



Keastone

27 MAR 2020

To: Team Keastone
Re: Pandemic Crisis Mitigation Measures

Team, I'm not going to sugarcoat it, we're in a very serious situation because of the pandemic crisis and we must take responsible and aggressive actions to mitigate the impact.

FIRST, each of us must take every precaution necessary to ensure our personal health and the well-being of our families and loved ones.

SECOND, we must take immediate steps to ensure the near-term financial viability of Keastone.

Keastone is an early stage venture that receives its operating capital on a monthly basis from an investment group. Because of the crisis, we have not received our usual funding disbursement for the month of MAR. I am in close communication with the manager of our investment group, Mr. Novak. He assures me that the investment group will honor its commitments to Keastone, but there will be delays until the lockdown and health crisis ease-up in Europe. This leaves Keastone with only the "extra" cash that was on-hand when the crisis began. That cash amounts to approximately one month of cash burn for Keastone. Although I have confidence that the investment group will eventually fulfill their commitment to Keastone, I cannot take the risk of spending all of our cash-on-hand in the near term, leaving us with no operating capital to bridge to an unspecified future date on which we will receive the next funding from investors.

I have created a cash flow plan that takes our one month of cash-on-hand and spreads it over the next three months. This minimally gives us viability for a period that should give our investors more than enough time to disburse additional funds to us. As funds are received, we will proportionally modify the cash flow plan. The faster the funds flow in, the faster we can move back to our normal burn rate.

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Until new funds arrive, the following cash management measures will be implemented:

- 1) WeWork Galaxy will not be paid until funding levels return to normal and a new WeWork deal is negotiated that is reflective of the “new” economic reality.
- 2) 30 MAR payroll will be paid at 30% of the normal rate. The remaining 70% will be accrued for future payment when sufficient funds are on-hand. The terms of the 27 APR payroll will be determined based on the amount of funding received during the month of APR.
- 3) All travel and “extra” expenditures will be cancelled.
- 4) All non-essential services will be put on-hold or terminated.
- 5) All debt-service payments will be postponed.
- 6) There will be no hiring for the foreseeable future.

I know these measures are sudden and aggressive. If I had other options, believe me, I would use them. The factors to which we are forced to react are far bigger than we are able to affect at this moment. I/we can only react in the best way possible using what is available for us to work with.

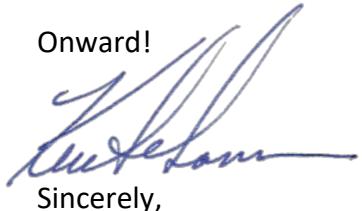
KEASTONE WILL SURVIVE THIS CRISIS. I have absolutely NO doubts about this. We have a reputation in the funding community for being “bullet proof” because we have endured multiple crises that would have taken down most early stage ventures. We ALWAYS find a way forward and this time will be no different. The question is how much collateral damage we can mitigate by taking smart and proactive actions.

We are an AWESOME team, and we are building a game-changing product! Our investors KNOW this. It’s why they are committed to us even in the face of this crisis. They are assuring us that we will continue to receive funding! As a team we must communicate openly and honestly and work together to get through the near-term cash flow challenge and protect our collective opportunity. How we handle this situation as a team will send a very strong signal to our stakeholders about our longer-term odds of success. Let’s show them what we’re made of!

In reaction to this memo, please discuss with your teammates, the LT member you report to, and me directly if you wish. I am sure there will be many questions and suggestions. We will take the time necessary to ensure everyone is heard and responded to.

WE WILL get through this. We're living history with this crisis. Let's do so in a way we will be proud to retell in the future.

Onward!

A handwritten signature in blue ink, appearing to read "Keith Adams".

Sincerely,

Keith Adams
Keastone CEO