

KATIE KOCH: Hi everyone. And welcome to Talks at GS. I'm Katie Koch. I'm the Global Co-Head of Fundamental Equity in Goldman Sachs Asset Management. And I'm delighted to be joined here today by Heather Hasson and Trina Spear, the Co-Founders and Co-CEOs of FIGS. FIGS is a highly innovative medical apparel company. They have created high technology, high fashion scrubs that are disrupting the medical apparel market. And their mission has only become more important in the face of the global pandemic.

Thank you both Heather and Trina for joining us here today.

TRINA SPEAR: Thank you for having us.

KATIE KOCH: Okay, so I want to start out, Heather, if I could, with you with the founding of FIGS. One of the things that interests me about your origins story is that you weren't a medical professional by background. I think I have it right that you were premed and then you went onto do the obvious thing of designing handbags after studying some medicine at school. So, tell us how you got from premed to handbags to then scrubs.

HEATHER HASSON: So, I think, you know, the biggest problems present the biggest opportunities in life. Right? And I'm just going to tell the founding story because I think it's fun. And you know, it's just this is how the company started.

So, I was having coffee with a friend of mine, a nurse practitioner here in Los Angeles. And she was wearing these big, boxy scrubs. Right? With a V-neck and just a pair of pants. And she sits down. And with the size on the back on her neck, in bright orange, huge. And I said, "Are you still wearing these? I wore those like nine years ago." And she's like, "Yes, this is what we wear Heather. It's the same thing. Nothing's changed." And I said to her, I said, "Why do you think the entire world is focused on the athlete or focus on people who want to be athletes, people who work out?" Meaning Lululemon, Nike, Under Armour, Adidas, all these massive, multi billion-dollar companies, right, are focused on the athlete. And I said, "How come nobody's focused on you guys? You guys are the most incredible people in the world. In the world. You save lives. You come out with vaccines. I mean, you're incredible. Why aren't people focused on you in terms of product? In terms of brand?" And she's like, "It's just not how it is, Heather."

And it really struck a chord with me. And I said, "Okay, I'm going to go shopping. I'm the best shopper. Just send me

shopping." So, she sends me shopping to this store in Westwood. And I walk in there, and there were bedpans on the wall. And all these scrubs were squished together. And I was thinking, nurse surgeons walk in here, RNs walk in here, dentists walk in here. Like these are incredible people with master's degrees that are walking in here. And the store closed at 5 o'clock. Right? And I was thinking how do they do this? Everybody works past 5 o'clock, especially if you're in medicine. The shift change is 7 am/7 pm.

Long story short, it clicked to me in terms of product, distribution, those two things, they did not exist in the industry until we came about. And you know, Trina and I like to say that we decommoitized a commodity. And that's exactly what we did about nine years ago. We took a commodity and we just reimagined the entire thing.

KATIE KOCH: And so, Trina, I think you were at Blackstone before, which a lot of people would think is a pretty good gig and a stable job. And I also read that to get in on this you cashed out your 401(k) which is not advice that everyone gives to young people saving for retirement. But turned out to be a risk worth taking, clearly. Are those facts true? And did you have any trepidation about what you were doing? Or you were just all in from day one?

TRINA SPEAR: So, I left Blackstone, moved out from New York to L.A. And Heather said, "Do you want to join me in this? We gotta sell scrubs out of my car at 7 am and 7 pm when the doctors and nurses change shifts." And I said, "All right, let's do it." And you know, that's really how we-- I saw just the reaction of the product. And people were handing us cash on the side of the street outside of an emergency room at 7 am and 7 pm. And that's what made me-- you know, one of the reasons I was so excited. And also, you know, Heather's a creative genius and a visionary. And I couldn't have been luckier and more honored to partner with such an incredible human being.

KATIE KOCH: And so picking up on Heather's creative genius for a second, I mean, Heather, these are amazing designs celebrated by and loved by a lot of people. So, can you talk to us a little bit about the initial design process and how you built on that?

HEATHER HASSON: Yeah, sure. The initial design. So, right, in terms of a scrub, you just think of a top and a pant. But it's about also silhouettes, right? A scrub doesn't need to be

just a V-neck and a pair of pants. It's different silhouettes because people want to go work with not just one blazer, let's say, right? It's different colors. It's different flowing tops or even more fitted tops. Silhouettes with maybe 20 pockets in them instead of just one or two pockets or no pockets. So, I think design is two things. One, it's obviously silhouettes and designing multiple silhouettes with different fits, right? And it's also designed from a functionality standpoint with multiple pockets, with zippers, and hidden zippers and hidden pockets so you can actually put the tools you need to go to work and use at work. And it's also designed from a fabric standpoint as well. It was cotton before. And we came out with our FIONx fabric, which is a performance fabric. And it really helps the healthcare professional perform in a day.

And the concept of this is technical comfort. Right? So, you have technical and you have comfort. And those two words should always come together in a product that you're wearing because we believe that you should be comfortable, but it should perform for you. So that was the design ethos that, you know, that we had in the beginning, that I had in the beginning. And it's still true to this day. So that's, I guess that's the initial intent when we first started.

KATIE KOCH: One other question about the beginning, and Trina, maybe I'll direct that to you. So, talk to us about raising the money. What was that like? Obviously, an important thing for any new business to get off the ground. How did you guys approach the fund-raising process and what did you learn from it?

TRINA SPEAR: Yeah. I think, you know, as an entrepreneur the number one thing that helped us in terms of raising money at the beginning was just telling a story. I think a lot of entrepreneurs, maybe, get caught up in their numbers and their metrics. But telling a story about an industry, telling a story about a company and a vision for a company is really important. And you know, the investors that we were talking to, and to this day many investors that we talk to, don't understand this industry. Right? They're not the consumer. And so, that storytelling to explain how the company and the industry evolved was really a part of how we were able to get investors involved and on board. I mean, that being said, there were so many nos. There were hundreds and hundreds and hundreds of nos. But what we kind of reminded ourselves was that every single no kind of brought us closer to that next yes. And that's what we focused on. But you know, for all the people that passed, we're now

getting calls of all the regrets. So we'll leave it at that.

KATIE KOCH: That's very, I'm sure, very satisfying. When you have to have so much resilience to get through an experience like that where you have this great concept. You obviously feel hugely passionate about it. You want to get it off the ground. Lots of people are telling you no, how did you guys, from just a human perspective, like work through that? How did you have the resilience? Presumably, you helped each other out in those times too, in the early days.

TRINA SPEAR: Yeah, I mean I think it's just about moving forward and not getting yourself down. I think there is so much opportunity in this world. And you know, if there are people that don't see it, right, there are two outcomes in that scenario. There's either people that see the vision and see the opportunity. And then there are people that don't get it. And that's okay. And so, even those moments that are hard where people don't get it or don't believe, the most important thing for us was always believing in each other and always believing in ourselves and always believing in this team and always believing in our community. And as long as we had that, and we always had that, you can get through anything.

And so that's, I think, what's driven us to even this day, is saying, you know, if there are doubters, there are haters out there, right, and you've just got to stand strong and believe in yourself and believe in what you are able to continue to accomplish every single day. And the proof will show itself.

KATIE KOCH: And then there are obviously some bumps in the road when you're founding any company. And Heather I'm going to go to you for a second and just talk about a design issue. I think I have this right, that in one of the early production cycles for FIGS there was an issue where there was men's pants but made with women's inseams and shipped. Do I have the right recap on that? And how much fun was that to deal with?

HEATHER HASSON: That is an awesome, awesome moment, actually. So yeah. So this is in the early, early stages. You know, you're designing. Things are in production. You're making units. You're doing your thing. Right? The team's small. You're wearing ten hats.

And what happened was, so, on one of our lines of production, and there's about 50 people on the line, you have-- so a men's pant was sewn, a men's back panel pant, was sewn from a front

women's panel pant. So they were sewn together. Women's front, men's back, sewn together. Stitched up. Sent out under a men's SKU. Right? So all these men had a women, half a women's pant. Right? It was a decent amount, but a little over \$100,000 worth of pants. Right?

We get orders. We're sending out. And we started getting inquiries in our customer experience. And it said-- you know, from all these men saying, you know, "The pants are really tight. You know, the package is incorrect." All these different things. And I was like, what are they talking about? And I went to go, before we had QC, and I went to go measure it. I'm like, oh my God, the women's-- I didn't know this, the women's pant was sewn on the men's pant. So, what does that mean? It's a very short rise for men. And we had some pretty interesting emails that I probably won't share. But we had some funny one liners on our emails.

But ever since that, right, and so we had to just--

TRINA SPEAR: Well, it just said my package-- they were just referring to their FIGS package. [UNINTEL] my package.

HEATHER HASSON: Right. Exactly. That's exactly what they said. They did say that, "my package." But yeah. So we recalled that entire production. And ever since that day, which I'm so happy to have in the beginning, we are manically focused on QA and quality control. Like beyond anything I think any company has ever seen because I was so scarred. We have in country QC. Every single line. You name it, and it is so robust and so thought out. So we never have that issue again. So it's not a multi multi million-dollar issue. So that was a huge learning in the beginning of quality control is absolutely number one. And actually, not just on the production side is that our lens, but throughout the entire company. We see everything through quality control. So, it was a blessing in disguise.

KATIE KOCH: Just to talk a little bit about the pandemic, because all of us are thinking a lot about this moment and how it impacts so many businesses. And I wanted to ask both of you guys, I heard an interview, maybe Trina I'll go to you for a second, or either one of you can answer this, where you had mentioned that that 7 pm clap that was happening in the US and in other parts of the world to celebrate front line workers returning from their shift is something that you guys do every day at FIGS. Can you just explain what you meant by that?

TRINA SPEAR: Yeah. I mean everything about this company was always built upon one principle, and that's to serve those who serve others. And that's our mission. And so, you know, from the beginning it was all about supporting and serving healthcare professionals. And also celebrating them. And so, you know, when we say we've been clapping all day, all week, all month, all year, that's really what it's about. Everything is about celebrating this group of people and not just being able, to Heather's point about the athlete, not just being able to look up at a billboard in Times Square and see LeBron James or Serena Williams, finally, you know, given our campaigns and who we put in them, which we call all of our healthcare professionals awesome humans, we're putting real doctors and real nurses on billboards and subway campaigns and TV commercials and really celebrating who they are and what they do.

KATIE KOCH: Did you, Heather, that was part of the ethos even before the pandemic when you founded the company through Threads for Threads. Could you just give us a sense of what that program was and why it was important to you in the running of things?

HEATHER HASSON: Sure. So, I think, you know, you always have to, especially for myself and for Trina, right, you have to give back. And it doesn't mean donating, right? That's not like what giving back necessarily has to mean. It's about how we can give back to the world, you know, through, yes, our new, innovative product, yes, celebrating healthcare professionals and making them feel awesome and showing the world they're awesome, right, that's part of giving back. But it's also helping the healthcare professionals and helping healthcare professionals that are in resource poor countries that don't have everything that we do have here, right? So, some nurses and doctors in resource poor countries don't have scrubs. They've never had scrubs and they've been a nurse for 16 years. So, it was our duty to acutely, you know, donate scrubs to people who've never had them. Then you know, after also donating a lot of scrubs, we go on giving trips, which are really cool. And we send healthcare professionals from the United States to other countries. We were just in India before the pandemic. And I think, you know, Threads for Threads has a really big meaning. It's about, you know, giving to people who don't have the resources in our community, right, from a healthcare standpoint.

KATIE KOCH: So, I want to pivot and end with a couple of questions about the future and where you all want to take this business. And maybe, Trina, I'll have you pick up there too. When you think about FIGS in ten years, will it be more global?

Will they be different products? Help us understand how you think about the next decade.

TRINA SPEAR: Yeah, I mean I think that's-- is what we've seen, is that-- we like to say the worst customer experience is no customer experience at all. And so, what we're seeing are all of these medical professionals around the world trying to buy FIGS and they can't. And so, our goal over the coming years is to scale into more countries. We're in Canada. We're in Australia. We're in the UK right now. But we're going to be scaling across Europe over the coming months. Asia. The Middle East. South America, Central America. And you know, the world is big, and they need FIGS, and they want FIGS. And we're seeing that even in the traffic to our website from all of these other medical professionals around the world.

And so, you know, I think the other piece that we're very excited about is product, new product categories, and strengthening our product categories, you know, within the healthcare workwear space. And then at a certain time, I think, going even into other uniform categories.

The uniform segment is one that's, you know, broken in many, many industries. And you know, if there's any company that's going to come in and bring something that people love and that they want, what are we known for? We're known for comfort and design and fit and fabric technology. That could be applied to a lot of different uniform segments. And so, we have a big future. But it's really all about becoming an iconic brand over the next 100 years. And we think we're well on our way.

KATIE KOCH: Great. And I'm going to end with a question that I want to put out to both of you, which is, you know, first of all to of course congratulate you on this incredible success, but also to ask you, you've learned a lot of lessons. You've gotten a lot of advice on this journey. Can you, Heather if I could start with you and just ask you, what's the best advice that you've gotten along the way or your favorite lesson learned in this journey?

HEATHER HASSON: What advice would I give other entrepreneurs? I like to say this in my office at-- when I'm at the office, it says-- right behind my head it says, "Create the world you want to live in." And I really do take that very seriously because you do, right? You want to wake up in the morning and you want to just live in the world that you see how the world should be shaped. Whatever it looks like. Create it

and design it from within as well. Yes, aesthetics and, you know-- but how you want to live your day. What does that day look like? What do you want to happen in this world? Right? And I think people who create the world they want to live in really do magnificent things, right? I mean you have Elon who's making some cool cars. Right? You have Apple who's making some--

KATIE KOCH: And going to Mars. He's doing a lot of stuff.

HEATHER HASSON: And going to Mars, exactly. So, my advice would be, yeah, you've really got to create the world that you want to live in in order to make a huge difference and a big change. And plus, I think you'll feel good inside.

KATIE KOCH: That's beautiful and inspirational and thank you, Heather. And Trina, you can take us out if you wouldn't mind reflecting on the same question.

TRINA SPEAR: Sure. So, Heather's motto is create the world you want to live in, which I do love. My motto is a little more intense and more-- mine is, "If it was easy, everyone would do it." And so, you know, that's my advice. You know? It's not supposed to be easy. It's not supposed to be, you know, everyone sitting around, kumbaya, and leave at 3 pm. That's not what it's supposed to be. And so, you know, we have an incredible focus on excellence and on being the best. And you know, don't be shy about that. Right? Do that. Be that. Own it.

And so, you know, we don't look back. We look forward. We don't get down when things go wrong. If it was easy, everyone would do it. How you do anything is how you do everything. And have that focus on being the best. And don't apologize for it.

KATIE KOCH: That's a great answer. And I'll stop there--

TRINA SPEAR: Heather's was more inspiring. We should flip ours.

HEATHER HASSON: No, Trina, you do have a maniacal focus on excellence. So.

KATIE KOCH: And also, they're very complimentary answers, which speaks to why you guys have been so successful at doing this together. And Trina, you and I met in the physical world, actually, about a year ago at dinner back when we did those things and traveled between New York and California, at this amazing dinner out under the stars. And that was really

fortuitous. I'm so glad I got to meet you there and that we get to have this conversation here.

I am really-- it's an incredible story. We congratulate both of you on the success and the many, many successful years you have ahead of you. And also, just thank you so much for your time today. This was a lot of fun and we're deeply appreciative.

TRINA SPEAR: Thank you so much, Katie.

HEATHER HASSON: Katie, thank you so much.

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