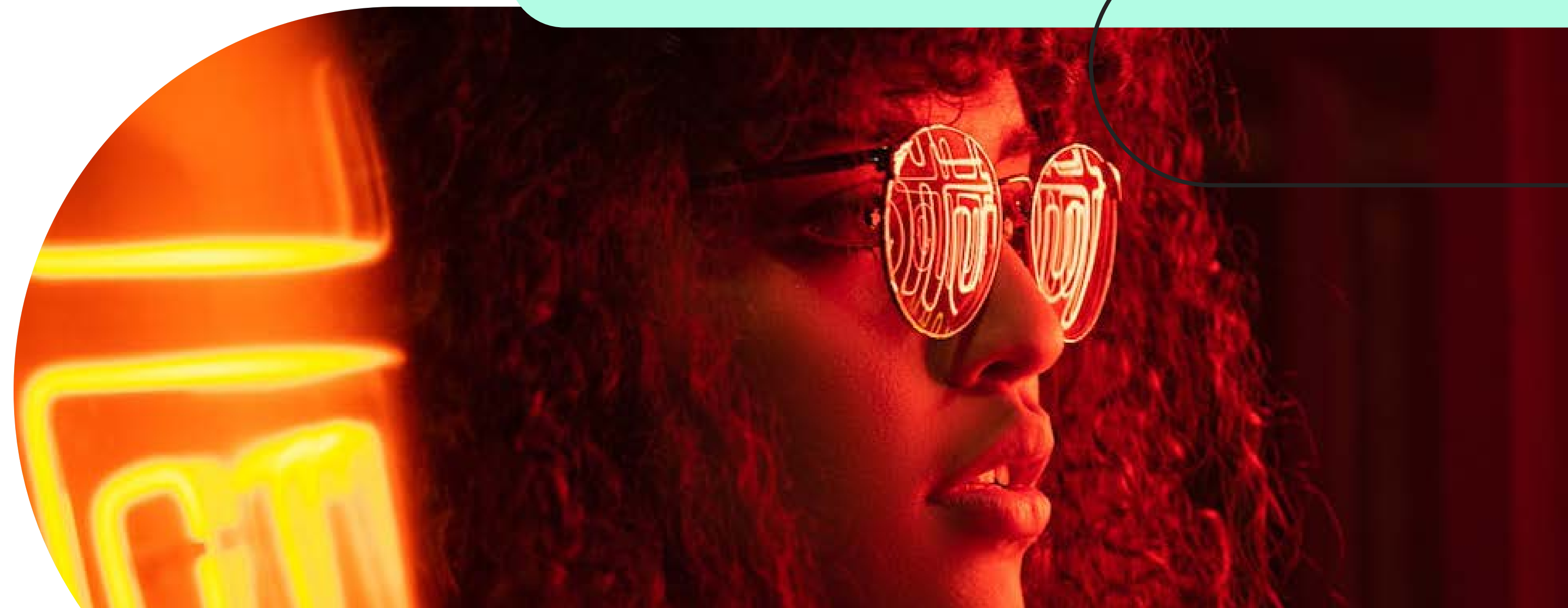


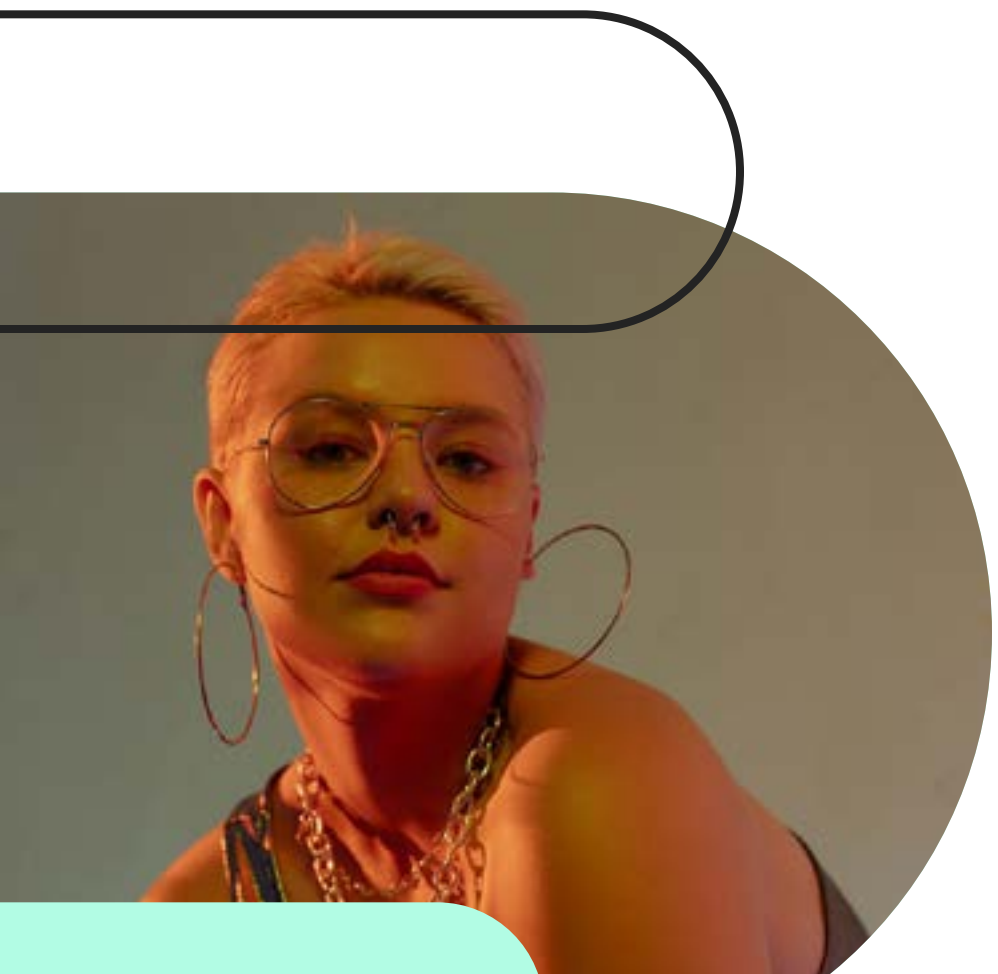
The Afterpay Bi-Annual Fashion & Beauty Trend Report

Welcome to Afterpay's Bi-Annual Trend Report. We've aggregated recent purchases made by our global customer base of over 16 million, across our catalog of 100,000+ brands and retailers, to identify the season's key trend and shopping patterns.

We know - there are a lot of reports out there. But what sets ours apart is our use of actual, up-to-the-moment customer purchase data, coupled with the fact that an overwhelming majority of Afterpay users are categorized as Millennials and Gen Z.

This is not a wide-spectrum forecast. This is your definitive guide to the global fashion, beauty and lifestyle landscape through the lens of how the world's most powerful and highest-value demographic is spending its money.





How are customers shopping in the current landscape?

This season, our global customer base has been shopping primarily in the evening hours, with the most popular time being Monday at 8pm. They also prefer to shop from their mobile device, and to pay over time using their own money (90% of our global customers pay with a debit card).

According to Afterpay's Consumer Fashion Psychologist, Shakaila Forbes Bell, the preference to shop on phones at night stems from our time in lockdown - when shopping online was used as a tool to wind down from a long day on Zoom. Even though we've emerged from lockdown, people are still accustomed to shopping at this time of day, whether it's shopping from bed or as part of a new wave of 'social shopping'. People are turning to their favorite shopping apps as a mechanism to bond with friends over dinner, drinks or other social gatherings.



Our impact on the fashion, beauty & retail landscape

The pandemic fundamentally changed the spending habits of shoppers, with consumers increasingly turning to BNPL over traditional credit products, especially for fashion and beauty.

BNPL has been the second most frequently used form of payment by UK consumers when purchasing fashion and beauty products over the past three months. This has helped these industries bounce back faster than other verticals, which is expected to continue as Brits enter a "Roaring 20s" era of online shopping. Purchases in fashion and beauty are predicted to increase beyond pre-COVID levels to the tune of £112 billion.

In the U.S., fashion spending with Afterpay makes up 6.5% of all fashion e-commerce. This is expected to grow as more American consumers are empowered to use BNPL to save and spend wisely. In fact, U.S. consumers save up to \$459 million in credit card fees and interest by making purchases with Afterpay, equivalent to \$6 per order.

We've recently solidified our position within the fashion market by unlocking unparalleled access for consumers to the latest and most exciting fashion globally, through our three Fashion Week partnerships across Australia, New York and London. Recognizing the tremendous challenges faced by designers and the broader fashion industry, Afterpay's Fashion Week partnerships will continue to support the global retail industry and champion fashion's future. In addition, Afterpay is committed to ensuring Fashion Week is accessible to consumers regionally and around the world through digital and IRL programming.

As we look ahead to this season and beyond, we look forward to deepening our partnerships in our core verticals of fashion and beauty, while continuing to expand to new verticals such as home, travel, pets and big box - all with an eye toward omnichannel shopping experiences across all sizes of businesses.

For more information on Afterpay, check out our full company overview and fast facts below.

Now that you have a keen understanding of our global mission, let's take a deeper look at the trends and purchasing behaviors taking over the regions of North America and the United Kingdom this Fall / Winter.



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Afterpay Bi-Annual Trend Report Fall / Winter Trends in North America

With over 10.5 million active customers and growing, North America represents Afterpay's largest customer base. Shopping in the morning is still the most popular time of the day, however we've seen a shift from beauty and fashion items holding the top spot - accessories are the prime focus this season. Americans are finding fashion to be more functional, buying elevated basics and leaving it to accessories to add a personal touch. From charms to hair bows to fun socks, accessories are key to amping up your look this Fall / Winter. And let's not forget about preparing early for the elements - many of our customers were jumping on cold weather attire from snowsuits to mittens as early as September.

We would be remiss not to address the cultural trends that have impacted this season's shopping. New to our top city list includes towns down South, which we can't help but think rose to the top thanks to #RushTok. And of course our favorite celebs, TV shows and movies have had an influence on our wardrobes. New to the top print list this season includes Dalmatian which gives us Emma Stone *Cruella* vibes. Favorite styles include cardigans and school-girl dresses thanks to the reboot of *Gossip Girl*. And everyone across the country is scooping up slip on shoes which are reminiscent of new Netflix favorite, *Squid Game*.





TRENDS

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Saying goodbye to the 'Dress Code'

Afterpay's Fashion Futurist, Geraldine Wharry, says that the dressing habits developed in lockdown will not go away entirely, but will evolve as shoppers start to take more calculated risks. "Dress codes have become much more elastic, as people have rewritten the playbook on how to dress for the day-to-day. We're seeing a shift to layering and closet staples that are both comfortable and can carry over from season to season and indoor to outdoor, combined with items that allow for self-expression. This may be due to budget, sustainability efforts, or a simple shift in behavior, but whatever the reasoning, dress codes as we know them [connected to specific places, like the office, or specific time of day, such as sleep] are a thing of the past." As we look ahead to Fall / Winter and beyond, key basics and wardrobe staples will be critical for retailers to carry as shoppers look for more items they can build upon and create with, feeding into an increasingly free and sustainable approach to styling.



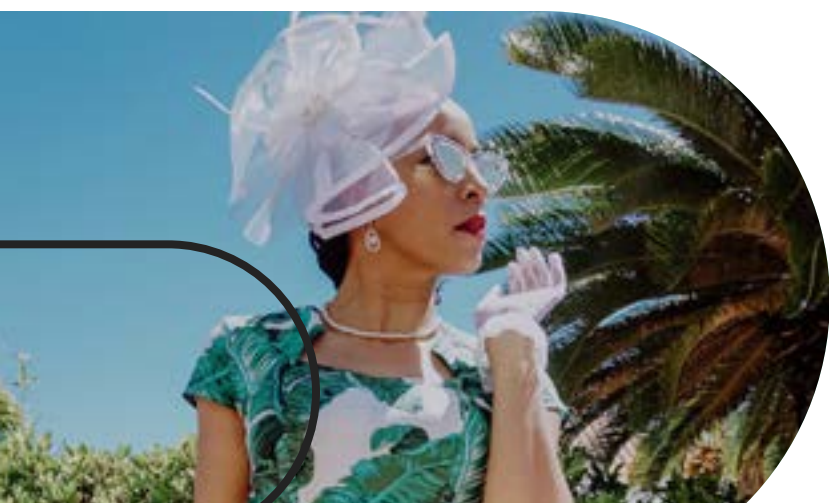
Clearpay Bi-Annual Trend Report Autumn / Winter Trends in the United Kingdom

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We're more than 2 million strong in the UK, and British shoppers are still Clearpay's most loyal customer globally, having the highest repeat usage of any other market. They continue to shop during the evening - perhaps for some 'revenge bedtime shopping' as Shakaila Forbes-Bell, Clearpay's Consumer Fashion Psychologist, puts it. While lockdown has ended, comfort still holds strong with pyjamas at the top of everyone's list in most cities. We continue to see Y2K trends such as charm bracelets, skorts, and flatforms, but there are undercurrents of the 60s and 70s with tunics, clogs and flare jeans rising to the top.

Similar to Americans, Brits are also taking cues from their favourite pop culture icons, shows and movies. Purchases of period-inspired milkmaid dresses, similar to those seen in *Bridgerton*, and looks with frill and embellishment coinciding with *Downton Abbey's* return to Netflix, shows UK shoppers are channeling the styles and trends of their favourite characters.

While it might feel 'all about me' this season, Brits are thinking early about gifting. We're seeing personalised gifts such as Pandora charms and gift cards being purchased well ahead of the peak Christmas shopping season.





TRENDS

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A Look At What's Next

Clearpay's Fashion Futurist, Geraldine Wharry, says that shoppers are still embracing a need for comfort, but are becoming more playful in their fashion choices. "There was a reminiscence bump that occurred as a result of the pandemic, which is why we're seeing the resurgence of styles from the 90s and early aughts. People experienced a loss of time perception, and nostalgia helped them feel more grounded in the present. In the months since reopening, there is also a greater feeling of hope, and with that, people are starting to dress for celebration. They still want to feel grounded, so comfort isn't going away (hello pyjamas!), but these comfort pieces are mixed with materials like silk and satin or edgy prints, and are now being taken outside beyond the bedroom. This is about self compassion, self acceptance, and dress codes being turned upside down." With Gen Z at the forefront of these trends, we can expect to see an infusion of nostalgia, play and comfort in everyday dressing going forward. Driven by Gen Z's fascination with Y2K aesthetics and the emotional turmoil of lockdowns, the increase in nostalgia and playfulness injected in people's wardrobes has shown us how much people need hope.

