

OYA Apparel is responding to the country's "shelter in place" by analyzing COVID-19's effects on both supply and demand and then planning for variables within our control.

Our initial analysis reveals that our focus on local production and our online-only sales model will help shield us from greater COVID-19 impacts on the supply chain in comparison to competitors who source overseas. The shutting down of brick-and-mortar storefronts has led to an increase in online shopping,¹ which cuts to our advantage. Also, models predict that there will be a permanent shift to local manufacturing post-COVID-19, so by getting ahead of that curve, we are positioning ourselves as strong future competitors.

Further analysis reveals that the demand for athleisure leggings will be largely sheltered from COVID-19, relative to the broader apparel industry and general consumer spending. Health and wellness products have seen little to no change in demand on direct-to-consumer channels². We are also encouraged by the increasing popularity of at-home workouts³. Women are now afforded both the time and opportunity to pursue their fitness goals through free online workouts, most of which are done in leggings. Beyond fitness, leggings are also comfortable and versatile, making them the perfect attire for almost any activity while many women work from home.

Despite these trends, in order to account for the rapidly changing circumstances, we are pushing our launch date from June to August 2020. This will let demand stabilize post-COVID-19 and help our suppliers prioritize the manufacturing of facemasks. We will repurpose these two-months to refine our products (digital ecosystem content and our physical leggings) and rank our activities in terms of immediate cash flow benefits, and long-term strategic costs.

Under this extended timeline we are prioritizing the recent mom and developing content and market research around her because: 1) we are doubling-down on a sector that has already supported us; 2) we are adapting our content to her current situation; and 3) analysts expect an uptick in online browsing amid "shelter in place" orders. This creates the perfect environment for us to find relevant influencers & early adopters, and build a foundation in the mommy community with engaging content.

An August launch also gives us more time to adjust our digital infrastructure and legging prototypes. We are building digital infrastructure around engaging, on-brand content optimized to our target customer. Simultaneously, we will begin engaging a broader group of early-adopters in May to fit test our leggings. We will solicit their feedback on key design drivers

1

<https://multichannelmerchant.com/ecommerce/u-s-ecommerce-sales-25-due-covid-19-e-grocery-doubles/>

2

<https://www.adroll.com/blog/marketing/market-trends-and-d2c-opportunities-in-the-covid-19-landscape>

3

<https://www.ptcommunity.com/wire/home-fitness-equipment-witnesses-spike-demand-gyms-close-prevent-spread-coronavirus>

(i.e., comfort, fit, and functionality, etc), which will inform which leggings to sell at launch. We will also use small, just-in-time batch sizes with limited collections to test product market fit while protecting our cash flow and avoiding large inventory investments.

Overall, it is impossible to accurately simulate what will happen with COVID-19. However, OYA is remaining flexible and retaining multiple solutions so we are able to adapt as quickly as the circumstances around us do and use this interim period to our advantage.