

# STEP ONE

UNDERWEAR

**FY24**

CEO & Founder

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**Greg Taylor**

CEO & Founder

21 August 2024



# FY24 RESULTS HIGHLIGHTS

## Revenue

↑ 29.7% vs pcp

**\$84.5M**

FY23: \$65.2M

## Gross Margin

↑ 0.1% vs pcp

**80.8%**

FY23: 80.7%

## Total Customers

↑ 23% on pcp

**1,670,000**

FY23: 1,358,000

## Women's Revenue

↑ 54% vs pcp

**14%**

FY23: 11.5%

## EBITDA

↑ 50.8% vs pcp

**\$18.1M**

FY23: \$12.0M

## Cash

↑ 1.7% from Jun 23

**\$39.0M**

FY23: 38.3M

## Average Order Value

↑ 7.1% vs pcp

**\$96**

FY23: \$89

## Total Dividends

100% payout so far

**6.8¢**

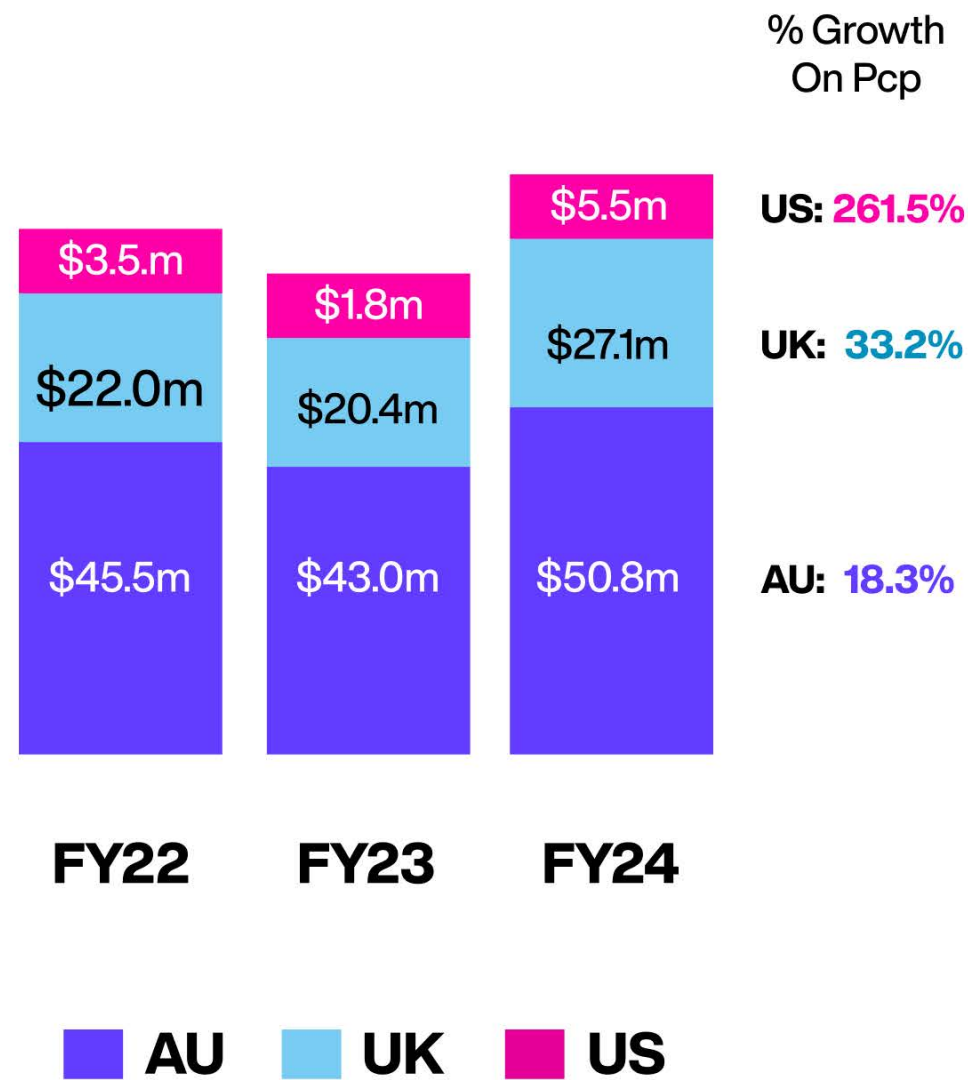
FY23: 5.0¢



## Women's Category

**30%**  
of **ALL** orders  
contain **ONE**  
women's product

## International Growth



## Word of Mouth

Our customers are becoming  
our biggest marketers

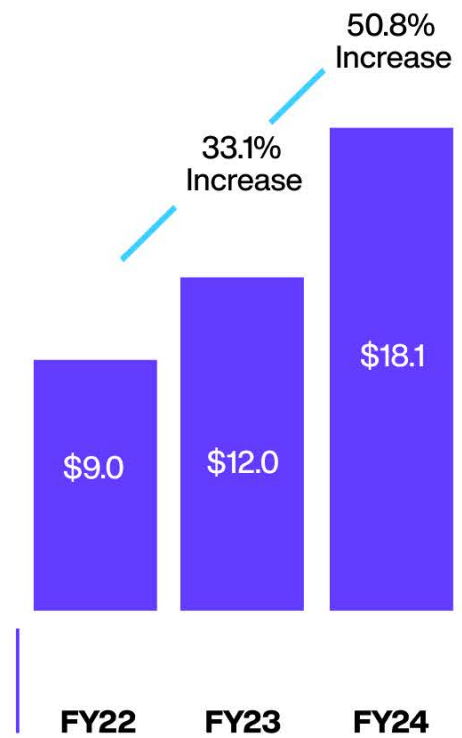
**19%**  
of **ALL** orders  
are from word of mouth

		Sumbissions
<b>AU</b>	<b>30%</b>	<b>78,701</b>
<b>UK</b>	<b>26%</b>	<b>65,760</b>
<b>USA</b>	<b>4%</b>	<b>17,368</b>

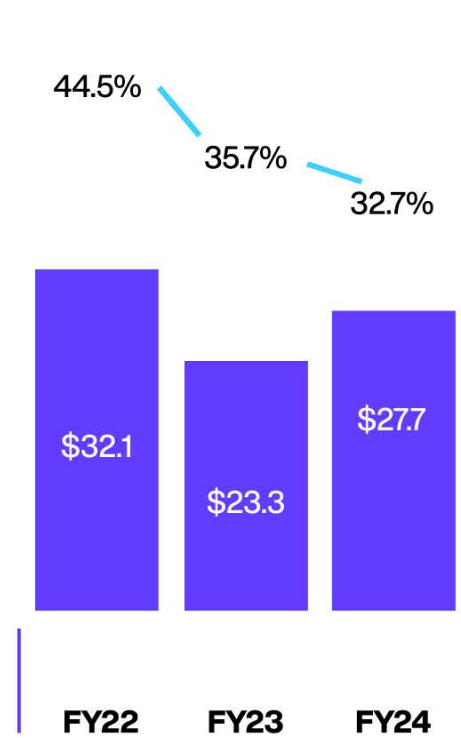
# FY24 FINANCIAL HIGHLIGHTS

Very efficient digital marketers

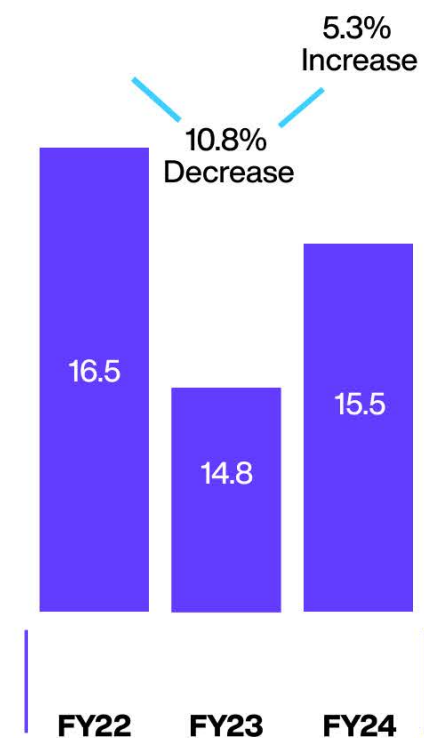
**EBITDA**  
\$M



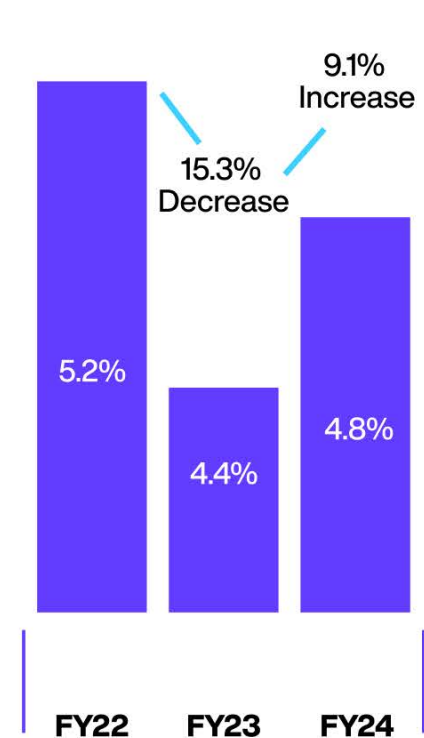
**ADVERTISING COST**  
\$M/% of Revenue



**WEBSITE TRAFFIC**  
Direct Business #M



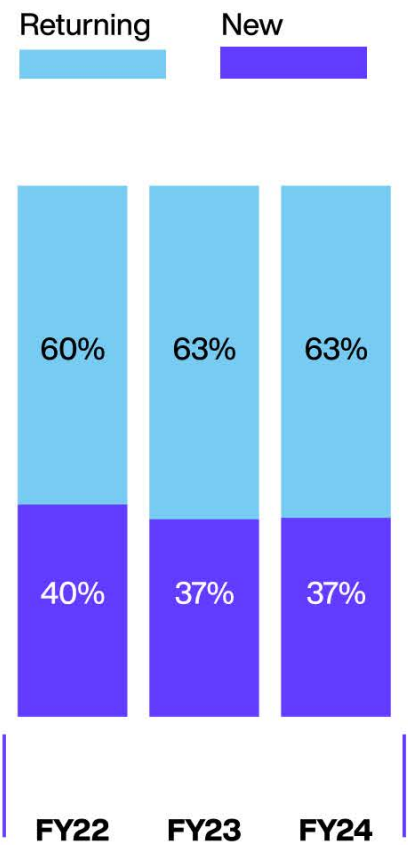
**CONVERSION RATE**  
Direct Business



**GROSS PROFIT**  
\$M/% of Revenue



**CUSTOMER MIX**  
Direct Business





# HOW IS STEP ONE GROWING PROFITABLY?

- We sell a product that nearly every person wears every single day
- Average wear - 18 hours per day
- Functionally different underwear, not traditional underwear
- Quality product with over 70,000 5-star reviews
- Strong ESG messaging
- Customer first focus
- Strong brand recognition
- Customers will invest in quality & comfort
- 63% returning customer rate is a strong proof point



**Liam Paro**  
(IBF) Super Lightweight Champion



**Gretel Bueta**  
Australian Diamonds Netball

**Jamie-Lee Price**  
Australian Diamonds Netball

# SUSTAINABILITY SCORECARD

ESG is in our DNA

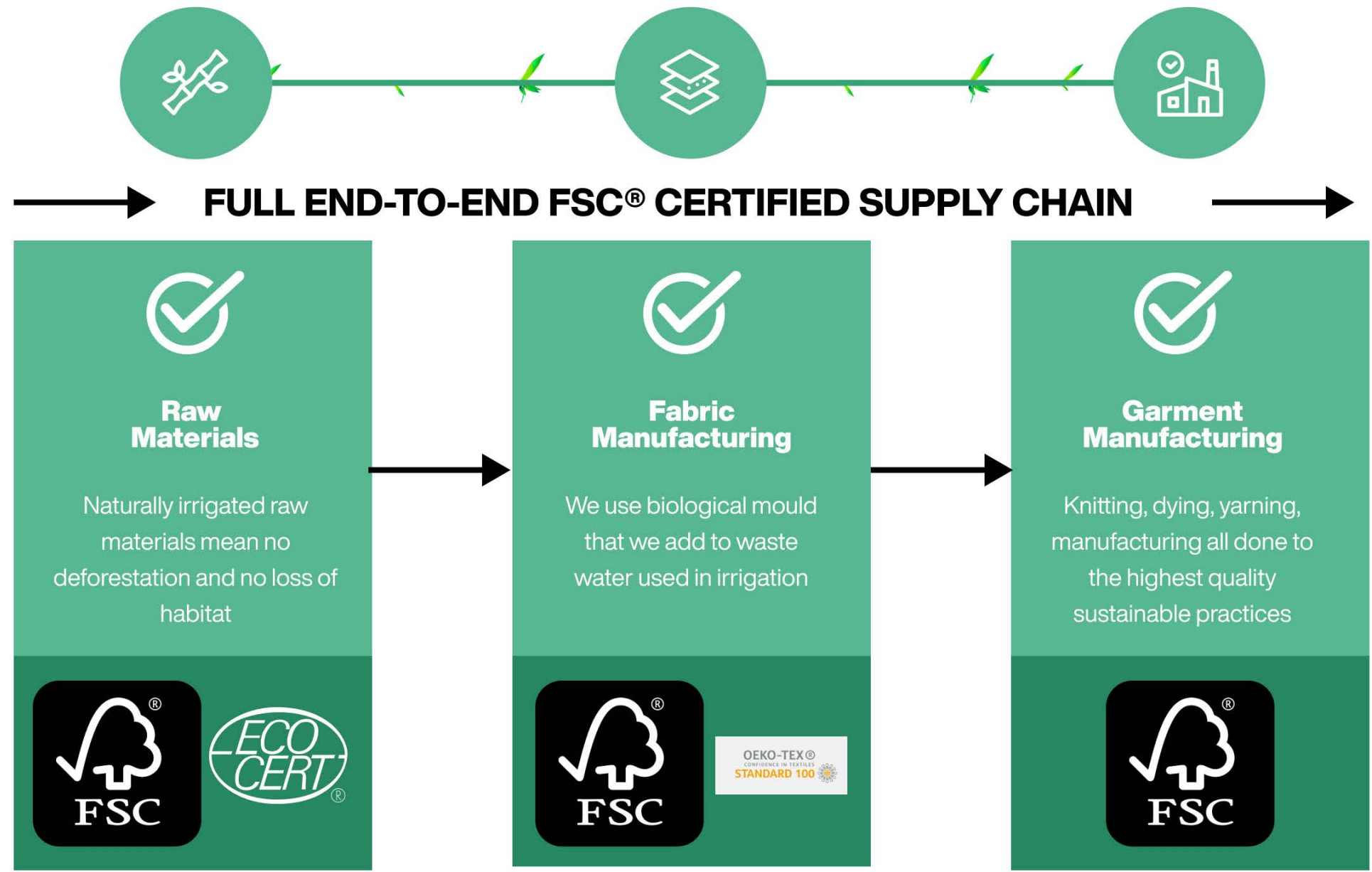
	ENVIRONMENT	SOCIAL	GOVERNANCE
FSC® Chain of Custody Certification	✓	✓	
FSC® Core Labour Requirements		✓	
Community Engagement and Support		✓	
Modern Day Slavery Act Compliance (early adoption)		✓	
Greenhouse Gas Emissions Report (early adoption)	✓		
Corporate Governance Statement	✓	✓	✓
Consolidated Entity Disclosure Statement (CEDS)(Tax)			✓
Board stability since IPO			✓

- **FSC® Certified Supply chain**
- **Community Support**
- **Modern day slavery compliance**
- **First time reporting our carbon emissions**



# OUR ESG CREDENTIALS

Australia's FIRST clothing company to receive full FSC® Chain-of-Custody certification



● No Child labour

● No Forced Labour

● Fair working conditions

**100% HOME COMPOSTABLE  
MADE FROM CORN STARCH**



**First signatory to the Fashion Forever Green Pact**



# GROWTH PARTNERSHIPS



STEP ONE  
UNDERWEAR

OFFICIAL  
PARTNERSHIP!



\$5  
PER PAIR  
DONATED

- Raised over \$250,000
- Sold 45,000+ pairs
- Over 8,000 new customers been introduced to the brand
- 23% returning customers

*'The Step One partnership was deemed to be the most successful first-year partnership in our history, where an amount from each sale is donated to Surf Life Saving'*

Adam Weir, CEO



# WOMEN'S RANGE

**38% INCREASE IN  
WOMEN'S ORDER VOLUME**

**NEW SMOOTHFIT - AUG 23**

**SMOOTHFIT  
BIKINI BRIEF**

**SMOOTHFIT  
G-STRING**

**SMOOTHFIT  
BRA**

**SMOOTHFIT  
FULL BRIEF**

**BODY SHORTS**

**BIKINI BRIEF**



# MEN'S RANGE

**NEW**

STEP ONE

**JUNIORS**

**10**

**BOXER  
BRIEF**

STEP ONE

**BOXER  
BRIEF FLY**

STEP ONE

**TRUNKS**

STEP ONE

**SPORT**

**LONG  
JOHNS**

STEP ONE

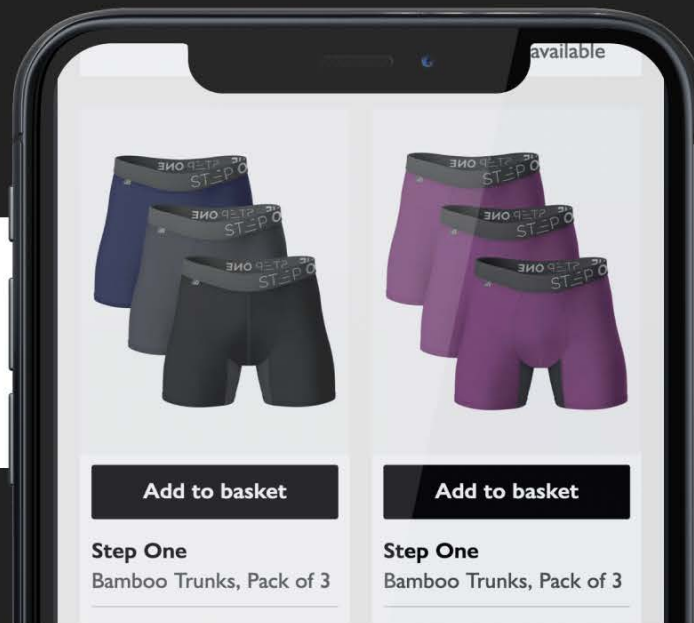


# GROWTH PARTNERSHIPS



- 2 year deal
- \$250,000 raised
- Over 45,000 pairs sold
- Over 8,000 new customers
- New Customer Aquisitions

11



- Online sales have performed very well
- Retail exposure potential
- John Lewis have over 30 UK locations



\$5  
PER PAIR  
DONATED

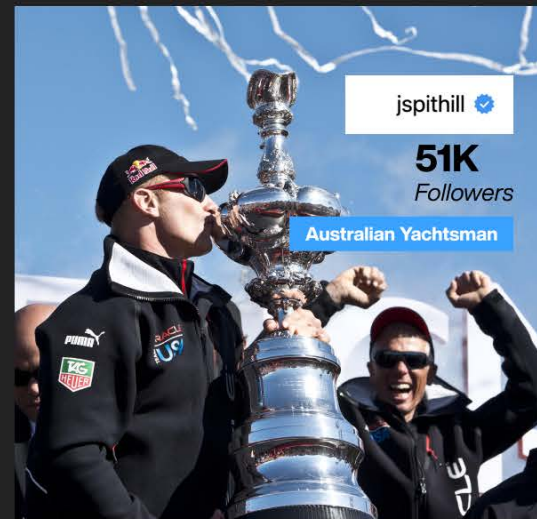
OFFICIAL  
PARTNERSHIP!

SEP 2024





**Chris Lynn**



**Jimmy Spithill**

# ATHLETE SHAREHOLDERS

- Athletes love and wear the product
- Love it so much they have invested in the company
- Not just paid ambassadors

**Total athletes social following: 1 Million+**

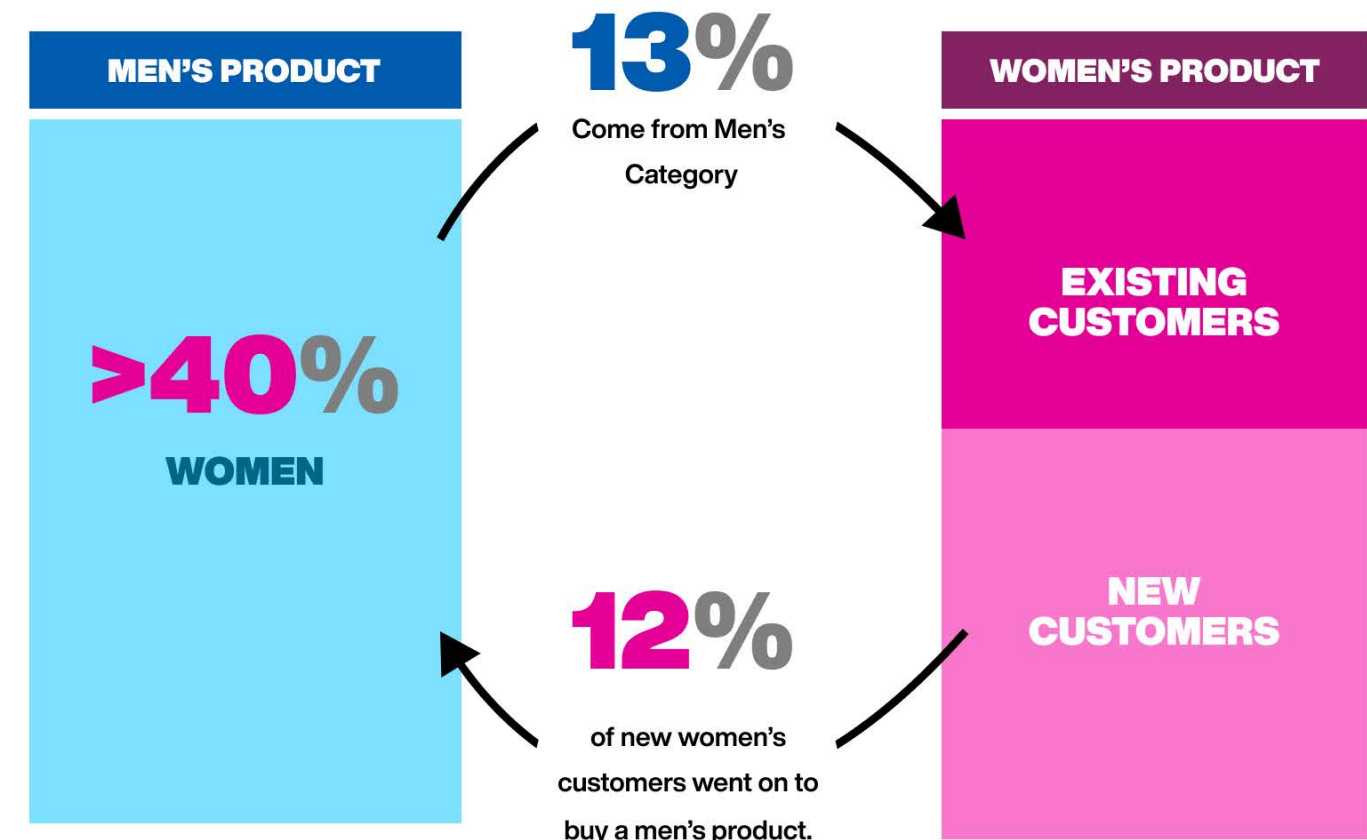
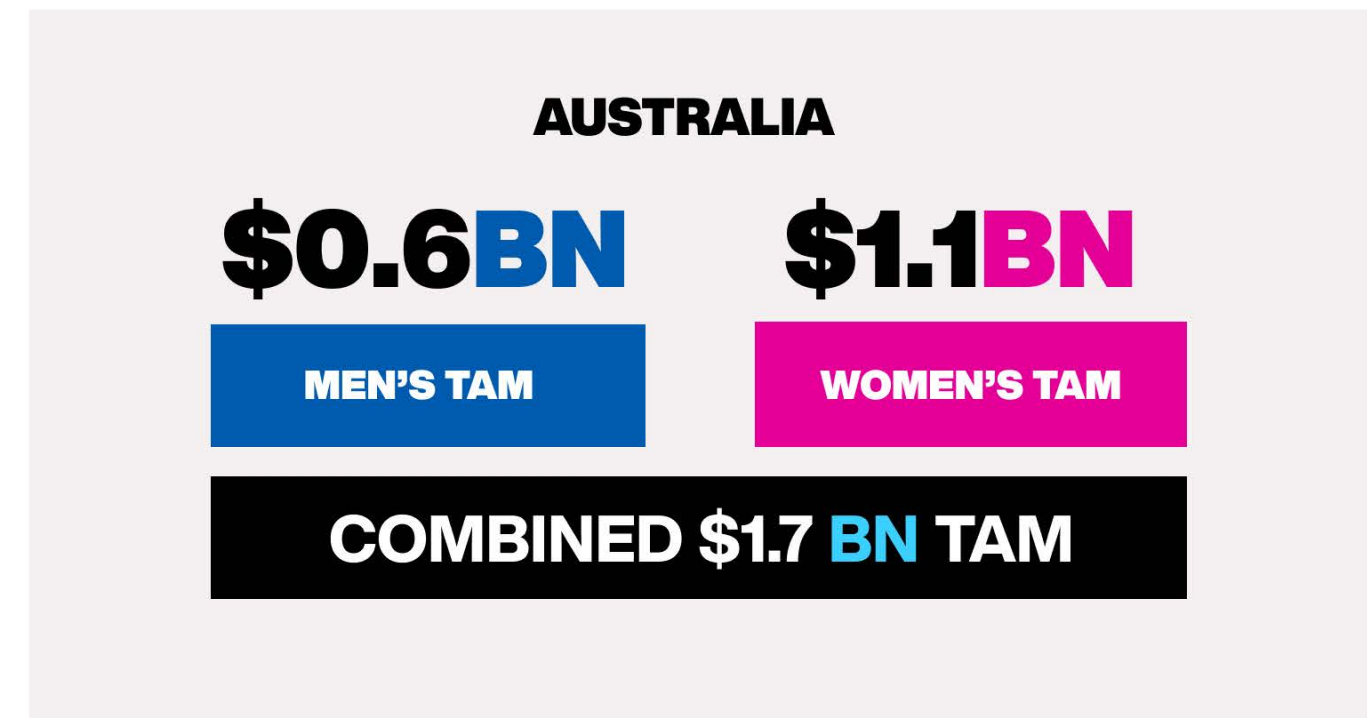


# MARKET SIZE BY COUNTRY 2025 FORECAST TAM<sup>1</sup>

MARKET	MEN'S	WOMEN'S
Australia	\$595M	\$1,100M
United Kingdom <sup>2</sup>	\$2,163M	\$5,210M
United States <sup>3</sup>	\$10,340M	\$21,875M
<b>Total</b>	<b>\$12,803M</b>	<b>\$28,185M</b>

**\*Source: Frost & Sullivan - STP Prospectus 2021 Page's 35 - 38**

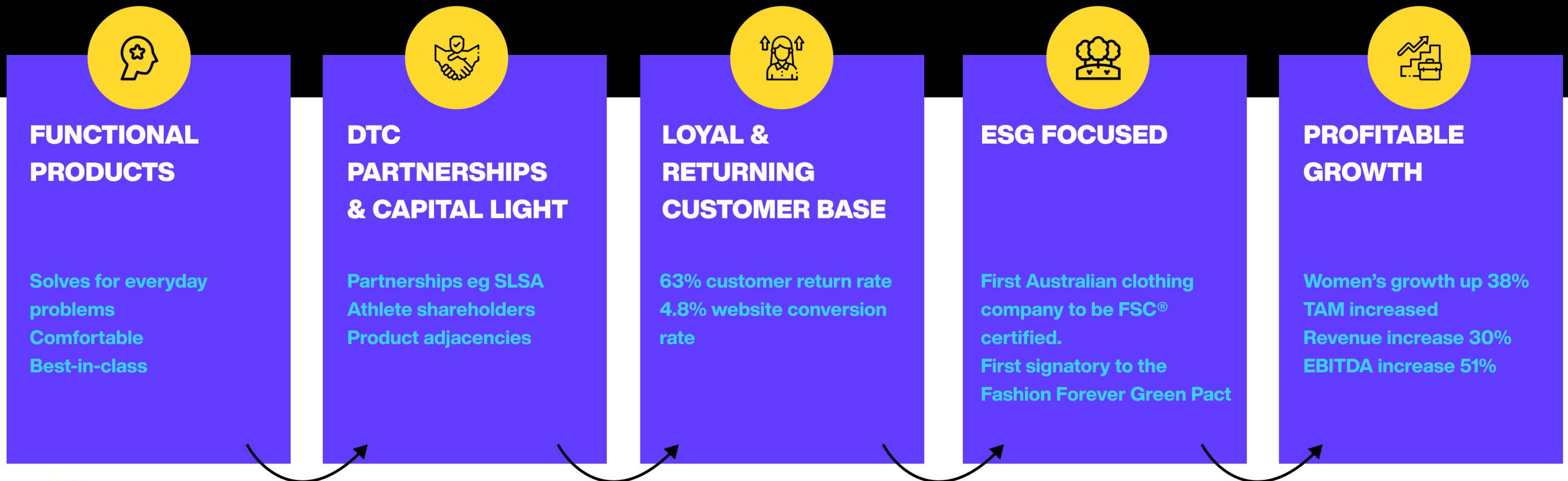
- 1. TAM - Total Addressable Market
- 2. Assumes 1 AUD: 0.52 GBP
- 3. Assumes 1 AUD: 0.65 USD



# BUSINESS STRATEGY

Step One is built on a customer first approach, with innovative products and a model that is capital light and maintains a strong ESG focus

## 5 PILLARS OF PROFITABLE GROWTH





# OUTLOOK

Step One remains confident in the opportunities in each country and its ability to execute on the Company's strategy, looking to expand the range and recruit new customers through partnerships. The Company will continue to pursue profitable growth in Australia and the UK, continue to balance growth and profitability in the US and test new countries where Step One is gaining traction such as Canada and Germany.

- Expanding the underwear range and adjacent products.
- Recruiting new customers through partnerships with bespoke prints and revenue share arrangements.
- Increasing revenue by selling on established platforms and marketplaces such as Amazon and retailers like John Lewis.
- Continuing global expansion.
- Continuing to improve the customer experience.

No guidance is being provided for FY25





# Summary

## Revenue

↑ 29.7% vs pcp

**\$84.5M**

FY23: \$65.2M

## EBITDA

↑ 50.8% vs pcp

**\$18.1M**

FY23: \$12.0M

## Womens

↑ 30% vs pcp

**30%**

Of all orders now contain women's

**\$1.7BN TAM**

**100% DIVIDEND**

Excellent 

40,268 reviews on  Trustpilot

15,152 reviews on

PRODUCT  REVIEW  
.COM.AU



6,810 reviews on









# ATTACHMENTS

FY24 Financial data for analysts

# FY24 RESULTS HIGHLIGHTS

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

## REVENUE

<b>FY24</b>	<b>\$84.5m</b>	<b>Up 29.7% on pcp</b>
1H24	\$45.1m	Up 25.5% on pcp
2H24	\$39.5m	Up 34.8% on pcp

## GROSS MARGIN

<b>FY24</b>	<b>80.8%</b>	<b>Up 0.1 percentage points</b>
1H24	81.2%	Up 0.5 percentage points
2H24	80.4%	Up 0.3 percentage points

## EBITDA<sup>2</sup>

<b>FY24</b>	<b>\$18.1m</b>	<b>Up 50.8% on pcp</b>	<b>21.4%</b>
1H24	\$10.1m	Up 35.6% on pcp	22.5%
2H24	\$8.0m	Up 75.8% on pcp	20.3%

## NET PROFIT

<b>FY24</b>	<b>\$12.4m</b>	<b>Up 43.9% on pcp</b>
1H24	\$7.1m	Up 34.8% on pcp
2H24	\$5.3m	Up 58.4% on pcp

## CASH AND CASH FLOW

Jun-24 **\$39.0m** **No debt**

## CASH FLOW FROM OPERATIONS

FY24 **\$18.7m** **Up 303.1% on pcp**

## WOMEN'S<sup>1</sup>

<b>FY24</b>	<b>\$11.1m</b>	<b>Up 54.0% on pcp</b>	<b>13.9%</b>
1H24	\$5.5m	Up 44.8% on pcp	13.1%
2H24	\$5.6m	Up 64.4% on pcp	14.9%

## WEBSITE VISITS<sup>1</sup>

<b>FY24</b>	<b>15.5m</b>	<b>Up 5.3% on pcp</b>
1H24	8.3m	Up 18.2% on pcp
2H24	7.2m	Down 6.4% on pcp

## CONVERSION RATE<sup>1</sup>

<b>FY24</b>	<b>4.8%</b>	<b>Up 0.5 percentage points</b>
1H24	5.1%	Up 0.1 percentage points
2H24	4.5%	Up 0.7 percentage points

## INDIRECT REVENUE<sup>3</sup>

<b>FY24</b>	<b>\$4.7m</b>	<b>Up 76.5% on pcp</b>	<b>5.5%</b>
1H24	\$2.7m	Up 55.5% on pcp	6.1%
2H24	\$1.9m	Up 118.6% on pcp	4.9%

## CUSTOMERS<sup>1</sup>

<b>Jun-24</b>	<b>1,670,000</b>	<b>Since inception</b>
1H24	182,000	Up 32.8% on pcp
2H24	130,000	Up 8.3% on pcp

## DIVIDEND

<b>FY24</b>	<b>6.8 cps</b>	<b>100% payout</b>
1H24	4.0 cps	FY24 Interim
2H24	2.8 cps	FY24 Final

## SALES EVENT REVENUE<sup>5</sup>

<b>FY24</b>	<b>\$29.6m</b>	<b>Up 103.1% on pcp</b>	<b>37.1%</b>
1H24	\$16.6m	Up 84.4% on pcp	39.2%
2H24	\$13.0m	Up 133.3% on pcp	34.6%



# WHAT MAKES STEP ONE FINANCIALLY ATTRACTIVE

## Balance sheet

Well funded and capital light

### ASSETS

**\$63.5M**

Including:

\$39.0M Cash  
\$19.0M Inventory

### LIABILITIES

**\$11.3M**

Including:

\$9.0M Supplier payables  
\$0.7M Taxes payable

### SHAREHOLDER'S EQUITY

**\$52.2M**

\$5.2M Dividend proposed

## Income Statement

Strong margins and scalable

### REVENUE

**\$84.5M**

Including:

\$79.9M Direct  
\$4.7M Indirect

### COSTS

**\$72.1M**

Including:

\$16.2M COGS  
\$27.7M Advertising

### PROFIT

**\$12.4M**

5.0cps Interim dividend

2.8cps Final dividend

# INCOME STATEMENT

	FY24	FY23	Movement	
	\$'000	\$'000	\$'000	%
Australia	50,873	43,006	7,867	18.3%
UK	20,129	20,367	6,762	33.2%
USA	6,546	1,811	4,735	261.5%
<b>Revenue</b>	<b>84,548</b>	<b>65,184</b>	<b>19,364</b>	<b>29.7%</b>
Cost of sales	(16,215)	(12,580)	(3,635)	28.9%
<b>Gross profit</b>	<b>68,333</b>	<b>52,604</b>	<b>15,729</b>	<b>29.9%</b>
Gross Margin %	80.8%	80.7%		0.1 pcp
Advertising & marketing <sup>1</sup>	(27,686)	(23,266)	(4,420)	19.0%
Advertising as percent of revenue	32.7%	35.7%		-3.0 pcp
Distribution & fulfilment	(11,139)	(8,324)	(2,815)	33.8%
Distribution as percent of revenue	13.2%	12.8%		0.4 pcp
Merchant and transaction fees	(2,947)	(2,162)	(785)	36.3%
Transaction fees as % of Revenue	3.5%	3.3%		0.2 pcp
<b>Contribution profit</b>	<b>26,561</b>	<b>18,852</b>	<b>7,709</b>	<b>40.9%</b>
Contribution as percent of revenue	31.4%	28.9%		2.5 pcp
Overhead	(7,782)	(7,717)	(65)	0.9%
Foreign exchange	(650)	888	(1,538)	-173.2%
<b>EBITDA<sup>1</sup></b>	<b>18,129</b>	<b>12,023</b>	<b>6,106</b>	<b>50.8%</b>
EBITDA as % of Revenue	21.4%	18.4%		3.0 pcp
<b>PBT</b>	<b>18,708</b>	<b>12,438</b>	<b>6,270</b>	<b>50.4%</b>
Income tax expense	(6,308)	(3,822)	(2,486)	65.0%
<b>NPAT</b>	<b>12,400</b>	<b>8,616</b>	<b>3,784</b>	<b>43.9%</b>

## COMMENTARY

- Revenue increased 29.7% on pcp from growth in each market.
- Maintain a gross margin above 80% while managing sales to 'value oriented' customers.
- Advertising was 32.7% of revenue, 3.0% lower than the pcp, reflecting an improvement in advertising economics.
- Cost pressure on global logistics and distribution costs remain.
- Other costs support business growth including capability.



# BALANCE SHEET

	As at	As at	Variance	
	30 June 2024	30 June 2023	\$'000	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	52	38,295	657	1.7%
Trade and other receivables	972	637	335	52.6%
Inventories	18,959	23,326	(4,367)	-18.7%
Other assets	2,201	629	1,572	249.9%
	<b>61,084</b>	<b>62,887</b>	<b>1,803</b>	<b>-2.9%</b>
<b>Non-current Assets</b>				
Property, plant and equipment	448	74	374	505.4%
Intangibles	39	45	(6)	-13.3%
Deferred tax assets	1903	3,118	(1,215)	-39.0%
	<b>2,390</b>	<b>3,237</b>	<b>(847)</b>	<b>-26.2%</b>
<b>Total assets</b>	<b>63,474</b>	<b>66,124</b>	<b>(2,650)</b>	<b>-4.0%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	9,007	6,149	2,858	46.5%
Deferred revenue	686	1,341	(655)	-48.8%
Income tax payable	851	1,300	(449)	-34.5%
Other and lease liability	517	231	286	123.8%
	<b>11,061</b>	<b>9,021</b>	<b>2,040</b>	<b>22.6%</b>
<b>Non-current Liabilities</b>				
Employee benefits and Lease Liability	108	30	78	260.0%
Deferred tax liability	84	-	84	-
	<b>192</b>	<b>30</b>	<b>162</b>	<b>540.0%</b>
<b>Total Liabilities</b>	<b>11,253</b>	<b>9,051</b>	<b>2,202</b>	<b>24.3%</b>
<b>Net Assets</b>	<b>52,221</b>	<b>57,073</b>	<b>(4,852)</b>	<b>-8.5%</b>
<b>Equity</b>				
Issued capital	52,496	52,496	0	0.0%
Treasury Shares	(1,571)	(571)	(1,000)	-175.1%
Reserves	864	481	383	79.6%
Accumulated losses pre-IPO	(4,762)	(4,762)	0	0.0%
Retained profits/(accumulated losses)	5,194	9,429	(4,235)	-90.7%
<b>Total Equity</b>	<b>52,221</b>	<b>57,073</b>	<b>(4,852)</b>	<b>-8.5%</b>

## COMMENTARY

- Cash and deposits of \$39.0m with no debt.
- Inventory reduced \$4.4m. While inventory is not perishable or seasonal, the provision has been retained to assist in a reduction of the SKU range.
- Deferred revenue represents sales late June that were not delivered prior to 30 June 2024.
- A lease asset and liability was created when the lease for the business premises was extended for 24 months and AASB117 applied.
- Step One remains a capital light business model.

# CASH FLOW STATEMENT

	FY24	FY23	Variance	
	\$'000	\$'000	\$'000	%
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST/VAT)	94,602	73,288	21,314	29.1%
Payments to suppliers and employees (inclusive of GST/VAT)	(71,601)	(65,252)	(6,349)	-9.7%
	<b>23,001</b>	<b>8,036</b>	<b>14,965</b>	<b>186.2%</b>
Interest received	874	443	431	97.3%
Finance costs (lease)	(54)		(54)	-
Income taxes paid	(5,162)	(3,850)	(1,312)	-34.1%
<b>Net cash from/(used in) operating activities</b>	<b>18,659</b>	<b>4,629</b>	<b>14,030</b>	<b>303.1%</b>
<b>Cash flows from investing activities</b>				
Term deposit >3 months	(10,000)	-	(10,000)	-
Equipment and intangibles	(170)	(77)	(94)	-122.1%
<b>Net cash from/ (used in) investing activities</b>	<b>(10,170)</b>	<b>(77)</b>	<b>(10,094)</b>	<b>-13109%</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(16,635)	0	(16,635)	-100.0%
ESOP Shares	(954)	(571)	(383)	-67.1%
Repayment of lease	(146)	0	(146)	-100.0%
<b>Net cash from/(used in) financing activities</b>	<b>(17,735)</b>	<b>(571)</b>	<b>(17,164)</b>	<b>-3006.0%</b>
<b>Net increase in cash and cash equivalents</b>	<b>(9,246)</b>	<b>3,981</b>	<b>(13,227)</b>	<b>-332.3%</b>
Cash and cash equivalents at the beginning of the financial year	38,295	34,104	4,191	12.3%
Effects of exchange rate changes on cash and cash equivalents	(97)	210	(307)	-146.2%
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28,952</b>	<b>38,295</b>	<b>(9,343)</b>	<b>-24.4%</b>

## COMMENTARY

- Cash receipts increased in line with revenue increase.
- Cash outflows were favourably impacted by a reduction in inventory.
- Dividends totalling \$16.6m were paid.
- Term deposits were greater than 3 months and therefore were classified as investments.
- Cash and term deposits total \$39.0m and are held with licensed Australian Banks.
- Capital light business model.



# LOCAL DISTRIBUTION

Local warehousing and fulfilment for prompt customer delivery

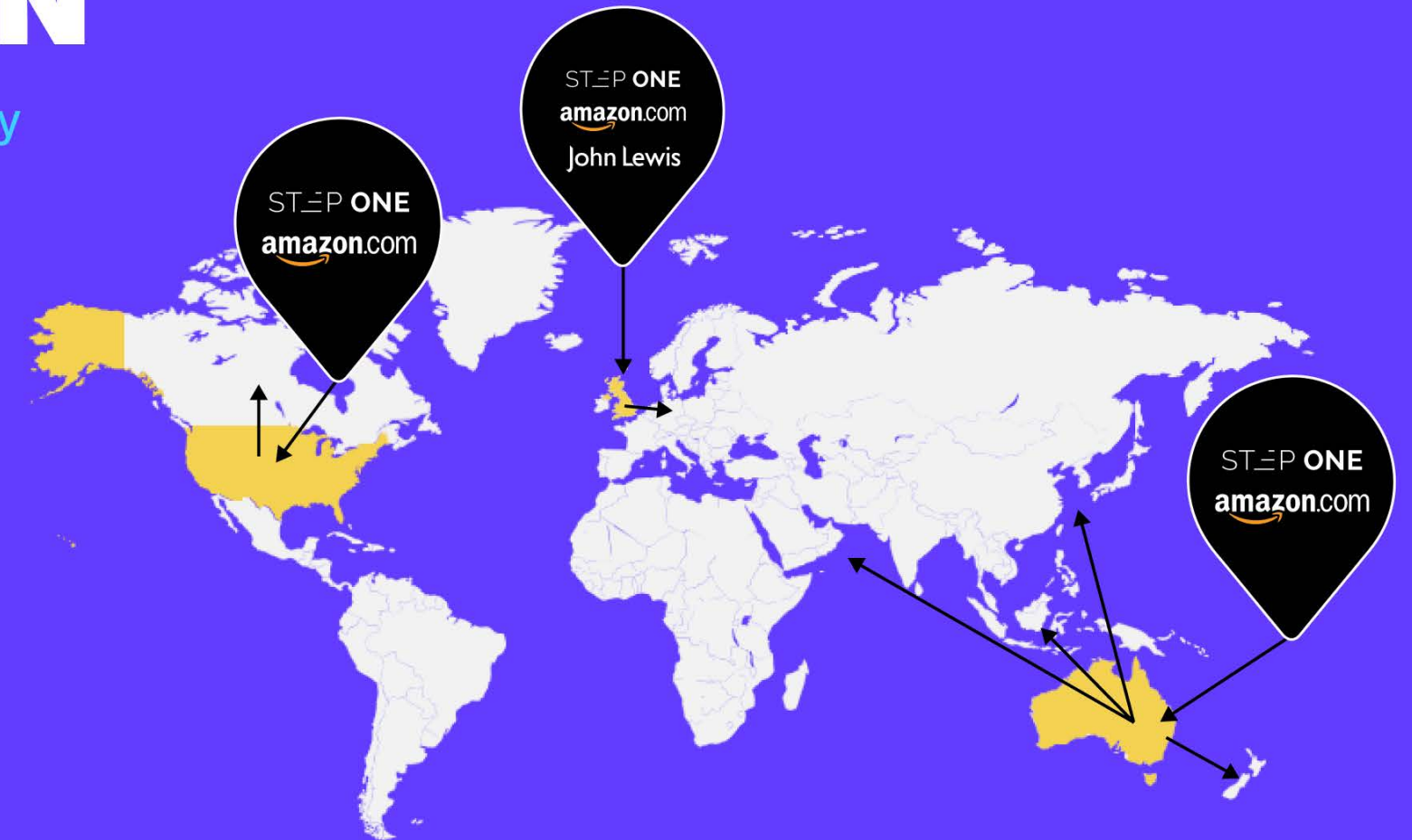
- Product is warehoused in each country with 3PLs in Australia East Coast, UK East Coast & USA West Coast

3PLs manage all inventory & logistics in each country

- 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

- 3PLs manage all inventory & logistics in each country
- Direct connection with Step One's selling system
- Daily pick & pack (business day)
- Management of returns & exchanges



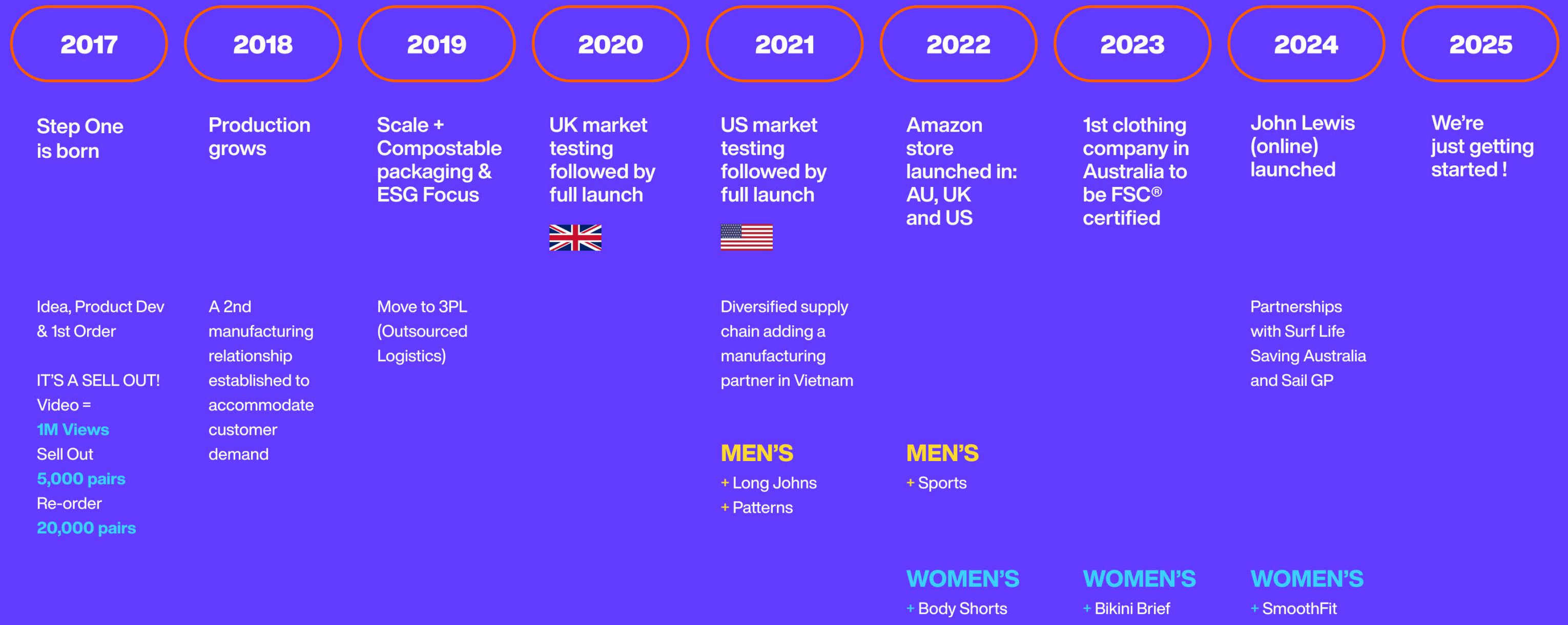
Last mile reliant on local distribution services

- 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



# A BRIEF HISTORY OF STEP ONE

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



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