) | — |
| **Earnings before taxes (EBT)** | **32.2** | **17.4** | **85.1** |
| Income tax | (8.0) | (1.7) | 370.6 |
| **Net earnings** | **24.2** | **15.7** | **54.1** |
| Equity holders of the parent | 1.0 | (5.5) | — |
| Non-controlling interests[(1)] | 23.2 | 21.2 | 9.4 |

(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 6.3% to $1,352.1 million for the nine months ended September 30, 2017 compared to $1,272.1 million in 2016. Net sales represented 97.7% of turnover for the 2017 period, with advertising income representing the remainder. Net sales increased by $75.8 million, or 6.1%, to $1,320.8 million.

Organic growth was 8.7% for the nine-month period ended September 30, 2017 and contributed $104.9 million of the increase in net sales. Like-for-like growth was 4.6% and contributed $51.7 million of the increase in net sales. On a constant currency basis, like-for-like growth was 4.3%. 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 $53.2 million of the increase in net sales, primarily as a result of opening new stores. This growth was partially offset by a decrease of $29.1 million in net sales of acquired wind-down stores.



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*Gross Profit*

Gross profit reached $840.7 million for the nine months ended September 30, 2017 from $782.6 million for the prior year. Our gross profit margin increased to 62.2% for 2017 compared to 61.5% for the same period 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 nine months ended September 30, 2017, as both margins increased slightly and duty-paid sales and duty-free sales represented 76% and 24% of our net sales, respectively, for the same period.

*Selling Expenses*

Selling expenses reached $315.4 million for nine months ended September 30, 2017, compared to $298.2 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 92.1% of the selling expenses for the nine months ended September 30, 2017. Selling expenses amounted to 23.3% of turnover for the nine months ended September 30, 2017, compared to 23.4% for the prior year. Our selling expenses as a percentage of turnover were lower for the nine months ended September 30, 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 nine months ended September 30, 2017, concession and rental income amounted to $8.9 million compared to $9.1 million for 2016.

*Personnel Expenses*

Personnel expenses increased to $275.7 million for the nine months ended September 30, 2017 from $251.9 million in 2016. As a percentage of turnover, personnel expenses increased to 20.4% for 2017 compared to 19.8% 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 $118.2 million for the nine months ended September 30, 2017 compared to $114.2 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 nine months ended September 30, 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 $79.3 million for the nine months ended September 30, 2017 compared to $72.5 million for 2016. Depreciation reached $46.7 million for the period, compared to $41.2 million for the nine months ended September 30, 2016. Amortization increased to $32.5 million for the period ended September 30, 2017 compared to $31.3 million for the prior period. There were no impairments for the nine month periods ended September 30, 2017 or 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 increased to a benefit of $0.9 million for the nine months ended September 30, 2017 compared to an expense of $7.7 million in the same period in 2016. These expenses primarily related to $3.2 million of audit and consulting costs related to preparatory work in connection with this offering and $3.0 million of restructuring costs associated with the World Duty Free Group acquisition, and were offset by a $9.9 million benefit due to forgiveness of certain intercompany payables due to Dufry.



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*Interest expenses*

Interest expenses increased slightly to $22.7 million for the nine months ended September 30, 2017 compared to $22.3 million for 2016.

*Income Tax Benefit/Expense*

Income taxes for the nine months ended September 30, 2017 amounted to an expense of $8.0 million compared to an expense of $1.7 million for 2016.

***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, | | |
|---|---|---|---|
| | 2016 | 2015 | Percentage change |
| | (in millions of USD) | | (%) |
| 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) | 0.0 | (0.2) | (100) |
| **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** |
| 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 consist 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



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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.



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*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.

***Comparison of the years ended December 31, 2015 and 2014***

The following table summarizes changes in financial performance for the year ended December 31, 2015, compared to the year ended December 31, 2014:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2015 | 2014 | Percentage change |
| | (in millions of USD) | | (%) |
| Turnover | 1,403.0 | 1,118.7 | 25.4 |
| Cost of sales | (534.1) | (424.6) | 25.8 |
| **Gross profit** | **868.9** | **694.1** | **25.2** |
| Selling expenses | (325.7) | (249.7) | 30.4 |
| Personnel expenses | (279.5) | (222.6) | 25.6 |
| General expenses | (130.9) | (106.2) | 23.3 |
| Share of result of associates | 1.7 | 0.6 | 183.3 |
| Depreciation, amortization and impairment | (86.7) | (59.6) | 45.5 |
| Other operational result | (1.7) | (1.5) | 13.3 |
| **Operating profit** | **46.1** | **55.1** | **(16.3)** |
| Interest expenses | (25.4) | (25.4) | 0.0 |
| Interest income | 1.6 | 1.7 | (5.9) |
| Foreign exchange gain/(loss) | (0.2) | (0.2) | 0.0 |
| **Earnings before taxes (EBT)** | **22.1** | **31.2** | **(29.2)** |
| Income tax | (3.8) | (1.6) | 137.5 |
| **Net earnings** | **18.3** | **29.6** | **(38.2)** |
| Equity holders of the parent | (7.7) | 7.1 | (208.5) |
| Non-controlling interests[1] | 26.0 | 22.5 | 15.6 |

(1) Net earnings to non-controlling interests excludes expenses payable by us which are not attributable to non-controlling interests (which primarily consist 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.



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*Turnover*

Turnover increased by 25.4% to $1,403.0 million for the year ended December 31, 2015 compared to $1,118.7 million in 2014. Net sales represented 97.6% of turnover for the year ended December 31, 2015, with advertising income representing the remainder. Net sales increased by $279.9 million, or 25.7% to $1,369.6 million.

Acquisition growth contributed $231.8 million of the increase in net sales, with $135.5 million due to the acquisition of World Duty Free Group in August 2015 and $96.3 million due to 12 months of Nuance being included in our results in 2015, as compared to four such months in 2014 (resulting in eight months being attributable to acquisition growth in 2015). We added 248 stores as a result of the World Duty Free Group acquisition and 28 stores as a result of the Nuance acquisition. These acquisitions contributed in part to the growth in our net sales of food and beverages, perfumes and cosmetics and wine and spirits of 21.1%, 36.2% and 52.3%, respectively, for the year ended December 31, 2015 compared to the prior year.

Organic growth was 1.9% for the year ended December 31, 2015 and contributed $20.9 million of the increase in net sales. Like-for-like growth was 3.0% and contributed $29.9 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 an increase in the overall number of transactions, with the remainder attributable to increases in average sales per transaction. Net new stores and expansions growth contributed a decrease of $9.0 million in net sales, primarily a result of the loss of concessions at Newark Liberty Airport and Houston Hobby Airport which was partially offset by expansions in other locations. Acquired wind-down stores, contributed $27.1 million of the increase in net sales.

*Gross Profit*

Gross profit increased to $868.9 million for the year ended December 31, 2015 from $694.1 million for the prior year. The 25.2% increase in gross profit was primarily driven by the acquisitions of Nuance and World Duty Free Group.

Our gross profit margin decreased slightly to 61.9% for 2015 compared to 62.0% for 2014. The decrease was principally a result of the Nuance and World Duty Free Group acquisitions, as both Nuance and World Duty Free Group had lower gross profit margins 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 $325.7 million for the year ended December 31, 2015, compared to $249.7 million for 2014. Concession and other periodic fees paid to airport authorities and other travel facility landlords in connection with our retail operations made up 91.9% of the selling expenses for the year ended December 31, 2015. Selling expenses amounted to 23.2% of turnover for the year ended December 31, 2015, compared to 22.3% for the prior year. Our selling expenses as a percentage of turnover were higher in the year ended December 31, 2015 due to higher average concession fees attributable to the acquired World Duty Free and Nuance locations. For 2015, concession and rental income amounted to $7.3 million compared to $6.2 million for 2014.

*Personnel Expenses*

Personnel expenses increased to $279.5 million for the year ended December 31, 2015 from $222.6 million in 2014, primarily due to the acquisitions of Nuance and World Duty Free Group. As a percentage of turnover, personnel expenses remained stable at 19.9%. The increase in personnel expenses in absolute terms was primarily attributable to the acquisitions of Nuance and World Duty Free Group.

*General Expenses*

General expenses increased to $130.9 million for the year ended December 31, 2015 compared to $106.2 million in the prior year primarily as a result of World Duty Free Group acquisition. As a percentage of turnover, general expenses decreased to 9.3% for 2015 compared to 9.5% for 2014, primarily as a result of overall lower average franchise fees as a percentage of turnover paid to Dufry and its subsidiaries.



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*Depreciation, Amortization and Impairment*

Depreciation, amortization and impairment increased to $86.7 million for the year ended December 31, 2015 compared to $59.6 million for 2014. Depreciation and impairment reached $51.1 million for the period (of which $1.4 million was impairment), compared to $39.9 million for the year ended December 31, 2014 (all of which was depreciation). Amortization increased to $35.6 million for the year ended December 31, 2015 compared to $19.7 million for the prior year. The higher depreciation charge was primarily due to the acquisition of World Duty Free Group and opening new locations. Amortization increased primarily due to the acquisitions of Nuance and World Duty Free Group.

*Other Operational Result*

Other operational result increased 13.3% for the year ended December 31, 2015 compared to 2014, to an expense of $1.7 million from an expense $1.5 million, respectively. The majority of these expenses related to the acquisitions of Nuance and World Duty Free Group.

*Interest Expenses*

Interest expenses remained stable at $25.4 million for the year ended December 31, 2015.

*Income Tax Benefit/Expense*

Income taxes for the year ended December 31, 2015 amounted to an expense of $3.8 million compared to an expense of $1.6 million for 2014.

**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 September 30, 2017 and December 31, 2016 and 2015 was $527.4 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 September 30, 2017 and December 31, 2016, we had deposits of $85.1 million and $52.4 million, respectively, in our cash pool accounts. 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



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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:

| | For the nine months ended September 30, 2017 | For the year ended December 31, 2016 | 2015 | 2014 |
|---|---|---|---|---|
| | (unaudited) | (in millions of USD) | | |
| Tangible capital expenditures | 55.5 | 92.4 | 55.0 | 52.4 |
| Intangible capital expenditures | 6.8 | 5.7 | 3.0 | 3.1 |
| **Total** | **62.3** | **98.1** | **58.0** | **55.5** |

***Cash Flows***

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

| | For the nine months ended September 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 (restated) |
| | (unaudited) | | (in millions of USD) | | |
| Net cash flow from operating activities | 182.3 | 172.0 | 169.8 | 105.4 | 144.2 |
| Net cash flow used in investing activities | (70.8) | (64.5) | (92.4) | (15.0) | (46.8) |
| Net cash flow used in financing activities | (82.3) | (31.3) | (51.3) | (31.6) | (64.0) |
| Currency translation | 3.7 | 0.8 | 1.1 | (2.9) | 0.4 |
| **Increase/(Decrease) in cash and cash equivalents** | **32.9** | **75.4** | **27.2** | **55.9** | **33.8** |
| Cash at the beginning of period | 187.6 | 160.4 | 160.4 | 104.5 | 70.7 |
| Cash at the end of period | 220.5 | 235.8 | 187.6 | 160.4 | 104.5 |

*Cash Flows from Operating Activities*

Net cash flows from operating activities were $182.3 million for the nine months ended September 30, 2017, an increase of $10.3 million compared to the prior year period. The increase in net cash flows provided from operating activities mainly resulted from higher earnings before taxes. 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 period. 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, a decrease of $38.8 million compared to the prior year. This decrease was primarily due to a decrease in other payables to Dufry.

*Cash Flows from Investment Activities*

Net cash used in investing activities increased to $70.8 million for the nine months ended September 30, 2017, as compared to $64.5 million for the prior year period. The increase was primarily due to higher capital expenditures. Net cash used in investing activities increased to $92.4 million for the year



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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 period. Net cash used in investing activities decreased to $15.0 million for the year ended December 31, 2015 as compared to $46.8 million for the prior year. 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 from Financing Activities*

Net cash used in financing activities increased by $51.0 million for the nine months ended September 30, 2017, to $82.3 million compared to cash flows used in financing activities of $31.3 million in the prior year period. 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 period. 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, compared to $64.0 million used in financing activities for the prior year period. This change was primarily due to dividends paid to non-controlling interests and repayment of third-party loans.

*Internal Control over Financial Reporting*

We identified an error in our previously-issued combined financial statements 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 "Risk Factors — 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 September 30, 2017 and December 31, 2016 and 2015, we owed $527.4 million, $475.2 million and $483.1 million, respectively, to Dufry pursuant to long-term financial loans (excluding current portion). We were charged $22.7 million, $29.1 million and $24.7 million in each of the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015, respectively, in interest to Dufry. The weighted-average interest rate on our loans from Dufry for each of the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015 was 5.7%, 5.9% and 5.9%, respectively.



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Our indebtedness owed to Dufry at September 30, 2017 consisted of 16 intercompany loans with affiliates of Dufry (the "intercompany loans"), which are all on substantially similar terms and substantially all 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 September 30, 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% | $ 54,417,000.00 |
| Loan Agreement between Dufry Finances SNC and Hudson Group Inc. | 5.9589% | $ 69,639,000.00 |
| Loan Agreement between Dufry Finances SNC and Hudson Group Inc. | 5.9589% | $ 90,623,000.00 |
| Loan Agreement between Dufry Finances SNC and Hudson Group Inc.(1) | 5.9589% | $112,718,207.74 |
| 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 the registration statement of which this prospectus forms a part. 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



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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 September 30, 2017, $41.8 million was outstanding (including letters of credit) and $3.2 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 September 30, 2017, $27.2 million was outstanding (including letters of credit) and $2.8 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, 2016:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1 – 3 years | 4 – 5 years | Thereafter |
| | ($ in millions) | | | | |
| Long-term debt obligations[1] | 638.6 | 28.2 | 56.4 | 56.4 | 497.6 |
| Operating and capital lease obligations[2] | 1,809.7 | 268.9 | 474.1 | 416.9 | 649.8 |
| Total | $2,448.3 | $ 297.1 | $ 530.5 | $ 473.3 | $ 1,147.4 |



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(1) Includes aggregate principal amounts of financial debt outstanding to Dufry at December 31, 2016, and interest payable thereon. On August 1, 2017, one of our affiliates entered into a loan agreement with an affiliate of Dufry AG for CAD$195.0 million of which CAD$150.0 million remains outstanding. See "— Indebtedness — Existing Debt with Dufry."

(2) Represents management estimates of future MAG payments under our concession agreements as of December 31, 2016, as well as storage, office and warehouse rents. For the fiscal years ended December 31, 2016, 2015 and 2014, we paid concession fees of $375.3 million, $307.0 million and $237.8 million, respectively, of which $168.7 million, $137.0 million and $66.5 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.

**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 September 30, 2017. We do not have any material floating rate financial instruments and as such are not currently not 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



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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 prospectus, 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:



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- 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.



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## BUSINESS

### Our 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 September 30, 2017, we had a diversified portfolio of over 200 concession agreements, through which we operated 989 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. Since 2008, we have been a wholly-owned subsidiary of Dufry, a leading global travel retailer operating close to 2,200 stores in 64 countries on six continents, and 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.



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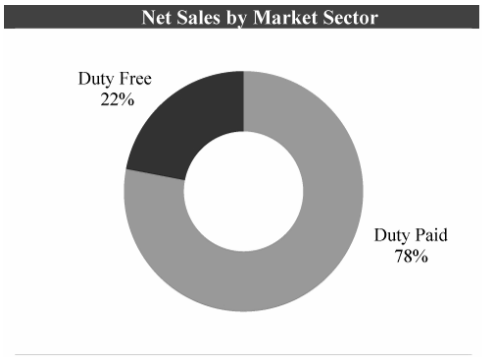
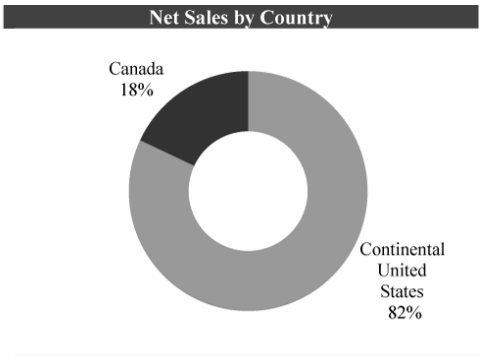
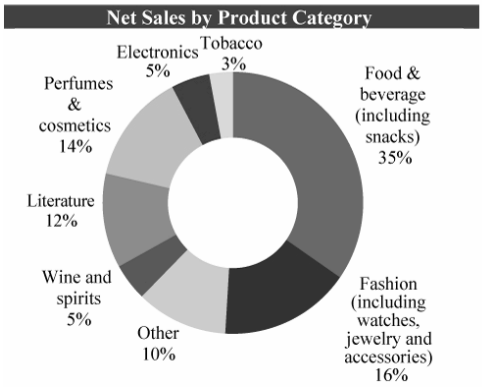
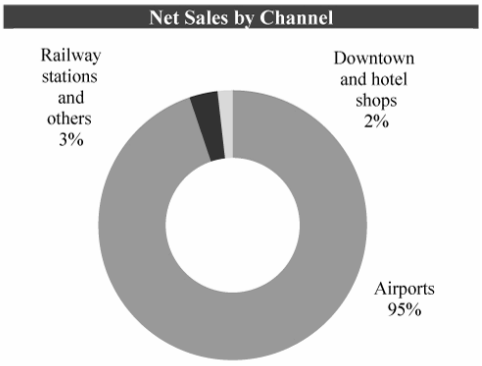
For the year ended December 31, 2016, our net sales were broken down as follows:




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, leading to a concession agreement renewal rate exceeding 80% over the last five years.

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 opened 100 stores under the new Hudson format and, overall, we have invested close to $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



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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.

Following this offering, we will remain an integrated part of the global Dufry Group. Dufry will be our controlling shareholder, a number of the members of our board of directors will be affiliated with Dufry and our business will continue 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 "Certain Relationships and Related Party Transactions."

From December 31, 2014 to December 31, 2016, we:

- increased our number of stores from 733 to 948, representing a CAGR of 9.0%; and
- increased the total square feet of our stores from 742.9 million to 1,010.5 million, representing a CAGR of 10.8%.

**Our Strengths**

***Hudson is an Iconic Brand in North American Travel Retail***

With over 440 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.



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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, category 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 September 30, 2017, we sold products in 989 stores across 88 locations.

Our concessions also benefit from multi-year contract terms. For the year ended December 31, 2016, approximately 70% of our sales were generated from concessions with a term greater than five years, while 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.

This diversified and dynamic business model, combined with a historical concession agreement renewal rate that exceeds 80%, has contributed to the historical resilience of our financial performance.

***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.



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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 this location. 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 $4.5 billion of passenger spending in 2015. This market generated sales of approximately 1.2x the combined airport sales of specialty, news and gifts and duty-free products in 2015. 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.



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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 "Business — Growth Strategies."

The majority of our sales are derived from airports. As of and for the year ended December 31, 2016, 95% of our concessions were located in, and 95% 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 43 international airports by performance in the United States and Canada were approximately $8.2 billion for the year ended December 31, 2015. Based on the ARN Fact Book, as a breakdown of sales at these airports for the year ended December 31, 2015, food and beverage contributed $4.5 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 "Business — 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.



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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***

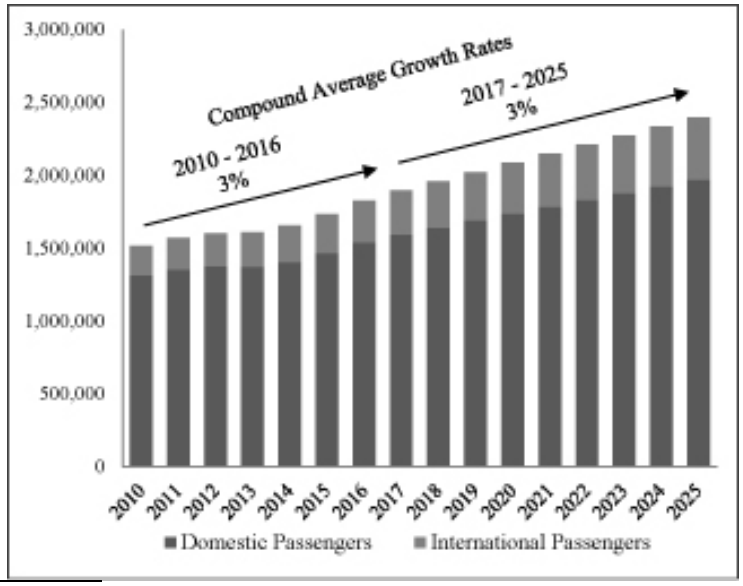
Recent trends affecting the airport concession market in North America include:

*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.

**Historical and Projected**
**North American Passenger Volumes[(1)]**




(1) Source: ACI.

*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



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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 this offering, we were wholly-owned by Dufry. Following this offering, Dufry will be our controlling shareholder, the majority of the members of our board of directors will be affiliated with Dufry, and, as an integrated part of the global Dufry Group, our business will continue to benefit from the strength of Dufry's position in the global travel retail market. Moreover, we expect that Dufry will continue 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 "Certain Relationships 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.



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- *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, 2016, 2015 and 2014:

| | For the year ended December 31, | | | For the year ended December 31, | | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| | (as a percent of total net sales) | | | (in millions of USD) | | |
| Beverages, Confectionary and Food | 34.68% | 34.29% | 35.58% | 572.3 | 469.6 | 387.7 |
| Perfumes and Cosmetics | 13.71% | 12.75% | 11.76% | 226.3 | 174.6 | 128.2 |
| Literature and Publications | 11.67% | 13.67% | 16.71% | 192.5 | 187.2 | 182.1 |
| Fashion, Leather and Baggage | 11.11% | 10.67% | 12.24% | 183.3 | 146.2 | 133.4 |
| Watches, Jewelry and Accessories | 5.22% | 5.61% | 6.65% | 86.2 | 76.9 | 72.5 |
| Electronics | 4.76% | 4.86% | 5.74% | 78.5 | 66.6 | 62.6 |
| Wine and Spirits | 4.56% | 4.59% | 3.79% | 75.3 | 62.9 | 41.3 |
| Tobacco goods | 2.87% | 3.38% | 3.33% | 47.4 | 46.3 | 36.3 |
| Other product categories | 11.41% | 10.17% | 4.18% | 188.3 | 139.3 | 45.6 |
| **Total** | 100% | 100% | 100% | 1,650.1 | 1,369.6 | 1,089.7 |

**Our Locations**

As of September 30, 2017, we had over 200 concession agreements and operated 989 stores across 88 retail locations in the continental United States and Canada, totaling over one million square feet of



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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 September 30, 2017 |
|---|---|
| Albuquerque International Sunport | 7 |
| Atlantic City International Airport | 3 |
| Baltimore-Washington International Airport | 13 |
| Birmingham-Shuttlesworth International Airport | 6 |
| Boston Logan International Airport | 27 |
| Burlington International Airport | 3 |
| Calgary International Airport | 17 |
| Charleston International Airport | 8 |
| Chicago Citigroup Center | 3 |
| Chicago Midway International Airport | 20 |
| 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 | 22 |
| Dallas/Fort Worth International Airport | 24 |
| Denver International Airport | 14 |
| Des Moines International Airport | 2 |
| Detroit Metropolitan Airport | 15 |
| Edmonton International Airport | 11 |
| Eppley Airfield | 5 |
| Fort Lauderdale-Hollywood International Airport | 17 |
| Fresno Yosemite International Airport | 3 |
| Grand Rapids Gerald R. Ford International Airport | 4 |
| Greater Rochester International Airport | 6 |
| Greenville-Spartanburg International Airport | 5 |
| Halifax Stanfield International Airport | 6 |
| Harrisburg International Airport | 3 |
| Hartsfield-Jackson Atlanta International Airport | 32 |
| Hollywood Burbank Airport | 5 |
| Houston George Bush Intercontinental Airport | 21 |
| Houston Space Center | 2 |
| Jackson-Evers International Airport | 3 |
| John F. Kennedy International Airport | 39 |
| John Wayne Airport | 8 |
| LaGuardia Airport | 16 |
| Lambert-St. Louis International Airport | 26 |
| Las Vegas Hard Rock Hotel and Casino | 5 |
| Las Vegas Venetian and Palazzo Hotel and Casino | 3 |
| Little Rock Clinton National Airport | 3 |
| Los Angeles International Airport | 47 |



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| Location | Number of Stores as of September 30, 2017 |
|---|---|
| Louis Armstrong New Orleans International Airport | 19 |
| Lubbock Preston Smith International Airport | 1 |
| Manchester-Boston Regional Airport | 6 |
| McCarran International Airport | 32 |
| Miami International Airport | 28 |
| Mineta San Jose International Airport | 16 |
| Minneapolis-St. Paul International Airport | 11 |
| Mobile Regional Airport | 3 |
| Myrtle Beach International Airport | 5 |
| Nashville International Airport | 19 |
| New York City Empire State Building | 1 |
| New York City Grand Central Station | 4 |
| New York City Penn Station | 17 |
| New York City Port Authority Bus Terminal | 11 |
| New York City United Nations Headquarters | 2 |
| Newark Liberty International Airport | 22 |
| Newark Penn Station Newark | 5 |
| Newport News/Williamsburg International Airport | 1 |
| Norfolk International Airport | 7 |
| Northwest Florida Regional Airport | 6 |
| Oakland International Airport | 12 |
| Ontario International Airport | 7 |
| Orlando International Airport | 14 |
| Orlando Sanford International Airport | 9 |
| Philadelphia International Airport | 10 |
| Phoenix Sky Harbor International Airport | 7 |
| Pittsburgh International Airport | 15 |
| Portland International Airport | 6 |
| Raleigh-Durham International Airport | 6 |
| Richmond International Airport | 5 |
| Roanoke-Blacksburg 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 | 15 |
| Seattle-Tacoma International Airport | 30 |
| Stewart International Airport | 3 |
| Tampa International Airport | 4 |
| Ted Stevens Anchorage International Airport | 8 |
| Toronto Pearson International Airport | 8 |
| Tucson International Airport | 5 |
| Tulsa International Airport | 5 |
| Vancouver International Airport | 32 |



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| Location | Number of Stores as of September 30, 2017 |
|---|---|
| Washington Dulles International Airport | 6 |
| Washington, D.C. Union Station | 5 |
| William P. Hobby Airport | 7 |

For the year ended December 31, 2016 and the nine months ended September 30, 2017, sales in the continental United States represented 82% and 79% of our net sales, respectively. Over the same time periods, sales in Canada represented 18% and 21% 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 year ended December 31, 2016 and the nine months ended September 30, 2017, duty-paid stores represented 73% and 76% of our net sales, respectively, and duty-free stores represented 27% and 24% 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."



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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 September 30, 2017, we had 107 associations and other partnerships with 87 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 "Certain Relationships and 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 "Certain Relationships 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



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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 "Risk Factors — 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.



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**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 "Certain Relationships and Related Party Transactions."

**Properties**

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 989 stores across 88 different transportation terminals and destinations throughout the United States and Canada. We also lease 38 warehouse facilities. See "— Operations — Our Locations" and "— Concession Agreements."

We do not own any real estate.

**Employees**

We are responsible for hiring, training and management of employees at each of our retail locations. As of December 31, 2016, we employed 9,001 people, including both full-time and part-time employees. Of these employees, 7,573 were full-time employees and 1,428 were hourly paid employees. As of December 31, 2016, 3,764 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.



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## MANAGEMENT

### Executive Officers and 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 prospectus. 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 |
|---|---|---|---|
| Juan Carlos Torres Carretero | 68 | Chairman of the Board of Directors | 2017 |
| Julián Díaz González | 59 | Director | 2017 |
| Joseph DiDomizio | 47 | Chief Executive Officer and Director | 2017 |
| 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. He was appointed to our board of directors on September 15, 2017, and has served as the Chairman of Dufry AG since 2003. Mr. 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. Carretero also serves on the board of directors of Latin American Airport Holding, Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U. and Moncler S.p.A.

***Julián Díaz González*** is a Director 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. 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. 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 has served as a member of the Group Executive Committee of Dufry AG since 2008. 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 Business Administration from the University of Bridgeport in 1992. Mr. DiDomizio also serves on the National Board of Directors for Communities in Schools.



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***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 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 Business Management 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**

Upon consummation of this offering, we will have  directors,  of whom will be independent directors, on our board of directors. A director may be removed by the shareholders, in accordance with the Company's bye-laws. See "Description of Share Capital 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.



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Our board of directors will establish an audit committee and a nomination and remuneration committee prior to the consummation of this offering. No other committees will be established.

**Audit Committee**

The audit committee, which is expected to consist of , and , will assist the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. In addition, the audit committee will be directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The audit committee will also be responsible for reviewing and determining whether to approve certain transactions with related parties. See "Certain Relationships and Related Party Transactions — Related Party Transaction Policy." The board of directors has determined that qualifies as an "audit committee financial expert," as such term is defined in the rules of the SEC.

**Nomination and Remuneration Committee**

The nomination and remuneration committee, which is expected to consist of , and , will assist 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 will identify, review and approve 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.

**Code of Business Conduct and Ethics**

Prior to the consummation of this offering, we will adopt 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 will address, 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 will be available on our website upon consummation of this offering. Any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

**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.



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**Directors and Executive Management 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 2016 was $ . 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. The total amount set aside or accrued by us to provide pension, retirement or similar benefits to our executive management employees with respect to the fiscal year 2016 was $ . We did not have a board of directors in 2016.

**Potential Changes to Our Remuneration Structure Contingent upon the Consummation of this Offering**

***New Equity Incentive Award Plan***

Prior to the consummation of this offering, we will adopt an Equity Incentive Award Plan (the "Equity Plan"). The principal purpose of the Equity Plan will be to attract, retain and motivate selected members of senior management through the granting of share-based compensation awards. The Equity Plan will be similar to that currently used by Dufry to issue equity awards to certain members of our senior management. The Equity Plan will provide for the issuance of performance share units ("PSUs") to eligible members of senior management, as determined by our board of directors. Such PSUs will 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 do not expect to grant any awards pursuant to the Equity Plan in 2017. Subject to the discretion of our board of directors, we expect that the first awards will be granted pursuant to the Equity 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 meet 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, 2016, 2015 and 2014 and the nine months ended September 30, 2017. Should these Dufry PSU awards vest, they will entitle the holder to receive shares of Dufry.

**Foreign Private Issuer and Controlled Company Exemptions**

In general, under the New York Stock Exchange 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 intend to 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 intend to 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 will control a majority of the combined voting power of our outstanding common shares upon completion of this offering, and our controlling shareholder will be 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 New York Stock Exchange 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



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composed of at least three directors, all of whom are independent. Under the New York Stock Exchange rules, however, we are permitted to phase in our independent audit committee by having one independent member at the time of listing, a majority of independent members within 90 days of listing and a fully independent committee within one year of listing.

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 "Description of Share Capital and Bye-Laws."



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## CERTAIN RELATIONSHIPS AND 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, 2016, 2015 and 2014, $64.5 million, $46.3 million and $35.7 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 following this offering as contemplated by the Master Relationship Agreement to be entered into in connection with this 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 new agreements to be entered into in connection with this 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 to be entered into in connection with this offering. See "— New Agreements with Dufry — Master Relationship Agreement."

We recorded $50.1 million, $44.2 million and $36.3 million in net expenses for all such services, respectively, for the years ended December 31, 2016, 2015 and 2014.

***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 following this offering. We also participate in Dufry Group's cash pooling arrangement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Dufry Group Cash Pooling."

At September 30, 2017 and December 31, 2016 and 2015, we owed $527.4 million, $475.2 million and $483.1 million, respectively, to Dufry pursuant to long-term financial loans (excluding current portion). We were charged $22.7 million, $29.1 million and $24.8 million in each of the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015, respectively, in interest to Dufry. The weighted-average annual interest rate on our loans from Dufry for the nine months ended September 30, 2017 and the years ended December 31, 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — 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 following this offering, in each case as contemplated by the Master Relationship Agreement to be entered into in connection with this offering. See "— New Agreements with Dufry — Master Relationship Agreement."



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***New Agreements with Dufry***

In connection with this offering, we will enter into a series of new agreements with Dufry. Most importantly, we will enter into the following agreements:

*Master Relationship Agreement*

This agreement will govern 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 this 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 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;
- 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;



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- 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 this 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 will pay members of the Dufry Group franchise fees, which will vary depending on the trademark under which sales were made. We will 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. We expect to file the Hudson brand franchise agreement as an exhibit to the registration statement of which this prospectus forms a part. 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 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.



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***Registration Rights Agreement***

In connection with this offering, we expect to enter into a registration rights agreement with Dufry International AG. The registration rights agreement will grant 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 "Description of Share Capital and Bye-Laws — 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, 2016, 2015 and 2014, we paid $20.6 million, $23.5 million and $25.0 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 after completion of this offering. 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 also sublease 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, 2016, 2015 and 2014. In addition, Hudson Media, Inc. currently occupies an additional area of approximately 2,000 usable square feet at no additional charge.

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 this offering, we will adopt 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 would 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.



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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 Group 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 Group 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.

Existing arrangements with related parties and new arrangements with related parties that are entered into in connection with this offering, in each case (i) that are described in this prospectus, (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.



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## PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information as of , 2017 regarding beneficial ownership of our Class A and Class B common shares (i) immediately prior to this offering, and (ii) immediately after giving effect to this offering, in each case giving effect to the Reorganization Transactions, by:

- Dufry AG, our controlling shareholder, through its wholly-owned subsidiary, Dufry International AG, the selling shareholder;
- each person whom we know to own beneficially more than 5% of our common shares;
- each executive officer;
- each director; and
- all executive officers and directors.

For purposes of the table below, the percentage ownership calculations for beneficial ownership prior to the completion of this offering and the percentage ownership calculations for beneficial ownership after consummation of this offering are based on of our Class A common shares and of our Class B common shares assumed to be issued and outstanding prior to and immediately following the closing of this offering (assuming no exercise by the underwriters of their over-allotment option to purchase up to additional Class A common shares from the selling shareholder).

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 prospectus, 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. The underwriters have an option to purchase up to additional Class A common shares within 30 days of the date of this prospectus from the selling shareholder to cover over-allotments.

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 Class A and Class B 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. The address for each director and executive officer listed is 4 New Square, Bedfont Lakes, Feltham, Middlesex, United Kingdom.

| | Shares Beneficially Owned prior to the Offering | | | | % of Total Voting Power prior to the Offering[2] | Number of Class A Common Shares Offered | Shares Beneficially Owned after the Offering[1] | | | | Percentage of Outstanding Common Shares[1][2] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5% or greater shareholders | Class A Common Shares | % | Class B Common Shares | % | | | Class A Common Shares | % | Class B Common Shares | % | |
| Dufry AG[3] | | | | | | | | | | | |
| Juan Carlos Torres Carretero | | | | | | | | | | | |
| Julián Díaz González | | | | | | | | | | | |
| Joseph DiDomizio | | | | | | | | | | | |
| Adrian Bartella | | | | | | | | | | | |
| Roger Fordyce | | | | | | | | | | | |
| Brian Quinn | | | | | | | | | | | |
| Hope Remoundos | | | | | | | | | | | |
| Michael Mullaney | | | | | | | | | | | |
| Richard Yockelson | | | | | | | | | | | |
| Michael Levy | | | | | | | | | | | |

(1) Assumes no exercise of the underwriters' over-allotment option to purchase up to additional Class A common shares from the selling shareholder. See "Underwriting."



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(2) 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 "Description of Share Capital and Bye-Laws — Common Shares — Voting Rights."

(3) Represents Class B common shares held by Dufry International AG.



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## DESCRIPTION OF SHARE CAPITAL AND BYE-LAWS

The following is a description of the material terms of our bye-laws and memorandum of association as they will be in effect upon the completion of this 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 of which this prospectus is a part.

### 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 will be maintained by Conyers Corporate Services (Bermuda) Limited in Bermuda, and a branch register will be maintained in the United States by , who will serve as branch registrar and transfer agent. Upon consummation of this offering, there will be issued and outstanding Class A common shares, par value $0.001 per share, and Class B common shares, par value $0.001 per share. Immediately following the completion of this offering, our authorized share capital will consist of Class A common shares, par value $0.001 per share, Class B common shares, par value $0.001 per share, and 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.



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***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.



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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.



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***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.



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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 prospectus. 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.



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***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



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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.



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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



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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.



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***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



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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.

**History of Securities Issuances**

We issued 100 common shares to Dufry International AG, a wholly-owned subsidiary of Dufry, on June 16, 2017, and such shares will be repurchased by the Company in connection with the Reorganization Transactions. In addition, the Company will issue Class B common shares to Dufry International AG in connection with the Reorganization Transactions and this offering. See "Principal and Selling Shareholders."



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## COMMON SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our common shares in the public market could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common shares in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have a total of common shares issued and outstanding. Of these shares, the shares, or shares if the underwriters exercise their over-allotment option in full, sold in this offering will be freely transferable without restriction or registration under the Securities Act, except for any shares purchased by one of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining shares, or shares if the underwriters exercise their over-allotment option in full, are held by our affiliates, will be "restricted securities," as that phrase is defined in Rule 144, and may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 of the Securities Act. As a result of the contractual 180-day lock-up period described below and the provisions of Rule 144, the remaining shares will be available for sale in the public market as follows:

| Number of Class A common shares | Date |
|---|---|
| | On the date of this prospectus. |
| | After 180 days from the date of this prospectus (subject, in some cases, to volume limitations) |

| Number of Class B common shares | Date |
|---|---|
| | On the date of this prospectus. |
| | After 180 days from the date of this prospectus (subject, in some cases, to volume limitations) |

### Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after this offering, a person, or persons whose Class A common shares are aggregated, who is our affiliate, including our controlling shareholder, is entitled to sell within any three-month period a number of Class A common shares that does not exceed the greater of 1% of our then-outstanding Class A common shares, which will equal approximately Class A common shares immediately after this offering, or the average weekly trading volume of our Class A common shares on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice of the sale on Form 144. Sales under Rule 144 are also subject to manner of sale provisions, notice requirements and the availability of current public information about us. We are unable to estimate the number of Class A common shares that will be sold under Rule 144 since this will depend on the market price for our Class A common shares, the circumstances of the shareholder and other factors.

### Lock-up Agreements

We and our executive officers, directors and the selling shareholder have agreed, subject to specified exceptions, with the underwriters not to directly or indirectly sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-l(h) under the Exchange Act; or otherwise dispose of any common shares, options or warrants to acquire common shares, or securities exchangeable or exercisable for or convertible into common shares currently or hereafter owned either of record or beneficially; or publicly announce an intention to do any of the foregoing for a period of 180 days after the date of this prospectus without the prior written consent of the representatives of the underwriters. After this offering, certain of our employees, including our executive officers, and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to this offering.



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**Registration Rights Agreement**

Dufry International AG and its designees will have the right, subject to the lock-up agreements described above, to require us to register our Class A common shares for resale in some circumstances. See "Certain Relationships and Related Party Transactions — Registration Rights Agreement."



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# TAXATION

## U.K. Tax Considerations

In the opinion of Davis Polk & Wardwell London LLP, 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.



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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**

In the opinion of Davis Polk & Wardwell LLP, 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; 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.



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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 will not be 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.



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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.



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## UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and UBS Securities LLC are acting as representatives, have severally agreed to purchase, and the selling shareholder has agreed to sell to them, severally, the number of Class A common shares indicated below:

| Name | Number of Class A Common Shares |
|---|---|
| Credit Suisse Securities (USA) LLC | |
| Morgan Stanley & Co. LLC | |
| UBS Securities LLC | |
| Total | |

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the Class A common shares subject to their acceptance of the shares from the selling shareholder and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the Class A common shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the Class A common shares offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the Class A common shares directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share under the public offering price. After the initial offering of the Class A common shares, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional Class A common shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the Class A common shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional Class A common shares as the number listed next to the underwriter's name in the preceding table bears to the total number of Class A common shares listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to the selling shareholder. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional Class A common shares.

| | Per Share | Total | |
|---|---|---|---|
| | | No Exercise | Full Exercise |
| Public offering price | $ | $ | $ |
| Underwriting discounts and commissions | | | |
| Proceeds, before expenses, to selling shareholder | $ | $ | $ |

The estimated offering expenses payable by us are approximately $ . We and the selling shareholder have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority in an aggregate amount not to exceed $ .



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The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of Class A common shares offered by them.

Our Class A common shares have been approved for listing on the New York Stock Exchange under the trading symbol "HUD."

We, the selling shareholder and all directors and executive officers have agreed that, without the prior written consent of the representatives on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Class A common shares or any securities convertible into or exercisable or exchangeable for Class A common shares;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any Class A common shares or any securities convertible into or exercisable or exchangeable for Class A common shares;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Class A common shares; or
- publicly announce any intention to engage in any of the above transactions;

whether any such transaction described above is to be settled by delivery of Class A common shares or such other securities, in cash or otherwise. In addition, the selling shareholder and each such director and executive officer agrees that, without the prior written consent of the representatives on behalf of the underwriters, such person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any Class A common shares or any security convertible into or exercisable or exchangeable for Class A common shares.

The restrictions described in the immediately preceding paragraph to do not apply to, among other exceptions:

- the sale of Class A common shares to the underwriters;
- the issuance by the Company of Class A common shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- the issuance by the Company of equity awards pursuant to employee benefit plans described in this prospectus; or
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Class A common shares, provided that (i) such plan does not provide for the transfer of Class A common shares during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Class A common shares may be made under such plan during the restricted period.

The representatives, in their sole discretion, may release the Class A common shares and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the Class A common shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating



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a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common shares in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, Class A common shares in the open market to stabilize the price of the Class A common shares. These activities may raise or maintain the market price of the Class A common shares above independent market levels or prevent or retard a decline in the market price of the Class A common shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, the selling shareholder and the several underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of Class A common shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking or other commercial lending services for us or the selling shareholder, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our or our affiliates' securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

**Pricing of the Offering**

Prior to this offering, there has been no public market for our Class A common shares. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

**Selling Restrictions**

***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any Class A common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Class A common shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or



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(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Class A common shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Class A common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Class A common shares to be offered so as to enable an investor to decide to purchase any Class A common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

***United Kingdom***

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of Class A common shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to Class A common shares in, from or otherwise involving the U.K.

***Canada***

The Class A common shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Class A common shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Japan***

The Class A common shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and the Class A common shares will not be offered or sold, directly or indirectly, in Japan, or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan, or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.



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## EXPENSES OF THE OFFERING

We estimate that our expenses in connection with this offering, other than underwriting discounts and commissions, will be as follows:

| Expenses | Amount |
|---|---|
| U.S. Securities and Exchange Commission registration fee | $12,450 |
| FINRA filing fee | 15,500 |
| NYSE listing fee | * |
| Printing and engraving expenses | * |
| Legal fees and expenses | * |
| Accounting fees and expenses | * |
| Miscellaneous costs | * |
| Total | $ * |

* To be provided by amendment.

All amounts in the table are estimates except the U.S. Securities and Exchange Commission registration fee, the NYSE listing fee and the FINRA filing fee. The Company will pay all of the expenses of this offering.



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## LEGAL MATTERS

The validity of the Class A common shares and certain other matters of Bermuda law will be passed upon for us by Conyers Dill & Pearman Limited. Certain matters of U.S. federal and New York state law will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York, and for the underwriters by Cravath, Swaine & Moore LLP, New York, New York.

## EXPERTS

The combined statements of financial position of Hudson Group as of December 31, 2016 and 2015, 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, 2016 appearing in this prospectus and registration statement have been audited by Ernst & Young AG, an independent registered public accounting firm, Aeschengraben 9, 4051 Basel, Switzerland, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Dufry acquired 100% of Nuance on September 9, 2014. Certain entities that were part of Nuance are expected to be transferred to Hudson Ltd. prior to the initial public offering and are therefore reflected in the Hudson Group combined financial statements from September 2014. This prospectus includes historical financial statements of those Nuance entities, as of September 8, 2014 and for the period from January 1, 2014 through September 8, 2014, which have been audited by Ernst & Young AG, independent auditors, as stated in their report appearing herein, and which are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a Bermuda exempted company. As a result, the rights of holders of our Class A 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. Some of our directors and Ernst & Young AG, an expert, referred to in this prospectus 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.



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## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the U.S. Securities and Exchange Commission a registration statement (including amendments and exhibits to the registration statement) on Form F-1 under the Securities Act. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act. Accordingly, we will be 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.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and controlling shareholder are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will send the transfer agent a copy of all notices of shareholders' meetings and other reports, communications and information that are made generally available to shareholders. The transfer agent has agreed to mail to all shareholders a notice containing the information (or a summary of the information) contained in any notice of a meeting of our shareholders received by the transfer agent and will make available to all shareholders such notices and all such other reports and communications received by the transfer agent.



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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Dufry AG

We have audited the accompanying combined statements of financial position of Hudson Group as of December 31, 2016 and 2015, 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, 2016. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Hudson Group as of December 31, 2016 and 2015, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2016 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Ernst & Young AG
Basel, Switzerland
August 25, 2017
Except with regard to the statement of cash flows restatement as described in Note 2.4, as to which the date is October 12, 2017



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**HUDSON GROUP**

**COMBINED FINANCIAL STATEMENTS**

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**
**for the years ended December 31, 2016, 2015 and 2014**

| In Millions of USD | Note | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Turnover | 7 | 1,687.2 | 1,403.0 | 1,118.7 |
| Cost of sales | | (645.3) | (534.1) | (424.6) |
| **Gross profit** | | **1,041.9** | **868.9** | **694.1** |
| Selling expenses | 8 | (395.7) | (325.7) | (249.7) |
| Personnel expenses | 9 | (337.4) | (279.5) | (222.6) |
| General expenses | 10 | (151.9) | (130.9) | (106.2) |
| Share of result of associates | 11 | (0.7) | 1.7 | 0.6 |
| Depreciation, amortization and impairment | 12 | (103.7) | (86.7) | (59.6) |
| Other operational result | 13 | (9.3) | (1.7) | (1.5) |
| **Operating profit** | | **43.2** | **46.1** | **55.1** |
| Interest expenses | 14 | (29.8) | (25.4) | (25.4) |
| Interest income | 14 | 2.1 | 1.6 | 1.7 |
| Foreign exchange gain/(loss) | | — | (0.2) | (0.2) |
| **Earnings before taxes (EBT)** | | **15.5** | **22.1** | **31.2** |
| Income tax | 15 | 34.3 | (3.8) | (1.6) |
| **Net earnings** | | **49.8** | **18.3** | **29.6** |
| OTHER COMPREHENSIVE INCOME | | | | |
| Exchange differences on translating foreign operations | | 12.9 | (35.9) | (13.1) |
| **Items to be reclassified to net income in subsequent periods, net of tax** | | **12.9** | **(35.9)** | **(13.1)** |
| **Total other comprehensive income, net of tax** | | **12.9** | **(35.9)** | **(13.1)** |
| **Total comprehensive income, net of tax** | | **62.7** | **(17.6)** | **16.5** |
| NET EARNINGS ATTRIBUTABLE TO: | | | | |
| Equity holders of the parent | | 23.5 | (7.7) | 7.1 |
| Non-controlling interests | | 26.3 | 26.0 | 22.5 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | |
| Equity holders of the parent | | 36.4 | (43.6) | (6.0) |
| Non-controlling interests | | 26.3 | 26.0 | 22.5 |



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**HUDSON GROUP**

**COMBINED STATEMENTS OF FINANCIAL POSITION**
**at December 31, 2016 and 2015**

| In Millions of USD | Note | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|---|
| ASSETS | | | |
| Property, plant and equipment | 17 | 256.3 | 227.2 |
| Intangible assets | 19 | 691.2 | 718.5 |
| Investments in associates | 11 | 2.4 | 3.3 |
| Deferred tax assets | 21 | 153.0 | 146.5 |
| Other non-current assets | 22 | 31.1 | 29.6 |
| **Non-current assets** | | **1,134.0** | **1,125.1** |
| Inventories | 23 | 161.4 | 146.7 |
| Trade receivables | 24 | 8.2 | 6.5 |
| Other accounts receivable | 25 | 47.3 | 56.8 |
| Income tax receivables | | 4.5 | 1.0 |
| Cash and cash equivalents | | 187.6 | 160.4 |
| **Current assets** | | **409.0** | **371.4** |
| **Total assets** | | **1,543.0** | **1,496.5** |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Equity attributable to equity holders of the parent | | 658.2 | 620.1 |
| Non-controlling interests | 28 | 72.2 | 67.8 |
| **Total equity** | | **730.4** | **687.9** |
| Financial debt | 29 | 475.2 | 483.1 |
| Deferred tax liabilities | 21 | 71.8 | 108.6 |
| Other non-current liabilities | 30 | 1.1 | 1.8 |
| **Non-current liabilities** | | **548.1** | **593.5** |
| Trade payables | | 91.3 | 83.5 |
| Financial debt | 29 | 1.5 | 0.9 |
| Income tax payables | | 3.8 | 3.3 |
| Other liabilities | 30 | 167.9 | 127.4 |
| **Current liabilities** | | **264.5** | **215.1** |
| **Total liabilities** | | **812.6** | **808.6** |
| **Total liabilities and shareholders' equity** | | **1,543.0** | **1,496.5** |



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**HUDSON GROUP**

**COMBINED STATEMENTS OF CHANGES IN EQUITY**
**for the years ended December 31, 2016, 2015 and 2014**

| In Millions of USD | Note | Shareholder's Equity | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|
| **Balance at January 1, 2014** | | **77.0** | **42.1** | **119.1** |
| Net earnings/(loss) | | 7.1 | 22.5 | 29.6 |
| Other comprehensive income/(loss) | | (13.1) | — | (13.1) |
| **Total comprehensive income/(loss) for the period** | | **(6.0)** | **22.5** | **16.5** |
| TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS: | | | | |
| Dividends to non-controlling interests | | — | (21.7) | (21.7) |
| Business combinations | 6.2 | 211.5 | 10.6 | 222.1 |
| Share-based payment | 26 | 0.1 | — | 0.1 |
| **Total transactions with or distributions to owners** | | **211.6** | **(11.1)** | **200.5** |
| CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES: | | | | |
| Changes in participation of non-controlling interests | | — | 7.1 | 7.1 |
| **Balance at December 31, 2014** | | **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 combinations | 6.1 | 380.3 | 5.2 | 385.5 |
| Share-based payment | 26 | 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 | | — | 5.5 | 5.5 |
| **Balance at December 31, 2016** | | **658.2** | **72.2** | **730.4** |



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**HUDSON GROUP**

**COMBINED STATEMENT OF CASH FLOWS**
**for the years ended December 31, 2016, 2015 and 2014**

| In Millions of USD | Note | 2016 | 2015 | 2014 (restated) |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Earnings before taxes (EBT) | | 15.5 | 22.1 | 31.2 |
| ADJUSTMENTS FOR | | | | |
| Depreciation, amortization and impairment | 12 | 103.7 | 86.7 | 59.6 |
| Loss/(gain) on sale of non-current assets | | 1.9 | (0.1) | 0.1 |
| Increase/(decrease) in allowances and provisions | | (2.0) | 2.0 | (1.3) |
| Loss/(gain) on unrealized foreign exchange differences | | 6.4 | (0.3) | 0.4 |
| Other non-cash items | | 1.2 | 0.7 | — |
| Share of result of associates | 11 | 0.7 | (1.7) | (0.6) |
| Interest expense | 14 | 29.8 | 25.4 | 25.4 |
| Interest income | 14 | (2.1) | (1.6) | (1.7) |
| **Cash flow before working capital changes** | | **155.1** | **133.2** | **113.1** |
| Decrease/(increase) in trade and other accounts receivable | | (9.1) | (2.2) | 7.0 |
| Decrease/(increase) in inventories | 23 | (14.2) | (17.1) | (9.7) |
| Increase/(decrease) in trade and other accounts payable | | 41.3 | 5.8 | 34.8 |
| Dividends received from associates | 11 | 0.2 | 1.2 | 0.4 |
| **Cash generated from operations** | | **173.3** | **120.9** | **145.6** |
| Income taxes paid | | (3.5) | (15.5) | (1.4) |
| **Net cash flows from operating activities** | | **169.8** | **105.4** | **144.2** |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | 18 | (88.3) | (49.4) | (58.3) |
| Purchase of intangible assets | 20 | (5.7) | (3.0) | (3.1) |
| Proceeds from sale of property, plant and equipment | | 0.4 | 1.8 | — |
| Interest received | | 1.2 | 1.2 | 0.7 |
| Net cash acquired in business combinations | | — | 4.4 | 13.9 |
| Proceeds from sale of interests in subsidiaries and associates | | — | 30.0 | — |
| **Net cash flows used in investing activities** | | **(92.4)** | **(15.0)** | **(46.8)** |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Repayment of financial debt | 29 | (7.3) | (10.0) | (27.4) |
| Proceeds from/(repayment of) 3rd party loans | | 12.8 | 31.4 | 10.1 |
| Dividends paid to non-controlling interest | | (27.4) | (28.7) | (21.7) |
| Net contributions from/(purchase of) non-controlling interests | | (0.1) | 1.2 | — |
| Interest paid | | (29.3) | (25.5) | (25.0) |
| **Net cash flows (used in)/from financing activities** | | **(51.3)** | **(31.6)** | **(64.0)** |
| Currency translation on cash | | 1.1 | (2.9) | 0.4 |
| **(Decrease)/increase in cash and cash equivalents** | | **27.2** | **55.9** | **33.8** |
| CASH AND CASH EQUIVALENTS AT THE | | | | |
| – beginning of the period | | 160.4 | 104.5 | 70.7 |
| – end of the period | | 187.6 | 160.4 | 104.5 |



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**HUDSON GROUP**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 1. CORPORATE INFORMATION

Hudson Group ("Hudson" or the "Group") operates in the Duty Paid and Duty Free travel retail markets and operated 975 stores in 80 locations, throughout the continental United States and Canada at December 31, 2016.

All entities combined in these financial statements are directly or indirectly owned subsidiaries of Dufry AG (Dufry), one of 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. In connection with the initial public offering (IPO) and listing on the New York Stock Exchange of its class A shares, Hudson Ltd. will become the direct or indirect parent of all entities that are part of Hudson Group. Hudson Ltd. has had no operations and only nominal assets since inception.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

In connection with the proposed IPO of Hudson Group, these combined financial statements have been prepared for the purpose of integration in the prospectus for the IPO and listing on the New York Stock Exchange (NYSE) of the class A common shares of Hudson Ltd. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

These are the first financial statements of the Hudson Group prepared in accordance with IFRS. As such, Hudson Group is a first-time adopter. However, since these are also the first financial statements of the Hudson Group, no reconciliations from previous GAAP to IFRS are disclosed. The assets and liabilities included in these financial statements have been measured on the basis of the carrying amounts included in Dufry Group's consolidated financial statements.

For the purpose of these combined financial statements, Hudson Group comprises all entities and operations directly or indirectly owned by Dufry which are expected to be transferred to Hudson Ltd prior to its initial listing at the NYSE. Refer to Note 2.2 for the principles applied to this combination; 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 available-for-sale 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; all values are rounded to the nearest one hundred thousand, except when indicated otherwise.

In the past, Hudson Group has not operated as an independent group of companies. The combined financial statements may therefore not be indicative of the financial position and performance that would have been achieved had Hudson Group operated as an independent group of companies.

Hudson Group utilizes centralized functions of Dufry to support its operations, and in return, Dufry allocates certain of its expenses to Hudson Group. Such expenses represent costs related to, but not limited to, information technology, treasury services, legal services, accounting and tax support, insurance programs, business-related intellectual property (such as marketing knowhow and product assortment



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advice) and access to Dufry's global distribution center. All expenses are charged or credited to Hudson Group by Dufry or subsidiaries of Dufry via a franchise fee which is based on net sales, except for expenses in connection with information technology, which are charged or credited directly to Hudson Group. The Company has provided a description of the amounts charged under these agreements in Note 31 to the financial statements. Management believes the expenses charged directly or via the franchise fee reasonably reflect the utilization of services provided to or the benefit received by Hudson Group during the periods presented. However, these shared expenses may not represent the amounts that would have been incurred had Hudson Group operated autonomously or independently from Dufry. It is not practicable to estimate actual costs that would have been incurred had Hudson been a stand-alone company during the periods presented. Actual costs that would have been incurred if Hudson Group had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions in various areas.

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 August 25, 2017 by the management of Dufry International AG.

## 2.2 PRINCIPLES OF COMBINATION

The combined financial statements of Hudson Group comprise all entities and operations directly or indirectly owned by Dufry which are expected to be transferred to Hudson Ltd prior to its initial listing at the NYSE; this includes subsidiaries, associates and joint ventures.

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 31.

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 income statement and
- reclassifies the parent's share of components previously recognized in other comprehensive income to the income statement 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



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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 income statement.

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 income statement.

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 cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit 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) Revenue Recognition**

Sales are measured at the fair value of the consideration received, excluding sales taxes or duties. Retail sales are settled in cash or by credit card, whereas advertising income is recognized when the services have been 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, transport, inventory valuation adjustments and inventory differences.

**d) Foreign currency**

The financial statements are expressed in millions of U.S. dollars (USD). Each entity included in Hudson uses its corresponding local currency and items included in the financial statements of each entity are measured using that local currency. Transactions in foreign currencies are initially recorded in the local currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-measured to their fair value in the local 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 income statement, except where the hedges on net investments allow the recognition in other comprehensive income, until the respective investments are disposed of. Any related deferred tax is also accounted through other comprehensive income. Non-monetary items are measured at historical cost in the respective local currency.



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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 income statements 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 income statement 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 local currency of such operation.

Principal foreign exchange rates applied for valuation and translation:

| | Average Rate | | | Closing Rate | | |
|---|---|---|---|---|---|---|
| **In USD** | **2016** | **2015** | **2014** | **Dec 31, 2016** | **Dec 31, 2015** | **Dec 31, 2014** |
| 1 CAD | 0.7552 | 0.7832 | 0.9057 | 0.7446 | 0.7232 | 0.8610 |

**e) Leases**

Leases, including concession contracts, 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.

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 income statement 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.

**f) 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 income statement 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.

**g) 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 income statement, are recognized in correlation to the underlying transaction either in other comprehensive income or equity.



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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.

**h) 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



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**i) 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.

**j) 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).

**k) Associates**

Associates are all entities over which Hudson has significant influence but not control, generally accompanying a shareholding of more than 20% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost. The carrying amount is increased or decreased to recognize 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 income statement.

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 income statement.

**l) 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. 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.



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**m) Trade receivables/trade payables**

Receivables and payables in respect of the sale/purchase of merchandise are included in these positions.

**n) 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. In 2016 and 2015, there were no short-term deposits due within 90 days.

**o) 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.

**p) 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 income statement.

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 income statement in the lines selling expenses or other operational result.



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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 income statement. The net gain or loss recognized in the combined income statement incorporates any interest paid on the financial liability and is included in the financial result in the income statement. 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 income statement.

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.

**q) 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 34.

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 income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement 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 RESTATEMENT OF THE COMBINED FINANCIAL STATEMENTS

We identified an error in the statement of cash flows related to the TNG acquistion for the year-ended December 31, 2014. The correction of this error resulted in the restatement of our previously reported financial statements as of and for the year ended December 31, 2014.



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The effects of the restatement on our combined statement of cash flow for the year ended December 31, 2014 is as follows:

| In Millions of USD | Previously Reported | Adjustment | Restated |
|---|---|---|---|
| Net cash acquired in business combination | (76.2) | 90.1 | 13.9 |
| Net cash flow used in investing activities | (136.9) | 90.1 | (46.8) |
| Proceeds from financial debt | 62.7 | (62.7) | 0.0 |
| Repayment of financial debt | 0.0 | (27.4) | (27.4) |
| Net cash flow (used in)/from financing activities | 26.1 | (90.1) | (64.0) |

## 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 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. Further details are given in notes 15 and 21.

**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.



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**Purchase price allocation**

The determination of the fair values of the identifiable assets (especially the concession rights) and the assumed liabilities (especially the contingent liabilities recognized as provisions), resulting from business combinations, is based on valuation techniques such as the discounted cash flow model. Some of the inputs to this model are partially based on assumptions and judgments and any changes thereof would affect the reported values (see note 6).

**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.

## 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)

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

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

**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.

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of Hudson's financial assets, but will not impact the financial liabilities. Phase 2 is not expected to have any significant impact on the financial statements and phase 3 is expected to affect the disclosure requirements.

**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, however, 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.



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**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 duration is shorter than 12 months.

Hudson is currently conducting a detailed survey and compliance analysis of relevant agreements and expects material changes in its statement of financial position.

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.

## 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 the 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.



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**Net Sales by Country**

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| US | 1,359.1 | 1,164.2 | 1,001.6 |
| Canada | 291.0 | 205.4 | 88.1 |
| **Total** | **1,650.1** | **1,369.6** | **1,089.7** |

**Non-Current Assets by Country (excluding financial instruments and deferred taxes)**

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 |
|---|---|---|---|
| US | 568.2 | 564.2 | 417.6 |
| Canada | 410.4 | 411.1 | 224.2 |
| **Total** | **978.6** | **975.3** | **641.8** |

## 6. ACQUISITIONS OF BUSINESSES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### 2016 TRANSACTIONS

There were no transactions in 2016.

### 2015 TRANSACTIONS

6.1 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 income statement 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.



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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:

| | Final Fair Value at August 7, 2015 | |
|---|---|---|
| **In Millions of** | **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 income statement 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.

**2014 TRANSACTIONS**

6.2 ACQUISITION OF THE NUANCE GROUP

On September 9, 2014, Dufry acquired 100% of The Nuance Group (TNG) for a net consideration of USD 1,404.6 (CHF 1,312.2) million. The acquisition has been accounted for using the acquisition method. The related transaction costs of USD 12.5 million have been presented in other operational result in the income statement of Dufry, but not reflected in these combined financial statements.

For the purpose of these combined financial statements, only entities of TNG located in the USA or Canada have been combined in the formation of the Hudson Group.



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The final fair value of the identifiable assets and liabilities at the date of acquisition related to the US and Canada entities are:

| | Final Fair Value At September 09, 2014 | |
|---|---|---|
| **In Millions of** | **In CHF** | **In USD** |
| Trade receivables | 1.3 | 1.4 |
| Inventories | 16.0 | 17.1 |
| Other current assets[1] | 18.4 | 19.9 |
| Property, plant and equipment | 11.0 | 11.8 |
| Concession rights | 160.0 | 171.3 |
| Investments in associates | 30.5 | 32.6 |
| Other non-current assets | 5.6 | 6.0 |
| Deferred tax assets | 0.7 | 0.7 |
| Trade payables | (8.5) | (9.1) |
| Other liabilities | (9.3) | (9.9) |
| Deferred tax liabilities | (52.2) | (55.9) |
| Fair value of non-controlling interests | (9.9) | (10.6) |
| **Identifiable net assets** | **163.6** | **175.3** |
| Hudson's share in these net assets | 163.6 | 175.3 |
| Goodwill | 105.0 | 112.4 |
| Loan related party | (71.2) | (76.2) |
| **Total purchase price allocated to US and Canada entities** | **197.4** | **211.5** |

(1) Other current assets includes cash and cash equivalents of USD 13.9 million.

From the date when Hudson took control of the US and Canada entities of the TNG operations in September 2014 until December 2014 these operations contributed USD 65.4 million in turnover and USD 3.2 million in operating profit to the income statement of Hudson.

If the business combination had occurred as at the beginning of 2014, US and Canada entities of TNG would have generated a turnover during 2014 of USD 175.9 million and an operating profit of approximately USD 20.8 million.

## 7. TURNOVER

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Net sales | 1,650.1 | 1,369.6 | 1,089.7 |
| Advertising income | 37.1 | 33.4 | 29.0 |
| **Turnover** | **1,687.2** | **1,403.0** | **1,118.7** |



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NET SALES BREAKDOWN

**Net sales by product categories**

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Beverages, Confectionery and Food | 572.3 | 469.6 | 387.7 |
| Perfumes and Cosmetics | 226.3 | 174.6 | 128.2 |
| Literature and Publications | 192.5 | 187.2 | 182.1 |
| Fashion, Leather and Baggage | 183.3 | 146.2 | 133.4 |
| Watches, Jewelry and Accessories | 86.2 | 76.9 | 72.5 |
| Electronics | 78.5 | 66.6 | 62.6 |
| Wine and Spirits | 75.3 | 62.9 | 41.3 |
| Tobacco goods | 47.4 | 46.3 | 36.3 |
| Other product categories | 188.3 | 139.3 | 45.6 |
| **Total** | **1,650.1** | **1,369.6** | **1,089.7** |

**Net sales by market sector**

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Duty-free | 366.1 | 294.4 | 159.8 |
| Duty-paid | 1,284.0 | 1,075.2 | 929.9 |
| **Total** | **1,650.1** | **1,369.6** | **1,089.7** |

**Net sales by channel**

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Airports | 1,565.9 | 1,307.6 | 1,035.9 |
| Downtown and hotel shops | 29.5 | 13.1 | 4.3 |
| Railway stations and other | 54.7 | 48.9 | 49.5 |
| **Total** | **1,650.1** | **1,369.6** | **1,089.7** |

## 8. SELLING EXPENSES

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Concession fees and rents (note 32) | (375.3) | (307.0) | (237.8) |
| Credit card commissions | (27.7) | (20.9) | (16.1) |
| Advertising and commission expenses | (0.8) | (0.9) | 0.2 |
| Packaging materials | (2.3) | (2.2) | (1.6) |
| Other selling expenses | (3.4) | (3.3) | (2.2) |
| **Selling expenses** | **(409.5)** | **(334.3)** | **(257.5)** |
| Concession and rental income (note 32) | 11.9 | 7.3 | 6.2 |
| Commercial services and other selling income | 1.9 | 1.3 | 1.6 |
| **Selling income** | **13.8** | **8.6** | **7.8** |
| **Total** | **(395.7)** | **(325.7)** | **(249.7)** |



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## 9. PERSONNEL EXPENSES

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Salaries and wages | (270.3) | (227.0) | (180.5) |
| Social security expenses | (38.5) | (29.8) | (23.9) |
| Other personnel expenses | (28.6) | (22.7) | (18.2) |
| **Total** | **(337.4)** | **(279.5)** | **(222.6)** |
| Full time equivalents (FTE – unaudited) | 8,485 | 8,124 | 6,144 |

## 10. GENERAL EXPENSES

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Repairs, maintenance and utilities | (15.5) | (14.4) | (11.9) |
| Premises | (16.3) | (13.3) | (9.5) |
| Legal, consulting and audit fees | (11.8) | (14.5) | (7.8) |
| EDP and IT expenses | (4.6) | (3.7) | (2.5) |
| Office and administration | (14.5) | (11.4) | (9.2) |
| Travel, car, entertainment and representation | (11.6) | (10.4) | (8.9) |
| Franchise fees and commercial services | (62.5) | (51.7) | (45.9) |
| PR and advertising | (2.7) | (2.1) | (1.4) |
| Insurances | (2.2) | (2.0) | (1.7) |
| Bank expenses | (1.8) | (1.1) | (1.1) |
| Taxes, other than income taxes | (8.4) | (6.3) | (6.3) |
| **Total** | **(151.9)** | **(130.9)** | **(106.2)** |

## 11. INVESTMENTS IN ASSOCIATES

This includes Nuance Group (Chicago) LLC which operates four duty-free shops at O'Hare International Airport of Chicago in Illinois, USA.

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, 2016 Nuance Group (Chicago) LLC | Dec 31, 2015 Nuance Group (Chicago) LLC |
|---|---|---|
| Cash and cash equivalents | 2.5 | 2.6 |
| Other current assets | 4.0 | 3.9 |
| Non-current assets | 3.2 | 4.9 |
| Other current liabilities | (2.8) | (2.0) |
| **Net assets** | **6.9** | **9.4** |
| Proportion of Hudson's ownership | 35.0% | 35.0% |
| **Hudson's share of the equity** | **2.4** | **3.3** |



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**Summarized statement of comprehensive income**

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | 2016 |
|---|---|---|---|---|
| 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)** |

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | 2015 |
|---|---|---|---|---|
| Turnover | 23.9 | 3.1 | 1.3 | 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** | **1.3** | **0.1** | **4.9** |
| **Total comprehensive income** | **3.5** | **1.3** | **0.1** | **4.9** |
| HUDSON'S SHARE | 35.0% | 37.5% | 35.0% | |
| Net earnings for the year | 1.2 | 0.5 | — | 1.7 |
| **Total comprehensive income** | **1.2** | **0.5** | **—** | **1.7** |

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | 2014 |
|---|---|---|---|---|
| Turnover | 9.3 | 7.7 | 2.4 | 19.4 |
| Depreciation, amortization and impairment | (0.1) | (0.2) | — | (0.3) |
| **Net earnings for the year** | **0.9** | **0.9** | **0.2** | **2.0** |
| **Total comprehensive income** | **0.9** | **0.9** | **0.2** | **2.0** |
| HUDSON'S SHARE | 35.0% | 37.5% | 35.0% | |
| Net earnings for the year | 0.3 | 0.3 | — | 0.6 |
| **Total comprehensive income** | **0.3** | **0.3** | **—** | **0.6** |

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.



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**Reconciliation of the carrying amount of its investments**

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | Total |
|---|---|---|---|---|
| **Business combination at September 9, 2014** | **2.6** | **20.0** | **10.0** | **32.6** |
| Net earnings | 0.3 | 0.3 | — | 0.6 |
| Dividends received | (0.1) | (0.3) | — | (0.4) |
| **Carrying value at December 31, 2014** | **2.8** | **20.0** | **10.0** | **32.8** |
| Net earnings | 1.2 | 0.5 | — | 1.7 |
| Dividends received | (0.7) | (0.5) | — | (1.2) |
| Disposals | — | (20.0) | (10.0) | (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** |

## 12. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Depreciation | (61.4) | (49.7) | (39.9) |
| Impairment | — | (1.4) | — |
| **Subtotal (note 17)** | **(61.4)** | **(51.1)** | **(39.9)** |
| Amortization | (42.3) | (35.6) | (19.7) |
| **Subtotal (note 19)** | **(42.3)** | **(35.6)** | **(19.7)** |
| **Total** | **(103.7)** | **(86.7)** | **(59.6)** |

## 13. OTHER OPERATIONAL RESULT

This line includes non-recurring transactions, impairments of financial assets and changes in provisions.

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Consulting fees, expenses related to projects and start-up expenses | (0.3) | (0.5) | (0.4) |
| Impairment of loans and other receivables | (1.4) | (0.6) | (0.5) |
| Closing or restructuring of operations | (8.3) | (2.0) | (0.5) |
| Losses on sale of non-current assets | (2.0) | (0.4) | (0.2) |
| Other operating expenses | (2.3) | 0.3 | (0.5) |
| **Other operational expenses** | **(14.3)** | **(3.2)** | **(2.1)** |



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| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Insurance – compensation for losses | 0.1 | — | — |
| Gain on sale of non-current assets | 0.1 | 0.5 | 0.1 |
| Recovery of write offs/release of allowances | 4.0 | — | — |
| Other income | 0.8 | 1.0 | 0.5 |
| **Other operational income** | **5.0** | **1.5** | **0.6** |

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Other operational expenses | (14.3) | (3.2) | (2.1) |
| Other operational income | 5.0 | 1.5 | 0.6 |
| **Other operational result** | **(9.3)** | **(1.7)** | **(1.5)** |

## 14. INTEREST

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| INCOME ON FINANCIAL ASSETS | | | |
| Interest income on short-term deposits | 2.0 | 1.6 | 1.7 |
| Other financial income | 0.1 | — | — |
| **Interest income on financial assets** | **2.1** | **1.6** | **1.7** |
| **Total interest income** | **2.1** | **1.6** | **1.7** |
| EXPENSES ON FINANCIAL LIABILITIES | | | |
| Interest expense | (29.1) | (24.7) | (24.7) |
| Other financial expenses | (0.5) | (0.6) | (0.6) |
| **Interest expense on financial liabilities** | **(29.6)** | **(25.3)** | **(25.3)** |
| EXPENSES ON NON-FINANCIAL LIABILITIES | | | |
| Interest expense | (0.2) | (0.1) | (0.1) |
| **Interest and other financial expenses on non-financial liabilities** | **(0.2)** | **(0.1)** | **(0.1)** |
| **Total interest expense** | **(29.8)** | **(25.4)** | **(25.4)** |

## 15. INCOME TAXES

INCOME TAX RECOGNIZED IN THE COMBINED STATEMENT OF COMPREHENSIVE INCOME

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Current income taxes | (8.4) | (5.4) | (2.9) |
| of which corresponding to the current period | (7.3) | (8.1) | (2.9) |
| of which adjustments recognized in relation to prior years | (1.1) | 2.7 | — |
| Deferred income taxes | 42.7 | 1.6 | 1.3 |
| of which related to the origination or reversal of temporary differences | 10.3 | 1.6 | 1.3 |
| of which adjustments recognized in relation to prior years[(1)] | 32.4 | — | — |
| **Total** | **34.3** | **(3.8)** | **(1.6)** |

(1) Deferred tax assets recognized as a result of the integration of WDF in Hudson



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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 WDF. The reversal of the impairment was due to the tax and management integration of WDF into the Hudson Group.

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Combined earnings before tax (EBT) | 15.5 | 22.1 | 31.2 |
| Expected tax rate in % | 36.2% | 36.9% | 38.5% |
| Tax at the expected rate | (5.6) | (8.2) | (12.0) |
| EFFECT OF | | | |
| Different tax rates for subsidiaries in other jurisdictions | (0.2) | (0.7) | — |
| Effect of changes in tax rates on previously recognized deferred tax assets and liabilities | — | (0.6) | — |
| Non-deductible expenses/Non-taxable incomes | (0.5) | 2.4 | — |
| Net change of unrecognized tax loss carry-forwards | (4.1) | — | — |
| Non recoverable withholding taxes | — | (0.2) | (0.1) |
| Minority interests | 10.1 | 9.5 | 8.8 |
| Adjustments recognized in relation to prior year[1] | 31.3 | 2.7 | — |
| Other items | 3.3 | (8.7) | 1.7 |
| **Total** | **34.3** | **(3.8)** | **(1.6)** |

(1) Deferred tax assets recognized as a result of the integration of WDF in Hudson

The expected tax rate in % approximates the average income tax rate of USA and Canada, weighted by the profitability of the respective operations. The decrease compared to previous year in the average expected tax rate is driven by the fact that WDF is active also in Canada where the tax rate is lower than in the US and that in 2015 these entities were consolidated only since acquisition (5 months).

## 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

| 2016<br>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)** |



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| 2016<br>In Millions of USD | Buildings & Leasehold Improvements | Furniture Fixtures | Computer Hardware | Vehicles | Work In Progress | Total |
|---|---|---|---|---|---|---|
| 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** |

| 2015<br>In Millions of USD | Buildings & Leasehold Improvements | Furniture Fixtures | Computer Hardware | Vehicles | Work In Progress | Total |
|---|---|---|---|---|---|---|
| AT COST | | | | | | |
| **Balance at January 1** | **158.8** | **133.0** | **20.1** | **3.2** | **7.1** | **322.2** |
| Business combinations (note 6) | 20.3 | 8.9 | 0.1 | 0.3 | 8.4 | 38.0 |
| Additions (note 18) | 5.7 | 8.6 | 1.8 | 0.3 | 38.6 | 55.0 |
| Disposals | (11.0) | (12.0) | (0.8) | (0.3) | 0.2 | (23.9) |
| Reclassification within classes | 12.6 | 13.2 | 0.4 | — | (26.4) | (0.2) |
| Currency translation adjustments | (2.6) | (0.6) | (0.5) | — | (0.1) | (3.8) |
| **Balance at December 31** | **183.8** | **151.1** | **21.1** | **3.5** | **27.8** | **387.3** |
| ACCUMULATED DEPRECIATION | | | | | | |
| **Balance at January 1** | **(60.2)** | **(51.8)** | **(13.8)** | **(2.1)** | **—** | **(127.9)** |
| Additions (note 12) | (25.5) | (21.2) | (2.6) | (0.4) | — | (49.7) |
| Disposals | 9.3 | 9.6 | 0.7 | 0.2 | — | 19.8 |
| Reclassification within classes | (0.1) | — | — | — | — | (0.1) |
| Currency translation adjustments | 1.4 | 0.4 | 0.5 | — | — | 2.3 |
| **Balance at December 31** | **(75.1)** | **(63.0)** | **(15.2)** | **(2.3)** | **—** | **(155.6)** |
| IMPAIRMENT | | | | | | |
| **Balance at January 1** | **(2.6)** | **(1.8)** | **(0.1)** | **—** | **—** | **(4.5)** |
| Impairment (note 12) | (0.9) | (0.4) | — | — | (0.1) | (1.4) |
| Disposals | 0.6 | 0.4 | 0.1 | — | — | 1.1 |
| Reclassification within classes | 0.2 | 0.1 | — | — | — | 0.3 |
| **Balance at December 31** | **(2.7)** | **(1.7)** | **—** | **—** | **(0.1)** | **(4.5)** |
| CARRYING AMOUNT | | | | | | |
| **At December 31, 2015** | **106.0** | **86.4** | **5.9** | **1.2** | **27.7** | **227.2** |



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## 18. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Payables for capital expenditure at the beginning of the period | (10.7) | (5.1) | (10.1) |
| Additions of property, plant and equipment (note 17) | (92.4) | (55.0) | (52.4) |
| Payables for capital expenditure at the end of the period | 14.4 | 10.7 | 5.1 |
| Currency translation adjustments | 0.4 | — | (0.9) |
| **Total Cash Flow** | **(88.3)** | **(49.4)** | **(58.3)** |

## 19. INTANGIBLE ASSETS

| 2016<br>In Millions of USD | Concession Rights | Goodwill | Other | Total |
|---|---|---|---|---|
| AT COST | | | | |
| **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 AMORTIZATION | | | | |
| **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** |

| 2015<br>In Millions of USD | Concession Rights | Goodwill | Other | Total |
|---|---|---|---|---|
| AT COST | | | | |
| **Balance at January 1** | **349.3** | **136.5** | **24.8** | **510.6** |
| Business combinations (note 6) | 180.9 | 197.0 | — | 377.9 |
| Additions (note 20) | — | — | 3.0 | 3.0 |
| Currency translation adjustments | (18.3) | (21.2) | (0.4) | (39.9) |
| **Balance at December 31** | **511.9** | **312.3** | **27.4** | **851.6** |
| ACCUMULATED AMORTIZATION | | | | |
| **Balance at January 1** | **(79.2)** | **—** | **(19.4)** | **(98.6)** |
| Additions (note 12) | (32.4) | — | (3.2) | (35.6) |
| Disposals | — | — | — | — |
| Currency translation adjustments | 0.9 | — | 0.2 | 1.1 |
| **Balance at December 31** | **(110.7)** | **—** | **(22.4)** | **(133.1)** |
| CARRYING AMOUNT | | | | |
| **At December 31, 2015** | **401.2** | **312.3** | **5.0** | **718.5** |



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## 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."

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 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 | |
|---|---|---|---|---|---|
| 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| 6.33 | 6.42 | 7.94 | 8.27 | 4.6 – 8.4 | 3.4 – 24.4 |

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: 2.08% (2015: 2.16%).

For the calculation of the discount rates and WACC (weighted average cost of capital), the Group used the following re-levered beta:

| | 2016 | 2015 |
|---|---|---|
| Beta factor | 0.86 | 0.88 |

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

Sales growth

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.

For the period after 5 years, Hudson has used a growth rate of 2.0% (2015: 2.0%) to extrapolate the cash flow projections.



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Gross margins

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.

Concession fee levels

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.

Discount rates

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 | 2016 | 2015 | 2014 |
|---|---|---|---|
| Additions of intangible assets (note 19) | (5.7) | (3.0) | (3.1) |
| Currency translation adjustments | — | — | — |
| **Total Cash Flow** | **(5.7)** | **(3.0)** | **(3.1)** |

## 21. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| DEFERRED TAX ASSETS | | |
| Property, plant and equipment | 47.4 | 34.3 |
| Intangible assets | 60.1 | 55.0 |
| Provisions and other payables | 30.8 | 31.9 |
| Tax loss carry-forward | 57.5 | 63.3 |
| Other | 12.0 | 11.1 |
| **Total** | **207.8** | **195.6** |
| DEFERRED TAX LIABILITIES | | |
| Property, plant and equipment | (50.4) | (48.3) |
| Intangible assets | (68.3) | (101.7) |
| Provisions and other payables | (0.8) | (2.0) |
| Other | (7.1) | (5.7) |
| **Total** | **(126.6)** | **(157.7)** |
| **Deferred tax assets/(liabilities) net** | **81.2** | **37.9** |



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

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Deferred tax assets | 153.0 | 146.5 |
| Deferred tax liabilities | (71.8) | (108.6) |
| **Balance at December 31** | **81.2** | **37.9** |

Reconciliation of movements to the deferred taxes:

| In Millions of USD | 2016 | 2015 |
|---|---|---|
| Changes in deferred tax assets | 6.5 | (3.9) |
| Changes in deferred tax liabilities | 36.8 | (32.5) |
| Business combinations (note 6) | — | 47.4 |
| Currency translation adjustments | (0.1) | (9.2) |
| **Deferred tax income/(expense) at December 31** | **43.2** | **1.8** |
| THEREOF | | |
| Recognized in the statement of comprehensive income | 42.7 | 1.6 |
| Recognized in equity | 0.5 | 0.2 |

**Tax loss carry-forwards**

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

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 |
|---|---|---|---|
| Expiring within 1 to 3 years | — | — | — |
| Expiring within 4 to 7 years | — | — | 5.3 |
| Expiring after 7 years | 31.9 | 21.3 | — |
| **Total**[1] | **31.9** | **21.3** | **5.3** |

(1) This amount includes USD 5.3 million added through business combination in 2014 and USD 21.3 million in 2015

## 22. OTHER NON-CURRENT ASSETS

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Guarantee deposits | 1.8 | 2.2 |
| Loans and contractual receivables | 26.4 | 23.7 |
| Other | 6.7 | 6.1 |
| **Subtotal** | **34.9** | **32.0** |
| Allowances | (3.8) | (2.4) |
| **Total** | **31.1** | **29.6** |

MOVEMENT IN ALLOWANCES

| In Millions of USD | 2016 | 2015 |
|---|---|---|
| **Balance at January 1** | **(2.4)** | **(1.3)** |
| Creation | (1.4) | (1.1) |
| **Balance at December 31** | **(3.8)** | **(2.4)** |



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## 23. INVENTORIES

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Purchased inventories at cost | 171.7 | 155.4 |
| Inventory allowance | (10.3) | (8.7) |
| **Total** | **161.4** | **146.7** |

CASH FLOWS USED FOR INCREASE/FROM DECREASE IN INVENTORIES

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Balance at January 1 | 155.4 | 114.7 | 88.2 |
| Balance at December 31 | 171.7 | 155.4 | 114.7 |
| **Gross change – at cost** | **(16.3)** | **(40.7)** | **(26.5)** |
| Business combinations (note 6) | — | 25.8 | 17.1 |
| Utilization of allowances | 0.5 | 0.3 | (0.3) |
| Currency translation adjustments | 1.6 | (2.5) | — |
| **Cash Flow – (Increase)/decrease in inventories** | **(14.2)** | **(17.1)** | **(9.7)** |

Cost of sales includes inventories written down to net realizable value and inventory differences of USD 8.4 (2015: 7.4) million.

## 24. TRADE RECEIVABLES

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| **Trade receivables, Gross** | **8.4** | **6.9** |
| Allowances | (0.2) | (0.4) |
| **Trade receivables, Net** | **8.2** | **6.5** |

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, 2016 | Dec 31, 2015 |
|---|---|---|
| Not due | 4.1 | 5.5 |
| OVERDUE | | |
| Up to 30 days | 0.1 | 0.4 |
| 31 to 60 days | 0.2 | 0.6 |
| 61 to 90 days | 0.1 | 0.4 |
| More than 90 days | 3.9 | — |
| **Total overdue** | **4.3** | **1.4** |
| **Trade receivables, gross** | **8.4** | **6.9** |

MOVEMENT IN ALLOWANCES

| In Millions of USD | 2016 | 2015 |
|---|---|---|
| **Balance at January 1** | **(0.4)** | **(0.2)** |
| Creation | — | (0.3) |
| Utilized | 0.2 | 0.1 |
| **Balance at December 31** | **(0.2)** | **(0.4)** |



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## 25. OTHER ACCOUNTS RECEIVABLE

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Receivables for refund from suppliers | 17.2 | 20.0 |
| Receivables for rental services | 14.0 | 10.3 |
| Sales tax and other tax credits | 4.3 | 1.3 |
| Prepayments | 2.7 | 2.3 |
| Receivables from subtenants and business partners | 4.5 | 2.6 |
| Guarantee deposits | 0.2 | 1.2 |
| Personnel receivables | 1.3 | 1.5 |
| Loans receivable | — | 15.5 |
| Other | 4.6 | 4.2 |
| **Total** | **48.8** | **58.9** |
| Allowances | (1.5) | (2.1) |
| **Total** | **47.3** | **56.8** |

MOVEMENT IN ALLOWANCES

| In Millions of USD | 2016 | 2015 |
|---|---|---|
| **Balance at January 1** | **(2.1)** | **—** |
| Creation | (1.3) | (2.1) |
| Utilized | 1.9 | — |
| **Balance at December 31** | **(1.5)** | **(2.1)** |

## 26. SHARE-BASED PAYMENTS

SHARE PLAN OF DUFRY AG

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, 2016, no RRS forfeited, so that all RRS 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, 2016, no PSU Award 2016 forfeited, so that all PSU Award 2016 remain outstanding.

On October 29, 2015, Dufry granted, through its subsidiary Hudson, to selected members of the senior management the Award 2015 consisting of 22.715 PSU. The PSU Award 2015 has a contractual life of 26 months and will vest on May 3, 2018. At grant date the fair value of one PSU Award 2015 represents the market value for one Dufry share at that date, i.e. CHF 116.20, adjusted by the probability that participants comply with the ongoing contractual relationship clause. As of December 31, 2015, no PSU Award 2015 forfeited, so that all PSU Awards 2015 remain outstanding.

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.



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One PSU (Award 2016 or Award 2015) will give the right to the holders to receive free of charge up to two 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 (2016: CHF 24.59, 2015: CHF 24.12). 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 two 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.

With the Award 2014 Dufry granted to the members of Hudson 5,234 PSU. One PSU gave the right to receive in 2017, free of charge, up to two shares, based on the performance achieved by Dufry. For the PSU Award 2014, the performance was measured as the average yearly growth rate to be reached by the earnings per share adjusted for amortization of intangible assets identified during business combinations and non-recurrent effects (adjusted Cash EPS) of Dufry between the years 2013 and 2016. Each PSU granted the right to receive one Dufry share if the targeted average yearly growth of 7% would have been achieved; no share if the average yearly growth rate would have been 3.5% or lower and two shares if the average growth rate would have been 10.5% or higher. If the effective growth rate would have been between 3.5% and 10.5% the number of shares granted for each PSU would have been allocated on a linear basis. Additionally, the allocation of shares was subject to an ongoing contractual relationship of the participant with Dufry from January 1, 2014, until January 1, 2017. At January 1, 2017, the PSU award 2014 vested achieving an average yearly growth of 5.1% so that each PSU will be exchanged for 0.45 Dufry shares, i.e. 2,351 shares in total.

In 2016, Hudson recognized through profit and loss share-based payment expenses for a total of USD 1.2 (2015: 0.6, 2014: 0.1) million.

## 27. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The following transactions have been recognized in equity attributable to non-controlling interests at fair value:

| In Millions of USD | 2016 | 2015 |
|---|---|---|
| World Duty Free Group acquisition through business combination (note 6.1) | — | 5.2 |
| Increase in share capital of several subsidiaries | 5.5 | 4.7 |
| **Total** | **5.5** | **9.9** |

## 28. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests (NCI) comprise the portions in equity and net earnings in 100 (Dec. 2016) 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.



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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 has non-controlling interests that are material for the Group.

**Summarized statement of comprehensive income**

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Hudson Las Vegas JV** | | | |
| Turnover | 64.6 | 64.8 | 62.4 |
| Depreciation, amortization and impairment | (1.4) | (0.8) | (0.6) |
| **Net earnings for the year (continuing operations)** | **9.6** | **11.1** | **10.9** |
| Non-controlling interest | 27% | 27% | 27% |
| **Non-controlling interest share of the net earnings Hudson Las Vegas** | **2.6** | **3.0** | **2.9** |
| Non-controlling interests in other subsidiaries | 23.7 | 23.0 | 19.6 |
| **Total comprehensive income attributable to NCI** | **26.3** | **26.0** | **22.5** |

**Summarized statement of financial position**

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 |
|---|---|---|---|
| **Hudson Las Vegas JV** | | | |
| Cash and cash equivalents | 4.1 | 6.5 | 6.1 |
| Other current assets | 8.0 | 5.4 | 5.9 |
| Non-current assets | 8.9 | 9.0 | 7.5 |
| Other current liabilities | (3.5) | (4.5) | (4.5) |
| **Net assets** | **17.5** | **16.4** | **15.0** |
| Non-controlling interest | 27% | 27% | 27% |
| **Non-controlling interest share of the equity Hudson Las Vegas** | **4.7** | **4.4** | **4.1** |
| Non-controlling interests in other subsidiaries | 67.5 | 63.4 | 56.5 |
| **Total net assets attributable to NCI** | **72.2** | **67.8** | **60.6** |



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## 29. FINANCIAL DEBT

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Bank debt (overdrafts) | 1.5 | — |
| Third-party loans | — | 0.9 |
| **Financial debt, short-term** | **1.5** | **0.9** |
| Related party loans | 475.2 | 483.1 |
| **Financial debt, long-term** | **475.2** | **483.1** |
| **Total** | **476.7** | **484.0** |
| OF WHICH ARE | | |
| Bank debt | 1.5 | — |
| Third-party loans | — | 0.9 |
| Related party loans | 475.2 | 483.1 |

The related party loans (refer to note 31) consist of 15 loans with affiliates of our Parent Dufry. They are all on substantially similar terms and substantially all of them are due on October 15, 2022. The weighted-average interest rate is 5.9%. The loans must be fully repaid in cash at maturity. Interest is payable semi-annually, each April 15 and September 15.

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.

## 30. OTHER LIABILITIES

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Concession fee payables | 18.9 | 6.7 |
| Personnel payables | 39.2 | 33.1 |
| Other service related vendors | 51.3 | 47.3 |
| Sales tax and other tax liabilities | 12.5 | 9.7 |
| Payables for capital expenditure | 14.4 | 10.7 |
| Accrued liabilities | 11.8 | 10.2 |
| Payables to local business partners | 1.0 | 0.9 |
| Other payables | 19.9 | 10.6 |
| **Total** | **169.0** | **129.2** |
| THEREOF | | |
| Current liabilities | 167.9 | 127.4 |
| Non-current liabilities | 1.1 | 1.8 |
| **Total** | **169.0** | **129.2** |

## 31. 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.



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The following table reflects related party transactions:

**Statement of comprehensive income**

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| PURCHASE OF GOODS FROM | | | |
| International Operations & Services (USA) | 37.2 | 38.4 | 35.7 |
| International Operation & Services (UY) SA | 27.3 | 7.9 | — |
| Hudson News Distributors, LLC[1] | 15.6 | 19.2 | 20.6 |
| Hudson RPM[1] | 5.0 | 4.3 | 4.4 |
| OTHER SERVICES RECEIVED FROM | | | |
| Dufry International AG, Franchise fees expense | (42.9) | (35.9) | (35.7) |
| World Duty Free Group SA, Franchise fees expense | (7.2) | (6.5) | — |
| Nuance Group AG, Franchise fees expense | — | (1.8) | (0.6) |
| Dufry Finance SNC, Interest expenses | (26.6) | (24.6) | (24.4) |
| Dufry International AG, Interest expenses | (2.5) | (0.2) | (0.3) |

(1) These Hudson companies are controlled by James S. Cohen, a member of the Board of Directors of Dufry until April 2016.

**Balance sheet**

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| OUTSTANDING PAYABLES | | |
| Dufry International AG, Loans payable, long-term | 475.2 | 4.1 |
| Dufry Finance SNC, Loans payable, long-term | — | 478.9 |
| International Operations & Services (USA), trade payables | 14.8 | 14.0 |
| International Operation & Services (UY) SA, trade payables | 13.9 | 1.9 |
| Hudson News Distributors, trade payables[1] | 0.9 | 1.1 |
| Hudson RPM, trade payables[1] | 0.5 | 0.3 |
| Dufry International AG, Fee payables | 50.5 | 19.9 |
| World Duty Free Group SA, Fee payables | — | 1.2 |
| Dufry International AG, Other payables | 7.6 | — |
| Dufry Finance SNC, Other payables | — | 6.7 |

(1) These Hudson companies are controlled by James S. Cohen, a member of the Board of Directors of Dufry until April 2016

**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 | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 |
|---|---|---|---|
| Salaries | 3.2 | 3.0 | 2.6 |
| Variable payment | 2.7 | 2.5 | 2.2 |
| Non-monetary benefits | 0.1 | 0.1 | 0.1 |
| Share based payments | 0.6 | 0.6 | — |
| **Total** | **6.6** | **6.2** | **4.9** |

During this period the Group had no board members.



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## 32. 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 2016, 2015 or 2014, 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 Dec. 31, 2016. All accrued, but still unpaid concession fees are presented as liabilities in the balance sheet.

The Group recognized the following lease and sublease as an income/(expense) in the period:

| In Millions of USD | 2016 | 2015 | 2014 |
|---|---|---|---|
| Minimum lease payments | (206.6) | (170.0) | (171.3) |
| Variable rent | (168.7) | (137.0) | (66.5) |
| **Concession fees expense (note 8)** | **(375.3)** | **(307.0)** | **(237.8)** |
| Sublease income (note 8) | 11.9 | 7.3 | 6.2 |

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 | 268.9 |
| Later than one year and not later than five years | 891.0 |
| Later than five years | 649.8 |
| **Total** | **1,809.7** |

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period are USD 41.5 million.

## 33. 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).



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As of December 31, 2016 and 2015, 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.

## 34. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 and 4.

### 34.1 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.

#### 34.1.1 Gearing ratio

The following ratio compares owner's equity to borrowed funds:

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Cash and cash equivalents | (187.6) | (160.4) |
| Financial debt, short-term | 1.5 | 0.9 |
| Financial debt, long-term | 475.2 | 483.1 |
| **Net debt** | **289.1** | **323.6** |
| Equity attributable to equity holders of the parent | 658.2 | 620.1 |
| ADJUSTED FOR | | |
| Effects from transactions with non-controlling interests[1] | 0.4 | 0.2 |
| **Total capital[2]** | **658.6** | **620.3** |
| **Total net debt and capital** | **947.7** | **943.9** |
| **Gearing ratio** | **30.5%** | **34.3%** |

(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.



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34.2 CATEGORIES OF FINANCIAL INSTRUMENTS

| At December 31, 2016<br>In Millions of USD | Financial Assets<br>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** | | |

| In Millions of USD | Financial Liabilities<br>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** | | |

| At December 31, 2015<br>In Millions of USD | Financial Assets<br>Loans and Receivables | At FVTPL[1] | Subtotal | Non-financial Assets[2] | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 160.4 | — | 160.4 | — | 160.4 |
| Trade receivables | 6.5 | — | 6.5 | — | 6.5 |
| Other accounts receivable | 43.0 | — | 43.0 | 13.8 | 56.8 |
| Other non-current assets | 23.9 | — | 23.9 | 5.7 | 29.6 |
| **Total** | **233.8** | **—** | **233.8** | | |

| In Millions of USD | Financial Liabilities<br>At Amortized Cost | At FVTPL[1] | Subtotal | Non-financial Liabilities[2] | Total |
|---|---|---|---|---|---|
| Trade payables | 83.5 | — | 83.5 | — | 83.5 |
| Financial debt short-term | 0.9 | — | 0.9 | — | 0.9 |
| Other liabilities | 107.6 | — | 107.6 | 19.8 | 127.4 |
| Financial debt long-term | 483.1 | — | 483.1 | — | 483.1 |
| Other non-current liabilities | 1.8 | — | 1.8 | — | 1.8 |
| **Total** | **676.9** | **—** | **676.9** | | |

(1) Financial assets and liabilities at fair value through profit and loss

(2) Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as other tax positions



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### 34.2.1 Net income by IAS 39 valuation category

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)/income** | **(29.7)** | **—** | **(29.7)** |

Financial Assets at December 31, 2015

| In Millions of USD | Loans and Receivables | At FVTPL | Total |
|---|---|---|---|
| Interest income | 1.6 | — | 1.6 |
| **From interest** | **1.6** | **—** | **1.6** |
| Foreign exchange gain (loss)[1] | 0.2 | — | 0.2 |
| Impairments/allowances[2] | (1.6) | — | (1.6) |
| **Total – from subsequent valuation** | **(1.4)** | **—** | **(1.4)** |
| **Net (expense)/income** | **0.2** | **—** | **0.2** |

Financial Liabilities at December 31, 2015

| In Millions of USD | At Amortized Cost | At FVTPL | Total |
|---|---|---|---|
| Interest expenses | (24.7) | — | (24.7) |
| Other finance expenses | (0.6) | — | (0.6) |
| **From interest** | **(25.3)** | **—** | **(25.3)** |
| Foreign exchange gain (loss)[1] | 0.3 | — | 0.3 |
| **Total – from subsequent valuation** | **0.3** | **—** | **0.3** |
| **Net expense** | **(25.0)** | **—** | **(25.0)** |

(1) This position includes the foreign exchange gain (loss) recognized on third-party and intercompany financial assets and liabilities through consolidated income statement

(2) This position includes the income from the released impairments and allowances and recoveries during the period less the increase of impairments and allowances



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34.3 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.

34.4 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 income statement 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.

34.5 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.

**34.5.1 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 | CHF | Total |
|---|---|---|---|---|
| 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)** |
| DECEMBER 31, 2015 | | | | |
| Monetary assets | 0.2 | — | 0.5 | 0.7 |
| Monetary liabilities | 9.7 | 0.4 | 0.5 | 10.6 |
| **Net currency exposure** | **(9.5)** | **(0.4)** | **—** | **(9.9)** |

(1) USD held by Canadian subsidiaries



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The sensitivity analysis includes all monetary assets and liabilities 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 income statement or in the hedging and revaluation reserves when the EUR strengthens against the relevant currency.

| In Millions of USD | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|
| Effect on the Income Statement – profit (loss) of USD | 0.9 | 0.5 |
| Effect on the Income Statement – profit (loss) of EUR | (0.5) | — |

34.6 INTEREST RATE RISK MANAGEMENT

**34.6.1 Allocation of financial assets and liabilities to interest classes**

| | 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** |

| | In % | | In Millions Of USD | | | | |
|---|---|---|---|---|---|---|---|
| At December 31, 2015 | 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% | | 145.7 | — | 145.7 | 14.7 | 160.4 |
| Trade receivables | | | — | — | — | 6.5 | 6.5 |
| Other accounts receivable | | | — | — | — | 43.0 | 43.0 |
| Other non-current assets | 7.0% | | 21.7 | — | 21.7 | 2.2 | 23.9 |
| **Financial assets** | | | **167.4** | **—** | **167.4** | **66.4** | **233.8** |
| Trade payables | | | — | — | — | 83.5 | 83.5 |
| Financial debt, short-term | | | — | — | — | 0.9 | 0.9 |
| Other liabilities | | | — | — | — | 107.6 | 107.6 |
| Financial debt, long-term | | 5.9% | — | 483.1 | 483.1 | — | 483.1 |
| Other non-current liabilities | | | — | — | — | 1.8 | 1.8 |
| **Financial liabilities** | | | **—** | **483.1** | **483.1** | **193.8** | **676.9** |
| **Net financial liabilities** | | | **(167.4)** | **483.1** | **315.7** | **127.4** | **443.1** |



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34.7 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.

**34.7.1 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.

34.8 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).

**34.8.1 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 tables include principal and interest cash flows.

| At December 31, 2016<br>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** |

| At December 31, 2015<br>In Millions Of USD | 1 – 6 Months | 6 – 12 Months | 1 – 2 Years | More than 2 years | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 160.5 | — | — | — | 160.5 |
| Trade receivables | 6.5 | — | — | — | 6.5 |
| Other accounts receivable | 43.0 | — | — | — | 43.0 |
| Other non-current assets | — | — | — | 28.5 | 28.5 |
| **Total cash inflows** | **210.0** | **—** | **—** | **28.5** | **238.5** |
| Trade payables | 83.5 | — | — | — | 83.5 |
| Financial debt, short-term | 0.9 | — | — | — | 0.9 |
| Other liabilities | 107.6 | — | — | — | 107.6 |
| Financial debt, long-term | 14.3 | 14.3 | 28.6 | 620.1 | 677.3 |
| Other non-current liabilities | — | — | — | 1.8 | 1.8 |
| **Total cash outflows** | **206.3** | **14.3** | **28.6** | **621.9** | **871.1** |



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## LIST OF SUBSIDIARIES

**R = Retail H = Holding**

| As of December 31, 2016 | 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 |
| Atlanta WDFG Shellis Atlanta JV | Atlanta | USA | R | 70 | — | USD |
| AMS-TE Atlantic City JV | Atlantic City | USA | R | 85 | — | USD |
| Hudson Birmingham JV | Birmingham | USA | R | 70 | — | USD |
| Hudson-BW Logan C, JV | Boston | USA | R | 85 | — | USD |
| National Air Ventures | Boston | USA | R | 70 | — | USD |
| Hudson-NEU Logan 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 |
| Dufry O'Hare T5 JV | Chicago | USA | R | 80 | — | USD |
| Hudson-JRE Midway JV | Chicago | USA | R | 70 | — | 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 |
| WDFG-Aranza/Howell D2-14, LLC | Dallas | USA | R | 65 | — | USD |
| Dallas Fort WDFG-Howell Mickens JV | Dallas | USA | R | 65 | — | USD |
| Dallas Love Field WDFG – Love Field Partners II LLC | Dallas | USA | R | 51 | — | USD |
| Dallas Fort Worth WDFG/JAVA STAR JV | Dallas | USA | R | 50 | — | USD |
| HG-Regali DFW JV | Dallas FW | USA | R | 65 | — | USD |
| HG Multiplex DFW JV | Dallas FW | USA | R | 65 | — | USD |
| HG DFW Retailers JV | Dallas FW | USA | R | 65 | — | USD |
| Dallas Fort Worth – WDFG – Howell Mickens Terminal A – Retail I JV | Dallas FW | USA | R | 65 | — | USD |
| World Duty Free Group US Inc | Delaware | USA | H | 100 | — | USD |
| World Duty Free Group JV Holding LLC | Delaware | USA | R | 100 | — | USD |
| Detroit WDFG Detroit & Partners LLC | Delaware | USA | R | 80 | — | USD |
| HG Denver JV | Denver | USA | R | 76 | — | USD |
| Denver Duty Free JV | Denver | USA | R | 67 | — | USD |
| Denver – WDFG SPI DEN Retail LLC | Denver | USA | R | 75 | — | USD |



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| As of December 31, 2016 | Location | Country | Type | Ownership in % | Share Capital in Thousands | Currency |
|---|---|---|---|---|---|---|
| WDFG Partners Duty Free LLC (Detroit) | Detroit | USA | R | 75 | — | USD |
| Grand Rapids WDFG/Diversified 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 |
| Dufry Houston Duty Free & Retail Partnership | Houston | USA | R | 75 | 1 | USD |
| Houston WDFG Branch McGowen, LLC | Houston | USA | R | 64 | — | USD |
| Nuance Houston LLC | Houston | USA | R | 75 | — | USD |
| AMS-AJA Jackson JV | Jackson | USA | R | 67 | — | 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 WDFG Adevco Joint Venture | Little Rock | USA | R | 70 | — | USD |
| HG Magic Concourse TBIT JV | Los Angeles | USA | R | 68 | — | USD |
| Airport Management Services LLC | Los Angeles | USA | H/R | 100 | — | USD |
| LAX Retail Magic 2 JV | Los Angeles | USA | R | 73 | — | USD |
| LAX Retail Magic 3-4 JV | Los Angeles | USA | R | 75 | — | USD |
| Hudson-Magic Johnson Ent. CV LLC | Los Angeles | USA | R | 91 | — | USD |
| HG-LAX T6, JV | Los Angeles | USA | R | 68 | — | USD |
| LAX WDFG CA LLC | Los Angeles | USA | R | 65 | — | USD |
| HG Manchester, JV | Manchester | USA | R | 90 | — | USD |
| Miami Airport Retail Partners JV | 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 |
| 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 |
| Dufry Americas Holding Inc | New York | USA | H | 100 | — | USD |
| Hudson Group (HG) Retail, LLC | New York | USA | H/R | 100 | — | USD |
| 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 |
| Dufry Newark Inc | Newark | USA | R | 100 | — | USD |
| Hudson JME Newark C JV | Newark | USA | R | 80 | — | USD |
| AMS-BW Newark JV | Newark | USA | R | 70 | — | USD |
| Hudson-NIA Norfolk JV | Norfolk | USA | R | 80 | — | USD |



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| As of December 31, 2016 | Location | Country | Type | Ownership in % | Share Capital in Thousands | Currency |
|---|---|---|---|---|---|---|
| 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 |
| AMS-CyS Phoenix JV | Phoenix | USA | R | 70 | — | USD |
| Phoenix WDFG JV | Phoenix | USA | R | 70 | — | USD |
| AMS-NIA Richmond JV | Richmond | USA | R | 80 | — | USD |
| Hudson-NIA Rochester JV | Rochester | USA | R | 85 | — | USD |
| San Antonio WDFG – Houston 8 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 |
| WDFG-Skyview Concessions LLC | San Francisco | USA | R | 90 | — | 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 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 | Canada | R | 100 | — | CAD |



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**HUDSON GROUP**

**INTERIM COMBINED FINANCIAL STATEMENTS**

**INTERIM COMBINED STATEMENT OF COMPREHENSIVE INCOME**
**for the 9 months period ended September 30, 2017**

| In Millions of USD | Note | Unaudited Jan 1 – Sep 30, 2017 | Unaudited Jan 1 – Sep 30, 2016 |
|---|---|---|---|
| Turnover | | 1,352.1 | 1,272.1 |
| Cost of sales | | (511.4) | (489.5) |
| **Gross profit** | | **840.7** | **782.6** |
| Selling expenses | | (315.4) | (298.2) |
| Personnel expenses | | (275.7) | (251.9) |
| General expenses | | (118.2) | (114.2) |
| Share of result of associates | | (0.3) | — |
| Depreciation, amortization and impairment | | (79.3) | (72.5) |
| Other operational result | | 0.9 | (7.7) |
| **Operating profit** | | **52.7** | **38.1** |
| Interest expenses | | (22.7) | (22.3) |
| Interest income | | 1.4 | 1.7 |
| Foreign exchange gain/(loss) | | 0.8 | (0.1) |
| **Earnings before taxes (EBT)** | | **32.2** | **17.4** |
| Income tax | 5 | (8.0) | (1.7) |
| **Net earnings** | | **24.2** | **15.7** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Exchange differences on translating foreign operations | | 27.2 | 19.7 |
| **Items to be reclassified to net income in subsequent periods, net of tax** | | **27.2** | **19.7** |
| **Total other comprehensive income/(loss), net of tax** | | **27.2** | **19.7** |
| **Total comprehensive income/(loss), net of tax** | | **51.4** | **35.4** |
| **NET EARNING ATTRIBUTABLE TO** | | | |
| Equity holders of the parent | | 1.0 | (5.5) |
| Non-controlling interests | | 23.2 | 21.2 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO** | | | |
| Equity holders of the parent | | 28.2 | 14.2 |
| Non-controlling interests | | 23.2 | 21.2 |



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**HUDSON GROUP**

**INTERIM COMBINED STATEMENT OF FINANCIAL POSITION**
**at September 30, 2017**

| In Millions of USD | Note | Unaudited Sep 30, 2017 | Dec 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | | 265.1 | 256.3 |
| Intangible assets | | 693.7 | 691.2 |
| Investments in associates | | 2.1 | 2.4 |
| Deferred tax assets | | 152.7 | 153.0 |
| Other non-current assets | | 33.7 | 31.1 |
| **Non-current assets** | | **1,147.3** | **1,134.0** |
| Inventories | | 180.8 | 161.4 |
| Trade and credit card receivables | | 3.9 | 8.2 |
| Other accounts receivable | | 52.1 | 47.3 |
| Income tax receivables | | 1.1 | 4.5 |
| Cash and cash equivalents | 7 | 220.5 | 187.6 |
| **Current assets** | | **458.4** | **409.0** |
| **Total assets** | | **1,605.7** | **1,543.0** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Equity attributable to equity holders of the parent | | 535.8 | 658.2 |
| Non-controlling interests | | 80.2 | 72.2 |
| **Total equity** | | **616.0** | **730.4** |
| Financial debt | 7 | 527.4 | 475.2 |
| Deferred tax liabilities | | 74.7 | 71.8 |
| Other non-current liabilities | | — | 1.1 |
| **Non-current liabilities** | | **602.1** | **548.1** |
| Trade payables | | 100.4 | 91.3 |
| Financial debt | 7 | 68.7 | 1.5 |
| Income tax payables | | 5.8 | 3.8 |
| Other liabilities | | 212.7 | 167.9 |
| **Current liabilities** | | **387.6** | **264.5** |
| **Total liabilities** | | **989.7** | **812.6** |
| **Total liabilities and shareholders' equity** | | **1,605.7** | **1,543.0** |



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**HUDSON GROUP**

**INTERIM COMBINED STATEMENT OF CHANGES IN EQUITY**
**for the 9 months period ended September 30, 2017**

| 2017<br>In Millions of USD | Note | Shareholder's Equity | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|
| **Balance at January 1** | | **658.2** | **72.2** | **730.4** |
| Net earnings/(loss) | | 1.0 | 23.2 | 24.2 |
| Other comprehensive income/(loss) | | 27.2 | — | 27.2 |
| **Total comprehensive income/(loss) for the period** | | **28.2** | **23.2** | **51.4** |
| **TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS** | | | | |
| Dividends to non-controlling interests | | — | (23.4) | (23.4) |
| Common control transaction | 6 | (154.7) | — | (154.7) |
| Share-based payment | | 3.4 | — | 3.4 |
| Tax effect on equity transactions | | 1.3 | — | 1.3 |
| **Total transactions with or distributions to owners** | | **(150.0)** | **(23.4)** | **(173.4)** |
| **CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES** | | | | |
| Changes in participation of non-controlling interests | | (0.6) | 8.2 | 7.6 |
| **Balance at September 30** | | **535.8** | **80.2** | **616.0** |

| 2016<br>In Millions of USD | Note | Shareholder's Equity | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|
| **Balance at January 1** | | **620.1** | **67.8** | **687.9** |
| Net earnings/(loss) | | (5.5) | 21.2 | 15.7 |
| Other comprehensive income/(loss) | | 19.7 | — | 19.7 |
| **Total comprehensive income for the period** | | **14.2** | **21.2** | **35.4** |
| **TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS** | | | | |
| Dividends to non-controlling interests | | — | (21.2) | (21.2) |
| Share-based payment | | 0.9 | — | 0.9 |
| Tax effect on equity transactions | | 0.3 | — | 0.3 |
| **Total transactions with or distributions to owners** | | **1.2** | **(21.2)** | **(20.0)** |
| **CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES** | | | | |
| Changes in participation of non-controlling interests | | (0.8) | 5.9 | 5.1 |
| **Balance at September 30** | | **634.7** | **73.7** | **708.4** |



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**HUDSON GROUP**

**INTERIM COMBINED STATEMENT OF CASH FLOWS**
**for the 9 months period ended September 30, 2017**

| In Millions of USD | Note | Unaudited Jan 1 – Sep 30, 2017 | Unaudited Jan 1 – Sep 30, 2016 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Total earnings before taxes (EBT)** | | **32.2** | **17.4** |
| **ADJUSTMENTS FOR:** | | | |
| Depreciation, amortization and impairment | | 79.3 | 72.5 |
| Loss/(gain) on sale of non-current assets | | 1.5 | — |
| Increase/(decrease) in allowances and provisions | | 11.8 | 5.4 |
| Loss/(gain) on unrealized foreign exchange differences | | (0.7) | 2.4 |
| Other non-cash items | | 3.4 | — |
| Share of result of associates | | 0.3 | — |
| Interest expense | | 22.7 | 22.3 |
| Interest income | | (1.4) | (1.7) |
| **Cash flow before working capital changes** | | **149.1** | **118.3** |
| Decrease/(increase) in trade and other accounts receivable | | 7.9 | (18.0) |
| Decrease/(increase) in inventories | | (28.6) | 3.5 |
| Increase/(decrease) in trade and other accounts payable | | 53.7 | 68.1 |
| Dividends received from associates | | — | 0.2 |
| **Cash generated from operations** | | **182.1** | **172.1** |
| Income taxes received/(paid) | | 0.2 | (0.1) |
| **Net cash flows from operating activities** | | **182.3** | **172.0** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (64.8) | (63.3) |
| Purchase of intangible assets | | (7.6) | (2.5) |
| Interest received | | 1.6 | 1.3 |
| **Net cash flows used in investing activities** | | **(70.8)** | **(64.5)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Repayment of financial debt | 7 | (36.5) | — |
| Proceeds from/(repayment of) 3rd party loans | | 0.3 | 12.2 |
| Dividends paid to non-controlling interest | | (23.4) | (21.2) |
| Interest paid | | (22.7) | (22.3) |
| **Net cash flows (used in)/from financing activities** | | **(82.3)** | **(31.3)** |
| Currency translation on cash | 7 | 3.7 | (0.8) |
| **(Decrease)/increase in cash and cash equivalents** | | **32.9** | **75.4** |
| **CASH AND CASH EQUIVALENTS AT THE** | | | |
| – beginning of the period | 7 | 187.6 | 160.4 |
| – end of the period | 7 | 220.5 | 235.8 |



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**HUDSON GROUP**

**NOTES TO THE INTERIM COMBINED FINANCIAL STATEMENTS**

## 1. CORPORATE INFORMATION

Hudson Group ("Hudson" or the "Group") operates in the Duty Paid and Duty Free travel retail markets and runs approximately 1,000 stores in over 80 locations, throughout the continental United States and Canada at September 30, 2017.

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 São Paulo, Brazil.

Hudson Ltd was incorporated on May 30, 2017 in Hamilton, Bermuda as a wholly owned subsidiary of Dufry. In connection with the initial public offering (IPO) and listing on the New York Stock Exchange of its class A shares, Hudson Ltd will become the direct or indirect parent of all entities that are part of Hudson Group. Hudson Ltd. has had no operations and only nominal assets since inception.

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

In connection with the proposed initial public offering (IPO) of Hudson Group, these interim combined financial statements have been prepared for the purpose of integration in the prospectus for the initial listing of the shares of Hudson Ltd on the New York Stock Exchange (NYSE). They have been prepared in accordance with IAS 34 Interim Financial Reporting.

For the purpose of these interim combined financial statements, Hudson Group comprises all entities and operations directly or indirectly owned by Dufry which are expected to be transferred to Hudson Ltd prior to its initial listing at the NYSE. The interim combined financial statements have been prepared based on the financial reporting packages that were used for the preparation of the interim consolidated financial statements of Dufry. Hudson Group uses the same accounting policies and principles in these interim combined financial statements as were used for the preparation of the interim consolidated financial statements of Dufry.

The interim combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjuction with Hudson's combined financial statements as of December 31, 2016.

The interim combined financial statements were authorized for issue on October 26, 2017 by the management of Dufry International AG.

### 2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED

The accounting policies adopted in the preparation of the interim combined financial statements are consistent with those followed in the preparation of Hudson's combined financial statements for the year ended December 31, 2016, except for:

**New or revised Standards and 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 6).

— IAS 12 Income taxes

Additional clarification was issued on the recognition of deferred tax assets for unrealized losses on debt instruments at fair value. Hudson currently does not have debt instruments at fair value.



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## 3. SEGMENT INFORMATION

Hudson Group 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 the allocation of resources.

Hudson Group generates revenues from selling a wide range of duty-free and duty-paid products through its stores that are located at airports, commuter terminals, hotels, landmarks or other tourist destinations, as well as through advertising income.

**Turnover by Country**

| In Millions of USD | Unaudited Jan 1 – Sep 30, 2017 | Unaudited Jan 1 – Sep 30, 2016 |
|---|---|---|
| US | 1,101.7 | 1,058.3 |
| Canada | 250.4 | 213.8 |
| **Total** | **1,352.1** | **1,272.1** |

**Non-Current Assets by Country (excluding financial instruments, deferred taxes)**

| In Millions of USD | Unaudited Sep 30, 2017 | Dec 31, 2016 |
|---|---|---|
| US | 571.1 | 568.2 |
| Canada | 421.4 | 410.4 |
| **Total** | **992.5** | **978.6** |

## 4. SEASONALITY

Hudson has its strongest months of turnover and operating profit between July and September corresponding to the summer time, whereas the first quarter is the weakest. These seasonality effects are more prominent on the result than in turnover.

## 5. INCOME TAXES

| In Millions of USD | Unaudited Jan 1 – Sep 30, 2017 | Unaudited Jan 1 – Sep 30, 2016 |
|---|---|---|
| Current income tax | (7.3) | (5.9) |
| Deferred income tax | (0.7) | 4.2 |
| **Total** | **(8.0)** | **(1.7)** |

## 6. ACQUISITION OF WDFG VANCOUVER LP

On August 1, the Hudson Group, through its subsidiary The Nuance Group (Canada) Inc acquired substantially all interests in WDFG Vancouver L.P. (Canada) from Cancouver Uno SLU (Spain, a company of the Dufry Group) for a net consideration of CAD 195.0 million (USD 154.7 million). This transaction was financed with a loan received from Dufry Financial Services B.V.

As WDFG Vancouver L.P. was already within the scope of these combined financial statements prior to the acquisition, the loan was recorded against equity and no additional assets or liabilities were recorded as a result. As the acquisition was directly financed by the loan without any cash exchanging hands, the transaction was presented on a net basis for cash-flow purposes.



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## 7. NET DEBT

| In Millions of USD (unaudited) | 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 | 29.2 | — | — | (29.2) |
| Repayments of financial debt | — | (36.5) | — | (36.5) |
| Loan from common control transaction | — | 103.1 | 51.6 | 154.7 |
| **Cash flow** | **29.2** | **66.6** | **51.6** | **89.0** |
| Currency translation adjustments | 3.7 | 0.6 | 0.6 | (2.5) |
| **Non-cash movements** | **3.7** | **0.6** | **0.6** | **(2.5)** |
| **Balance at September 30, 2017** | **220.5** | **68.7** | **527.4** | **375.6** |

## 8. PRINCIPAL FOREIGN EXCHANGE RATES APPLIED FOR VALUATION AND TRANSLATION

| | Average Rate | Closing Rate |
|---|---|---|
| In USD | Jan 1 – Sep 30, 2017 | Sep 30, 2017 |
| 1 CAD | 0.7579 | 0.8021 |

| In USD | Jan 1 – Sep 30, 2016 | Sep 30, 2016 | Dec 31, 2016 |
|---|---|---|---|
| 1 CAD | 0.7570 | 0.7618 | 0.7446 |



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**Report of Independent Auditors**

To the Board of Directors and Shareholders of Dufry AG

We have audited the accompanying combined financial statements of Nuance North America which comprise the combined statement of financial position as of September 8, 2014, and the related combined income statement and combined statements of comprehensive income, changes in equity and cash flows for the period from January 1, 2014 through September 8, 2014, and the related notes to the combined financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) ("IFRS"); this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion**

As discussed in Note 2.1 to the combined financial statements, the Company has not presented prior period comparatives because such comparatives are not required by Rule 3-05 of the United States Securities and Exchange Commission Regulation S-X. Disclosure of comparatives is required by IFRS.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Nuance North America as of September 8, 2014 and the combined results of its operations and its cash flows for the period from January 1, 2014 through September 8, 2014 in accordance with IFRS.

/s/ Ernst & Young AG

Basel, Switzerland
August 25, 2017



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**NUANCE NORTH AMERICA**

**COMBINED FINANCIAL STATEMENTS**

**COMBINED INCOME STATEMENT**
**for the period January 1 to September 8, 2014**

| In Millions of USD | Note | Jan 1 – Sep 8, 2014 |
|---|---|---|
| Turnover | 6 | 114.0 |
| Cost of sales | | (48.6) |
| **Gross profit** | | **65.4** |
| Selling expenses | 7 | (31.4) |
| Personnel expenses | 8 | (12.3) |
| General expenses | 9 | (7.1) |
| Share of result of associates | 10 | 1.2 |
| Depreciation, amortization and impairment | 11 | (2.0) |
| Other operational result | | 1.8 |
| **Operating profit** | | **15.6** |
| Interest expenses | 12 | (0.2) |
| Interest income | 12 | 0.1 |
| Foreign exchange gain/(loss) | | 0.1 |
| **Earnings before taxes (EBT)** | | **15.6** |
| Income tax | 13 | (3.9) |
| **Net earnings** | | **11.7** |
| NET EARNINGS ATTRIBUTABLE TO | | |
| Equity holders of the parent | | 10.5 |
| Non-controlling interests | 23 | 1.2 |



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**NUANCE NORTH AMERICA**

**COMBINED STATEMENT OF COMPREHENSIVE INCOME**
**for the period January 1 to September 8, 2014**

| In Millions of USD | Note | Jan 1 – Sep 8, 2014 |
|---|---|---|
| **Net earnings** | | **11.7** |
| **Total other comprehensive income, net of tax** | | **—** |
| **Total comprehensive income, net of tax** | | **11.7** |
| ATTRIBUTABLE TO | | |
| Equity holders of the parent | | 10.5 |
| Non-controlling interests | | 1.2 |



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**NUANCE NORTH AMERICA**

**COMBINED STATEMENT OF FINANCIAL POSITION**
**at September 8, 2014**

| In Millions of USD | Note | Sep 8, 2014 |
|---|---|---|
| ASSETS | | |
| Property, plant and equipment | 14 | 11.8 |
| Intangible assets | 16 | 0.2 |
| Investments in associates | 10 | 4.6 |
| Other non-current assets | 18 | 10.3 |
| **Non-current assets** | | **26.9** |
| Inventories | 19 | 17.4 |
| Trade and credit card receivables | 20 | 3.2 |
| Other accounts receivable | 21 | 2.9 |
| Cash and cash equivalents | | 14.9 |
| **Current assets** | | **38.4** |
| **Total assets** | | **65.3** |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Equity attributable to equity holders of the parent | | 43.0 |
| Non-controlling interests | 23 | 3.0 |
| **Total equity** | | **46.0** |
| Other non-current liabilities | 24 | 2.6 |
| **Non-current liabilities** | | **2.6** |
| Trade payables | | 9.1 |
| Income tax payables | | 0.2 |
| Other liabilities | 24 | 7.4 |
| **Current liabilities** | | **16.7** |
| **Total liabilities** | | **19.3** |
| **Total liabilities and shareholders' equity** | | **65.3** |



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**NUANCE NORTH AMERICA**

**COMBINED STATEMENT OF CHANGES IN EQUITY**
**for the period January 1 to September 8, 2014**

| 2014<br>In Millions of USD | Note | Shareholder's Equity | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|
| **Balance at January 1, 2014** | | **32.5** | **3.2** | **35.7** |
| Net earnings/(loss) | | 10.5 | 1.2 | 11.7 |
| Other comprehensive income/(loss) | | — | — | — |
| **Total comprehensive income/(loss) for the period** | | **10.5** | **1.2** | **11.7** |
| TRANSACTIONS WITH OR DISTRIBUTIONS TO SHAREHOLDERS | | | | |
| Dividends to non-controlling interests | | — | (1.4) | (1.4) |
| **Balance at September 8, 2014** | | **43.0** | **3.0** | **46.0** |



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**NUANCE NORTH AMERICA**

**COMBINED STATEMENT OF CASH FLOWS**
**for the period January 1 to September 8, 2014**

| In Millions of USD | Note | Jan 1 – Sep 8, 2014 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| **Earnings before taxes (EBT)** | | **15.6** |
| ADJUSTMENTS FOR | | |
| Depreciation, amortization and impairment | 11 | 2.0 |
| Increase/(decrease) in allowances and provisions | | 0.3 |
| Loss/(gain) on unrealized foreign exchange differences | | (0.9) |
| Share of result of associates | 10 | (1.2) |
| Interest expense | 12 | 0.2 |
| Interest income | 12 | (0.1) |
| **Cash flow before working capital changes** | | **15.9** |
| Decrease/(increase) in trade and other accounts receivable | | (1.0) |
| Decrease/(increase) in inventories | 19 | (3.6) |
| Increase/(decrease) in trade and other accounts payable | | 2.6 |
| Dividends received from associates | 10 | 1.4 |
| **Cash generated from operations** | | **15.3** |
| Income taxes paid | | (3.8) |
| **Net cash flows from operating activities** | | **11.5** |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | 14, 15 | (8.1) |
| Purchase of intangible assets | 16, 17 | (0.1) |
| Proceeds from sale of property, plant and equipment | | 2.5 |
| **Net cash flows used in investing activities** | | **(5.7)** |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from/(repayment of) related party loans | | (2.9) |
| Dividends paid to non-controlling interest | | (1.4) |
| Interest paid | | (0.2) |
| **Net cash flows (used in)/from financing activities** | | **(4.5)** |
| Currency translation on cash | | (0.3) |
| **(Decrease)/increase in cash and cash equivalents** | | **1.0** |
| CASH AND CASH EQUIVALENTS AT THE | | |
| – beginning of the period | | 13.9 |
| – end of the period | | 14.9 |



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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**
**FOR THE PERIOD JANUARY 1 – SEPTEMBER 8, 2014**

## 1. CORPORATE INFORMATION

Nuance North America (the Group) are former subsidiaries of The Nuance Group AG located in USA and Canada. The Group operated in Duty Free travel retail and at September 8, 2014, ran 27 stores in 8 airports throughout the USA and Canada, providing traditional duty free assortment as well as brand boutiques and specialized stores.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

In connection with the proposed initial public offering (IPO) of Hudson Group, these combined financial statements have been compiled for the purpose of integration in the prospectus for the initial listing of the shares of Hudson Group on the New York Stock Exchange (NYSE). The combined financial statements for the period January 1 – September 8, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), except that they do not include comparative figures for the prior year as required by IAS 1.38 Presentation of Financial Statements. The purpose of these combined financial statements is to meet the reporting requirements of Rule 3-05 of regulation S-X. The result and cash flows generated by Nuance North America in the period from January 1 to September 8, 2014, are not included in the combined financial statements of Hudson Group of the year 2014.

On September 9, 2014, the Dufry Group (Dufry) acquired 100% of the shares of The Nuance Group including among others the operations represented here as the Group. Dufry AG is a public listed company with headquarters in Basel, Switzerland.

For the purpose of these combined financial statements, the Group comprises all entities and operations directly or indirectly owned at present by Dufry AG which previously were held by The Nuance Group located in the USA and Canada and are expected to be transferred to Hudson Ltd, prior to its initial listing at the NYSE. Refer to Note 2.2 for the principles applied to this combination; refer to the list of subsidiaries for an overview of the 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 The Nuance Group. The accounting policies and principles in these combined financial statements have been adapted to comply with the Dufry accounting policies.

The Group's combined financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets and 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 U.S. dollars (USD) and all values are rounded to the nearest one hundred thousand, except when otherwise indicated.

The combined financial statements were authorized for issue on August 25, 2017 by the management of Dufry International AG.

### 2.2 BASIS OF COMBINATION

The combined financial statements of the Group comprise all entities and operations directly or indirectly owned by The Nuance Group at September 8, 2014, which are expected to be transferred to Hudson Ltd prior to its initial listing at the NYSE; this includes subsidiaries, associates and joint ventures.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which The Nuance Group AG, the parent entity of The Nuance Group, obtained control over the entities of the Group, and continue to be consolidated until the date when such control is lost. An entity of the Group controls



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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 The Nuance Group subsidiaries outside the scope of combination of the Group have not been eliminated and are reported as related party transactions in these combined financial statements, refer to Note 25.

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

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

For the accounting treatment of associated companies see 2.3.

## 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Revenue Recognition

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

### b) 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, transport, inventory valuation adjustments and inventory differences.

### c) Foreign currency translation

The financial statements are expressed in millions of U.S. dollars (USD). Each entity included in the Group uses its corresponding local currency and items included in the financial statements of each entity are measured using that local currency. Transactions in foreign currencies are initially recorded in the local currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-measured to their fair value in the local currency using the exchange rate at the reporting date and recorded as unrealized foreign exchange gains/losses. Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through the income statement, except where the hedges on net investments allow the recognition in other comprehensive income, until the respective investments are disposed of. Any related deferred tax is also accounted through other comprehensive income. 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 (USD) using the exchange rate at the reporting date. The income statements 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 income statement 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.



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Principal foreign exchange rates applied for valuation and translation:

| In EUR | Average Rate Jan 1 – Sep 8, 2014 | Closing Rate Sep 8, 2014 |
|---|---|---|
| 1 CAD | 0.9151 | 0.9204 |

**d) 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 income statement 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.

**e) Taxation**

Income tax expense represents the sum of the current income tax and deferred tax. Where a different functional currency is used, the position includes the changes in deferred tax assets or deferred tax liabilities due to foreign exchange translation.

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.

Current income tax

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

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

Deferred tax

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

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

— When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

— In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future



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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.

**f) 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:

— Leasehold improvements the shorter of the lease term or 5 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 3 years

— Computer software and other intangible assets the shorter of the lease term or 3 years

**g) 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 unit).

**h) Associates**

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

The Group's share of post-acquisition net earnings is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not



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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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group 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 income statement.

Profits and losses resulting from upstream and downstream transactions between the Group 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 the Group.

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

**i) 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.

**j) Trade and credit card receivables/trade payables**

Receivables and payables in respect of the sale/purchase of merchandise are included in these positions.

**k) 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. 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.

**l) 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 the Group 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.

**m) 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



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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 income statement.

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 income statement in the lines selling expenses or other operational result.

Derecognition of financial assets

The Group 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 the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred as set, The Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 income statement. The net gain or loss recognized in the consolidated income statement incorporates any interest paid on the financial liability and is included in the financial result in the income statement. Fair value is determined in the manner described in note 27.

Other financial liabilities

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

Derecognition of financial liabilities

The Group 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 consolidated income statement.

Offsetting of financial instruments

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

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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



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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.

**Income taxes**

NNA is subject to income taxes in numerous jurisdictions. 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. NNA 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 note 13.

## 4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

The standards and interpretations described below are adopted for the first time for the preparation of the combined financial statements presented.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)**

(effective January 1, 2016)

— 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 2010 – 2012 – issued December 2013**

(effective January 1, 2015)

— IFRS 2 Share-based Payment: Definition of vesting condition by separately defining a "performance condition" and a "service condition".

— IFRS 3 Business Combination: Accounting for contingent consideration in a business combination that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in either profit or loss or other comprehensive income.

— IFRS 8 Operating Segments: Aggregation of operating segments requires the disclosure of those factors that are used to identify the entity's reportable segments.

— IAS 24 Related Party Disclosures: An entity providing key management personnel services to the reporting entity is a related party of the reporting entity.

**Annual Improvements 2012 – 2014 – issued September 2014**

(effective January 1, 2016)

— IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal are clarified, i.e. whether such a change in a disposal method would qualify as a change to a plan of sale.

— IAS 34 Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report" is clarified and requires the inclusion of a cross-reference from the interim financial statements to the location of this information.



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## 5. SEGMENT INFORMATION

NNA Group consists of one operating segment "Travel Retail Operations" for which reports are submitted to the management, being the Chief Operating Decision Maker (CODM). These reports form the basis for the evaluation of performance and the allocation of resources. NNA Group generates revenues from selling a wide range of duty-free products through its stores that are mainly located at airports. Below tables are showing the values by countries.

**Net Sales**

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| US | 35.3 |
| Canada | 77.0 |
| **Total** | **112.3** |

**Non-Current Assets (excluding financial instruments and deferred taxes)**

| In Millions of USD | Sep 8, 2014 |
|---|---|
| US | 12.4 |
| Canada | 14.5 |
| **Total** | **26.9** |

## 6. TURNOVER

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Net sales | 112.3 |
| Advertising income | 1.7 |
| **Turnover** | **114.0** |

**Net sales by product categories**

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Perfumes and Cosmetics | 35.6 |
| Wine and Spirits | 25.9 |
| Fashion, Leather and Baggage | 20.5 |
| Tobacco goods | 18.0 |
| Confectionery, Food and Catering | 8.3 |
| Electronics | 0.4 |
| Toys, Souvenirs and other goods | 3.6 |
| **Total** | **112.3** |

## 7. SELLING EXPENSES

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Concession fees and rents | (29.3) |
| Credit card commissions | (1.6) |
| Advertising and commission expenses | (0.4) |
| Other selling expenses | (0.1) |
| **Total** | **(31.4)** |

The Group pays concession fees to landlords for lease of shops at airports or other similar locations. Such fees are usually determined in proportion to sales and require minimal payments, which vary by contract/agreement.



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## 8. PERSONNEL EXPENSES

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Salaries and wages | (9.8) |
| Social security expenses | (2.0) |
| Other personnel expenses | (0.5) |
| **Total** | **(12.3)** |
| Full time equivalents (FTE) as of September 8, 2014 (unaudited) | 485.3 |

## 9. GENERAL EXPENSES

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Premises | (2.4) |
| EDP and IT expenses | (0.2) |
| Travel, car, entertainment and representation | (0.5) |
| Office and administration | (0.3) |
| Legal, consulting and audit fees | (0.5) |
| Insurances | (0.6) |
| Taxes, other than income taxes | (0.1) |
| Franchise fees and commercial services (note 25) | (2.5) |
| **Total** | **(7.1)** |

## 10. INVESTMENTS IN ASSOCIATES

This includes Nuance Group (Chicago) LLC, which operates four duty-free shops at O'Hare International Airport of Chicago in Illinois, USA, Nuance Group (Orlando) LLC which operates shops at Orlando Airport and Broward Duty Free LLC, which operates shops at Ft. Lauderdale Airport.

These investments are accounted for using the equity method.

**Summarized statement of financial position**

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | Sep 8, 2014 |
|---|---|---|---|---|
| Cash and cash equivalents | 2.5 | 3.8 | 0.8 | 7.1 |
| Other current assets | 4.3 | 3.2 | 1.3 | 8.8 |
| Non-current assets | 0.3 | 1.8 | 0.1 | 2.2 |
| Other current liabilities | (2.5) | (2.4) | (0.4) | (5.3) |
| **Net assets** | **4.6** | **6.4** | **1.8** | **12.8** |
| Proportion of the Group's ownership | 35.0% | 37.5% | 35.0% | |
| **The Group's share of the equity** | **1.6** | **2.4** | **0.6** | **4.6** |



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**Summarized statement of comprehensive income**

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | Jan 1 – Sep 8, 2014 |
|---|---|---|---|---|
| Turnover | 18.1 | 13.7 | 4.5 | 36.3 |
| Depreciation, amortization and impairment | (0.2) | (0.4) | — | (0.6) |
| **Net earnings for the year** | **1.1** | **1.7** | **0.6** | **3.4** |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items to be reclassified to net income in subsequent periods | — | — | — | — |
| **Total other comprehensive income** | — | — | — | — |
| **Total comprehensive income** | **1.1** | **1.7** | **0.6** | **3.4** |
| THE GROUP'S SHARE | 35.0% | 37.5% | 35.0% | |
| Net earnings for the period | 0.4 | 0.6 | 0.2 | 1.2 |
| **Total comprehensive income** | **0.4** | **0.6** | **0.2** | **1.2** |

**Reconciliation of the carrying amount of its investments**

| In Millions of USD | Nuance Group (Chicago) LLC | Nuance Group (Orlando) LLC | Broward Duty Free LLC | Total |
|---|---|---|---|---|
| **Carrying value at January 1, 2014** | **1.7** | **2.6** | **0.5** | **4.8** |
| Net earnings | 0.4 | 0.6 | 0.2 | 1.2 |
| Dividends received | (0.5) | (0.8) | (0.1) | (1.4) |
| **Carrying value at September 8, 2014** | **1.6** | **2.4** | **0.6** | **4.6** |

## 11. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Depreciation | (1.9) |
| Amortization | (0.1) |
| **Total** | **(2.0)** |

## 12. INTEREST

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| INCOME ON FINANCIAL ASSETS | |
| Interest income on short-term deposits | 0.1 |
| **Interest income on financial assets** | **0.1** |
| **Total interest income** | **0.1** |
| EXPENSES ON FINANCIAL LIABILITIES | |
| Other financial expenses | (0.2) |
| **Interest expense on financial liabilities** | **(0.2)** |
| **Total interest expense** | **(0.2)** |



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## 13. INCOME TAXES

INCOME TAX RECOGNIZED IN THE COMBINED INCOME STATEMENT

The USD 3.9 million correspond to current income tax of the period.

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Earnings before income tax (EBT) | 15.6 |
| Expected tax rate in % | 39.0% |
| Tax at the expected rate | (6.1) |
| EFFECT OF | |
| Different tax rates applicable for foreign subsidiaries | 0.8 |
| Income tax in Net Share in profit of associates | 0.5 |
| Income tax NCI | 0.5 |
| Other items | 0.4 |
| **Total** | **(3.9)** |

The expected tax rate in % is the income tax rate applicable in the USA. The tax effect from Canada, where the tax rate is different from the US, is explained in line "Different tax rates for subsidiaries in other jurisdictions".

There are USD 5.3 million tax losses carried forward not recognized at September 8, 2014. USD 0.8 million tax losses expire in 2018, USD 4.5 million expire in 2021.

## 14. PROPERTY, PLANT AND EQUIPMENT

| 2014<br>In Millions of USD | Leasehold Improvements | Furniture Fixture | Computer Hardware | Vehicles | Work In Progress | Total |
|---|---|---|---|---|---|---|
| AT COST | | | | | | |
| **Balance at January 1** | **20.7** | **2.6** | **3.9** | **0.2** | **3.1** | **30.5** |
| Additions (note 15) | 5.8 | 2.0 | 0.1 | 0.2 | — | 8.1 |
| Disposals | — | (2.8) | — | (0.2) | (2.5) | (5.5) |
| Currency translation adjustments | (0.2) | — | — | (0.1) | (0.1) | (0.4) |
| **Balance at September 8** | **26.3** | **1.8** | **4.0** | **0.1** | **0.5** | **32.7** |
| ACCUMULATED DEPRECIATION | | | | | | |
| **Balance at January 1** | **(15.3)** | **(1.4)** | **(3.4)** | **(0.1)** | **—** | **(20.2)** |
| Additions (note 11) | (1.2) | (0.5) | (0.2) | — | — | (1.9) |
| Disposals | — | 0.7 | — | 0.1 | — | 0.8 |
| Currency translation adjustments | 0.5 | — | — | (0.1) | — | 0.4 |
| **Balance at September 8** | **(16.0)** | **(1.2)** | **(3.6)** | **(0.1)** | **—** | **(20.9)** |
| CARRYING AMOUNT | | | | | | |
| **At September 8** | **10.3** | **0.6** | **0.4** | **—** | **0.5** | **11.8** |

## 15. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Additions of property, plant and equipment (note 14) | (8.1) |
| **Total Cash Flow** | **(8.1)** |



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## 16. INTANGIBLE ASSETS

| 2014<br>In Millions of USD | Software |
|---|---|
| AT COST | |
| **Balance at January 1** | **1.4** |
| Additions (note 17) | 0.1 |
| **Balance at September 8** | **1.5** |
| ACCUMULATED AMORTIZATION | |
| **Balance at January 1** | **(1.3)** |
| **Balance at September 8** | **(1.3)** |
| CARRYING AMOUNT | |
| **At September 8** | **0.2** |

## 17. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| Additions of intangible assets (note 16) | (0.1) |
| **Total Cash Flow** | **(0.1)** |

## 18. OTHER NON-CURRENT ASSETS

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Loans and contractual receivables | 0.8 |
| Loans related parties | 9.5 |
| **Subtotal** | **10.3** |
| Allowances | — |
| **Total** | **10.3** |

## 19. INVENTORIES

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Purchased inventories at cost | 18.5 |
| Inventory allowance | (1.1) |
| **Total** | **17.4** |

CASH FLOWS USED FOR INCREASE/FROM DECREASE IN INVENTORIES

| In Millions of USD | 2014 |
|---|---|
| Balance at January 1 | 15.2 |
| Balance at September 8 | 18.5 |
| **Gross change – at cost** | **(3.3)** |
| Currency translation adjustments | (0.3) |
| **Cash Flow – (Increase)/decrease in inventories** | **(3.6)** |

Cost of sales includes inventories written down to net realizable value and inventory differences of USD 0.4 million.



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## 20. TRADE AND CREDIT CARD RECEIVABLES

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Trade receivables | 2.0 |
| Credit card receivables | 1.4 |
| **Gross** | **3.4** |
| Allowances | (0.2) |
| **Net** | **3.2** |

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.

All trade receivable balances were not due at September 8, 2014.

MOVEMENT IN ALLOWANCES

| In Millions of USD | 2014 |
|---|---|
| **Balance at January 1** | **(0.1)** |
| Creation | (0.1) |
| Currency translation adjustments | — |
| **Balance at September 8** | **(0.2)** |

## 21. OTHER ACCOUNTS RECEIVABLE

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Receivables for rental services | 1.2 |
| Sales tax and other tax credits | 0.5 |
| Receivables from subtenants and business partners | 0.3 |
| Guarantee deposits | 0.3 |
| Other | 0.6 |
| **Total** | **2.9** |
| Allowances | — |
| **Total** | **2.9** |

## 22. EQUITY

These combined financial statements contain no specific Holding but several individual entities, therefore no disclosure of equity components is made.

## 23. INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

The non-controlling interests (NCI) comprise the portions in equity and net earnings in 3 (September 8, 2014) 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 held by the group and the share capital (if applicable).

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.



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**Summarized Statement of Financial Position**

| In Millions of USD | Sep 8, 2014 |
|---|---|
| **Nuance Group Las Vegas Partnership** | |
| Cash and cash equivalents | 3.9 |
| Other current assets | 4.6 |
| Non-current assets | 3.1 |
| Other current liabilities | (2.5) |
| **Net assets** | **9.1** |
| Non-controlling interest | 28% |
| **Non-controlling interest share of the net earnings Nuance Las Vegas** | **2.5** |

**Summarized Income Statement**

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| **Nuance Group Las Vegas Partnership** | |
| Turnover | 20.9 |
| Depreciation, amortization and impairment | (0.7) |
| **Net earnings for the year (continuing operations)** | **3.0** |
| Non-controlling interest | 28 |
| **Non-controlling interest share of the equity Nuance Las Vegas** | **0.8%** |

**Summarized Statement of Cash Flows**

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| **Nuance Group Las Vegas Partnership** | |
| Total earnings before taxes (EBT) | 3.0 |
| Net cash flows from operating activities | 3.6 |
| Net cash flows used in investing activities | (0.2) |
| Net cash flows (used in)/from financing activities | (3.6) |
| **(Decrease)/increase in cash and cash equivalents** | **(0.2)** |
| Non-controlling interest | 28% |
| Non-controlling interest share of the equity Nuance Las Vegas | (0.1) |
| Non-controlling interests in other subsidiaries | (0.2) |
| **Total cash flows attributable to NCI** | **(0.2)** |



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## 24. OTHER LIABILITIES

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Concession fee payables | 2.4 |
| Other service related vendors | 2.9 |
| Personnel payables | 1.3 |
| Sales tax and other tax liabilities | 0.1 |
| Accrued liabilities | 2.9 |
| Other payables | 0.4 |
| **Total** | **10.0** |
| THEREOF | |
| Current liabilities | 7.4 |
| Non-current liabilities | 2.6 |
| **Total** | **10.0** |

## 25. 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 table reflects related party transactions:

| In Millions of USD | Jan 1 – Sep 8, 2014 |
|---|---|
| PURCHASE OF OTHER SERVICES FROM | |
| The Nuance Group AG, Franchise Fees | (1.2) |
| The Nuance Group AG, Management Fees | (1.3) |
| OUTSTANDING RECEIVABLES AT SEPTEMBER 8 | |
| The Nuance Group AG, Loans Receivable Long Term | 9.5 |

The here combined entities do not have a common key management or board of directors, so that no disclosure about compensation is made in this respect.

The board of directors of the single entities have not received any compensation for its function since they were employees of The Nuance Group during this period.

## 26. COMMITMENTS AND CONTINGENCIES

GUARANTEE COMMITMENTS

Some long-term concession agreements, which the Group has entered into, include obligations to fulfill minimal fee payments during the full term of the agreement. Some of these agreements have been backed with guarantees provided by the Group or a financial institution. During the period January 1 – September 8, 2014 no party has exercised their right to call upon such guarantees. All accrued, but still unpaid concession fees are presented as liabilities in the balance sheet.



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## 27. FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

The fair value measurement hierarchy of the Group'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 September 8, 2014, the 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.

## 28. FINANCIAL INSTRUMENTS

Significant accounting policies are described in note 2.3 and following notes.

28.1 CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent less hedging and revaluation reserves for unrealized gains or losses on net investment, plus other equity-linked or equity-like instruments attributable to the parent.

The primary objective of the Group'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.

The Group 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, the Group may adjust dividend payments to shareholders, return capital to shareholders, issue new shares or issue equity-linked instruments or equity-like instruments.

Furthermore, the Group monitors the financing structure using a combination of ratios, including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing ratio the Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

### 28.1.1 Gearing ratio

The following ratio compares owner's equity to borrowed funds:

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Cash and cash equivalents | (14.9) |
| **Net debt** | **(14.9)** |
| Equity attributable to equity holders of the parent | 43.0 |
| **Total capital** | **43.0** |
| **Total net debt and capital** | **28.1** |
| **Gearing ratio** | **0.0%** |

The Group did not hold collateral of any kind at the reporting dates.



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28.2 CATEGORIES OF FINANCIAL INSTRUMENTS

| At September 8, 2014<br>In Millions of USD | Financial Assets<br>Loans and receivables | At FVTPL | Subtotal | Non-Financial Assets[1] | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 14.9 | — | 14.9 | — | 14.9 |
| Trade and credit card receivables | 3.2 | — | 3.2 | — | 3.2 |
| Other accounts receivable | 1.2 | — | 1.2 | 1.7 | 2.9 |
| Other non-current assets | 10.3 | — | 10.3 | — | 10.3 |
| **Total** | **29.6** | **—** | **29.6** | | |

| In Millions of USD | Financial Liabilities<br>At Amortized Cost | At FVTPL | Subtotal | Non-Financial Liabilities[1] | Total |
|---|---|---|---|---|---|
| Trade payables | 9.1 | — | 9.1 | — | 9.1 |
| Other liabilities | 4.4 | — | 4.4 | 3.0 | 7.4 |
| Other non-current liabilities | 2.6 | — | 2.6 | — | 2.6 |
| **Total** | **16.1** | **—** | **16.1** | | |

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

**28.2.1 Net income by IAS 39 valuation category**

Financial Assets for the period ended September 8, 2014

| In Millions of USD | Loans And Receivables | At FVTPL | Total |
|---|---|---|---|
| Interest income | 0.1 | — | 0.1 |
| **From interest** | **0.1** | **—** | **0.1** |
| Foreign exchange gain (loss)[1] | 0.1 | — | 0.1 |
| Impairments/allowances[2] | (0.1) | — | (0.1) |
| **Total – from subsequent valuation** | **—** | **—** | **—** |
| **Net (expense)/income** | **0.1** | **—** | **0.1** |

Financial Liabilities for the period ended September 8, 2014

| In Millions of USD | At Amortized Cost | At FVTPL | Total |
|---|---|---|---|
| Other finance expenses | (0.2) | — | (0.2) |
| **From interest** | **(0.2)** | **—** | **(0.2)** |
| **Net (expense)/income** | **(0.2)** | **—** | **(0.2)** |

(1) This position includes the foreign gain (loss) recognized on third-party and intercompany financial assets and liabilities through combined income statement

(2) This position includes the income from the released impairments and allowances and recoveries during the period less the increase of impairments and allowances



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28.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

As retailer, the Group has activities which need to be financed in different currencies and are consequently affected by fluctuations of foreign exchange and interest rates. The Group'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.

The Group continuously monitors the market risk, such as risks related to foreign currency, interest rate, credit, liquidity and capital. The Group 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.

28.4 MARKET RISK

The Group's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the income statement 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, the Group may use financial instruments to hedge the respective exposure.

The Group 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 period the Group has not utilized foreign currency forward contracts or options for hedging purposes.

28.5 FOREIGN CURRENCY RISK MANAGEMENT

The Group 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 are hedged through foreign exchange forwards contracts. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions.

**28.5.1 Foreign currency sensitivity analysis**

Among various methodologies to analyze and manage risk, the Group 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] | Total |
|---|---|---|
| SEPTEMBER 8, 2014 | | |
| Monetary assets | 9.5 | 9.5 |
| Monetary liabilities | — | — |
| **Net currency exposure** | **9.5** | **9.5** |

(1) USD held by Canadian subsidiary

The sensitivity analysis includes all monetary assets and liabilities 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 the Group entities at September 8, 2014. The values and risk disclosed here are the hedged and not hedged positions assuming a 5% appreciation of the USD against all other currencies.



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A positive result indicates a profit, before tax in the income statement or in the hedging and revaluation reserves when the USD strengthens against the relevant currency.

| In Millions of USD | Sep 8, 2014 |
|---|---|
| Effect on the Income Statement – profit/(loss) of USD[1] | (0.5) |

(1) USD held by Canadian subsidiary

Reconciliation to categories of financial instruments:

| In Millions of USD | Sep 8, 2014 |
|---|---|
| FINANCIAL ASSETS | |
| Third-party financial assets held in foreign currencies | 9.5 |
| Third-party financial assets held in reporting currencies | 20.1 |
| **Total third-party financial assets[1]** | **29.6** |

(1) See note 28.2 Categories of financial instruments

28.6 INTEREST RATE RISK MANAGEMENT

**28.6.1 Allocation of financial assets and liabilities to interest classes**

| | In % | | In Millions of USD | | | | |
|---|---|---|---|---|---|---|---|
| At September 8, 2014 | 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% | | 14.9 | — | 14.9 | — | 14.9 |
| Trade and credit card receivables | | | — | — | — | 3.2 | 3.2 |
| Other accounts receivable | 0.0% | | 0.3 | — | 0.3 | 0.9 | 1.2 |
| Other non-current assets | | 0.3% | — | 9.5 | 9.5 | 0.8 | 10.3 |
| **Financial assets** | | | **15.2** | **9.5** | **24.7** | **4.9** | **29.6** |
| Trade payables | | | — | — | — | 9.1 | 9.1 |
| Other liabilities | | | — | — | — | 4.4 | 4.4 |
| Other non-current liabilities | | | — | — | — | 2.6 | 2.6 |
| **Financial liabilities** | | | **—** | **—** | **—** | **16.1** | **16.1** |
| **Net financial liabilities** | | | **(15.2)** | **(9.5)** | **(24.7)** | **11.2** | **(13.5)** |

28.7 CREDIT RISK MANAGEMENT

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

Almost all Group sales are retail sales made against cash or internationally recognized credit/debit cards. The Group has policies in place to ensure that other sales are only made to customers with an appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to taxes, refunds from suppliers and guarantee deposits.

The credit risk on cash deposits or derivative financial instruments relates to banks or financial institutions. The Group monitors the credit ranking of these institutions and does not expect defaults from non-performance of these counterparties.

The main banks where the group keeps net assets positions hold a credit rating of A- or higher.

**28.7.1 Maximum credit risk**

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents the Group's maximum exposure to credit risk.



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28.8 LIQUIDITY RISK MANAGEMENT

The Group 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, the Group mitigates liquidity risk by keeping support from its parent entities which have unused credit facilities with financial institutions.

**28.8.1 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 the Group can receive or be required to pay). The tables include principal and interest cash flows.

| At September 8, 2014<br>In Millions of USD | 1 – 6 Months | 6 – 12 Months | 1 – 2 Years | More Than 2 Years | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 14.9 | — | — | — | 14.9 |
| Trade and credit card receivables | 3.2 | — | — | — | 3.2 |
| Other accounts receivable | 1.2 | — | — | — | 1.2 |
| Other non-current assets | — | — | — | 10.3 | 10.3 |
| **Total cash inflows** | **19.3** | **—** | **—** | **10.3** | **29.6** |
| Trade payables | 9.1 | — | — | — | 9.1 |
| Other liabilities | 4.4 | — | — | — | 4.4 |
| Other non-current liabilities | — | — | — | 2.6 | 2.6 |
| **Total cash outflows** | **13.5** | **—** | **—** | **2.6** | **16.1** |



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## LIST OF SUBSIDIARIES

**R = Retail H = Holding**

| As of September 8, 2014 | Location | Country | Type | Ownership in % | Share Capital in Thousands | Currency |
|---|---|---|---|---|---|---|
| **UNITED STATES OF AMERICA** | | | | | | |
| Nuance Group (USA) Inc. | Atlanta | USA | H | 100 | 10 | USD |
| Nuance Global Traders (USA) Inc. | Denver | USA | R | 100 | 1,500 | USD |
| Houston Duty Free LLC | Houston | USA | R | 80 | 500 | USD |
| Nuance Houston LLC | Houston | USA | R | 75 | 320 | USD |
| Nuance Group Las Vegas Partnership | Las Vegas | USA | R | 73 | 850 | USD |
| **CANADA** | | | | | | |
| Nuance Group (Canada) Inc. | Toronto | Canada | R | 100 | 13,260 | CAD |



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**Shares**

# Hudson Ltd.

**Class A Common Shares**

**PROSPECTUS**

**Credit Suisse** **Morgan Stanley** **UBS Investment Bank**

Through and including , 2017 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

**, 2017**


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## PART II

## INFORMATION NOT REQUIRED IN THE PROSPECTUS

### Item 6. Indemnification of Directors and Officers

Section 98 of the Companies Act 1981 of Bermuda (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. 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. 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. 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.

The Registrant maintains standard policies of insurance under which coverage is provided (i) to its directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act, and (ii) to the registrant with respect to payments which may be made by the registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law. The form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### Item 7. Recent Sales of Unregistered Securities

Hudson Ltd. was incorporated on May 30, 2017. Since then, we have issued the following securities. We believe that each of the following issuances was exempt from, or not subject to, registration under the Securities Act as transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions.

| Purchaser | Date of Issuance | Securities Sold | Consideration | Underwriting Discount and Commission |
|---|---|---|---|---|
| Dufry International AG | June 16, 2017 | 100 | $ 1.00 | Not applicable |



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**Item 8. Exhibits**

(a) The following documents are filed as part of this registration statement:

| | |
|---|---|
| 1.1 | Form of Underwriting Agreement.* |
| 3.1 | Bye-laws. |
| 3.2 | Memorandum of Association. |
| 4.1 | Form of Certificate of Class A common shares of Hudson Ltd.* |
| 5.1 | Opinion of Conyers Dill and Pearman Limited regarding the validity of the Class A common shares being registered. |
| 8.1 | Opinion of Davis Polk & Wardwell LLP regarding certain U.S. tax matters. |
| 8.2 | Opinion of Conyers Dill and Pearman Limited regarding certain Bermudian tax matters. |
| 8.3 | Opinion of Davis Polk & Wardwell London LLP regarding certain U.K. tax matters. |
| 10.1 | Form of Registration Rights Agreement between Hudson Ltd. and Dufry International AG. |
| 10.2 | Form of Master Relationship Agreement between Dufry International AG and Hudson Ltd. |
| 10.3 | Loan Agreement between Dufry Finances SNC and Hudson Group Inc., effective October 30, 2012 for $123,204,207.74. |
| 10.4 | Loan Agreement between Dufry Financial Services B.V. and the Nuance Group (Canada) Inc., effective August 1, 2017 for CAD$195,030,000. |
| 10.5 | Form of Hudson Trademark License Agreement between Dufry International AG and Hudson Group (HG), Inc. |
| 10.6 | Form of Franchising Agreement between Dufry International AG and Hudson Group (HG), Inc. |
| 21.1 | List of subsidiaries. |
| 23.1 | Consent of Ernst & Young AG. |
| 23.2 | Consent of Conyers Dill and Pearman Limited, Bermuda Legal Advisors to Hudson Ltd. (included in Exhibits 5.1 and 8.2). |
| 23.3 | Consent of Davis Polk & Wardwell LLP regarding certain U.S. tax matters (included in Exhibit 8.1). |
| 23.4 | Consent of Davis Polk & Wardwell London LLP regarding certain U.K. tax matters (included in Exhibit 8.3). |
| 23.5 | Consent of Ipsos Market Research, November 13, 2017. |
| 24.1 | Powers of attorney (included on signature page to the registration statement).* |

---

* To be filed by amendment.

(b) Financial Statement Schedules

None.

**Item 9. Undertakings**

The undersigned hereby undertakes:

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for



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indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.



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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, on November 14, 2017.

**HUDSON LTD.**

By: /s/ Julián Díaz González

Name: Julián Díaz González
Title: Director

By: /s/ Joseph DiDomizio

Name: Joseph DiDomizio
Title: Chief Executive Officer and Director



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Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on November 14, 2017 in the capacities indicated:

| Name | Title |
|---|---|
| /s/ Juan Carlos Torres Carretero<br>Juan Carlos Torres Carretero | Chairman |
| /s/ Julián Díaz González<br>Julián Díaz González | Director |
| /s/ Joseph DiDomizio<br>Joseph DiDomizio | Chief Executive Officer and Director<br>(principal executive officer) |
| /s/ Adrian Bartella<br>Adrian Bartella | Chief Financial Officer<br>(principal financial officer and principal accounting officer) |
| /s/ Joseph DiDomizio<br>Joseph DiDomizio | Authorized Representative in the United States |



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**EXHIBIT INDEX**

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| 24.1 | Powers of attorney (included on signature page to the registration statement).* |

* To be filed by amendment.


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**Exhibit 3.1**

# BYE-LAWS

# OF

# HUDSON LTD.

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## INTERPRETATION

### 1. Definitions

1.1 In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

| | |
|---|---|
| Act | the Companies Act 1981; |
| Affiliate | with respect to any person or entity, any other person or entity directly or indirectly Controlling or Controlled by or under direct or indirect common control with such person or entity; |
| Auditor | includes an individual, company or partnership; |
| Board | the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the directors present at a meeting of directors at which there is a quorum; |
| Chairman | the chairman of the Board; |
| Company | the company for which these Bye-laws are approved and confirmed; |
| Control | (including, with correlative meanings, the terms "Controlling", "Controlled by" and "under common control with") as used with respect to any person or entity, shall mean the direct or indirect power to direct or cause the direction of the business, management or policies of such person or entity, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that the direct or indirect ownership of more than 50% of the total voting rights of all issued voting securities of such person or entity shall be deemed to be Control; |
| Deputy Chairman | the deputy chairman of the Board; |



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| | |
|---|---|
| Director | a director of the Company; |
| Member | the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires; |
| notice | written notice as further provided in these Bye-laws unless otherwise specifically stated; |
| Officer | any person appointed by the Board to hold an office in the Company; |
| Register of Directors and Officers | the register of directors and officers referred to in these Bye-laws; |
| Register of Members | the register of members referred to in these Bye-laws; |
| Resident Representative | any person appointed to act as resident representative and includes any deputy or assistant resident representative; |
| Secretary | the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary; and |
| Treasury Share | a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled. |

1.2 In these Bye-laws, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and *vice versa*;

(b) words denoting the masculine gender include the feminine and neuter genders;



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(c) words importing persons include companies, associations or bodies of persons whether corporate or not;

(d) the words:

(i) "may" shall be construed as permissive; and

(ii) "shall" shall be construed as imperative;

(e) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;

(f) the phrase “issued and outstanding” in relation to shares, means shares in issue other than Treasury Shares;

(g) the word “corporation” means a corporation whether or not a company within the meaning of the Act; and

(h) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

1.3 In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

**SHARES**

**2. Power to Issue Shares**

2.1 Subject to these Bye-laws and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine.

2.2 Subject to the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion).



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**3. Power of the Company to Purchase its Shares**

3.1 The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit.

3.2 The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

**4. Rights Attaching to Shares**

4.1 At the date these Bye-laws are adopted, the share capital of the Company is divided into three classes: (i) 2,000,000,000 Class A common shares of par value US$0.01 each ("Class A Shares"); (iii) 1,000,000,000 Class B common shares of par value US$0.01 each ("Class B Shares" and together with the Class A Shares, the "Common Shares") and (iii) 100,000,000 preference shares of par value US$0.01 each (the "Preference Shares").

4.2 The holders of Class A Shares shall, subject to these Bye-laws (including, without limitation, the rights attaching to Preference Shares and any other class of shares):

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare, pari passu with the holders of the Class B Shares;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company, pari passu with the holders of the Class B Shares; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

4.3 The holders of Class B Shares shall, subject to these Bye-laws (including, without limitation, the rights attaching to Preference Shares and any other class of shares):

(a) be entitled to ten (10) votes per share;

(b) be entitled to such dividends as the Board may from time to time declare, pari passu with the holders of the Class A Shares;



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(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company, pari passu with the holders of the Class A Shares; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

4.4 Class B Shares are convertible into Class A Shares as follows:

(a) each Class B Share is convertible into one Class A Share at any time upon notice to the Company by the Member duly registered as the holder of such Class B Share;

(b) each Class B Share shall automatically convert into one Class A Share upon any transfer thereof to a person or entity that is not an Affiliate of the holder of such Class B Share; and

(c) each Class B Share shall automatically convert into one Class A Share upon and on the date that the holders of all of the then issued and outstanding Class B Shares cease to hold Class B Shares representing, in the aggregate, at least 10% of the then issued and outstanding total number of Class A Shares and Class B Shares.

4.5 The Company shall at all times keep available out of its authorised but unissued Class A Shares solely for the purpose of effecting the conversion of Class B Shares such number of its Class A Shares as shall from time to time be sufficient to effect the conversion of all issued and outstanding Class B Shares. Any Class B Shares that are converted into Class A Shares may not be reissued.

4.6 The Board is authorised to provide for the issuance of the Preference Shares in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the terms, including designation, powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series (and, for the avoidance of doubt, such matters and the issuance of such Preference Shares shall not be deemed to vary the rights attached to the 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). The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) the number of shares constituting that series and the distinctive designation of that series;



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(b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;

(c) whether the series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;

(d) whether the series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares) and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;

(e) whether or not the shares of that series shall be redeemable or repurchaseable and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;

(f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series and, if so, the terms and amount of such sinking fund;

(g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;

(h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment in respect of shares of that series;

(i) the rights of holders of that series to elect or appoint directors; and

(j) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.



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4.7 Any Preference Shares of any series which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of any other class or classes shall have the status of authorised and unissued Preference Shares of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Shares to be created by resolution or resolutions of the Board or as part of any other series of Preference Shares, all subject to the conditions and the restrictions on issuance set forth in the resolution or resolutions adopted by the Board providing for the issue of any series of Preference Shares.

4.8 At the discretion of the Board, whether or not in connection with the issuance and sale of any shares or other securities of the Company, the Company may issue securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations of the Company on such terms, conditions and other provisions as are fixed by the Board including, without limiting the generality of this authority, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the issued Common Shares (or any class thereof), other shares, option rights, securities having conversion or option rights, or obligations of the Company, or conditions that preclude or limit the transferee of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations of the Company.

4.9 All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

4.10 The conversion of shares of any class into shares of another class may be effected by way of variation of rights, share repurchase and issue, bonus issue, share consolidation, share subdivision and/or any other manner permitted by law.

**5. Calls on Shares**

5.1 The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.



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5.2 Any amount which, by the terms of allotment of a share, becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.

5.3 The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.

5.4 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by such Member, although no part of that amount has been called up or become payable.

**6. Share Certificates**

6.1 Subject to the provisions of this Bye-law 6, every Member shall be entitled to a certificate under the common seal of the Company (or a facsimile thereof) or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign specifying the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

6.2 The Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.

6.3 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

6.4 Notwithstanding any provisions of these Bye-laws:



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(a) the Board shall, subject always to the Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and

(b) unless otherwise determined by the Board and as permitted by the Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

**7. Fractional Shares**

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.



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## REGISTRATION OF SHARES

**8. Register of Members**

8.1 The Board shall cause to be kept in one or more books a Register of Members (which shall be kept outside the United Kingdom) and shall enter therein the particulars required by the Act.

8.2 The Register of Members shall be open to inspection without charge at the registered office of the Company on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. The Register of Members may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

**9. Registered Holder Absolute Owner**

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

**10. Transfer of Registered Shares**

10.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
Hudson Ltd. (the "Company")

FOR VALUE RECEIVED_____ [amount], I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] shares of the Company.

DATED this [date]

| Signed by: | In the presence of: |
|---|---|
| _____ | _____ |
| Transferor | Witness |
| Signed by: | In the presence of: |
| _____ | _____ |
| Transferee | Witness |



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10.2 Such instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.

10.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer.

10.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

10.5 The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid up. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

10.6 Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Act.

10.7 Notwithstanding anything to the contrary in these Bye-laws, shares that are listed or admitted to trading on an appointed stock exchange (as defined in the Act) may be transferred in accordance with the rules and regulations of such exchange.



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**11. Transmission of Registered Shares**

11.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

11.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

Hudson Ltd. (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [date]

| Signed by: | In the presence of: |
|---|---|
| _____ | _____ |
| Transferor | Witness |
| Signed by: | In the presence of: |
| _____ | _____ |
| Transferee | Witness |



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11.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

11.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

## ALTERATION OF SHARE CAPITAL

### 12. Power to Alter Capital

12.1 The Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.

12.2 Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

### 13. Variation of Rights Attaching to Shares

13.1 Subject to the Act, if, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, 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 separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be one or more persons present and representing in person or by proxy at least 10% of the issued shares of the class. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.



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13.2 If, at any time, the rights attached to either the Class A Shares or the Class B Shares are proposed to be varied, prior to obtaining the approval of the class of shares whose rights are to be varied in accordance with Bye-law 13.1, the Board and the Members shall first approve the proposed variation of such rights by approving amendments to Bye-law 4 (Rights Attaching to Shares) which sets out the rights to the Class A Shares and the Class B Shares.

## DIVIDENDS AND CAPITALISATION

### 14. Dividends

14.1 The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.

14.2 The Board may fix any date as the record date for determining the Members entitled to receive any dividend.

14.3 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

14.4 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

### 15. Power to Set Aside Profits

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

### 16. Method of Payment

16.1 Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid by cheque or bank draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the Member may direct in writing, or by transfer to such account as the Member may direct in writing.



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16.2 In the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or bank draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may direct in writing, or by transfer to such account as the joint holders may direct in writing. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

16.3 The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls or otherwise.

16.4 Any dividend and/or other moneys payable in respect of a share which has remained unclaimed for 6 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.

16.5 The Company shall be entitled to cease sending dividend cheques and drafts by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law in respect of any Member shall cease if the Member claims a dividend or cashes a dividend cheque or draft.

**17. Capitalisation**

17.1 The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata (except in connection with the conversion of shares of one class to shares of another class) to the Members.

17.2 The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.



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## MEETINGS OF MEMBERS

**18. Annual General Meetings**

Notwithstanding the provisions of the Act entitling the Members of the Company to elect to dispense with the holding of an annual general meeting, an annual general meeting shall be held in each year (other than the year of incorporation) at such time and place as the Chairman (if any) or the Board shall appoint.

**19. Special General Meetings**

The Chairman (if any) or a majority of the Directors may convene a special general meeting whenever in their judgment such a meeting is necessary.

**20. Requisitioned General Meetings**

The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, forthwith proceed to convene a special general meeting and the provisions of the Act shall apply.

**21. Notice**

21.1 At least 14 days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

21.2 At least 14 days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

21.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting.

21.4 A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.



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21.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

**22. Giving Notice and Access**

22.1 A notice may be given by the Company to a Member:

(a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or

(b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or

(c) by sending it by courier to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or

(d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or

(e) by delivering it in accordance with the provisions of the Act pertaining to delivery of electronic records by publication on a website, in which case the notice shall be deemed to have been served at the time when the requirements of the Act in that regard have been met.

22.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

22.3 In proving service under paragraphs 22.1(b), (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.



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**23. Postponement or Cancellation of General Meeting**

The Chairman, the Deputy Chairman or the Board may, and the Secretary on the instruction of the Chairman, Deputy Chairman or the Board shall, postpone or cancel any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement or cancellation is given to the Members before the time for such meeting. Fresh notice of the date, time and place for a postponed meeting shall be given to each Member in accordance with these Bye-laws.

**24. Attendance and Security in Meetings**

24.1 Members may attend any general meetings in person or may appoint a proxy in accordance with Bye-law 30, or if such Member is a corporation, a representative in accordance with Bye-law 31, to attend any such meeting and vote thereat on such Member's behalf. The Board may, if it considers appropriate, allow Members to participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

24.2 The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.

**25. Quorum at General Meetings**

25.1 At any general meeting one or more persons present at the meeting and representing in person or by proxy at least 15% of the total voting rights of all issued and outstanding shares in the Company shall form a quorum for the transaction of business; provided that for so long as there are any Class B Shares issued and outstanding, at least one Member holding Class B Shares shall be required to be present in person or represented by proxy to constitute a quorum.



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25.2 If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

**26. Chairman to Preside at General Meetings and Secretary**

Unless otherwise agreed by a majority of those attending and entitled to vote at a general meeting, the Chairman and failing him the Deputy Chairman shall act as chairman of such meeting. In their absence a chairman of the meeting shall be appointed or elected by those present at the meeting and entitled to vote. If the Secretary is present, the Secretary shall act as secretary to the meeting, otherwise, the chairman of the meeting shall appoint a secretary of the meeting who shall record the events of the meeting and all resolutions and votes taken in minutes of such meeting.

**27. Voting on Resolutions**

27.1 Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting (including, without limitation, the amalgamation or merger of the Company in accordance with Bye-law 74) shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes the resolution shall fail.

27.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

27.3 Subject to the Act, at any general meeting 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 Members participating in such meeting may cast their votes.

27.4 At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.



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**28. Power to Demand a Vote on a Poll**

28.1 Notwithstanding the foregoing, a poll may be demanded by any of the following persons:

(a) the chairman of the general meeting; or

(b) at least three Members present in person or represented by proxy; or

(c) any Member or Members present in person or represented by proxy and holding between them not less than 10% of the total voting rights that may be cast by the Members holding all of the issued and outstanding Class A Shares, Class B Shares and any other shares of the Company having the right to attend and vote; or

(d) any Member or Members present in person or represented by proxy and holding shares in the Company conferring the right to vote at such meeting, being shares on which the aggregate par value has been paid up equal to not less than 10% of the total par value paid up on all issued and outstanding Class A Shares, Class B Shares and any other shares of the Company having the right to attend and vote.

28.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be cast in such manner as the chairman of the meeting shall direct (which may include casting votes electronically or by any other facilities or means). The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

28.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.



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28.4 At the conclusion of the poll, the votes cast in accordance with such directions given by the chairman of the meeting shall be examined and counted by one or more scrutineers appointed by the Board or, in the absence of such appointment, by a committee of not less than two Members or proxy holders appointed by the chairman of the meeting for the purpose, and the result of the poll shall be declared by the chairman of the meeting.

**29. Voting by Joint Holders of Shares**

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

**30. Instrument of Proxy**

30.1 A Member may appoint a proxy by

(a) an instrument in writing in substantially the following form or such other form as the Board or the chairman of the meeting shall accept:

Proxy
Hudson Ltd. (the "Company")

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on [date] and at any adjournment thereof. [Any restrictions on voting to be inserted here.]

Signed this [date]

_____
Member(s)

or

(b) such telephonic, electronic or other means as may be approved by the Board from time to time.



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30.2 The appointment of a proxy must be received by the Company at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the appointment proposes to vote, and appointment of a proxy which is not received in the manner so permitted shall be invalid.

30.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

30.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

**31. Representation of Corporate Member**

31.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

31.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

**32. Adjournment of General Meeting**

32.1 The chairman of a general meeting at which a quorum is present may, with the consent of the Members holding a majority of the voting rights of those Members present in person or by proxy (and shall if so directed by Members holding a majority of the voting rights of those Members present in person or by proxy) adjourn the meeting.

32.2 The chairman of a general meeting may adjourn the meeting to another time and place without the consent or direction of the Members if it appears to him that:

(a) it is likely to be impractical to hold or continue that meeting because of the number of Members wishing to attend who are not present; or

(b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or



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(c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

32.3 Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

**33. Written Resolutions**

33.1 Subject to these Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may be done without a meeting by written resolution in accordance with this Bye-law.

33.2 Notice of a written resolution shall be given, and a copy of the resolution shall be circulated to all Members who would be entitled to attend a meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Member does not invalidate the passing of a resolution.

33.3 A written resolution is passed when it is signed by (or in the case of a Member that is a corporation, on behalf of) the Members who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a meeting of Members at which all Members entitled to attend and vote thereat were present and voting.

33.4 A resolution in writing may be signed in any number of counterparts.

33.5 A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

33.6 A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Act.

33.7 This Bye-law shall not apply to a resolution passed to remove an Auditor from office before the expiration of his term of office.

33.8 For the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date.



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**34. Directors Attendance at General Meetings**

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

**DIRECTORS AND OFFICERS**

**35. Election of Directors**

35.1 Only natural persons may be elected or appointed as Directors, and the election or appointment of a corporation, partnership or similar entity as a Director shall not be permitted.

35.2 Only persons who are proposed or nominated in accordance with this Bye-law shall be eligible for election as Directors. Any Member or Members holding or representing not less than 5% of the total voting rights that may be cast by Members holding all of the issued and outstanding Class A Shares, Class B Shares and any other shares of the Company having the right to vote, or collectively not less than 100 Members, or the Board may propose any person for election as a Director. Where any person, other than a Director retiring at the meeting or a person proposed for re-election or election as a Director by the Board, is to be proposed for election as a Director, notice must be given to the Company of the intention to propose him and of his willingness to serve as a Director. Such notice must be given to the Secretary or the Chairman at any time between 1 January and 1 March of the year the general meeting to vote on such proposal will be held.

35.3 Where persons are validly proposed for re-election or election as a Director, the persons receiving the most votes (up to the number of Directors to be elected), provided such person has also received the affirmative votes of a majority of the votes cast, shall be elected as Directors.

35.4 At any general meeting the Members may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

**36. Number of Directors and Chairman and Deputy Chairman**

36.1 The Board shall consist of nine Directors.

36.2 The Board may appoint a Chairman and a Deputy Chairman from amongst the Directors as the Board may determine for such terms as the Board deems fit.



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**37. Classes of Directors**

The Directors shall be divided into three classes designated Class I, Class II and Class III. Each class of Directors shall consist, as nearly as possible, of one third of the total number of Directors constituting the entire Board.

**38. Term of Office of Directors**

At the first general meeting which is held after the date of adoption of these Bye-laws for the purpose of electing Directors, the Class I Directors shall be elected for a three year term of office, the Class II Directors shall be elected for a two year term of office and the Class III Directors shall be elected for a one year term of office. At each succeeding annual general meeting, successors to the class of Directors whose term expires at that annual general meeting shall be elected for a three year term. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any Director of any class elected to fill a vacancy shall hold office for a term that shall coincide with the remaining term of the other Directors of that class, but in no case shall a decrease in the number of Directors shorten the term of any Director then in office. A Director shall hold office until the annual general meeting for the year in which his term expires, subject to his office being vacated pursuant to Bye-law 42.

**39. Alternate Directors Not Permitted**

The election or appointment of a person or persons to act as a Director in the alternative to any one or more Directors shall not be permitted.

**40. Removal of Directors**

40.1 Subject to any provision to the contrary in these Bye-laws, the Members entitled to vote for the election of Directors may remove a Director without prior written notice to such Director by: (a) an affirmative vote of at least a majority of the votes cast at a general meeting of the Company convened for the purpose of removing such Director; or (b) a written resolution of the Members passed by the holders of Class A Shares and Class B Shares representing at least a majority of votes that may be cast by all issued and outstanding Class A Shares and Class B Shares.

40.2 If a Director is removed from the Board under this Bye-law the Members may fill the vacancy at the meeting at which such Director is removed or in the written resolution of the Members which removed such Director. In the absence of such election or appointment after seven days, the Board may fill the vacancy.



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**41. Vacancy in the Office of Director**

41.1 The office of Director shall be vacated if the Director:

(a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;

(b) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;

(c) is or becomes of unsound mind or dies; or

(d) resigns his office by notice to the Company.

41.2 The Members in general meeting or the Board shall have the power to appoint any person as a Director to fill a vacancy on the Board occurring as a result of the application of Bye-law 41.1.

**42. Remuneration of Directors**

The remuneration (if any) of the Directors shall be determined by the Board and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them (or, in the case of a director that is a corporation, by their representative or representatives) in attending and returning from Board meetings, meetings of any committee appointed by the Board or general meetings, or in connection with the business of the Company or their duties as Directors generally.

**43. Defect in Appointment**

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

**44. Directors to Manage Business**

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Act or by these Bye-laws, required to be exercised by the Company in general meeting.



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**45. Powers of the Board of Directors**

The Board may:

(a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

(b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

(c) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

(d) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;

(e) procure that the Company pays all expenses incurred in promoting and incorporating the Company;

(f) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board;

(g) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;



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(h) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

(i) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and

(j) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

**46. Register of Directors and Officers**

The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers and shall enter therein the particulars required by the Act.

**47. Appointment of Officers**

The Board may appoint such Officers (who may or may not be Directors) as the Board may determine for such terms as the Board deems fit.

**48. Appointment of Secretary**

The Secretary shall be appointed by the Board from time to time for such term as the Board deems fit.

**49. Duties of Officers**

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

**50. Remuneration of Officers**

The Officers shall receive such remuneration as the Board may determine.

**51. Conflicts of Interest**

51.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company on such terms, including with respect to remuneration, as may be agreed between the parties. Nothing herein contained shall authorise a Director or a Director's firm, partner or company to act as Auditor to the Company.



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51.2 A Director who is directly or indirectly interested in a contract or proposed contract with the Company (an "Interested Director") shall declare the nature of such interest as required by the Act.

51.3 An Interested Director who has complied with the requirements of the foregoing Bye-law may:

(a) vote in respect of such contract or proposed contract unless such Interested Director is disqualified from voting by the chairman of the relevant Board meeting; and/or

(b) be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,

and no such contract or proposed contract shall be void or voidable by reason only that the Interested Director voted on it or was counted in the quorum of the relevant meeting and the Interested Director shall not be liable to account to the Company for any profit realised thereby.

**52. Indemnification and Exculpation of Directors and Officers**

52.1 The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an "indemnified party"), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, provided that such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.



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52.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him under the Act in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

52.3 The Company may advance moneys to a Director or Officer for the costs, charges and expenses incurred by the Director or Officer in defending any civil or criminal proceedings against him, on condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty in relation to the Company is proved against him.

## MEETINGS OF THE BOARD OF DIRECTORS

### 53. Board Meetings

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Subject to these Bye-laws, a resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the Chairman, if he is present (but if he is not present, then the chairman of the meeting), shall have a casting vote.

### 54. Notice of Board Meetings

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.



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**55. Electronic Participation in Meetings**

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

**56. No Representation of Director**

The appointment by a Director of another Director or any other person to represent such Director, to attend a meeting or to vote on such Director's behalf at a meeting of the Board or any committee shall not be permitted.

**57. Quorum at Board Meetings**

The quorum necessary for the transaction of business at a Board meeting shall be a majority of Directors then in office.

**58. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at Board meetings, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

**59. Chairman to Preside**

The Chairman shall act as chairman at all Board meetings at which such person is present. The Deputy Chairman shall act as chairman of a Board meeting at which the Chairman is not present or in the absence of such person, a chairman of the meeting shall be appointed or elected by the Directors present at the relevant meeting.

**60. Written Resolutions**

A resolution signed by all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a Board meeting duly called and constituted, such resolution to be effective on the date on which the resolution is signed by the last Director.



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**61. Validity of Prior Acts of the Board**

No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

## CORPORATE RECORDS

**62. Minutes**

The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each Board meeting and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Members, Board meetings, and meetings of committees appointed by the Board.

**63. Place Where Corporate Records Kept**

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

**64. Form and Use of Seal**

64.1 The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

64.2 A seal may, but need not, be affixed to any deed, instrument or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director, or (ii) any Officer, or (iii) the Secretary, or (iv) any person authorised by the Board for that purpose.

64.3 A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.



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## ACCOUNTS

**65. Records of Account**

65.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

(a) all amounts of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

65.2 Such records of account shall be kept at the registered office of the Company or, subject to the Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

65.3 Such records of account shall be retained for a minimum period of five years from the date on which they are prepared.

**66. Financial Year End**

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31st December in each year.

## AUDITS

**67. Annual Audit**

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

**68. Appointment of Auditor**

68.1 Subject to the Act, the Members shall appoint an auditor to the Company to hold office for such term as the Members deem fit or until a successor is appointed.

68.2 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.



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**69. Remuneration of Auditor**

69.1 The remuneration of an Auditor appointed by the Members shall be fixed by the Company in general meeting or in such manner as the Members may determine.

69.2 The remuneration of an Auditor appointed by the Board to fill a casual vacancy in accordance with these Bye-laws shall be fixed by the Board.

**70. Duties of Auditor**

70.1 The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

70.2 The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

**71. Access to Records**

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers for any information in their possession relating to the books or affairs of the Company.

**72. Financial Statements and the Auditor's Report**

72.1 Subject to the following bye-law, the financial statements and/or the auditor's report as required by the Act shall

(a) be laid before the Members at the annual general meeting; or

(b) be received, accepted, adopted or approved by the Members by written resolution passed in accordance with these Bye-laws.

72.2 If all Members and Directors shall agree, either in writing or at a meeting, that in respect of a particular interval no financial statements and/or auditor's report thereon need be made available to the Members, and/or that no auditor shall be appointed then there shall be no obligation on the Company to do so.



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**73. Vacancy in the Office of Auditor**

The Board may fill any casual vacancy in the office of the auditor.

## BUSINESS COMBINATIONS

**74. Amalgamation and Merger**

Any amalgamation or merger of the Company with any other company, wherever incorporated, shall require the approval of the Board, and following the approval of the Board by a resolution of the Members.

## VOLUNTARY WINDING-UP AND DISSOLUTION

**75. Winding-Up**

If the Company shall be wound up the liquidator may, with the sanction of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

## CHANGES TO CONSTITUTION

**76. Changes to Memorandum of Association and Bye-laws**

76.1 The Memorandum of Association of the Company may not be rescinded, altered or amended until the same has been approved by a resolution of the Members.

76.2 No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a resolution of the Members.

**77. Discontinuance**

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.



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## CORPORATE OPPORTUNITIES

### 78. Corporate Opportunities

78.1 To the fullest extent permitted by applicable law, the Company, on behalf of itself and on behalf of its subsidiaries, renounces any interest or expectancy of the Company and/or its subsidiaries in, or in being offered an opportunity to participate in, any corporate opportunities that are from time to time presented to Dufry AG or any of its officers, directors, employees, agents, shareholders, members, partners, affiliates or subsidiaries (other than the Company and its subsidiaries) (each, a "Specified Party"), even if the opportunity is one that the Company or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. Each such Specified Party shall generally not be liable to the Company or any of its subsidiaries for breach of any fiduciary or other duty, as a director or otherwise, by reason of the fact that such Specified Party 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 the Company or its subsidiaries. In the case of any such Specified Party 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 (a "Directed Opportunity"), such director or officer of the Company shall be obligated to communicate such Directed Opportunity to the Company, *provided*, *however*, that all of the protections of this Bye-law 78 shall otherwise apply to the Specified Parties with respect to such Directed Opportunity, including the ability of the Specified Parties to pursue or acquire such Directed Opportunity, directly or indirectly, or to direct such Directed Opportunity to another person.

78.2 Neither the amendment nor repeal of this Bye-law 78, nor the adoption of any provision of these Bye-laws, nor, to the fullest extent permitted by applicable law, any modification of law, shall adversely affect any right or protection of any person granted pursuant hereto existing at, or arising out of or related to any event, act or omission that occurred prior to, the time of such amendment, repeal, adoption or modification (regardless of when any proceeding (or part thereof) relating to such event, act or omission arises or is first threatened, commenced or completed).



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78.3 If any provision or provisions of this Bye-law 78 shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Bye-law 78 (including each portion of any paragraph of this Bye-law 78 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (b) to the fullest extent possible, the provisions of this Bye-law 78 (including each such portion of any paragraph of this Bye-law 78 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Company to protect its directors, officers, employees and agents from personal liability to the fullest extent permitted by law.

78.4 This Bye-law 78 shall not limit any protections or defenses available to, or indemnification rights of, any director or officer of the Company under any agreement, these Bye-laws, vote of the Board, applicable law or otherwise.

78.5 Any person or entity purchasing or otherwise acquiring any interest in any securities of the Company shall be deemed to have notice of and to have consented to the provisions of this Bye-law 78.



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**Exhibit 3.2**

**FORM NO. 2**

**BERMUDA**

**THE COMPANIES ACT 1981**

# MEMORANDUM OF ASSOCIATION OF COMPANY LIMITED BY SHARES

**(Section 7(1) and (2))**

## MEMORANDUM OF ASSOCIATION OF

**Hudson Ltd.**
**(hereinafter referred to as "the Company")**

1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.

2. We, the undersigned, namely,

| NAME | ADDRESS | BERMUDIAN STATUS (Yes/No) | NATIONALITY | NUMBER OF SHARES SUBSCRIBED |
|---|---|---|---|---|
| Dawn C. Griffiths | Clarendon House<br>2 Church Street<br>Hamilton HM 11<br>Bermuda | Yes | British | One |
| Christopher G. Garrod | " | Yes | British | One |
| David W.J. Astwood | " | Yes | British | One |

do hereby respectively agree to take such number of shares of the Company as may be allotted to us respectively by the provisional directors of the Company, not exceeding the number of shares for which we have respectively subscribed, and to satisfy such calls as may be made by the directors, provisional directors or promoters of the Company in respect of the shares allotted to us respectively.

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3. The Company is to be an exempted company as defined by the Companies Act 1981 (the "Act").

4. The Company, with the consent of the Minister of Finance, has power to hold land situate in Bermuda not exceeding ____ in all, including the following parcels:- **N/A**

5. The authorised share capital of the Company is **US$10,000.00** divided into shares of **US$0.01 each**.

6. The objects for which the Company is formed and incorporated are unrestricted.

7. The following are provisions regarding the powers of the Company –

   Subject to paragraph 6, the Company may do all such things as are incidental or conducive to the attainment of its objects and shall have the capacity, rights, powers and privileges of a natural person, and –

   (i) pursuant to Section 42 of the Act, the Company shall have the power to issue preference shares which are, at the option of the holder, liable to be redeemed;

   (ii) pursuant to Section 42A of the Act, the Company shall have the power to purchase its own shares for cancellation; and

   (iii) pursuant to Section 42B of the Act, the Company shall have the power to acquire its own shares to be held as treasury shares.

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Signed by each subscriber in the presence of at least one witness attesting the signature thereof

| | |
|---|---|
| /s/ Dawn C. Griffiths | /s/ Marcelle R. Zuill |
| /s/ Christopher G. Garrod | /s/ Marcelle R. Zuill |
| /s/ David W.J. Astwood | /s/ Marcelle R. Zuill |
| | |
| (Subscribers) | (Witnesses) |

SUBSCRIBED this 30th day of May, 2017.


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**Exhibits 5.1 and 23.2**

14 November 2017

441 299 4938
guy.cooper@conyersdill.com

Hudson Ltd.
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Dear Sirs,

**Hudson Ltd. (the "Company")**

We have acted as special Bermuda legal counsel to the Company in connection with a registration statement on form F-1 filed with the U.S. Securities and Exchange Commission (the "Commission") on 14 November 2017 (the "Registration Statement", which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) relating to the registration under the U.S. Securities Act of 1933, as amended, (the "Securities Act") of a certain number of Company's Class A common shares, par value US$0.001 each ("Class A Common Shares"), which are being offered by Dufry International AG, a selling shareholder of the Company (the "Selling Shareholder") together with additional Class A Common Shares subject to an over-allotment option granted to the underwriters by the Selling Shareholder (together, the "Common Shares").

For the purposes of giving this opinion, we have examined a copy of the Registration Statement. We have also reviewed the memorandum of association and the bye-laws of the Company, each certified by the Secretary of the Company on 10 November 2017 (the "Constitutional Documents"), minutes of a meeting of its directors held on 28 September 2017 and written resolutions of its members both dated 29 September 2017 (the "Resolutions") and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) that where a document has been examined by us in draft form, it will be or has been executed and/or filed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (c) the accuracy and completeness of all factual representations made in the Registration Statement and other documents reviewed by us, (d) that the Resolutions were passed at one or more duly convened, constituted and quorate meetings, or by unanimous written resolutions, remain in full force and effect and have not been rescinded or amended, (e) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein, (f) that the Constitutional Documents will not be amended in any manner that would affect the opinions expressed herein, (g) that the Company will have sufficient authorised share capital to effect the issue and/or conversion of any shares of the Company at the time of issuance or conversion; (h) that any shares of the Company will be issued and/or converted within fourteen days of the Company's shares being listed on the New York Stock Exchange or other appointed stock exchange, as defined in the Companies Act 1981, and the consent to the issue and free transfer of the Company's shares given by the Bermuda Monetary Authority on 15 September 2017 will not have been revoked or amended at the time of issuance of any shares of the Company; (i) that all necessary corporate action will be taken to authorise and approve the Reorganization Transactions (as defined in the Registration Statement, and herein the "Reorganization Transactions"), any issuance and/or conversion of the Company's shares, including the shares of the Company which will convert into the Common Shares upon transfer of such shares pursuant to the offering contemplated in the Registration Statement; (j) that pursuant to and following the Reorganization Transactions the Selling Shareholder will be issued, and be the holder of, at least the same number of shares of the Company which will convert into Common Shares in connection with the offering contemplated in the Registration Statement, as the number of Common Shares to be sold in the offering contemplated in the Registration Statement; (k) that upon issue of any shares the Company will receive consideration for the full issue price thereof which shall be equal to at least the par value thereof; (k) the capacity, power and authority of all parties other than the Company to enter into and perform their obligations under any and all documents entered into by such parties in connection with offering of the Common Shares as described in the Registration Statement.



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We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the current law and practice in Bermuda. This opinion is issued solely for the purposes of the filing of the Registration Statement and the offering of the Common Shares by the Selling Shareholder and is not to be relied upon in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that:

1. The Company is duly incorporated and existing under the laws of Bermuda in good standing (meaning solely that it has not failed to make any filing with any Bermuda government authority or to pay any Bermuda government fees or tax which would make it liable to be struck off the Register of Companies and thereby cease to exist under the laws of Bermuda).

2. When the Common Shares are issued as contemplated by the Registration Statement, the Common Shares will be validly issued, fully paid and non-assessable (which term means when used herein that no further sums are required to be paid by the holders thereof in connection with the issue of such shares).



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We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to our firm under the captions "Legal Matters" in the prospectus forming a part of the Registration Statement. In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman Limited

**Conyers Dill & Pearman Limited**



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**Exhibits 8.1 and 23.3**

| | |
|---|---|
| **New York** | **Paris** |
| **Northern California** | **Madrid** |
| **Washington DC** | **Tokyo** |
| **São Paulo** | **Beijing** |
| **London** | **Hong Kong** |

Davis Polk

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

212 450 4000 tel
212 701 5800 fax

November 14, 2017

Re: Registration Statement on Form F-1

Hudson Ltd.
4 New Square
Bedfont Lakes
Feltham, Middlesex TW14 8HA
United Kingdom

Dear Ladies and Gentlemen:

We are acting as United States counsel to Hudson, Ltd., a company incorporated in Bermuda (the "Company"), in connection with the preparation of the Registration Statement on Form F-1 and the related Prospectus (the "Prospectus") with the Securities and Exchange Commission by the Company under the Securities Act of 1933, as amended (the "Securities Act"). The Prospectus has been filed in connection with the Company's initial public offering of Class A common shares, par value $0.001 per share. We have examined such matters of fact and law as we have deemed necessary or advisable for the purpose of our opinion.

We hereby confirm our opinion set forth under the caption "Taxation—Material U.S. Federal Income Tax Considerations" in the Prospectus.

We are members of the Bar of the State of New York, and we express no opinion as to the laws of any jurisdiction other than the laws of the State of New York and the federal laws of the United States.

We hereby consent to the use of our name under the caption "Taxation" in the Prospectus and to the filing, as an exhibit to the Registration Statement, of this opinion.

In giving such consent we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations thereunder.

Very truly yours,

/s/ Davis Polk & Wardwell LLP

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**Exhibits 8.2 and 23.2**

14 November 2017

441 299 4938
guy.cooper@conyersdill.com

Hudson Ltd.
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Dear Sirs,

**Hudson Ltd. (the "Company")**

We have acted as special Bermuda legal counsel to the Company in connection with a registration statement on form F-1 filed with the U.S. Securities and Exchange Commission (the "Commission") on 14 November 2017 (the "Registration Statement", which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) relating to the registration under the U.S. Securities Act of 1933, as amended, (the "Securities Act") of a certain number of the Company's Class A common shares, par value US$0.001 each ("Class A Common Shares"), which are being offered by Dufry International AG, a selling shareholder of the Company (the "Selling Shareholder") together with additional Class A Common Shares subject to an over-allotment option granted to the underwriters by the Selling Shareholder (together, the "Common Shares").

For the purposes of giving this opinion, we have examined a copy of the Registration Statement. We have also reviewed the memorandum of association and the bye-laws of the Company, each certified by the Secretary of the Company on 10 November 2017, minutes of a meeting of its directors held on 28 September 2017 and written resolutions of its members both dated 29 September 2017 (the "Resolutions") and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) that where a document has been examined by us in draft form, it will be or has been executed and/or filed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (c) the accuracy and completeness of all factual representations made in the Registration Statement and other documents reviewed by us, (d) that the Resolutions were passed at one or more duly convened, constituted and quorate meetings, or by unanimous written resolutions, remain in full force and effect and have not been rescinded or amended, (e) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein.



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We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the current law and practice in Bermuda. This opinion is issued solely for the purpose of the filing of the Registration Statement and the offering of the Common Shares by the Selling Shareholder and is not to be relied upon in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that the statements under the caption "Taxation – Bermudian Tax Considerations" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Bermuda law, are accurate in all material respects and that such statements constitute our opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to our firm under the caption "Legal Matters" in the prospectus forming part of the Registration Statement. In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman Limited

**Conyers Dill & Pearman Limited**



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**Exhibits 8.3 and 23.4**

| | |
|---|---|
| **New York** | **Paris** |
| **Northern California** | **Madrid** |
| **Washington DC** | **Tokyo** |
| **São Paulo** | **Beijing** |
| **London** | **Hong Kong** |

Davis Polk

Davis Polk & Wardwell London LLP
5 Aldermanbury Square
London EC2V 7HR
United Kingdom

November 14, 2017

Re: Registration Statement on Form F-1

Hudson, Ltd.
4 New Square
Bedfont Lakes
Feltham
Middlesex TW14 8HA
United Kingdom

Dear Ladies and Gentlemen:

We are acting as counsel to Hudson, Ltd., a company incorporated in Bermuda (the "Company"), as to certain matters of United Kingdom tax law in connection with the preparation of the Registration Statement on Form F-1 and the related Prospectus (the "Prospectus") filed with the Securities and Exchange Commission by the Company under the Securities Act of 1933, as amended (the "Securities Act"). The Prospectus has been filed in connection with the Company's initial public offering of shares of its Class A common shares, par value $0.001 per share. We have examined such matters of fact and law as we have deemed necessary or advisable for the purpose of our opinion.

We hereby confirm that our opinion as to the material U.K. tax considerations relating to the ownership and disposal of New Shares to U.S. Holders is set forth under the caption "Taxation—U.K. Tax Considerations" in the Prospectus.

We express no opinion as to the laws of any jurisdiction other than the laws of the England and Wales as applied by the English courts and on the generally published practice of HM Revenue and Customs, as at the date of this letter. This opinion does not extend to (A) any law relating to tax made by the Scottish Parliament, the National Assembly for Wales or the Northern Irish Assembly, (B) any other law relating to any law so made, or (C) any practice relating to any such law, and we express no opinion on any such matters.

We hereby consent to the use of our name under the caption "Taxation" in the Prospectus and to the filing, as an exhibit to the Registration Statement, of this opinion.

In giving such consent we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations thereunder.

Very truly yours,

/s/ Davis Polk & Wardwell London LLP

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**Exhibit 10.1**

**REGISTRATION RIGHTS AGREEMENT**

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**REGISTRATION RIGHTS AGREEMENT**

This REGISTRATION RIGHTS AGREEMENT, dated as of _____, 2017 (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**").

**WITNESETH:**

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 $ 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.

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"**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.



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"**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.



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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 (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.

(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).



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(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.



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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.



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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;



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(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;



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(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;



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(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.



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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.



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(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.



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(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.



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## 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.



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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.*]



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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

HUDSON LTD.

By: _____
Name:
Title:

DUFRY INTERNATIONAL AG

By: _____
Name:
Title:

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**EXHIBIT A**

THIS INSTRUMENT forms part of the Registration Rights Agreement (the "**Agreement**"), dated as of _____, 2017, 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:

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**Exhibit 10.2**

# MASTER RELATIONSHIP AGREEMENT

**BETWEEN**

**DUFRY INTERNATIONAL AG**

**AND**

**HUDSON LTD.**

**Dated _____ __, 2017**

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**MASTER RELATIONSHIP AGREEMENT**

MASTER RELATIONSHIP AGREEMENT, dated _____ __, 2017 (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.

WITNESETH:

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:



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"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.



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"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. _____) 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.



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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) |
| Dufry Public Documents | 2.2(a) |
| Franchise Agreement | 5.1 |
| Privilege | 2.8 |

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.



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(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.



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(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.



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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.



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(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.



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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.



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## 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.



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## 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.



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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.



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## 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.



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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.



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(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.



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(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, (ii) to 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



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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.



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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 (i) 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 (ii) 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.

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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: _____
Name:
Title:

By: _____
Name:
Title:

HUDSON LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:



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**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)



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**Schedule 5.1**

Franchising Agreement between Dufry International AG and Hudson Group (HG), Inc., dated _____, 2017

Hudson Trademark License Agreement between Dufry International AG and Hudson Group (HG), Inc., dated _____, 2017

Franchising Agreement between Dufry International AG and The Nuance Group (Canada) Inc., dated _____, 2017

Franchising Agreement between Dufry International AG and WDFG Vancouver L.P., dated _____, 2017



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**Schedule 5.2**

Retail Shop Concepts Services Agreement between Hudson Group (HG), Inc. and Dufry International AG, dated March 15, 2010



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**Schedule 5.3**

Support Services Agreement between WDFG SA and WDFG Vancouver L.P., dated September 20, 2017



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**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



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**Exhibit 10.3**

LOAN AGREEMENT (the "Agreement")
of 13/02/2013; effective as of 30/10/2012
between

DUFRY FINANCES SNC a company with offices at 17, rue des Jardiniers, L - 1835 Luxembourg, duly represented by its directors, Mr . Andreas Schneiter and Mr. Christophe Gaul,

("Lender")

and

HUDSON GROUP INC., a company with offices at One Meadowlands Plaza, Suite 902 East Rutherford NJ 07073, duly represented by its directors, Mr. Julian Diaz and Mr. Andreas Schneiter,

("Borrower")

---

WHEREAS, Lender and Borrower are both direct or indirect subsidiaries of Dufry AG;

WHEREAS, in 2008, Dufry International AG borrowed from external lenders and lent funds to the Borrower;

WHEREAS, Dufry International AG sought to refinance the external debt with a newly issued bond and refinancing Dufry International AG's external debt required that Borrower refinance its intercompany debt to Dufry International AG with new debt to Lender on substantially the same terms as the bond;

WHEREAS, the bond was issued on October 26, 2012 and consistent with this plan, Lender and Borrower have entered into a verbal agreement on 29/l0/2012 that as of 30/l0/2012 the Lender lends to Borrower, and the Borrower borrows from Lender USD 123'204'207.74, which is a portion of the proceeds of Lender's USD 500,000,000 5.500% notes due 2020 (the "2020 Notes"), on the terms and conditions specified in the Agreement;

WHEREAS, the agreement is supported by journal entries at Dufry International AG and by the invoicing and payment of interest under new debt by Borrower to Lender.

WHEREAS, this agreement reflects the plan involving the bond issuance and the refinancing of external and internal debt, and the verbal agreement referred to above, the parties enter into this Agreement, which shall be deemed to be effective as of 30/10/2012.

THE PARTIES AGREE AS FOLLOWS:

1. Lender agrees to lend to Borrower and Borrower accepts as a loan from Lender an amount of US$123'204'207.74 (the "Loan").

2. The Loan is contracted for general corporate purposes and/or to provide working capital to the Borrower and its subsidiaries.

3. The proceeds of the Loa n shall only be used as provided above in clause 2.

4. This loan will mature on October 15, 2022 . The Loan must be fully repaid in cash with interest (calculated and paid in the manner described in sections 5 and 6 be low) by the Borrower by such date.

---

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5 . Interest will accrue from the date of each disbursement at the annual rate of 5.9589%, calculated on the basis of a 360-day year and actual days elapsed until the Loan and al l interest accrued thereon has been repaid in full, and compounded annually.

Interest due under this Agreement shall be paid in full without any set-off, counter claim or deduction whatsoever. Borrower shall make all payments to be made by virtue of this Agreement without any tax deduction unless required by law. If a tax deduction is required by law to be made on a payment due by Borrower, the amount of the corresponding payment due by Borrower shall be increased to an amount which (after making the tax deduction) leaves the payment in an amount equal to the payment which would have been due if no tax deduction had been required.

6. Interest is payable semi-annually in arrears, each 15th April and 15th October, commencing April 15, 2013.

7. The Loan will be repaid in whole, including interest accrued thereon, by the Borrower at any time that the Lender requests the Borrower make such repayment because the 2020 Notes are being redeemed. With the written consent of the Lender (which consent shall not be unreasonably withheld) the Borrower may (a) assign the Loan to another creditworthy directly or indirectly wholly-owned subsidiary of Dufry AG, provided the Borrower reasonably believes the assignee will have cash flows sufficient to service the Loan or (b) repay the Loan in whole or in part, but only where the Lender is able to immediately lend the proceeds from such repayment on substantially the same terms as this Loan, to another directly or indirectly wholly-owned subsidiary of Dufry AG that the Lender reasonably believes will have operating cash flows sufficient to service the loan in accordance with its terms.

8. The Loan shall be immediately due and payable in any of the following events (events of defaults):

(a) Non-Payment: Borrower fails to pay when and as required to be paid herein, any interest payment or amount of principal borrowed under the Loan;

(b) Change of Control: Control of the Borrower passes so that the Borrower is no longer a directly or indirectly wholly-owned subsidiary of Dufry AG, whether by virtue of any agreement, offer, scheme or otherwise, to any person or persons, either acting individually or in concert whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, and in the case of (a), upon the Lender by written notice to the Borrower, in any such case and at any time thereafter, demanding from the Borrower the payment of all amounts (if any) outstanding under the Loan.

9. Representations and warranties: Borrower represents and warrants that (i) the proceeds of the Loan shall (in accordance with clause 3 of this Agreement) only be used as working capital and/or for general corporate purposes, (ii) the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Borrower, (iii) this Agreement constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with the terms thereof, and (iv) its indebtedness under this Agreement is its direct, unconditional, and general indebtedness and ranks, and will at all times rank, *pari passu* with all other unsecured indebtedness and liabilities (actual or contingent) issued, created, or assumed now or in the future or for which it is now or may at any time in the future otherwise be or become responsible.

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10. Representations and warranties: Lender represents and warrants that (i) the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Lender, and (ii) this Agreement is legal, valid, binding and enforceable in accordance with its terms.

11. This Loan embodies the entire agreement and understanding between Lender and Borrower, and supersedes all prior or contemporaneous agreements and understandings between the parties, verbal or written , relating to the subject matter hereof and thereof.

12. The Lender and Borrower agree to treat the Loan as debt for all Swiss and non- Swiss income tax and reporting purposes.

13. This Agreement, including the validity hereof and the rights and obligations of the patties hereunder, shall be construed in accordance with and governed by Swiss law (without reference to conflicts of laws principles). The provisions of this Agreement are severable; the unenforceability of any provision of this Agreement shall not affect the validity, binding effect and enforceability of any other provision or provisions of this Agreement.

**IN WITNESS WHEREOF,** the patties hereto have caused this Loan to be duly executed as of the day and year first above written.

**DUFRY FINANCES SNC**

/s/ Andreas Schneiter
By: Andreas Schneiter
Title: Director

/s/ Christophe Gaul
By: Christophe Gaul
Title: Director

**HUDSON GROUP INC.**

/s/ Julian Diaz
By: Julian Diaz
Title: Director

/s/ Andreas Schneiter
By: Andreas Schneiter
Title: Director


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**Exhibit 10.4**

This **LOAN AGREEMENT** (this **"Agreement"),** dated as of the Signing Date, is between the Lender and the Borrower.

| | |
|---|---|
| **Signing Date and Lending Date:** | **August 1, 2017** |
| **Lender:** | **DUFRY FINANCIAL SERVICES B.V.,** a limited liability company incorporated in the Netherlands, with offices at Luchthavenweg 53, Eindhoven, 5657, Netherlands, duly represented by its authorized signatories |
| **Borrower:** | **THE NUANCE GROUP (CANADA) INC.,** a Canadian corporation with offices at 5925 Airport Road, Suite 300, Mississauga, L4V 1W1, Canada, duly represented by its authorized signatories |
| **Facility:** | **Facility A: CAD 130,030,000; Facility B: CAD 65,000,000** |
| **Interest Rate:** | The Interest Rate, applicable only to Facility B, is 3.89% per annum. |
| **Repayment Date(s):** | Facility A : CAD 45 million to be repaid from the distribution received by WDFG Vancouver LP; the remainder to be repaid by the maturity of Facility A, which shall be on the 1st anniversary of the Lending Date, with automatic renewals of additional 1 year periods until the 10th anniversary of the Lending Date, which shall be the final maturity date<br><br>Facility B: Interest payable monthly, with final repayment by the 10th anniversary of the Lending Date; provided, however, that Facility A must be repaid prior to repayment of Facility B |
| **Purpose of the Loan:** | finance the acquisition of WDFG Canada Inc. and WDFG Vancouver LP |
| **Old Loan Agreement (if any):** | N/A |

1. The Facility will be advanced by the Lender to the Borrower on the Lending Date.

2. The proceeds of the Facility will only be used for the stated Purpose of the Loan.

3. Interest will accrue on any advanced and outstanding principal of Facility B at the Interest Rate, calculated on the basis of a 360-day year and actual days elapsed, until Facility B and all interest accrued thereon has been repaid in full.

4. The Facility will be repaid by the Borrower on the Repayment Date(s) in what concerns interest, being the full repayment of the principal and the final instalment of interest done on the last Repayment Date. The Borrower may prepay all or part of the Facility without premium or penalty.

5. Upon the occurrence of any of the following events (events of defaults) :

   (a) Non-Payment/ Default: The Borrower fails to pay when and as required to be paid herein, any interest payment or amount of principal borrowed under the Facility, or otherwise fails to comply with any of its obligations hereunder; or

   (b) Change of Control: Control of the Borrower passes, whether by virtue of any agreement, offer, scheme or otherwise, to any person or persons, either acting individually or in concert, without the prior written consent of the Lender; or

   (c) Bankruptcy: The Borrower becomes bankrupt or insolvent, is unable to pay its debts as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or otherwise applies for or consents to or suffers the appointment of a liquidator, receiver, or administrator of itself or any material part of its property, assets, or revenues; or

   (d) Material Adverse Change: There is a material adverse change in the financial condition of the Borrower that materially impairs its ability to perform or comply with any one or more of its obligations hereunder;

   then, and in any such case and at any time thereafter, the Lender may by written notice to the Borrower demand from the Borrower the payment of all amounts (if any) outstanding under the Facility, including any and all principal and interest, whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower.

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6. The Borrower represents and warrants that (i) the Borrower's assets are free and dear of any third party liens, pledges, security interest or encumbrances, (ii) the execution, delivery and performance of this Agreement have been duly authorized by ail necessary action on the part of the Borrower, and (iii) this Agreement constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with the terms thereof.

7. This Loan embodies the entire agreement and understanding between Lender and Borrower, and supersedes all prior or contemporaneous agreements and understandings between the parties, verbal or written, relating to the subject matter hereof and thereof, including without limitation the Old Loan Agreement, if any.

8. This Agreement, including the validity hereof and thereof and the rights and obligations of the parties hereunder and thereunder, shall be construed in accordance with and governed by the laws of Switzerland (without reference to conflicts of laws principles). The place of jurisdiction shall be Zurich. The provisions of this Agreement are severable; the unenforceability of any provision of this Agreement shall not affect the validity, binding effect and enforceability of any other provision or provisions of this Agreement .

IN **WITNESS WHEREOF,** the parties hereto have caused this Loan Agreement to be duly executed as of the day and year first above written.

**DUFRY FINANCIAL SERVICES B.V.**

/s/ Luis Marin Mas Sarda
By: Luis Marin Mas Sarda
Title: Authorized Signatory

/s/ Andreas Schneiter
By: Andreas Schneiter
Title: Authorized Signatory

**THE NUANCE GROUP (CANADA) INC.**

/s/ Luis Marin Mas Sarda
By: Luis Marin Mas Sarda
Title: Authorized Signatory

/s/ Andreas Schneiter
By: Andreas Schneiter
Title: Authorized Signatory

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**Exhibit 10.5**

# 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”)**


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## 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:

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## 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.
- "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.

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## 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.


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## IV. 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 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 _____ 2017, 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


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## 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 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.


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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.


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### 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.


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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 _____, 2017.

**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.


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### 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.


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### 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


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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.


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***For DIAG:***

**DATED** at Basel this __ day of _____ 2017

| | | | |
|---|---|---|---|
| Signature: | _____ | Signature: | _____ |
| Name: | Julian Diaz | Name: | Andreas Schneiter |
| Title: | Director | Title: | Director |

***For HGI:***

**DATED** at _____ this __ day of _____ 2017

| | | | |
|---|---|---|---|
| Signature: | _____ | Signature: | _____ |
| Name: | | Name: | |
| Title: | | Title: | Director |


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**Exhibit 10.6**

# 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")**

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## 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.


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**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*]

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## 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.


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- "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.


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## 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 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.


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### Article 4 Effective Date - Validity

This Agreement shall be effective as from _____, 2017, 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 _____, 2017. 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.


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(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.


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### 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 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.


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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.


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### 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.


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## 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 _____, 2017.

## 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).


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### 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.

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### 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.


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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:

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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.


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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.


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**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 _____ this __ day of _____ 2017

| | | | |
|---|---|---|---|
| Signature: | _____ | Signature: | _____ |
| Name: | Julian Diaz | Name: | Andreas Schneiter |
| Title: | Director | Title: | Director |

***For The Franchisee (Hudson Group (HG), Inc.):***

**DATED** at _____ this __ day of _____ 2017

| | | | |
|---|---|---|---|
| Signature: | _____ | Signature: | _____ |
| Name: | | Name: | |
| Title: | | Title: | |


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## 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.


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(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.


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**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


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**Exhibit 21.1**

## SUBSIDIARIES OF THE REGISTRANT

The following are the subsidiaries of Hudson Ltd.

| | Jurisdiction of Organization |
|---|---|
| Airport Management Services LLC | California |
| AMS Canada | Vancouver, Canada |
| AMS of South Florida LLC | Florida |
| AMS-AJA Jackson JV | Mississippi |
| AMS-BW Newark JV | New Jersey |
| AMS-NIA Richmond JV | Virginia |
| AMS-Olympic Nashville JV | Tennessee |
| AMS-Shaw Myrtle Beach JV | South Carolina |
| AMS-SJC JV | California |
| AMS-TE Atlantic City JV | New Jersey |
| AMS-TEI Miami JV | Florida |
| AMS-Watson Mobile JV | Alabama |
| Atlanta WDFG LTL ATL JV LLC | Georgia |
| Atlanta WDFG Shellis Atlanta JV | Georgia |
| Atlanta WDFG TAC ATL Retail LLC | Georgia |
| Dallas Fort WDFG-Howell Mickens JV | Texas |
| Dallas Fort Worth – WDFG – Howell Mickens Terminal A– Retail I JV | Texas |
| Dallas Fort Worth WDFG/JAVA STAR JV | Texas |
| Dallas Love Field WDFG – Love Field Partners II LLC | Texas |
| Denver – WDFG SPI DEN Retail LLC | Colorado |
| Denver Duty Free JV | Colorado |
| Detroit WDFG Detroit & Partners LLC | Delaware |
| Dufry Americas Holding Inc. | New York |
| Dufry Houston Duty Free & Retail Partnership | Texas |
| Dufry MSP Retailers JV | Minnesota |
| Dufry Newark Inc. | New Jersey |
| Dufry O'Hare T5 JV | Illinois |
| Dufry Phoenix Retailers JV | Arizona |
| Dufry Seattle JV | Washington |
| Grand Rapids WDFG/Diversified JV | Michigan |
| HG Burbank JV | California |
| HG Burlington, JV | Vermont |
| HG Denver JV | Colorado |
| HG DFW Retailers JV | Texas |
| HG LAX T3 Retailers JV | California |
| HG Magic Concourse TBIT JV | California |
| HG Manchester, JV | New Hampshire |
| HG Multiplex DFW JV | Texas |
| HG National JV | Virginia |

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| | Jurisdiction of Organization |
|---|---|
| HG ONT Retailers JV | California |
| HG Orlando AS1-JV | Florida |
| HG PHL Retailers JV | Pennsylvania |
| HG SFO Retailers JV | California |
| HG St Louis JV | Missouri |
| HG St. Louis JV II. | Missouri |
| HG Tampa JV | Florida |
| HG Tucson Retailers JV | Arizona |
| HG Tulsa Retailers JV | Oklahoma |
| HG-BW Charleston JV | South Carolina |
| HG-KCGI-TEI JFK T8 JV | New York |
| HG-LAX T6, JV | California |
| HG-Multiplex-Regali Dallas JV | Texas |
| HG-Regali DFW JV | Texas |
| Houston WDFG Branch McGowen, LLC | Texas |
| Hudson Birmingham JV | Alabama |
| Hudson BW GSP JV | South Carolina |
| Hudson Cleveland JV | Ohio |
| Hudson Group (HG) Retail, LLC | New York |
| Hudson Group Canada Inc. | Vancouver, Canada |
| Hudson JME Newark C JV | New Jersey |
| Hudson Las Vegas JV | Nevada |
| Hudson Newburn AS2 JV | Florida |
| Hudson News O'Hare JV | Illinois |
| Hudson O'Hare T5 JV | Illinois |
| Hudson Sanford JV | Florida |
| Hudson-BW Logan C, JV | Massachusetts |
| Hudson-CV-Epicure-Martinez JV | California |
| Hudson-Garza Albuquerque JV | New Mexico |
| Hudson-JRE Midway JV | Illinois |
| Hudson-Keelee JFK 7 JV | New York |
| Hudson-Magic Johnson Ent. CV LLC | California |
| Hudson-NEU Logan JV | Massachusetts |
| Hudson-NIA JFK T1 JV | New York |
| Hudson-NIA Norfolk JV | Virginia |
| Hudson-NIA Rochester JV | New York |
| Hudson-Northwind Anchorage JV | Alaska |
| Hudson-Retail Dallas JV | Texas |
| Hudson-Retail NEU LaGuardia JV | New York |
| JFK Air Ventures II JV | New York |
| John Wayne NG-AC JV | California |
| LAX Retail Magic 2 JV | California |
| LAX Retail Magic 3-4 JV | California |
| LAX WDFG CA LLC | California |
| Little Rock WDFG Adevco Joint Venture | Arkansas |


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| | Jurisdiction of Organization |
|---|---|
| Miami Airport Retail Partners JV | Florida |
| Minneapolis WDFG/ELN MSP Terminal 2 Retail – LLC | Minnesota |
| National Air Ventures | Massachusetts |
| New Orleans Air Ventures II | Louisiana |
| Nuance Group Las Vegas Partnership | Nevada |
| Nuance Houston LLC | Texas |
| Phoenix WDFG JV | Arizona |
| San Antonio WDFG – Houston 8 JV | Texas |
| Seattle Air Ventures | Washington |
| TNG (Canada) Inc. | Toronto, Canada |
| UAMS-CyS Phoenix JV | Arizona |
| WDFG Houston 8 2014 LLC | Texas |
| WDFG North America LLC | California |
| WDFG Partners Duty Free LLC (Detroit) | Michigan |
| WDFG Vancouver LP | Vancouver, Canada |
| WDFG-Aranza/Howell D2-14, LLC | Texas |
| WDFG-Skyview Concessions LLC | California |
| WDFG-Transglobal TPA JV | Florida |
| World Duty Free Group JV Holding LLC | Delaware |
| World Duty Free Group US Inc. | Delaware |
| World Duty Free US Inc. | Florida |

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**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated August 25, 2017 (except with regard to the statement of cash flows restatement as described in Note 2.4, as to which the date is October 12, 2017), with respect to the combined financial statements of Hudson Group, included in the Registration Statement (Form F-1) and the related Prospectus of Hudson Ltd for the registration of its Class A common shares.

/s/Ernst &Young AG

Basel, Switzerland November 14, 2017


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**Exhibit 23.5**

**Consent of Ipsos Market Research**

We hereby consent to (1) the use of and all references to the name of Ipsos Market Research in the prospectus included in the registration statement on Form F-1 of Hudson Ltd. (the "Company") and any amendments thereto (the "Registration Statement"); including, but not limited to, the use of the information supplied by us and set forth under the "Prospectus Summary" and "Business" sections; and (2) the filing of this consent as an exhibit to the Registration Statement by the Company for the use of our date and information cited in the above-mentioned sections of the Registration Statement. If, subsequent to the data of this Consent, the Company proposes to amend the Registration Statement to: (i) include additional information provided by us or (ii) materially modify the interpretation of the existing information, we will promptly review the modifications in accordance with our agreement with the Company and, if approved, enter into a revised Consent.

Sincerely,

By: /s/ Mark Campbell
Name: Mark Campbell
Title: VP & Treasurer

November 13, 2017

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