

Dear OYOpreneur,

Hope you and your family are staying safe. We are very glad that our team has not seen any new COVID positive cases over the last 2+ months. However, the threat of this pandemic is far from over, so I hope you are all taking necessary precautions to keep out of harm's way. The health of each OYOpreneur is of paramount importance and OYO stands committed to offering all the support that may be needed from our side.

A key message on recovery

A little over two months ago, OYO had to unfortunately put many of our fellow OYOpreneurs on a furlough due to the impact of COVID-19 on our business. I have been in touch personally with many impacted OYOpreneurs during this period, and I have tried to share an honest perspective on how recovery in the business looks like.

The US business is showing positive signs of recovery and our occupancy is now touching 30% levels. We have benefitted from our exposure to tier 2 and tier 3 markets, and from our commitment to the economy segment which has proven to be more resilient in this crisis. That said, US revenue is still 25% below the Jan levels, which for a high growth geography does set us back significantly.

More importantly, our global business is today operating at ~30% of pre-COVID revenue levels, with India finally starting to move up in occupancy from lows of 6-7% in the beginning of June. While we still remain optimistic about our long term recovery and our prospects in each geography, it is also very clear to us now that the path to full recovery for OYO global will last well into the second half of 2021.

Given the above realities, I do want to transparently share that OYO US will not be in a position to create opportunities for a large majority of the OYOpreneurs currently on furlough. This means it is likely that we will have to part ways with many OYOpreneurs when this period of furlough ends. In this note, I wish to share a little detail regarding how we got here, as well as announce that, for all employees currently on furlough, OYO is (1) providing each of you with a stock ownership opportunity; and (2) retaining an outplacement assistance firm, whose services will be available to you immediately. Any employee who OYO cannot return to work from the furlough will be eligible for extended health care and other separation support, which will be shared at the time each impacted individual is notified.

Going back to Q1 2020

OYO US went through a tough restructuring exercise in Jan'20, which was needed to put us on a sustainable path balancing the need for growth, profitability, and process and tech excellence. I am really proud of the way this team rebounded from the tough decisions in Jan. Each one of you rose to the new challenge to ensure partners' relationships were deepened, new sales programs were launched, revenue capabilities were enhanced and focus on building a strong culture took centre stage. We also started a renewed focus on our margins and almost doubled our contribution margin during this time period.

In March 2020, Covid-19 swiftly and unexpectedly upended our world and our industry. Over the month of March, I explained during our town halls and leadership sessions the deep impact of Covid-19 on our business and the steps we were planning to take to ensure our long-term success and sustenance. Ritesh made sure he was the first one to get impacted by forgoing 100% of his salary for 2020, and I took a 40% cut on my pay. We reduced marketing spends by more than 80%, cut down capex, G&A, and several growth budgets including all M&A. However, the impact of the crisis was so sudden and so deep that these measures were not enough. Unfortunately, we had to implement furloughs and pay cuts. For our employees on furlough, however, we provided a modest 15% salary and continued benefits, which we believe are extremely important during this pandemic.

I know that all of you joined OYO for our mission, for creating a difference, for having an impact - I am truly sorry that not all of us have been able to continue on this path. We were left with very little choice to ensure that we could survive the crisis. Our effort was focused on keeping as many OYOpreneurs engaged full time as possible, while giving us a fighting chance to recover from this crisis on the other hand.

I am very grateful for the maturity with which you all handled this decision. I am also very grateful for how many of you wrote saying to me sharing your acknowledgement of the situation the company was facing. I will forever be grateful to you for understanding this situation and giving the company the runway required to work towards recovery.

While it was a very difficult decision for us to make, I would like to emphasize that it was not in any way a reflection of the work that you did or your performance. It is just a reflection of new realities of the market and the new realities for OYO globally in the midst of the pandemic.

We knew this crisis was real and could take time, but we were hopeful that we could leverage our global resources to re-engage after the furlough. However, the reality is, the impact on our business has been deeper, and the recovery has been slower than what we had anticipated.

Announcement of Stock Ownership Opportunity

I am indebted to the passion and love for OYO each one of you has shown even during these difficult times. I would like to recognize your contributions and this love and passion for OYO by giving you the opportunity to become a co-owner and shareholder of the company. I would like to inform you that each and every impacted OYOpreneur who is on a furlough will be eligible for stock options in OYO as part of a new ESOP program; a global pool of ~\$18M has been created which will be used for this allocation. Details on your specific grants and applicable conditions will be shared on email before the end of the furlough.

In addition to above, we also understand that some of you may already have stock options. For those employees, the ownership opportunity will include a waiver of the employment requirement for your next vesting marker (i.e., one-year cliff for employees with less than 1 year tenure; next quarterly vesting for employees with more than 1 year tenure).

This is the first time in the history of the company that such a large part of the organization is being offered stock ownership. This is a small token of gratitude from us for your contribution in building this company and for your unwavering support to us in good as well as bad times.

Support for future career opportunities

We are partnering with a world renowned external agency, Lee Hecht Harrison (LHH), to assist all OYOpreneurs who are on a furlough in their search for other opportunities. LHH will be providing you access to active jobs, getting you noticed with recruiters and hiring managers, as well as supplying you with techniques to land an ideal position, faster. LHH is a division of The Adecco Group – the world’s leading HR solutions partner with 51 years of experience. LHH’s 2,200 coaches and colleagues work with more than 7,800 organizations in 66 countries around the world and 350,000+ candidates per year. LHH provides many benefits, including a Career Resource Network, proprietary job posting database, career coaching, professional resume and social media review, online workshops, and more. LHH’s covered services will be available to you, beginning immediately and the costs will be borne by OYO. We strongly encourage you to use these services.

LHH will conduct virtual information sessions on 25th, 26th ,29th and 30th of June which will help you understand the scope of their services. You can start to avail these services anytime between Monday, June 29 and Friday, July 31. And these services will be available to you for a period of four months from the day you activate the service. Please refer to the attachments for more details about the program and how to get started.

Leveraging our investors network

We are also actively working with our investors to identify opportunities in their portfolio companies, and help YOpreneurs with alternate career opportunities in those companies. We have already reached out to a few YOpreneurs basis profiles and needs as shared by the investors. We will make this more structured and will be reaching out with further details here soon.

Before I close

I would like to say thank you. I am privileged to have worked with all of you. Thank you for helping the company get where it is today and for being an integral part of our company. Thank you for coming to YO!

Please remember to use the YO's Employee Assistance Program, which offers free confidential access to professional counselors and other supports. Details of this program are [attached](#).

If you have any other questions, please reach out to me or to the Human Resources at ushrhelpdesk@oyorooms.com.

Regards,
Abhinav

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