Disclosures

Disclosures for universe of: Nicole Miller Regan, Erinn Murphy, Mike Olson

1. I or a household member has a financial interest in the securities of the following companies: none

2. I or a household member is an officer, director, or advisory board member of the following companies: none

3. I have received compensation within the past 12 months from the following companies: none

4. Piper Jaffray or its affiliates beneficially own 1% or more of any class of common equities of the following companies: BOJA, SFIX

5. Piper Jaffray has received compensation for investment banking services from or has had a client relationship with the following companies within the past 12 months: Miller Regan: DFRG; Murphy: FNKO, SFIX; Olson: SE

6. Piper Jaffray expects to receive or intends to seek compensation for investment banking services from the following companies in the next 3 months: Miller Regan: DFRG; ZOES

7. Within the past 12 months Piper Jaffray was a managing underwriter of a public offering of, or dealer manager of a tender offer for, the securities of the following companies: Miller Regan: DFRG; FNKO, SE, SFIX

8. Piper Jaffray has received compensation for non-investment banking services from or has had a client relationship with the following companies within the past 12 months: Murphy: CROX

9. Piper Jaffray makes a market in the securities of the following companies, and will buy and sell the securities of these companies on a principal basis: Miller Regan: BJRI, CAKE, CMG, DFRG, DNKN, DRI, EAT, FRGI, HABT, MCD, NDLS, PBPB, PLAY, QSR, RUTH, SBUX, SHAK, TACO; Murphy: CPRI, CROX, EL, ELF, FL, GIII, JCP, JWN, KSS, NIKE, PVH, SHOO, TPR, UAA, ULTA, WWW; Olson: AAPL, AMZN, ATVI, BKNG, EA, EBAY, EXPE, FB, GDDY, GLUU, MELI, NFLX, SE, TRIP, TTWO, ZNGA

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Note: Piper Jaffray and/or its employees (other than the analyst who follows Glu Mobile Inc.) own securities of Glu Mobile Inc. that were acquired prior to the IPO of Glu Mobile Inc.
What Is a Stock Analyst?

Intro To Primary & Secondary Market Research

Taking Stock With Teens – Primary Market Research

What You Told Us

Hot Trends In Fashion, Food, & Electronics

Using Consumer Insights To Pick Stocks
What Is A Stock Analyst?

**Detective & Student:**
Research companies to understand business structure

**Mathematician/Statistician:**
Create financial models to predict future performance

**Investor:**
Estimate value of companies “per share”
Compare to stock price per share
Make buy, hold or sell recommendation

**Journalist:**
Present findings & recommendations in reports for investors
PRIMARY MARKET RESEARCH
• Primary research is any type of research that you go out and collect yourself
• Examples include surveys, interviews and observations

SECONDARY MARKET RESEARCH
• Secondary research involves the summary, collation and/or synthesis of existing research
• Examples include prior research reports, newspapers, magazines and government statistics
How We Do Our Primary & Secondary Research

1. Talk to company management, industry experts
2. Review financial results, future strategies
3. Read magazines, newspapers, trade journals
4. Attend industry-related events
5. Keep up on trends, follow trend lifecycles
6. Visit stores, talk to customers and associates
7. Survey consumers about their preferences and shopping behaviors
Taking Stock With Teens – Primary Market Research

National Survey Of Teens Measuring:

ACTIVITY:
Wide Scale Focus Group

OBJECTIVE:
Understand Youth Spending
Taking Stock With Teens – Survey Framework & Demographics

36th Semi-Annual Proprietary Teen Research Project

National survey of teens measuring:
• Behaviors & Priorities
• Capacity & Intentions
• Brand Preferences

8,600 Total Responses
15.9 Average Age
36% Part-Time Employed

Survey is executed in partnership with DECA
The source for all charts/tables within this report is Piper Jaffray.
MACRO-ECONOMIC FACTORS

INDUSTRY

COMPANY

Fuel Costs

Home Values

Foreign Exchange Rates

Interest Rates

Labor Costs
Taking Stock With Teens – Factors We Consider

MACRO-ECONOMIC FACTORS

INDUSTRY

Raw Materials; Inputs

COMPANY

Weather; Seasonality

Industry Labor Costs

Selling Prices
Taking Stock With Teens – Factors We Consider

MACRO-ECONOMIC FACTORS

Gender Targets

INDUSTRY

On Trend or Off Trend?

COMPANY

Geographic Exposure

Clearance, Markdowns

Management Comments
Teen Fashion Spending – Estimating Market Size

Researchers call this “total addressable market” or TAM

\[ 28 \text{ million} \times \$2,600/\text{person} = \$73 \text{ billion} \]

\[ \text{Apparel} + \text{Shoes} + \text{Accessories} = 38\% \]

\[ \$73 \text{ billion} \times 38\% = \$28 \text{ billion} \]
1. Teen spending is up year-over-year
2. Food spending remains the top priority (24% of wallet)
3. Video games (as % of male wallet) hits an all-time high
4. Streetwear & 1990s logo brands gaining momentum
5. Teen intent to buy iPhone reaches high (86% will choose iPhone as next phone)
What Is In A Teen’s Wallet Today?

All Upper-Income Teens

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Needs</td>
<td>20%</td>
</tr>
<tr>
<td>Selfie Budget</td>
<td>38%</td>
</tr>
<tr>
<td>Social Budget</td>
<td>42%</td>
</tr>
</tbody>
</table>

- Basic Needs: Electronics, Cars, & Other
- Selfie Budget: Clothing, Accessories, Personal Care, & Shoes
- Social Budget: Food, Video Games, Music, Movies, Events, & Books

Chick-fil-A is favorite restaurant for teens followed by Starbucks

Vans hits an all-time high in the survey led by female teens

Video games continue to gain share of male wallets
### Top Spending Categories For Teens

#### All Upper-Income Teens

<table>
<thead>
<tr>
<th></th>
<th>Male’s Wallet Share</th>
<th>Female’s Wallet Share</th>
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<tr>
<td>1</td>
<td>Food</td>
<td>Clothing</td>
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<td>24%</td>
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<tr>
<td>2</td>
<td>Clothing</td>
<td>Food</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>23%</td>
</tr>
<tr>
<td>3</td>
<td>Video Games</td>
<td>Personal Care</td>
</tr>
<tr>
<td></td>
<td>14%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Amazon As Top Website For Teens
All Upper-Income Teens

<table>
<thead>
<tr>
<th>Rank</th>
<th>Spring 2017</th>
<th>%</th>
<th>Rank</th>
<th>Fall 2017</th>
<th>%</th>
<th>Rank</th>
<th>Spring 2018</th>
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<td>5%</td>
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</tr>
<tr>
<td>3</td>
<td>American Eagle</td>
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<td>American Eagle</td>
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<td>American Eagle</td>
<td>4%</td>
<td>3</td>
<td>American Eagle</td>
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</tr>
<tr>
<td>4</td>
<td>Forever 21</td>
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<td>4</td>
<td>ebay</td>
<td>3%</td>
<td>4</td>
<td>Urban Outfitters</td>
<td>3%</td>
<td>4</td>
<td>Urban Outfitters</td>
<td>3%</td>
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<tr>
<td>5</td>
<td>eBay</td>
<td>2%</td>
<td>5</td>
<td>Forever 21</td>
<td>3%</td>
<td>5</td>
<td>Forever 21</td>
<td>3%</td>
<td>5</td>
<td>PacSun</td>
<td>2%</td>
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<tr>
<td>6</td>
<td>Urban Outfitters</td>
<td>2%</td>
<td>6</td>
<td>Urban Outfitters</td>
<td>2%</td>
<td>6</td>
<td>PacSun</td>
<td>2%</td>
<td>6</td>
<td>eBay</td>
<td>2%</td>
</tr>
<tr>
<td>7</td>
<td>Victoria's Secret</td>
<td>2%</td>
<td>7</td>
<td>Fashion Nova</td>
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<td>7</td>
<td>ebay</td>
<td>2%</td>
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<td>Fashion Nova</td>
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<tr>
<td>8</td>
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<td>8</td>
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<td>8</td>
<td>lululemon</td>
<td>2%</td>
<td>8</td>
<td>Forever 21</td>
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<tr>
<td></td>
<td>PacSun</td>
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<td>9</td>
<td>PacSun</td>
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<td>Zaful</td>
<td>2%</td>
<td>9</td>
<td>lululemon</td>
<td>2%</td>
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<tr>
<td>10</td>
<td>Zumiez</td>
<td>1%</td>
<td>10</td>
<td>Supreme</td>
<td>1%</td>
<td>10</td>
<td>Supreme</td>
<td>1%</td>
<td>10</td>
<td>Adidas</td>
<td>1%</td>
</tr>
</tbody>
</table>

>70% Of Softlines Dollar Growth In North America
Streetwear & Designer Oriented Brands Ticking Up

Upper-Income Favorite Apparel Brand (Males)

- Streetwear brands & designer brands broadly have been gaining share in our bucket of 23 brands
- Supreme first captured share in Spring 2015 in our data
- Fall 2018 saw consistent growth with this bucket (ex-Supreme, which saw a 140 bps deceleration Y/Y)
• 71% of females prefer an athletic brand of footwear, up from 67% last year (above)

• 85% of males prefer an athletic brand of footwear similar to the 86% last fall
Biggest Gainers In Branded Softlines Data

- Consistently the No. 2 preferred footwear brand among all teens
- No. 1 (first-time ever) among upper-income female teens, surpassing Nike
- Single largest brand of VF’s at >$3 billion in sales today

- New peak share in survey
- No. 3 footwear & apparel brand among teens (led by men)
- ~€22 billion in sales today (58% footwear); ~€4.8 billion in North America

- Remains an up-trending brand for males & females
- No. 3 preferred athletic brand (upper-income) with 12% share vs. 7% LY
- Seeing the most significant share gains among females

- Maintained a top-20 rank having debuted last Fall for first time
- Ranked No. 12 for upper-income males & No. 17 for average-income
- Tommy Hilfiger (~44% of PVH sales)

- First time in the top-20 ranking as preferred footwear brand
- No. 12 for upper-income teens & No. 13 for average-income teens
- Tripled historical dual-gender mindshare from ~20 bps to ~60 bps (Y/Y)
## Top-10: Favorite Cosmetics Brands (All Female Teens)

### Favorite Cosmetics Brand (All Females)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Spring 2017</th>
<th>%</th>
<th>Rank</th>
<th>Fall 2017</th>
<th>%</th>
<th>Rank</th>
<th>Spring 2018</th>
<th>%</th>
<th>Rank</th>
<th>Fall 2018</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MAC</td>
<td>10%</td>
<td>1</td>
<td>MAC</td>
<td>10%</td>
<td>1</td>
<td>Tarte</td>
<td>12%</td>
<td>1</td>
<td>Tarte</td>
<td>13%</td>
</tr>
<tr>
<td>2</td>
<td>Urban Decay</td>
<td>9%</td>
<td>2</td>
<td>Maybelline</td>
<td>9%</td>
<td>2</td>
<td>MAC</td>
<td>9%</td>
<td>2</td>
<td>Too Faced</td>
<td>9%</td>
</tr>
<tr>
<td>3</td>
<td>Too Faced</td>
<td>9%</td>
<td>3</td>
<td>Urban Decay</td>
<td>8%</td>
<td>3</td>
<td>Too Faced</td>
<td>8%</td>
<td>3</td>
<td>MAC</td>
<td>7%</td>
</tr>
<tr>
<td>4</td>
<td>CoverGirl</td>
<td>9%</td>
<td>4</td>
<td>Too Faced</td>
<td>8%</td>
<td>4</td>
<td>Maybelline</td>
<td>8%</td>
<td>4</td>
<td>Maybelline</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>Maybelline</td>
<td>8%</td>
<td>5</td>
<td>Tarte</td>
<td>7%</td>
<td>5</td>
<td>Urban Decay</td>
<td>6%</td>
<td>5</td>
<td>Anastasia Beverly Hills</td>
<td>6%</td>
</tr>
<tr>
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<td>Tarte</td>
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<td>6</td>
<td>e.l.f.</td>
<td>6%</td>
<td>6</td>
<td>Anastasia Beverly Hills</td>
<td>6%</td>
<td>6</td>
<td>Sephora</td>
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</tr>
<tr>
<td>7</td>
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<td>7</td>
<td>CoverGirl</td>
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<td>CoverGirl</td>
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<tr>
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<td>Anastasia Beverly Hills</td>
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<td>8</td>
<td>Anastasia Beverly Hills</td>
<td>5%</td>
<td>8</td>
<td>Sephora</td>
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<tr>
<td>9</td>
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<td>9</td>
<td>Sephora</td>
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<td>e.l.f.</td>
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<td>9</td>
<td>Fenty Beauty</td>
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<tr>
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<td>Benefit</td>
<td>3%</td>
<td>10</td>
<td>Fenty Beauty</td>
<td>3%</td>
<td>10</td>
<td>Morphe</td>
<td>4%</td>
</tr>
</tbody>
</table>

Image Source: toofaced.com, maccosmetics.com, Piper Jaffray & Co.
### Which social platform do you use at least once per month?

<table>
<thead>
<tr>
<th>Platform</th>
<th>Spring 2016</th>
<th>Fall 2016</th>
<th>Spring 2017</th>
<th>Fall 2017</th>
<th>Spring 2018</th>
<th>Fall 2018</th>
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</thead>
<tbody>
<tr>
<td>Snapchat</td>
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<td>80%</td>
<td>81%</td>
<td>82%</td>
<td>83%</td>
<td>84%</td>
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<tr>
<td>Instagram</td>
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<td>81%</td>
<td>82%</td>
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<tr>
<td>Twitter</td>
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<td>56%</td>
<td>50%</td>
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<tr>
<td>Facebook</td>
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<td>22%</td>
<td>19%</td>
<td>16%</td>
<td>13%</td>
<td>14%</td>
</tr>
</tbody>
</table>

### What is your favorite social platform?

<table>
<thead>
<tr>
<th>Platform</th>
<th>Spring 2016</th>
<th>Fall 2016</th>
<th>Spring 2017</th>
<th>Fall 2017</th>
<th>Spring 2018</th>
<th>Fall 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snapchat</td>
<td>24%</td>
<td>35%</td>
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<tr>
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<tr>
<td>Twitter</td>
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<tr>
<td>Facebook</td>
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<td>9%</td>
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<td>0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Piper Jaffray
April 9, 2012

**Facebook to Acquire Instagram**

MENLO PARK, CALIF.—April 9, 2012—Facebook announced today that it has reached an agreement to acquire Instagram, a fun, popular photo-sharing app for mobile devices.

The total consideration for San Francisco-based Instagram is approximately $1 billion in a combination of cash and shares of Facebook. The transaction, which is subject to customary closing conditions, is expected to close later this quarter.
Apple to Acquire Beats Music & Beats Electronics

CUPERTINO, California—May 28, 2014—Apple® today announced it has agreed to acquire the critically acclaimed subscription streaming music service Beats Music, and Beats Electronics, which makes the popular Beats headphones, speakers and audio software.

Apple is acquiring the two companies for a total of $3 billion, consisting of a purchase price of approximately $2.6 billion and approximately $400 million that will vest over time.

“Music is such an important part of all of our lives and holds a special place within our hearts at Apple,” said Tim Cook, Apple’s CEO.
Important Research Disclosures

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Overweight (OW): Anticipated to outperform relative to the median of the group of stocks covered by the analyst.
Neutral (N): Anticipated to perform in line relative to the median of the group of stocks covered by the analyst.
Underweight (UW): Anticipated to underperform relative to the median of the group of stocks covered by the analyst.
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