

STEP ONE™

1H22 RESULTS PRESENTATION



22 FEBRUARY 2022

Greg Taylor, CEO
Nigel Underwood, CFO

AGENDA

- 01 1H22 Results Highlights
- 02 About Step One
- 03 1H22 Results Overview
- 04 1H22 Financial Summary
- 05 Market Context and Strategy
- 06 Outlook
- 07 Questions



1H22 Results Highlights

STEP ONE™

Strong performance across key metrics

Revenue

\$38.1m

up 11%

Gross Margin

83.1%

Up 1%

USA launch

**Women's Line
launch²**

AOV

\$74.3

down 1%³

Proforma EBITDA

\$7.4m¹

19% of revenue

Website Visits

7.1m

6.3% conversion rate

Customers

918,000

up 193,000

1. A reconciliation of Statutory to Proforma financial results is provided on page 40
2. Launched on 15 January 2022
3. Due to country mix (Australia AOV is up 2%)

ABOUT STEP ONE



STEP ONE™

A Brief History of Step One

Founder-led business with highly scalable model & strong track record of growth



STEP ONE IS BORN

Idea, Product Dev & 1st Order



IT'S A SELL OUT

Video = 1M Views
Sell Out 5,000 pairs
Re-order 20,000 pairs



PRODUCTION GROWS

A 2nd manufacturing relationship established to accommodate customer demand



SCALE + COMPOSTABLE PACKAGING + ESG FOCUS

Move to 3PL (Outsourced Logistics)



HELLO UK!

UK market testing followed by full launch



HELLO US!

Following a testing phase Step One is set to launch in the US



DIVERSIFYING SUPPLY

Additional manufacturing partner in Vietnam

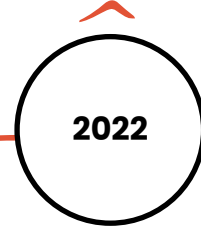
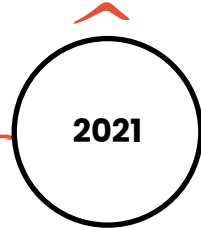
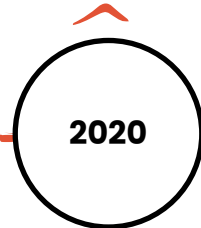
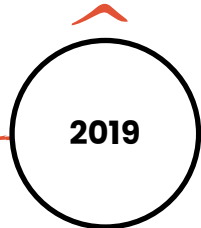
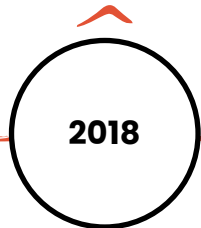
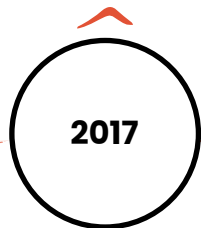


WOMEN'S LAUNCH

New product range for women based on existing female demand

NEW PRODUCTS & DESIGN

Thermals launched & patterns introduced to range



Product Features

STEP ONE™

Step One underwear is design focused – with UltraGlyde™ panels, comfort pouches, and comfortable organically grown Bamboo – it has revolutionised the underwear market for all genders

For Men

3D CROTCH PANEL

- Hidden **3D Elastic Pouch** keeps 'the boys' supported
- Less skin to leg contact reduces sweat and maintains comfort
- Elastic stretches to fit any man regardless of size

ULTRAGLYDE™ PANELS

- **Reduces friction, reduces chafing** and reduces the dreaded ride up
- Ensures maximum comfort as thighs glide

BAMBOO FABRIC

- **Wicks away sweat** and has excellent breathing qualities
- Organically grown bamboo plantations (eco-cert)
- Naturally irrigated & no pesticides used during growth

SOFT AND SUPPORTIVE

- Construction from single piece of fabric
- **Luxurious feel from** breathable fabric
- Soft and supportive waistband
- No visible panty line (VPL)

For Women

BAMBOO FABRIC BREATHES & WICKS AWAY SWEAT

ULTRAGLYDE™ PANELS

Product Range

STEP ONE™

A DTC online retailer with a product offering that resonates with a wide range of customers

#Steponeforeveryone

MEN'S

- BOXER BRIEFS (LONGER)
- TRUNK + JUNIORS (SHORTER)
- BOXER BRIEFS + FLY

WOMEN'S

WINTER

4.7
12,625 reviews²
★★★★★
PRODUCT REVIEW
COM.AU

4.8
34,436 reviews²
★★★★★
Google
Reviews

4.7
4,452 reviews²
★★★★★
Trustpilot

Source: Management 1. Step One Australia & UK in FY2021 2. Customer reviews taken from respective websites as at 16 February 2022. Applies only to the men's product up to 15 Jan 2022. Includes 188 reviews of the women's product with a rating average of 4.6

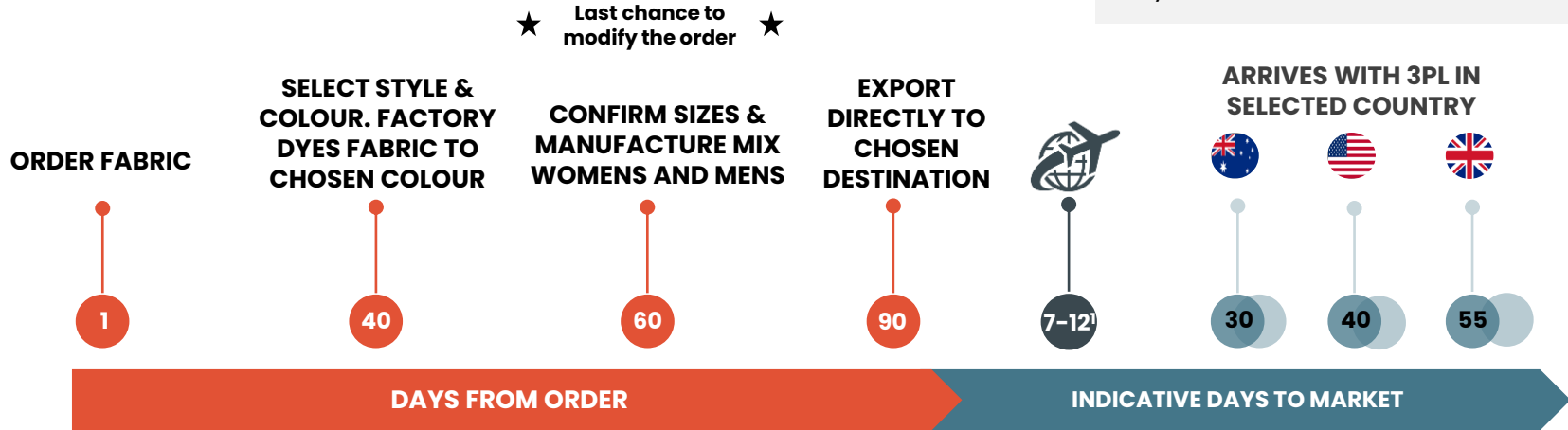
Flexible Production Cycle

A highly flexible production cycle which can be managed to meet demand

Production facilities in China and Vietnam:

- Maintain **flexibility** across production cycle
- **Mitigate risk** of disruption in one of the jurisdictions
- **Support continued growth** of the business

Delays in global export logistics are affecting shipping, offloading & transfer to warehouse, putting pressure on days to market for colour releases



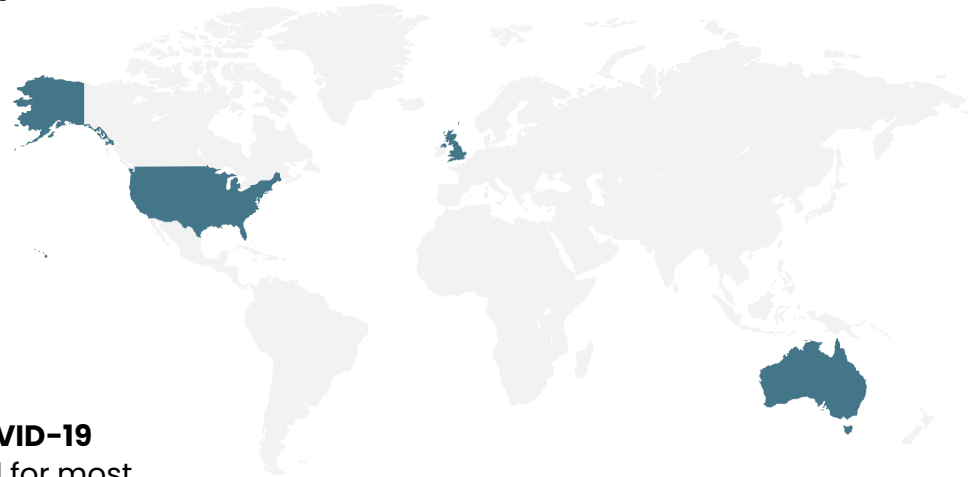
- **Flexible production cycle** that allows us to amend the order throughout the process right up to export

1. Worldwide air freight delivery timeline of 7-12 days normally available if required

Local Distribution

Local distribution arrangements were under pressure from COVID-19 & BFCM sales volumes

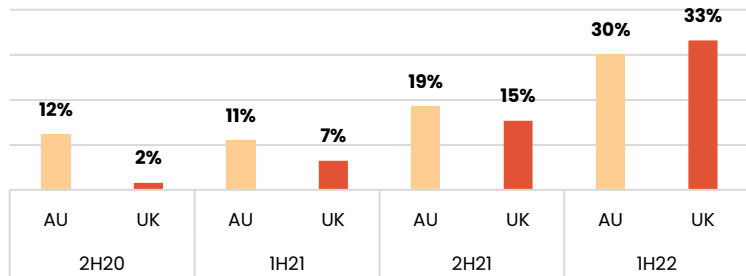
- **Product is warehoused in each country with 3PLs in Australia East Coast, UK East Coast & USA West Coast**
- **3PLs manage all inventory & logistics in each country**
 - Receive product from the port of entry
 - Receipt product into their warehousing systems
 - Secure storage & management
- **Targets next business day fulfillment**
 - Direct connection with Step One's selling system
 - Daily pick & pack (business day)
 - Management of returns & exchanges
- **Last mile reliant on local distribution services which experienced significant delays relating to COVID-19**
 - National postal services plus private services used for most deliveries including express options (Australia Post, Royal Mail, UPS & USPS)
 - Other express delivery options used as required



Colour Releases

Increasing the cadence of our colour releases

Contribution to Revenue from Limited Edition Colour/Patterns



- Regular product drops creating **'hype'** and a desire to **'collect them all'**, driving **"FOMO"**
- Strong **repeat customer orders** and **new customer acquisition**, with colour releases driving revenue growth
- **High engagement levels** demonstrate our solid brand equity
- Expansion from block colours into **limited edition patterns**
- Driving **strong engagement** with customers on socials



1H22 RESULTS OVERVIEW

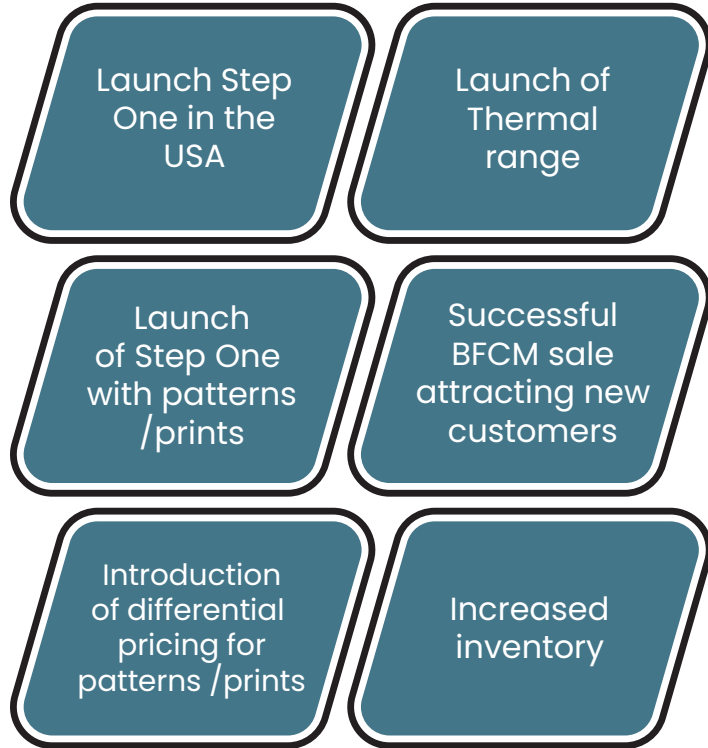


STEP ONE™

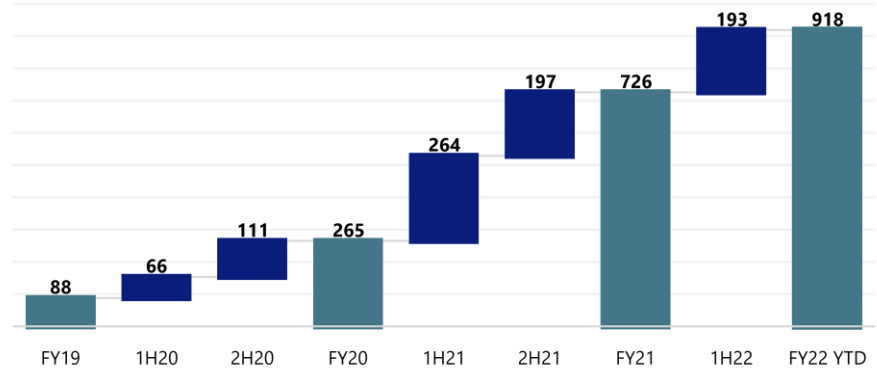
Operational Highlights

Steady progress delivering on the operational strategy

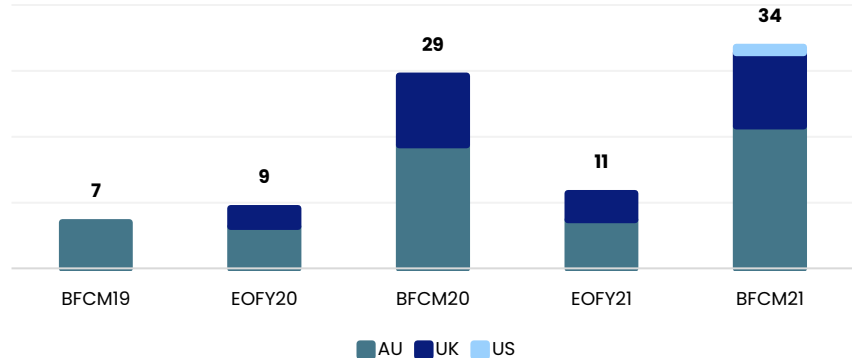
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Customer Database Growth (#'000)



New Customer Acquisition From Sale Events (#'000)

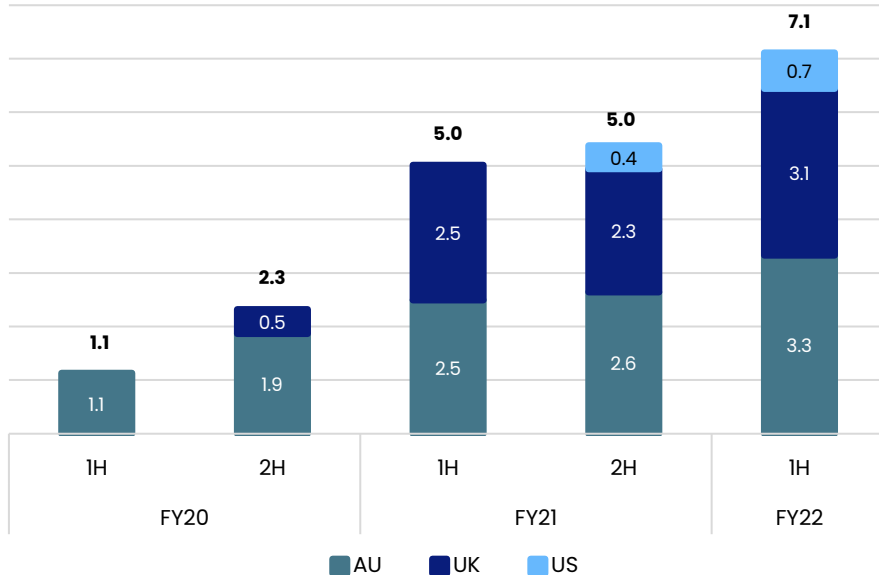


Strong Online Engagement

Increasing website sessions by 42% accompanied by a high conversion rate

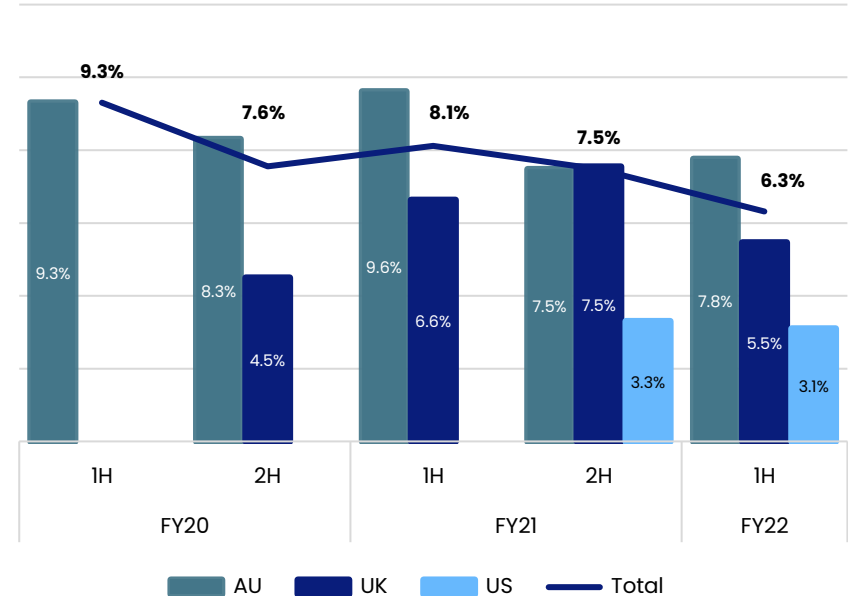
WEBSITE SESSIONS

6 months, M



AVERAGE CONVERSION RATE

6 months, %



- Website traffic increased 42%, and while conversion rates reduced 28%, order volumes increased 12% on pcp
- Excluding USA, conversion rate in 1H22 was 6.7%

International Markets

STEP ONE

Nurturing growth



UK growth impacted amidst COVID-19 related logistics headwinds

Highlights:

- Over 72,000 new customers in 1H22
- Successful BFCM sale with growth in new customers of 17% on pcp
- Continued support from existing customers who accounted for 61% of orders in 1H22
- Demand for colour releases increasing to 33% of revenue
- Increased web traffic but conversion rates lower, however order volumes up 12%

Focus areas:

- Continued navigation through logistic headwinds
- Focus on Limited Edition colour/print drops which resonate well with UK customers



Initial growth slower than UK entry as adapting to market nuances

Highlights:

- Complete wide range of testing activities including TV
- Product resonating strongly with American customer
- Repeat rate is already 23%, conversion rate is 3.1%

Focus areas:

- Differentiated marketing strategy required for different areas
- Localized, state based and broad-spectrum strategy
- Increased use of influencers & athletes

Women's Launch

Step One is now for everyone

Product resonates with women

- 12,000 new women's product customers in the first 2 weeks after launch (50% of new customers in this period contained a women's product purchase)*
- 149 x 5-star reviews in the first month with a 4.6 average
- Extends the inclusivity and reach of the Brand
- Exceptional marketing collateral
- Over 50,000 pieces sold in first month
- No change required to this design iteration
- Positive feedback demanding participation in colour releases and increase in size mix

*Source: Shopify new customer orders containing a women's product



1H22 FINANCIAL SUMMARY



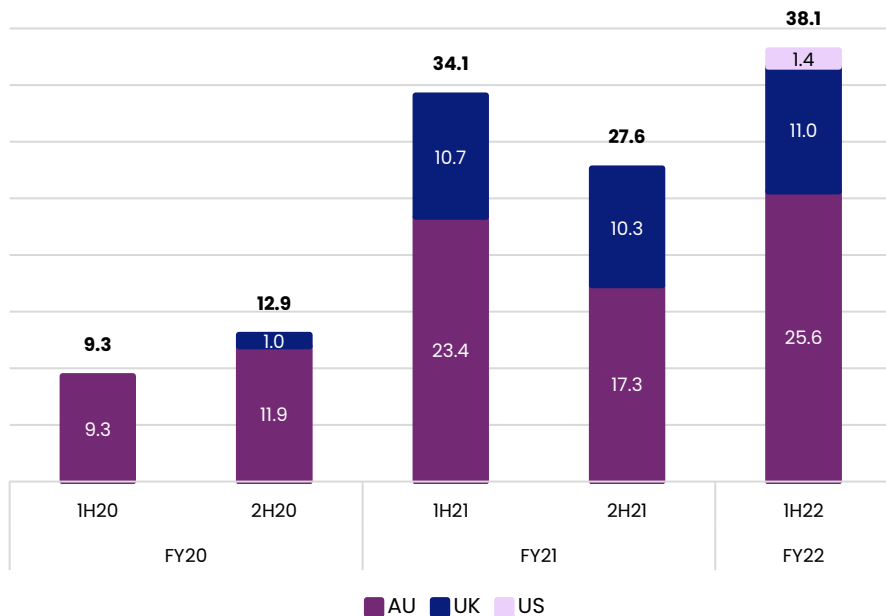
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Financial Highlights

Strong revenue growth while generating attractive profit margins

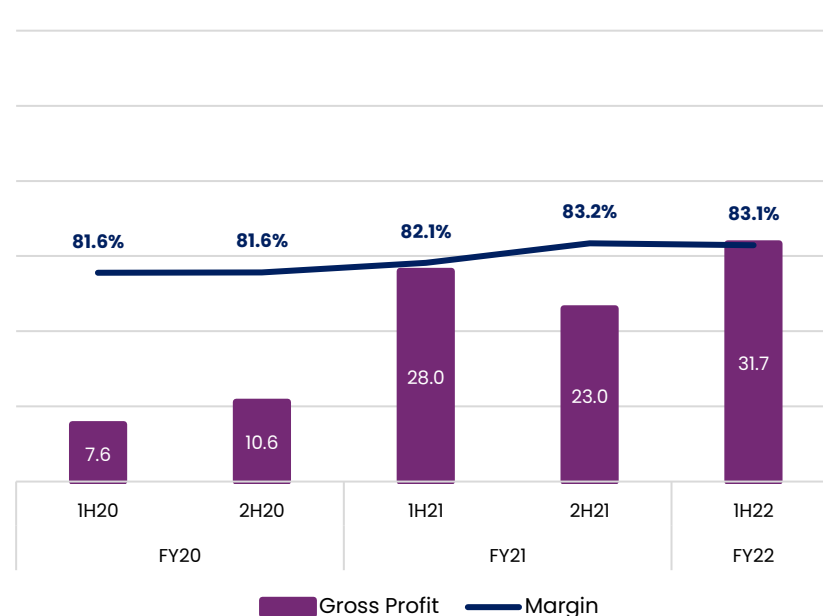
SALES REVENUE

6 MONTHS, \$M



GROSS PROFIT

6 MONTHS, \$M



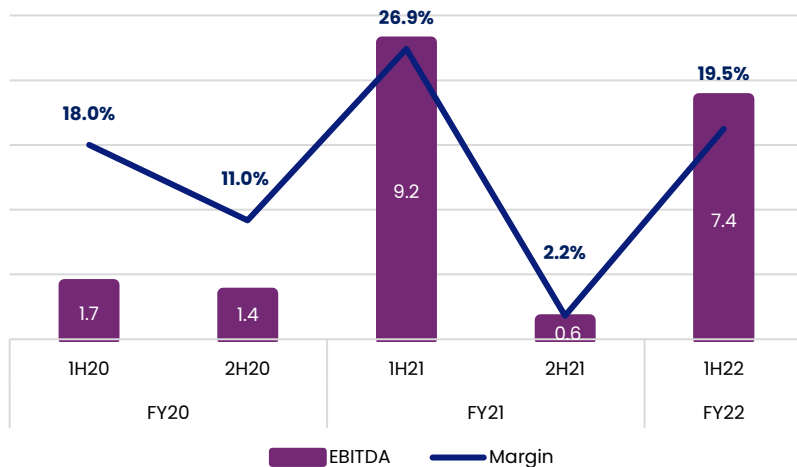
UK and US revenue converted to AUD
 FX rates GBP to AUD: FY2019 1.81, FY2020 1.88, FY2021 1.81, FY2022 1.87
 FX rate USD to AUD: FY2022 1.37

Financial Highlights

Revenue growth and advertising efficiency to drive profit growth

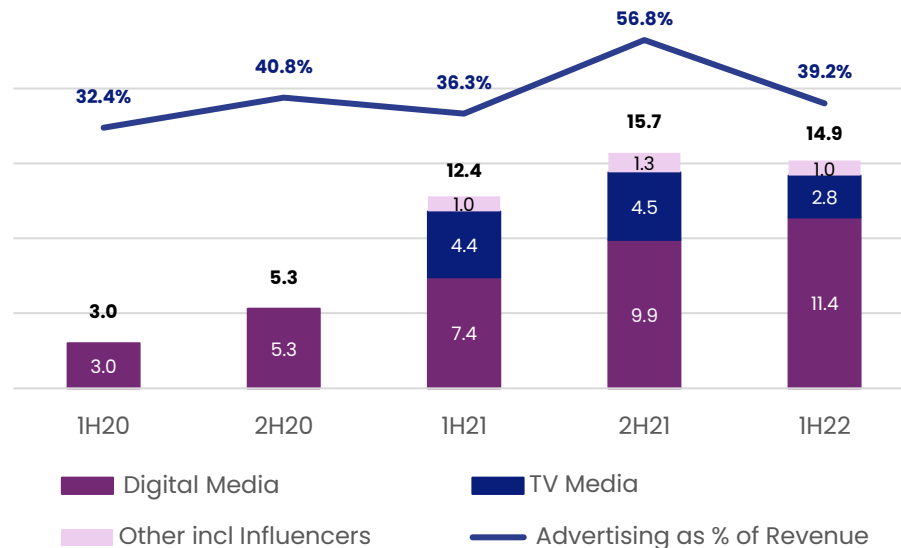
PRO FORMA EBITDA

6 MONTHS, \$M



ADVERTISING^{1,2}

6 MONTHS, \$'000



Advertising costs in 1H22 resumed target range of 39-43% revenue

UK and US revenue converted to AUD, FX rates GBP to AUD: FY2019 1.81, FY2020 1.88, FY2021 1.81, FY2022 1.87, FX rate USD to AUD: FY2022 1.37

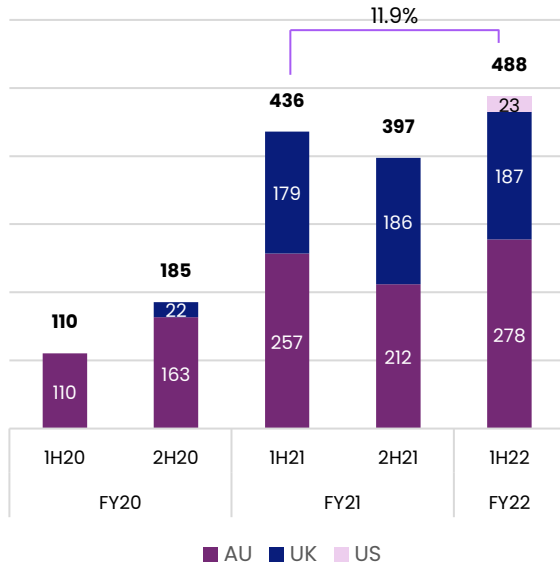
Reconciliation of Statutory to Proforma financial results is provided on page 40

1. adjusted retrospectively for the impact of the GST overclaim on advertising expenditure (refer page 40 for more information), 2. 1H20 and 2H20 advertising 100% allocated to social media as split not available

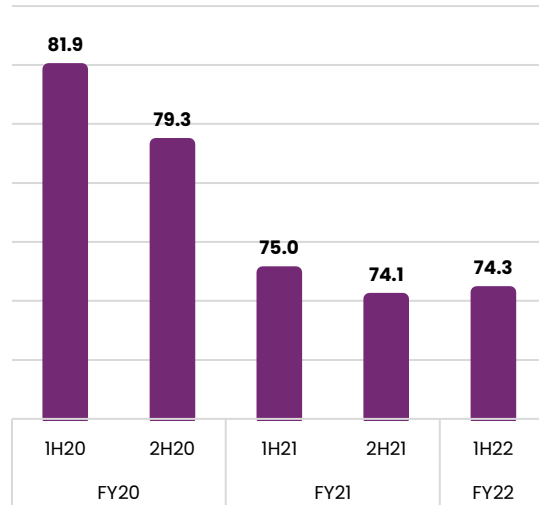
Strong Operational Metrics

Strong growth in returning customer order rates demonstrates trust in our product

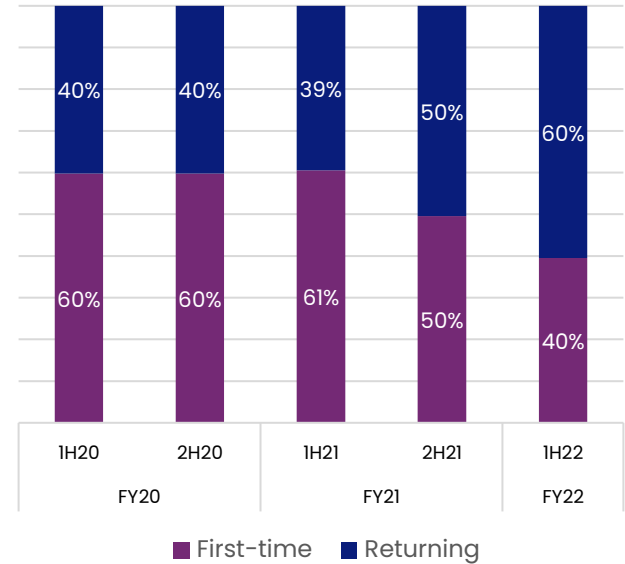
CUSTOMER ORDERS¹
6 MONTHS, \$'000



AVERAGE ORDER VALUE (AOV)²
6 MONTHS, \$M



CUSTOMER MIX



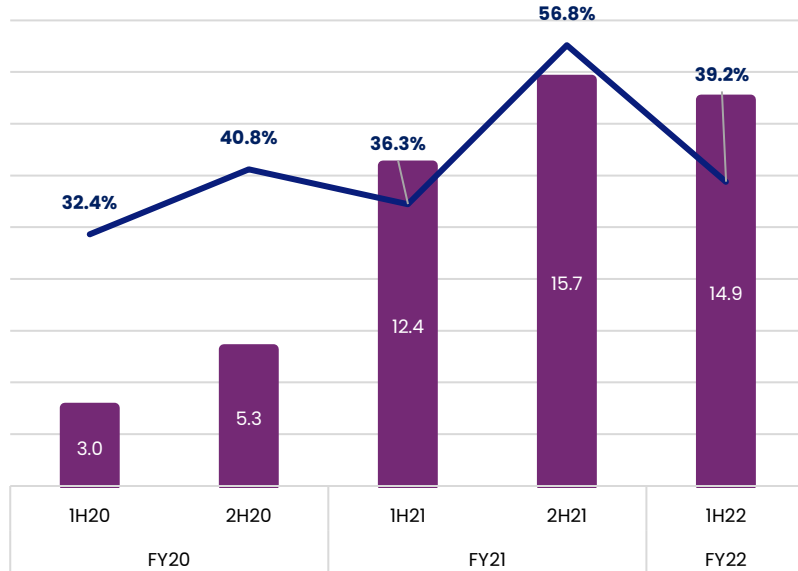
Source: Shopify
1. Total number of customer orders **2. AOV** reflects the average dollar amount spent each time a customer places an order on the Step One website based on order date. UK/US AOV converted to AUD **3. Returning customer:** a customer who has at any point in time made a purchase based on order date. **New or First-time customer:** a customer who has not previously made a purchase based on order date

Strong Operational Metrics

Disciplined approach to marketing and advertising to grow the business

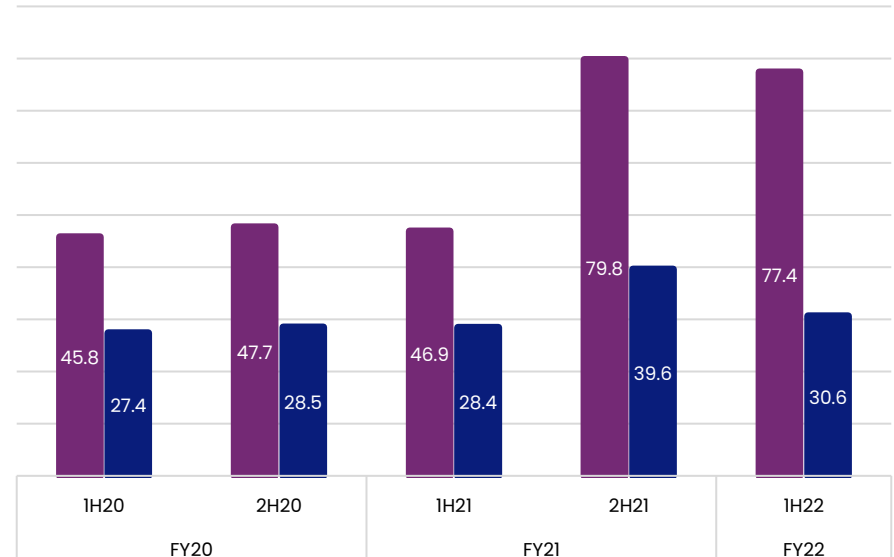
MARKETING AND ADVERTISING^{1,4}

6 MONTHS, % OF SALES REVENUE



COST TO ACQUIRE CUSTOMERS^{2,3,4}

6 MONTHS, \$ PER CUSTOMER ORDER



■ First-time Customers ■ All Customers

Source: Management Accounts, Shopify

1. Relates to digital marketing which includes Television advertising, Google AdWords, Facebook, influencers and production costs. 2. The total advertising and marketing costs divided by the total number of customer orders based on order date 3. the total advertising and marketing costs divided by the new / first-time customer orders based on order date. 4. adjusted retrospectively for the impact of the GST overclaim on advertising expenditure (refer page 38 for more information)

Pro Forma Income Statement

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| | 1H21 | 1H22 | Movement | |
|---------------------------------------|---------------|----------------|----------------|----------------|
| Proforma | \$'000 | \$'000 | \$'000 | % |
| Australia | 23,358 | 25,601 | 2,243 | 9.6% |
| UK | 10,726 | 11,031 | 305 | 2.8% |
| USA | 0 | 1,444 | 1,444 | 0.0% |
| Revenue | 34,085 | 38,076 | 3,992 | 11.7% |
| Gross profit | 27,991 | 31,652 | 3,662 | 13.1% |
| Gross Margin % | 82.1% | 83.1% | | 1.0pcp |
| Advertising & marketing# | 12,378 | 14,930 | 2,553 | 20.6% |
| Advertising as percent of revenue | 36.3% | 39.2% | | 2.9pcp |
| Distribution & fulfilment | 3,057 | 4,415 | 1,358 | 44.4% |
| Distribution as percent of revenue | 9.0% | 11.6% | | 2.6pcp |
| Contribution profit | 12,556 | 12,307 | (249) | -2.0% |
| Contribution as percent of revenue | 36.8% | 32.3% | | -4.5pcp |
| Proforma Overhead | 3,378 | 4,479 | 1,101 | 32.6% |
| Other (revenue)/expense | (1) | 394 | 395 | |
| Proforma EBITDA | 9,179 | 7,434 | (1,745) | -19.0% |
| Proforma EBITDA as percent of revenue | 26.9% | 19.5% | | -7.4pcp |
| Proforma NPAT | 6,116 | 4,969 | (1,147) | -18.8% |
| Proforma expense adjustments | (1,456) | (9,963) | (8,507) | |
| Proforma tax adjustments | (96) | 1,178 | 1,274 | |
| Statutory NPAT / (NLAT) | 4,564 | (3,816) | (8,380) | -183.6% |
| # includes GST adjustment | 401 | 0 | (401) | -100.0% |

COMMENTARY

- Revenue growth of 11% on pcp predominantly in Australia
- Continued strong gross margin
- Advertising includes \$1.5m investment to expand in North America
- Distribution costs include \$1.0m increase in express shipping
- Other costs support business growth
- GST overclaim impacting advertising costs retrospectively adjusted

Balance Sheet

STEP ONE™

| \$'000 | Audited As at 30 June 2021 | Impact of the Offer | Other movements | Reviewed As at 31 December 2021 |
|---------------------------------------|----------------------------|---------------------|-----------------|---------------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 10,845 | 32,809 | -4,968 | 38,686 |
| Inventories | 9,731 | | 7,806 | 17,537 |
| Derivative financial instruments | 134 | | -134 | - |
| Related party receivable | 3,409 | -3,409 | - | - |
| Other assets | 1,303 | | -672 | 631 |
| | 25,422 | 29,400 | 2,032 | 56,854 |
| Non-current Assets | | | | |
| Property, plant and equipment | 2 | | - | 2 |
| Intangibles | 56 | | -3 | 53 |
| Deferred Tax Assets | 1,322 | 1,636 | -266 | 2,692 |
| | 1,380 | 1,636 | -269 | 2,747 |
| Total assets | 26,802 | 31,036 | 1,763 | 59,601 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 8,652 | | -183 | 8,469 |
| Contract liabilities | 2,620 | | -1,803 | 817 |
| Income tax | 3,265 | 179 | -1,702 | 1,742 |
| Employee benefits | 34 | | 131 | 165 |
| Other financial liability | 8,000 | -8,000 | - | - |
| | 22,571 | -7,821 | -3,557 | 11,193 |
| Non-current Liabilities | | | | |
| Deferred tax liability | 201 | | -162 | 39 |
| Employee benefits | 2 | | 21 | 23 |
| | 203 | - | -141 | 62 |
| Total Liabilities | 22,774 | -7,821 | -3,698 | 11,255 |
| Net Assets | 4,028 | 38,857 | 5,461 | 48,346 |
| EQUITY | | | | |
| Issued capital | 1 | 52,533 | -1 | 52,533 |
| Reserves | 173 | | 402 | 575 |
| Retained profits/(accumulated losses) | 3,854 | -13,676 | 5,060 | -4,762 |
| Total Equity | 4,028 | 38,857 | 5,461 | 48,346 |

COMMENTARY

- Strong cash position
- Investment in inventory
- No net debt
- Flexibility to invest in and execute growth strategy
- GST liability of \$1.8m relating to overclaim to be settled in 2H22

Cash Flow Statement

STEP ONE™

| | 1H21 | 1H22 | Movements | |
|---|----------------|----------------|-----------------|-----------------|
| | \$'000 | \$'000 | \$'000 | % |
| Cash flows from operating activities | | | | |
| Receipts from customers (inclusive of GST/VAT) | 36,767 | 40,818 | 4,051 | 11.0% |
| Payments to suppliers and employees (inclusive of GST/VAT) | (24,692) | (42,138) | (17,446) | 70.7% |
| Interest received | 11 | 0 | (11) | -100.0% |
| Income taxes paid | (1,093) | (3,702) | (2,609) | 238.7% |
| Net cash from/(used in) operating activities | 10,993 | (5,022) | (16,015) | -145.7% |
| Net cash from/(used in) investing activities | | | | |
| | 0 | 0 | 0 | 0.0% |
| Cash flows from financing activities | | | | |
| Proceeds from issue of shares | | 40,000 | 40,000 | 0.0% |
| Proceeds/(repayments) to related parties | (2,652) | 3,409 | 6,061 | -228.5% |
| Share issue transactions costs | | (5,800) | (5,800) | 0.0% |
| Dividends paid | | (4,800) | (4,800) | 0.0% |
| Net cash from/(used in) financing activities | (2,652) | 32,809 | 35,461 | -1337.1% |
| Net increase in cash and cash equivalents | | | | |
| | 8,341 | 27,787 | 19,446 | 233.1% |
| Cash and cash equivalents at the beginning of the financial year | 6,735 | 10,845 | 4,110 | 61.0% |
| Effects of exchange rate changes on cash and cash equivalents | 173 | 54 | (119) | -68.8% |
| Cash and cash equivalents at the end of the financial year | 15,249 | 38,686 | 23,437 | 153.7% |

COMMENTARY

- Strong operating metrics
- Cash position strengthened by IPO
- Cash receipts impacted by seasonality in revenue recognition (contract liability) near sale events
- Cash outflows impacted by \$8.6m increase in inventory and \$5.2m increase in operating costs and \$2.3m increase in overheads (numbers include estimated GST/VAT)
- Immaterial levels of capital expenditure

MARKET STRATEGY



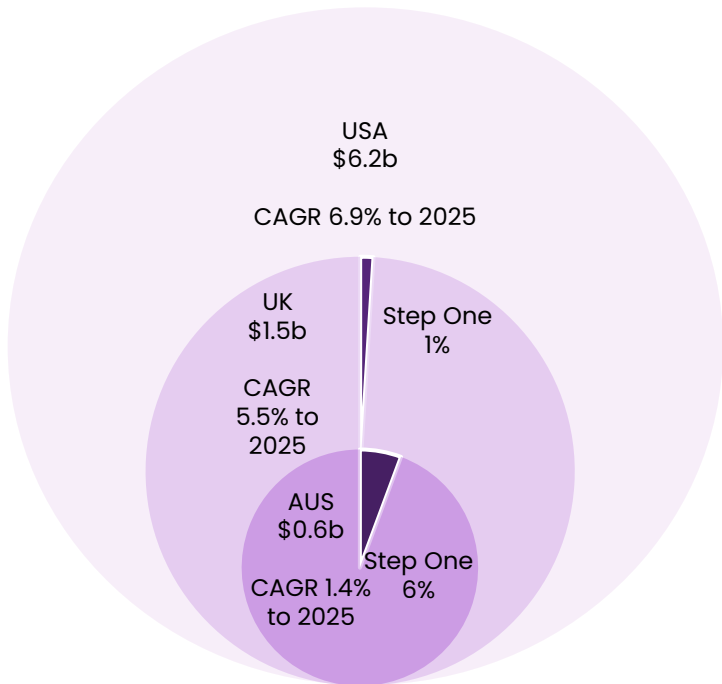
STEP ONE™

Large Global Industry

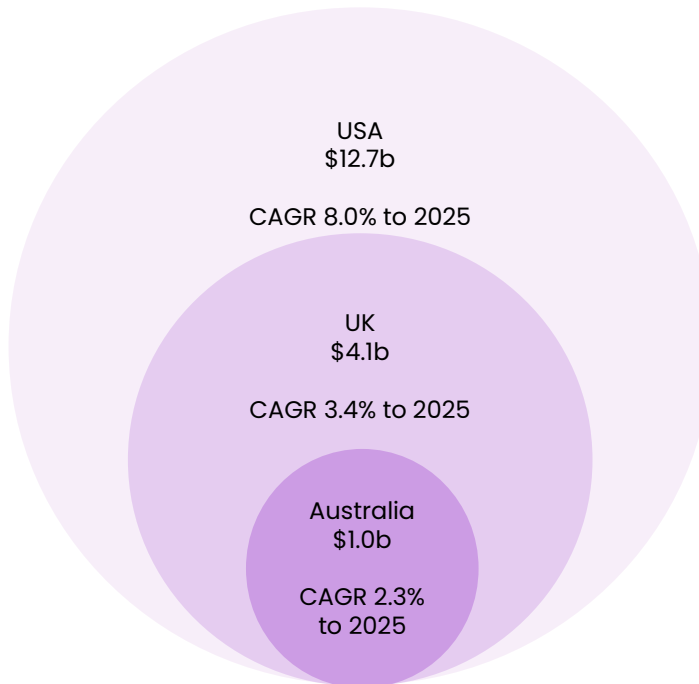
\$150 billion global market & growing

STEP ONE™

MEN'S UNDERWEAR MARKET 2020¹



WOMEN'S UNDERWEAR MARKET 2020¹



- Entry into Women's significantly boosts addressable market
- N.B. Women's underwear includes products such as bras & lingerie that Step One does not currently manufacture

¹Frost & Sullivan *The Men's and Women's Underwear Markets, July 2021*

Note: the men's and women's underwear categories exclude Children's wear (products designed for children up to 14)

FX rate AUD to GBP: 0.56

FX rate AUD to USD: 0.78

Business Model

STEP ONE™

Step One is built on an innovative product and customer engagement model with a strong ESG focus

1. DESIGN

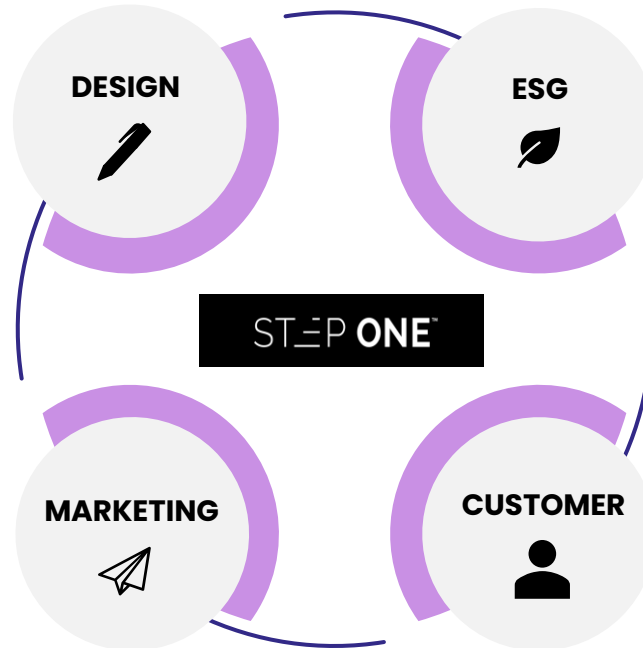
Functional Product Features

- UltraGlyde™ panels
- Elastic 3D pouch
- Organically grown Eco-Cert Bamboo

2. MARKETING

Strategic & Direct

- **In-house video, content** & marketing capability
- Dominating & intelligent **paid & social media & influencer** channels



4. ESG FOCUS

Our business model is built on a transparent production process

- **Organically grown** Bamboo from responsible sources
- Strict **ethical manufacturing** across supply chain
- **Minimise** carbon footprint

3. CUSTOMER 1st APPROACH

Strong Customer Conversion & Retention

- **30-Day First Pair Guarantee** which allows a full refund on a first purchase
- **Free shipping & 12-month** manufacturing warranty
- **Rapid** customer service response

Growth Strategy

Step One strategic initiatives that will deliver growth

STEP ONE™

1. BRAND EQUITY

2. NEW CUSTOMER GROWTH

3. CUSTOMER LOYALTY

- ✓ Targeted Marketing
- ✓ Customer Retention Focus
- ✓ Colour Releases
- ✓ Seasonal Collections
- ✓ Micro-Influencer strategy

4. PRODUCT DEVELOPMENT

- ✓ Women's line
- ✓ Thermals
- Sports
- Adjacent products

5. INTERNATIONAL EXPANSION

- ✓ UK growth
- ✓ USA market entry
- ✓ Testing in other markets



Successful Marketing Strategy

Highly successful, multi-channel marketing strategy

STEP ONE™

MARKETING STRATEGY

COLOUR RELEASES

Repeat customer purchases



IN-HOUSE CONTENT

Efficient and easy way to test new messages, colours, before TV deployment
Localised adaptations are made as required



CAMPAIGNS AND COMPETITIONS

Engage Customers in a social media



MARKETING CHANNELS

PAID DIGITAL



SOCIAL MEDIA



INFLUENCER MARKETING



EMAIL



TV CAMPAIGNS



Successful & Evolving Marketing Strategy

Highly successful, multi-channel marketing strategy

STEP ONE™

MARKETING STRATEGY

DIGITAL

Email, Social, Video



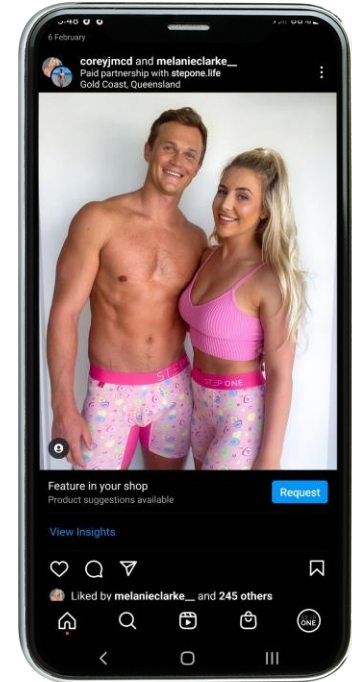
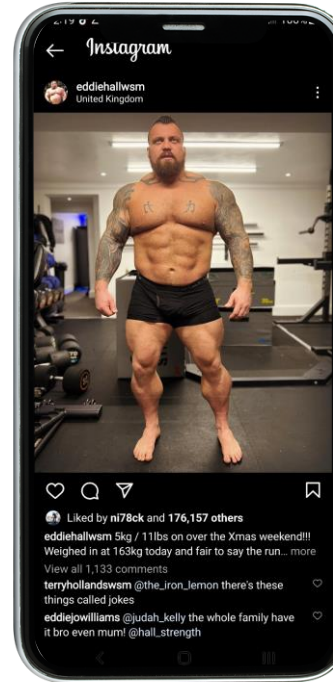
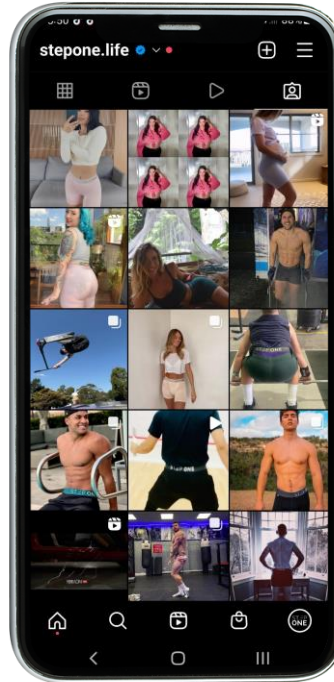
INFLUENCER

Growing base of famous influencers & athletes wearing Step Ones



TV & LONG TERM PARTNERSHIPS

Once athlete/influencer has resonated with audience



Ethical & Green Focus

Market leading sustainable eco-friendly retailer

STEP ONE™

MANUFACTURING, PACKAGING & SOURCING

 **100% ORGANICALLY GROWN BAMBOO :**
Eco-cert certified



 **FAIR WORKING CONDITIONS AND WAGES :**
At our BSCI and SA8000 accredited factories



 **CLOSED-LOOP PROCESS = WATER RECYCLED :**
Exhaust gas recovered

 **BIO-MOULD ADDED TO TREAT WATER :**
Treated for direct use in agriculture



 **RENEWABLE AND NON-TOXIC RESOURCE :**
PLA derived from corn starch

 **FLEXIBLE & STRONG WITH ENHANCED BIODEGRADIBILITY :**
Similar benefits of standard plastic

“Sustainability is integral to the design of our products and company ethos, rather than an add-on.

We are constantly working to review and improve our processes and continue to lead the charge on ESG.”

– Greg Taylor, Founder and CEO

OUTLOOK



STEP ONE™

Guidance

STEP ONE™

FY22 Revenue growth expected to be 21-25% above prior year with proforma EBITDA of \$15m

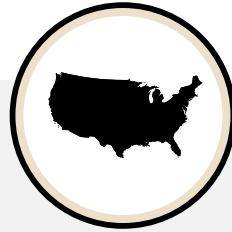


UK

Enhance social proof with influencers and user created content

Improve alignment of the product offer with local conditions

Improve conversion rates through website upgrades & performance management

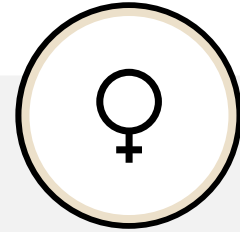


US

Grow brand awareness with localised marketing assets

Deploy a regional advertising strategy

Invest in social proof with influencers and user generated content



Women's

Increasing awareness of the Women's line - Promote that Step One is now for Everyone

Introduce colour releases to complement the core women's range

Commence scaling phase in May 2022

In Summary

A Company founded to innovate the innerwear market



Cash flow positive & innovative product with strong ESG focus



Growth focus



100% Online DTC, 100% brand owned & flexible manufacturing process

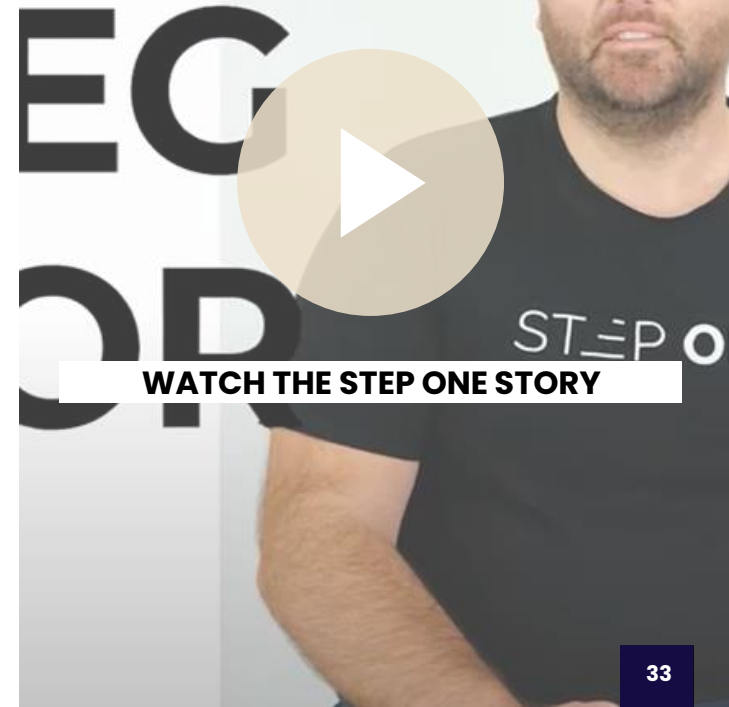


Laser focused, content driven digital & marketing strategy with strong customer connection



Founder-led business with experienced key management personnel

STEP ONE™



Thank You! Q+A

Browse our product range on www.stepone.life while we are talking

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APPENDIX



STEP ONE™

The Step One Customer

STEP ONE™

Broad customer demographics



GENDER¹



60%
MALE



40%
FEMALE

LOCATION²



67%
AUSTRALIA



29%
UK



4%
US

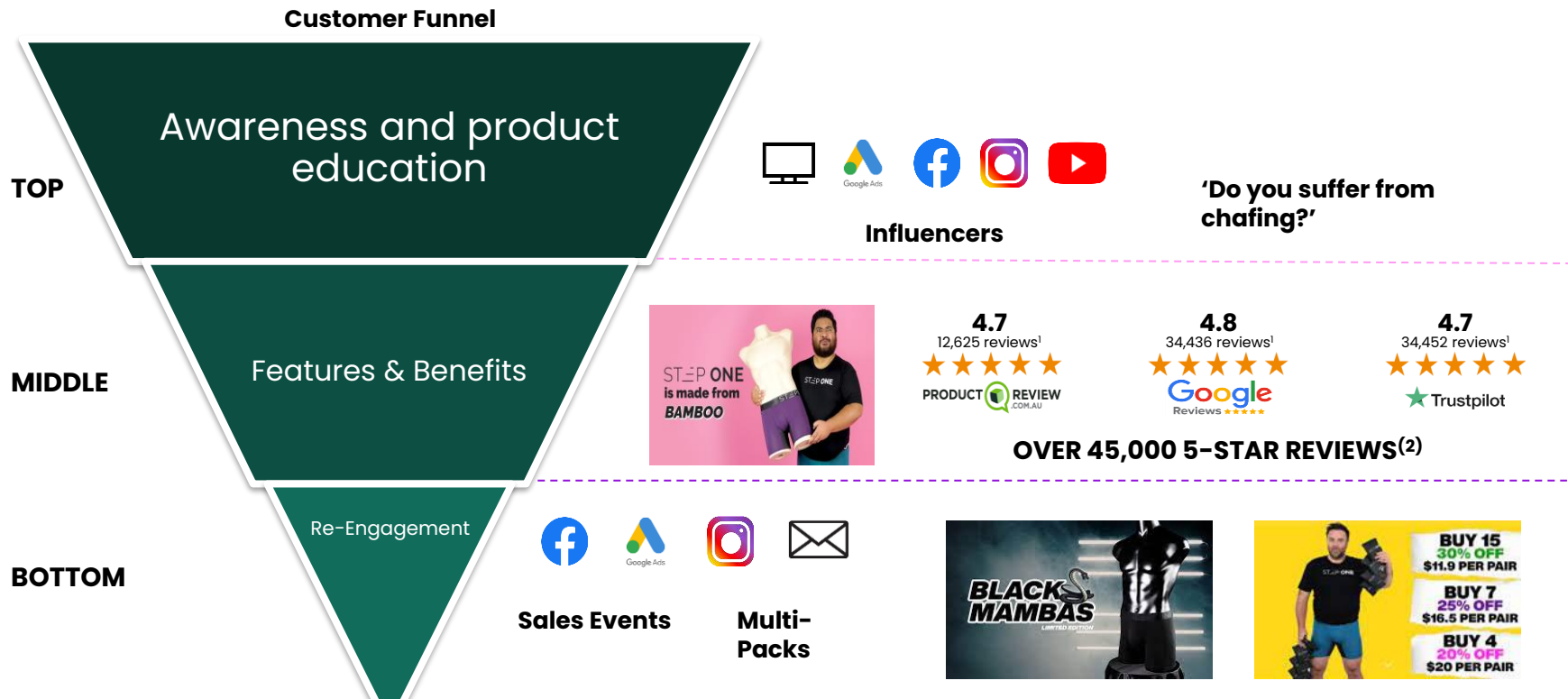


¹As at January 2022 based on Google Analytics. ² based on Geographic Revenue

Growth Funnels

Step One has clear marketing initiatives to deliver growth

STEP ONE™



1. Customer reviews taken from respective websites as at 16 February 2022. Includes reviews of only the men's product up to 15 January 2022 and 188 reviews of the women's product with an average rating of 4.6
2. As at February 2022

Proforma Income Statement

STEP ONE™

| \$'000 | FY20 | | FY21 | | FY22 |
|--|----------------|----------------|----------------|----------------|----------------|
| | 1H20 | 2H20 | 1H21 | 2H21 | 1H22 |
| Australia | 9,304 | 11,943 | 23,358 | 17,309 | 25,601 |
| UK | 0 | 1,000 | 10,726 | 10,323 | 11,031 |
| USA | 0 | 0 | 0 | 0 | 1,444 |
| Revenue | 9,304 | 12,943 | 34,085 | 27,632 | 38,076 |
| Cost of sales | (1,713) | (2,383) | (6,094) | (4,638) | (6,424) |
| Gross profit | 7,591 | 10,560 | 27,991 | 22,994 | 31,652 |
| Advertising & marketing # | (3,014) | (5,280) | (12,378) | (15,696) | (14,930) |
| Distribution & fulfilment | (636) | (1,118) | (3,057) | (3,133) | (4,415) |
| Contribution profit | 3,940 | 4,162 | 12,556 | 4,164 | 12,307 |
| Employee & contractor related expenses | (671) | (884) | (888) | (1,007) | (1,399) |
| Share based payments | (180) | (180) | (180) | (180) | (180) |
| Merchant and transaction fees | (177) | (499) | (736) | (666) | (947) |
| Other | (1,236) | (1,223) | (1,573) | (1,780) | (1,953) |
| Proforma Overhead | (2,264) | (2,786) | (3,378) | (3,633) | (4,479) |
| Proforma Operating EBITDA | 1,676 | 1,376 | 9,178 | 531 | 7,828 |
| Foreign Exchange | 0 | 0 | (74) | 97 | (394) |
| Other non-operating income | 2 | 46 | 75 | (27) | 0 |
| Net interest income/(expense) | 0 | 0 | 0 | (1) | 0 |
| Proforma EBITDA | 1,679 | 1,422 | 9,179 | 600 | 7,434 |
| Depreciation & amortisation | (0) | (0) | (0) | (4) | (3) |
| Proforma PBT | 1,678 | 1,422 | 9,179 | 597 | 7,431 |
| Income tax expense | (446) | (378) | (3,063) | (198) | (2,462) |
| Proforma NPAT | 1,232 | 1,044 | 6,116 | 398 | 4,969 |
| Proforma expense adj | 1,008 | 931 | (1,456) | (5,171) | (9,963) |
| Proforma tax adjustments | (292) | (325) | (96) | 90 | 1,178 |
| Statutory NPAT / (NLAT) | 1,948 | 1,649 | 4,564 | (4,683) | (3,816) |

includes GST adjustment

16 0 401 813 0

COMMENTARY

- Proforma financial information for comparative analysis
- Proforma adjustments provided on next page
- GST overclaim impacting advertising costs retrospectively adjusted

Proforma Adjustments

| \$'000 | FY20 | | FY21 | | FY22 |
|----------------------------------|--------------|--------------|--------------|----------------|----------------|
| | 1H20 | 2H20 | 1H21 | 2H21 | 1H22 |
| Statutory NPAT / (NLAT) | 1,948 | 1,649 | 4,564 | (4,683) | (3,816) |
| <i>Less Costs</i> | | | | | |
| - share based payments | 0 | 133 | 2,967 | 4,900 | 6,076 |
| - IPO costs | 0 | 0 | 0 | 605 | 3,927 |
| - legal fees | 0 | 0 | 0 | 1,004 | 394 |
| - other one-off costs | 504 | 447 | 0 | 91 | 0 |
| <i>Add Costs</i> | | | | | |
| - management & admin costs | (471) | (471) | (471) | (389) | 0 |
| - executive share-based payments | (180) | (180) | (180) | (180) | 0 |
| - public company costs | (860) | (860) | (860) | (860) | (434) |
| | 940 | 718 | 6,020 | 488 | 6,147 |
| Proforma Tax Adjustment | 292 | 325 | 96 | (90) | (1,178) |
| Proforma NPAT | 1,232 | 1,044 | 6,116 | 398 | 4,969 |

COMMENTARY

- IPO costs align to prospectus
- Nature of proforma adjustments consistent with prospectus
- Legal fees increased \$0.3m but have been removed from Proforma costs

The Sojo dispute was resolved on 2 September 2021 with the assistance of Corrs Chambers Westgarth – Perth who estimated unpaid legal fees at the time to an amount consistent with the \$0.1m included as a proforma adjustment. The cost of legal fees was subsequently increased. The cost of the Sojo matter recognised in 2H22 was \$0.4m

Proforma Reconciliation

| | | 1H21 | | | | | 1H22 | | | | |
|--|-----------------------------------|--------------------------------|------------------------------|--------------------|---|-------------------------|--------------|---------------|---|-------------------------|---------------|
| | | Statutory as previously stated | Retrospective Adjustment (1) | Statutory Restated | Proforma Adjustment / normalisation (2) | Proforma Adjustment (3) | Proforma | Statutory | Proforma Adjustment / normalisation (2) | Proforma Adjustment (3) | Proforma |
| Revenue | | 34,085 | | 34,085 | | | 34,085 | 38,076 | | | 38,076 |
| Gross Profit | | 27,991 | | 27,991 | | | 27,991 | 31,652 | | | 31,652 |
| | as % of revenue | 82.1% | | 82.1% | | | 82.1% | 83.1% | | | 83.1% |
| EBITDA | | 11,095 | -3,372 | 7,723 | 2,967 | -1,511 | 9,179 | -2,529 | 10,397 | -434 | 7,434 |
| | as % of revenue | 32.6% | | 22.7% | | | 26.9% | -6.6% | | | 19.5% |
| PBT | | 11,095 | -3,372 | 7,724 | 2,967 | -1,511 | 9,179 | -2,532 | 10,397 | -434 | 7,431 |
| | as % of revenue | 32.6% | | 22.7% | | | 26.9% | -6.6% | | | 19.5% |
| NPAT | | 7,815 | -3,250 | 4,565 | 2,967 | -1,415 | 6,116 | -3,816 | 9,089 | -304 | 4,969 |
| | as % of revenue | 22.9% | | 13.4% | | | 17.9% | -10.0% | | | 13.1% |
| Statutory NPAT | | 7,815 | | 7,815 | | | 7,815 | -3,816 | | | -3,816 |
| Comparative Restatement & Adjustment ¹² | GST/Advertising | | -405 | -405 | | | -405 | | | | 0 |
| | Share-based payments (PSU) | | -2,967 | -2,967 | | | -2,967 | | | | 0 |
| | Tax impact | | 121 | 121 | | | 121 | | | | 0 |
| | Restated NPAT (comparative) | 7,815 | -3,250 | 4,565 | 0 | 0 | 4,565 | -3,816 | 0 | 0 | -3,816 |
| | Share-based payments (PSU) | | | 0 | 2,967 | | 2,967 | 6,076 | | | 6,076 |
| | | 7,815 | -3,250 | 4,565 | 2,967 | 0 | 7,531 | -3,816 | 6,076 | 0 | 2,260 |
| Proforma Adjustment ³ | Employee Public Company | | | 0 | | -471 | -471 | | | | 0 |
| | Share-based payments (Management) | | | 0 | | -180 | -180 | | | | 0 |
| | IPO Cost | | | 0 | | | 0 | | 3,927 | | 3,927 |
| | Legal Fees | | | 0 | | | 0 | | 394 | | 394 |
| | Tax impact | | | 0 | | 96 | 96 | | -1,308 | 130 | -1,178 |
| | | | 0 | 0 | 0 | 0 | -1,415 | -1,415 | 0 | 3,012 | -304 |
| Proforma NPAT | | 7,815 | -3,250 | 4,565 | 2,967 | -1,415 | 6,116 | -3,816 | 9,089 | -304 | 4,969 |

Note:

- The retrospective adjustment includes the increase to advertising costs as a result of the GST overclaim and expensing the valuation movement in the phantom share units into 1H21 (previously only in 2H21).
- Proforma adjustments / normalisation reflects the costs and tax benefits that are not expected to be repeated in post IPO operations (consistent with the approach in the prospectus)
- Proforma adjustments reflect the increased costs to operate as a public company (consistent with the approach in the prospectus)

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