

# Hudson Group announces temporary closure of 700 stores as a result of global pandemic

North American based Hudson Group shared several business updates and actions as a result of COVID-19. The COVID-19-related concerns, event cancellations, and business and government-imposed restrictions have led to a significant decrease in passenger travel, which has resulted in sharply reduced customer traffic and spending across Hudson's retail stores in North America.

The following actions are being implemented immediately:

- Temporarily closing more than 700 of its stores in airports, commuter hubs, landmark, and tourist locations as of April 22, 2020.
- Reducing a majority of its workforce through furloughs and lay-offs of both field service and support team members. Furloughed employees will receive health benefits for at least 60 days, with Hudson funding 100% of employees' health premiums.
- Decreasing staffing and store hours in certain locations that have remained open.
- Reached agreements with many landlords to abate or defer rents and other payments; continue to work with the remaining landlords and are highly confident a satisfactory agreement will be reached with most.
- Implementing salary reductions for corporate team members and field leadership.
- Reducing capital spend to minimal levels.
- Managing inventory tightly to better align with lower sales levels and reducing working capital needs.
- Reducing all operating expenses to minimal levels.

In addition, to help minimize exposure to and the spread of COVID-19, the Company has taken a number of proactive steps, including: adhering to guidance provided by the U.S. Centers for Disease Control and Prevention ("CDC") and local, state and federal health officials; equipping stores and warehouses with necessary supplies for enhanced cleaning protocol and personal protection; implementing standardized measures and procedures in stores and offices to advocate social distancing to the fullest extent possible; activating its Emergency Response Team to assess and address potential exposure throughout the Company; and enabling the majority of its corporate support team to work remotely. The Company is also continuing to assess its potential eligibility for any governmental grants or programs.

"During these unprecedented global market conditions, our top priority is the health and well-being of our team members, partners, customers and communities, as well as the fiscal health of our business," stated Roger Fordyce, CEO of Hudson. "In light of the challenges we are facing, we are making the difficult decisions to adjust our store operations and reduce our workforce, while also implementing significant cost reductions across the Company. The actions we are taking to aggressively manage our expenses, working capital and capital expenditures are intended to preserve our short and long-term financial health while also ensuring we are ready to rebuild and welcome back our furloughed employees, so that we may re-open our stores as soon as conditions permit."

As of March 31, 2020, Hudson had sufficient liquidity comprised of cash and cash equivalents to meet its near-term liquidity needs.

Hudson is continuing to closely monitor ongoing developments and respond accordingly, and will provide a further business update as part of its first quarter earnings announcement. The company anticipates a 30 to 60 day delay in reporting its first quarter results in order to allow additional time to prepare its financial statements, due to the need to conduct supplementary financial procedures and clarify certain accounting treatment related to the significant change in business conditions caused by the COVID-19 pandemic.

Mr. Fordyce concluded, “We are extremely grateful to our employees and business partners who are helping us navigate these challenging times. Above all, we extend our heartfelt appreciation to our frontline team members who continue to serve travelers, including essential workers such as healthcare professionals and airport and commuter hub personnel, in stores that remain open.”

“While the effects of this global health crisis are unprecedented, the company and our management team have overcome severe business downturns in the past. With the ongoing support of our employees, customers and business partners, we are well positioned to resume normal operations as business conditions stabilize and eventually improve. Though we cannot predict when operations will resume, we remain confident in the long-term strength of our business model and the resiliency of the travel retail industry.”