

ASX Announcement
22 August 2024

Step One Clothing Limited **FY24 Results Presentation (updated)**

Step One Clothing Limited (ASX:STP) (“Step One” or “the Company”), has updated its FY24 Investor Presentation to rectify minor transcription errors, with particular reference to the UK revenue line on page 20 and the cash line on page 21.

-ENDS-

This announcement was authorised for release by the Chief Financial Officer of Step One Clothing Limited.

About Step One Clothing

Step One is a leading direct-to-consumer online retailer for underwear. Step One offers an range of high quality, organically grown and certified, sustainable, and ethically manufactured underwear that suits a broad range of body types. Step One has transformed the underwear market with an innovative design and strong customer following which is behind its growth into a multinational company operating in Australia, the US and the UK.

Further information can be found on the Company’s website <https://stepone.group/>.

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STEP ONE

UNDERWEAR

FY24

CEO & Founder

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¢

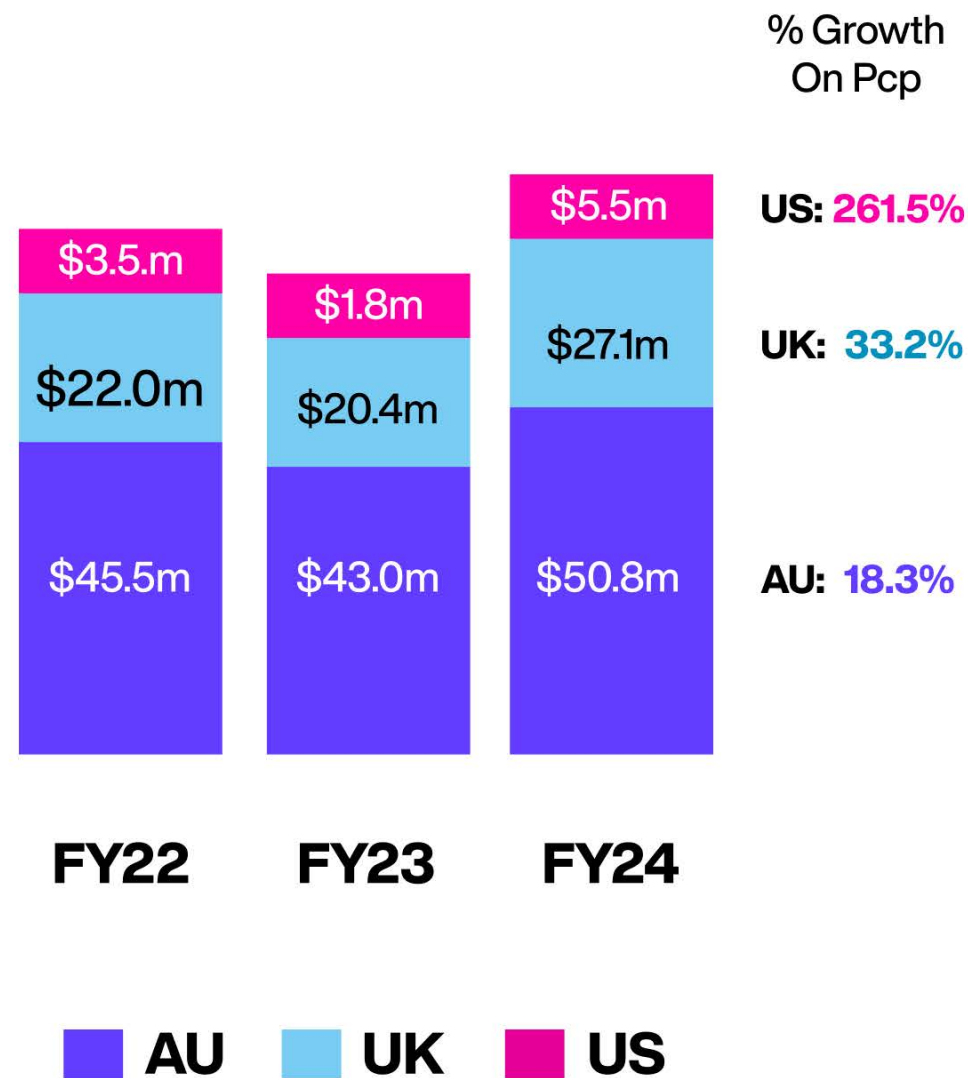
FY23: 5.0¢

Women's Category

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

¹Total Addressable Market (TAM), refer to slide 13 for more details

International Growth



Word of Mouth

Our customers are becoming
our biggest marketers

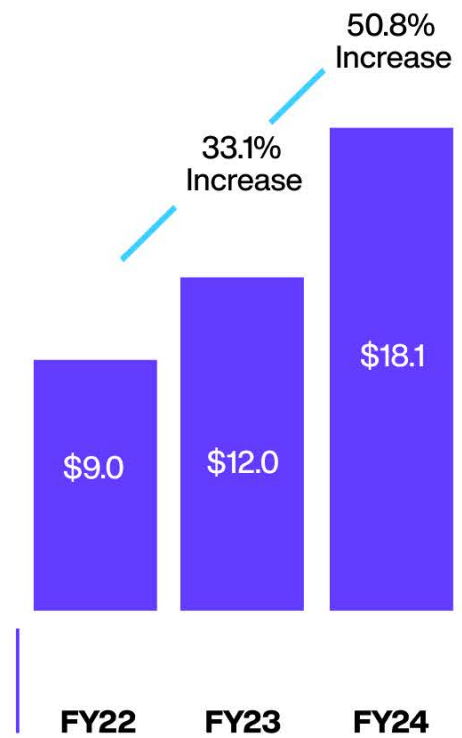
19%
of **ALL** orders
are from word of mouth

		Submissions
AU	30%	78,701
UK	26%	65,760
USA	4%	17,368

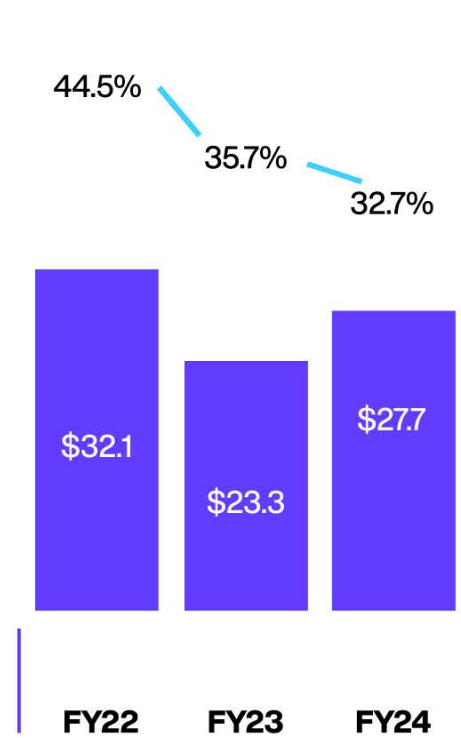
FY24 FINANCIAL HIGHLIGHTS

Very efficient digital marketers

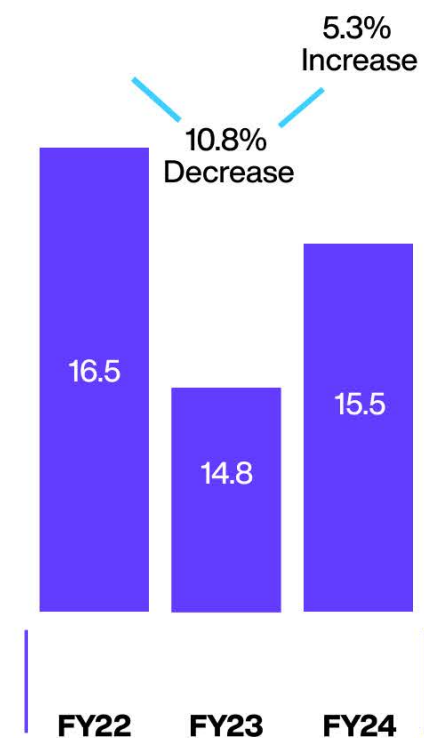
EBITDA
\$M



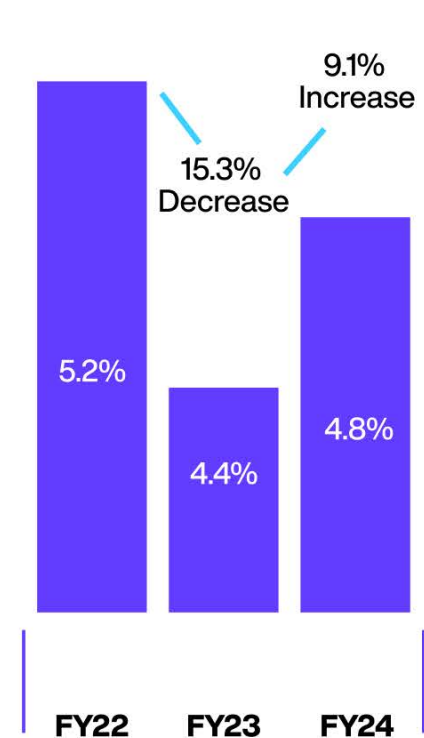
ADVERTISING COST
\$M/% of Revenue



WEBSITE TRAFFIC
Direct Business #M



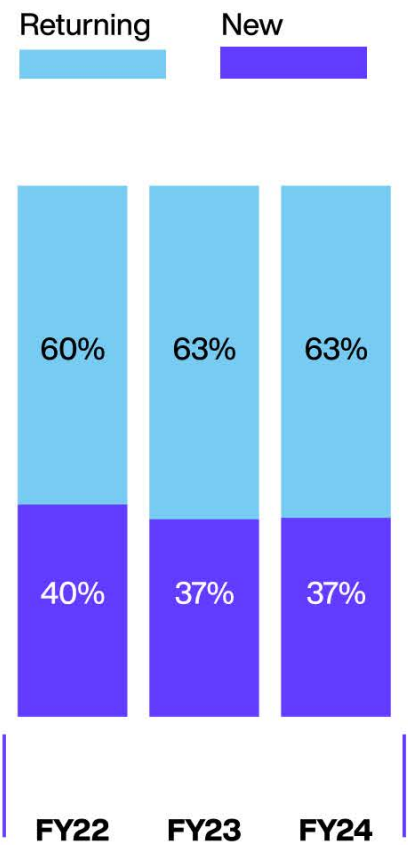
CONVERSION RATE
Direct Business



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



Jamie-Lee Price
Australian Diamonds Netball

Gretel Bueta
Australian Diamonds Netball

SUSTAINABILITY SCORECARD

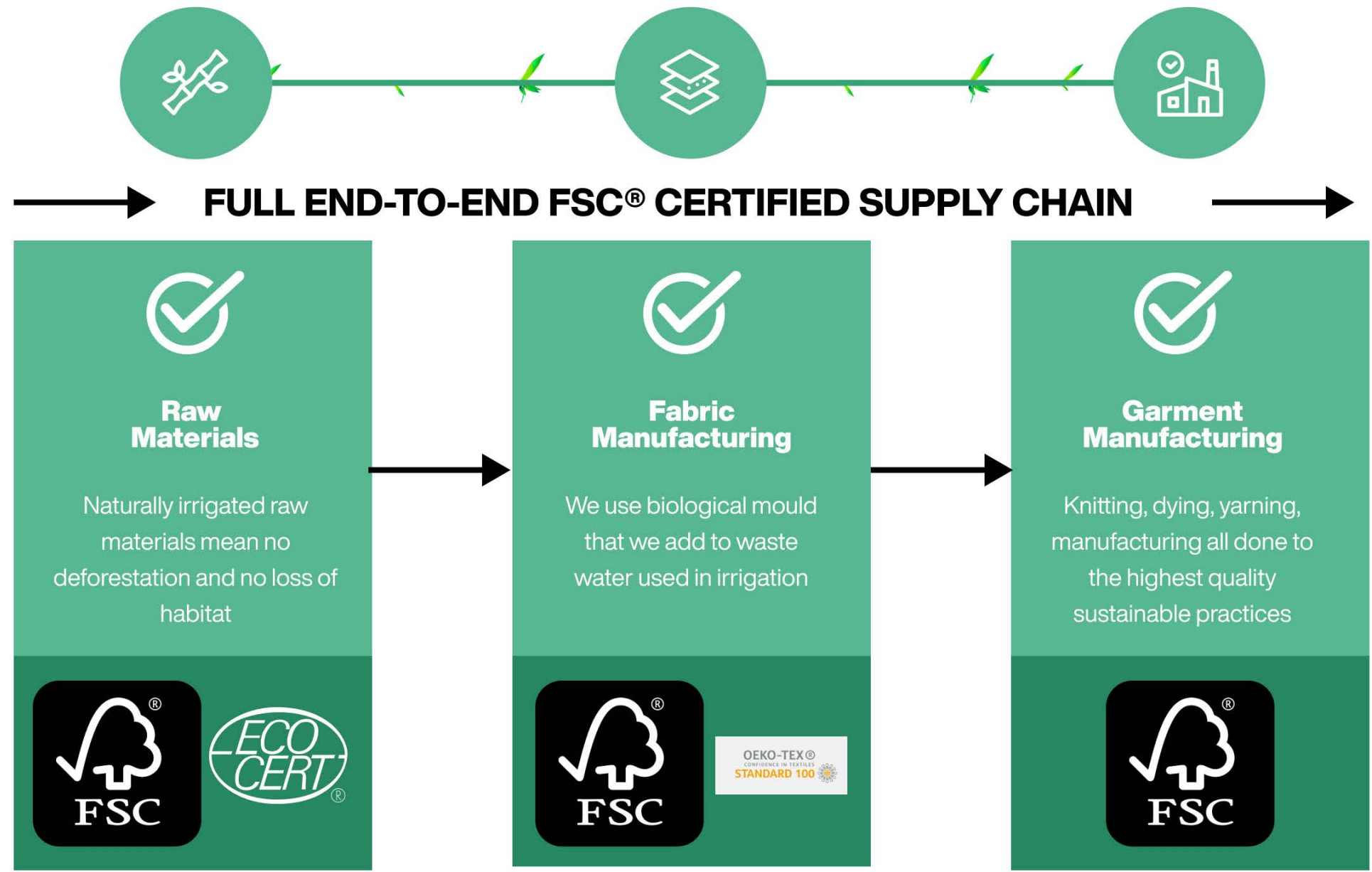
ESG is in our DNA

	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

BOXER
BRIEF

STEP ONE

BOXER
BRIEF FLY

STEP ONE

TRUNKS

SPORT

LONG
JOHNS

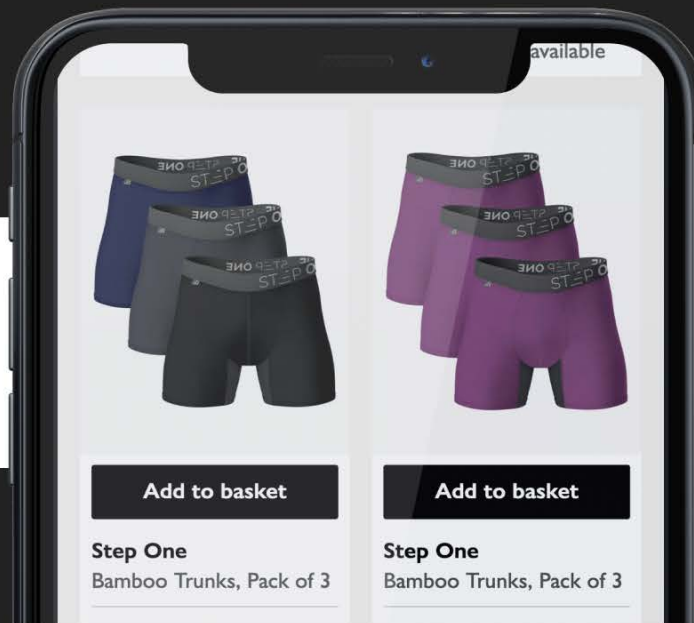
STEP ONE

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GROWTH PARTNERSHIPS



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



- 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

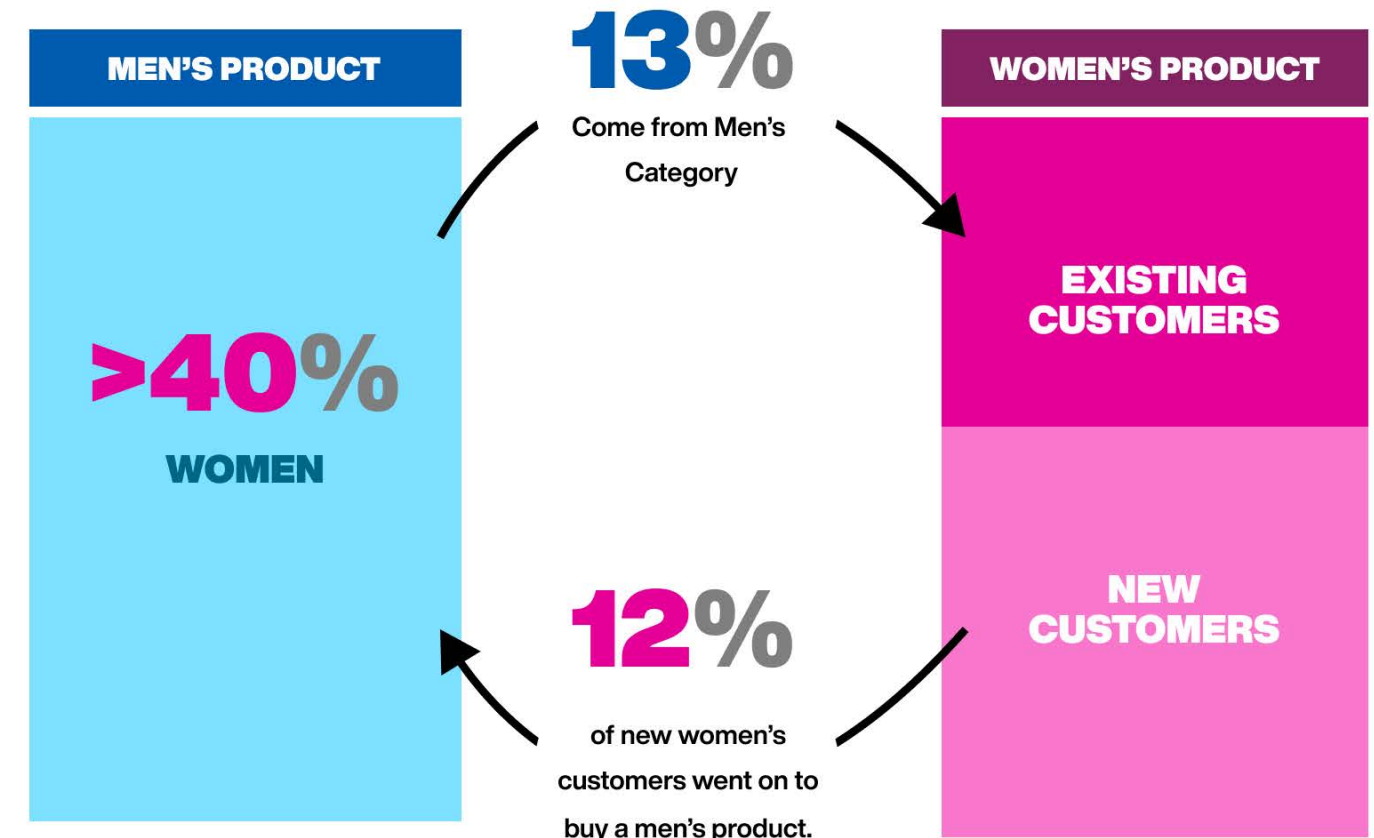
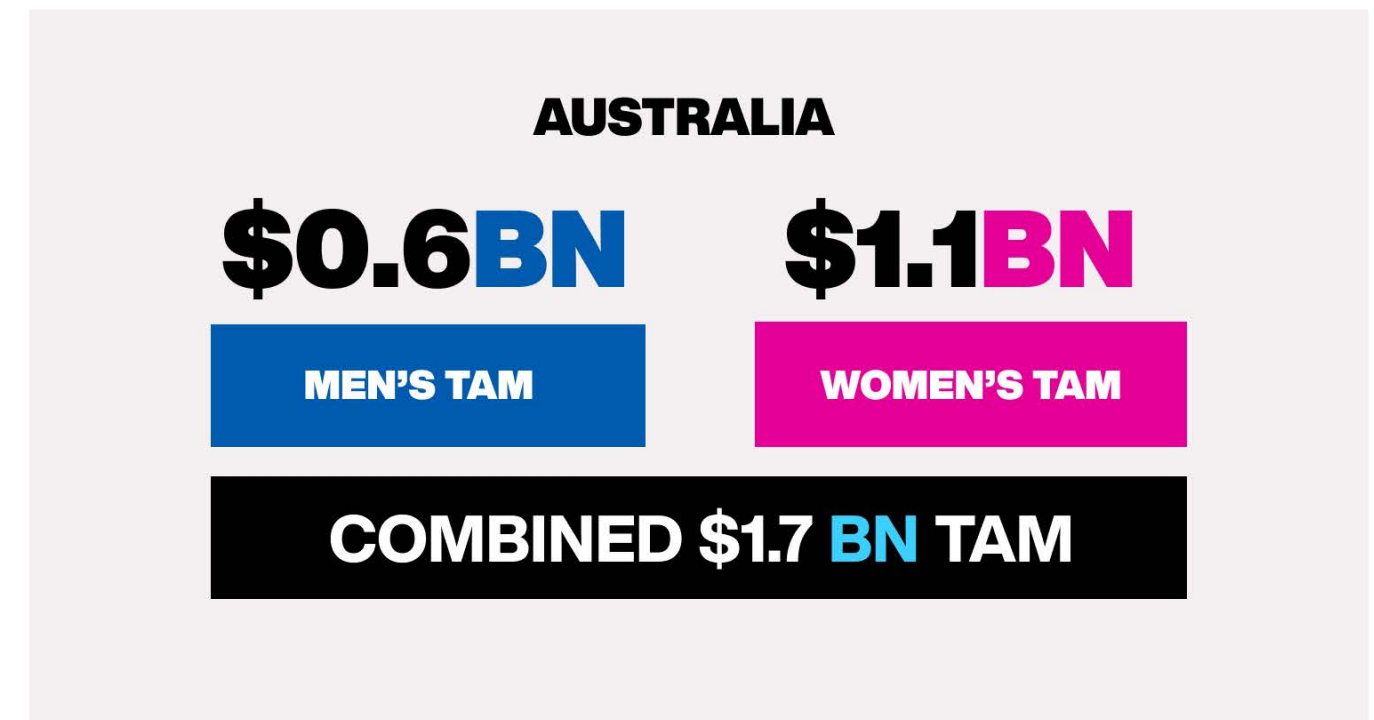
Total athletes social following: 1 Million+

MARKET SIZE BY COUNTRY 2025 FORECAST TAM¹

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

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

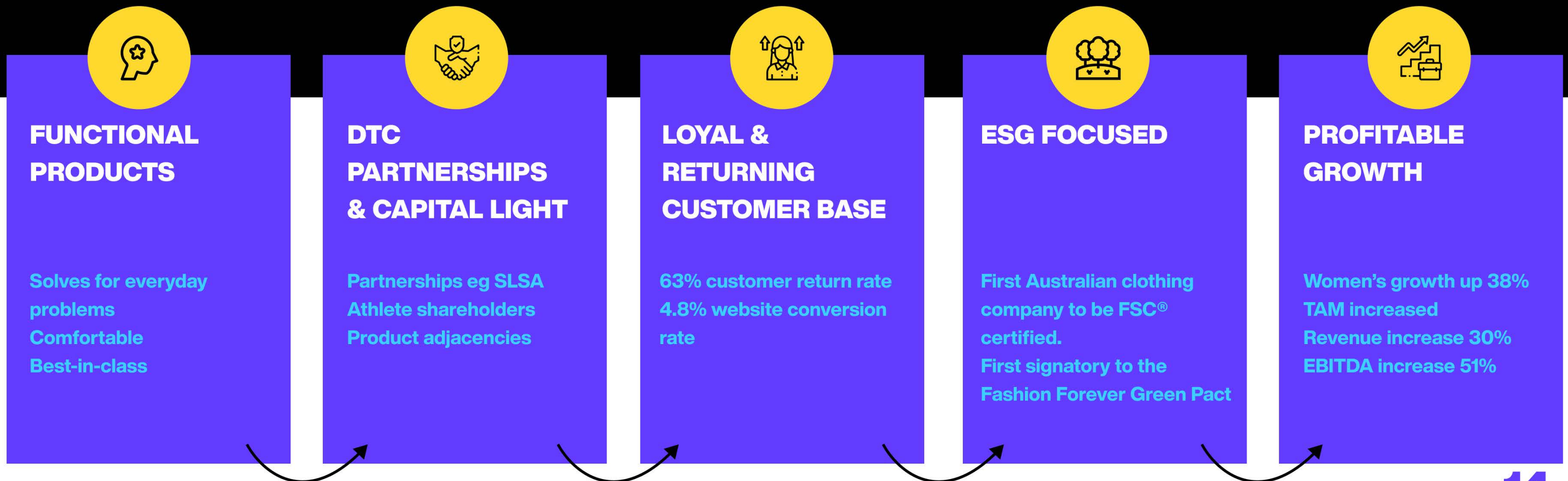
- 1. TAM - Total Addressable Market
- 2. Assumes 1 AUD: 0.52 GBP
- 3. Assumes 1 AUD: 0.65 USD



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





Reviews as of Friday 16 August 2024



ATTACHMENTS

FY24 Financial data for analysts

FY24 RESULTS HIGHLIGHTS

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

REVENUE			GROSS MARGIN			EBITDA²			% of Revenue
FY24	\$84.5m	Up 29.7% on pcp	FY24	80.8%	Up 0.1 percentage points	FY24	\$18.1m	Up 50.8% on pcp	21.4%
1H24	\$45.1m	Up 25.5% on pcp	1H24	81.2%	Up 0.5 percentage points	1H24	\$10.1m	Up 35.6% on pcp	22.5%
2H24	\$39.5m	Up 34.8% on pcp	2H24	80.4%	Up 0.3 percentage points	2H24	\$8.0m	Up 75.8% on pcp	20.3%
NET PROFIT			CASH AND CASH FLOW			WOMEN'S¹			% of Revenue
FY24	\$12.4m	Up 43.9% on pcp	Jun-24	\$39.0m	No debt	FY24	\$11.1m	Up 54.0% on pcp	13.9%
1H24	\$7.1m	Up 34.8% on pcp	CASH FLOW FROM OPERATIONS			1H24	\$5.5m	Up 44.8% on pcp	13.1%
2H24	\$5.3m	Up 58.4% on pcp	FY24	\$18.7m	Up 303.1% on pcp	2H24	\$5.6m	Up 64.4% on pcp	14.9%
WEBSITE VISITS¹			CONVERSION RATE¹			INDIRECT REVENUE³			% of Revenue
FY24	15.5m	Up 5.3% on pcp	FY24	4.8%	Up 0.5 percentage points	FY24	\$4.7m	Up 76.5% on pcp	5.5%
1H24	8.3m	Up 18.2% on pcp	1H24	5.1%	Up 0.1 percentage points	1H24	\$2.7m	Up 55.5% on pcp	6.1%
2H24	7.2m	Down 6.4% on pcp	2H24	4.5%	Up 0.7 percentage points	2H24	\$1.9m	Up 118.6% on pcp	4.9%
CUSTOMERS¹			DIVIDEND			SALES EVENT REVENUE⁵			% of Revenue
Jun-24	1,670,000	Since inception	FY24	6.8 cps	100% payout	FY24	\$29.6m	Up 103.1% on pcp	37.1%
1H24	182,000	Up 32.8% on pcp	1H24	4.0 cps	FY24 Interim	1H24	\$16.6m	Up 84.4% on pcp	39.2%
2H24	130,000	Up 8.3% on pcp	2H24	2.8 cps	FY24 Final	2H24	\$13.0m	Up 133.3% on pcp	34.6%

1. Sold revenue excluding indirect channels. 2. EBITDA is a non-IFRS measure reconcile to IFRS in the 4E. 3. Indirect Channels include Amazon and John Lewis. 4. pcp refers to prior corresponding reporting period. 5. Key sale events based on sold date, direct revenue only.

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	27,129	20,367	6,762	33.2%
USA	6,546	1,811	4,735	261.5%
Revenue	84,548	65,184	19,364	29.7%
Cost of sales	(16,215)	(12,580)	(3,635)	28.9%
Gross profit	68,333	52,604	15,729	29.9%
Gross Margin %	80.8%	80.7%		0.1 pcp
Advertising & marketing ¹	(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
Contribution profit	26,561	18,852	7,709	40.9%
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%
EBITDA¹	18,129	12,023	6,106	50.8%
EBITDA as % of Revenue	21.4%	18.4%		3.0 pcp
PBT	18,708	12,438	6,270	50.4%
Income tax expense	(6,308)	(3,822)	(2,486)	65.0%
NPAT	12,400	8,616	3,784	43.9%

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	%
Assets				
Current Assets				
Cash and cash equivalents	38,952	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%
	61,084	62,887	1,803	-2.9%
Non-current Assets				
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%
	2,390	3,237	(847)	-26.2%
Total assets	63,474	66,124	(2,650)	-4.0%
Liabilities				
Current Liabilities				
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%
	11,061	9,021	2,040	22.6%
Non-current Liabilities				
Employee benefits and Lease Liability	108	30	78	260.0%
Deferred tax liability	84	-	84	-
	192	30	162	540.0%
Total Liabilities	11,253	9,051	2,202	24.3%
Net Assets	52,221	57,073	(4,852)	-8.5%
Equity				
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%
Total Equity	52,221	57,073	(4,852)	-8.5%

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	%
Cash flows from operating activities				
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%
	23,001	8,036	14,965	186.2%
Interest received	874	443	431	97.3%
Finance costs (lease)	(54)		(54)	-
Income taxes paid	(5,162)	(3,850)	(1,312)	-34.1%
Net cash from/(used in) operating activities	18,659	4,629	14,030	303.1%
Cash flows from investing activities				
Term deposit >3 months	(10,000)	-	(10,000)	-
Equipment and intangibles	(170)	(77)	(94)	-122.1%
Net cash from/ (used in) investing activities	(10,170)	(77)	(10,094)	-13109%
Cash flows from financing activities				
Dividends paid	(16,635)	0	(16,635)	-100.0%
ESOP Shares	(954)	(571)	(383)	-67.1%
Repayment of lease	(146)	0	(146)	-100.0%
Net cash from/(used in) financing activities	(17,735)	(571)	(17,164)	-3006.0%
Net increase in cash and cash equivalents	(9,246)	3,981	(13,227)	-332.3%
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%
Cash and cash equivalents at the end of the financial year	28,952	38,295	(9,343)	-24.4%

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

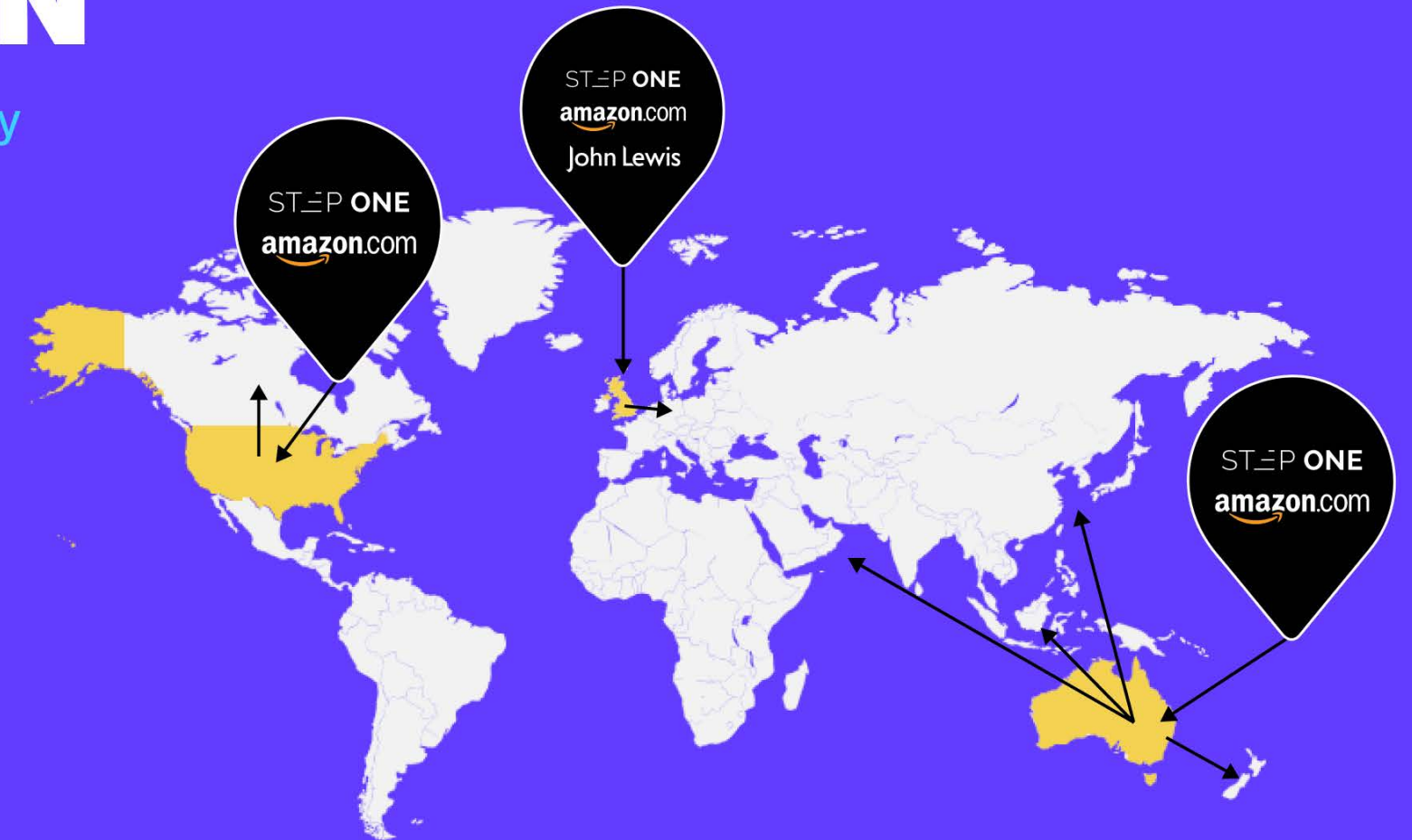
- Product is warehoused in each country with 3PLs in Australia East Coast, UK East Coast & USA West Coast

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

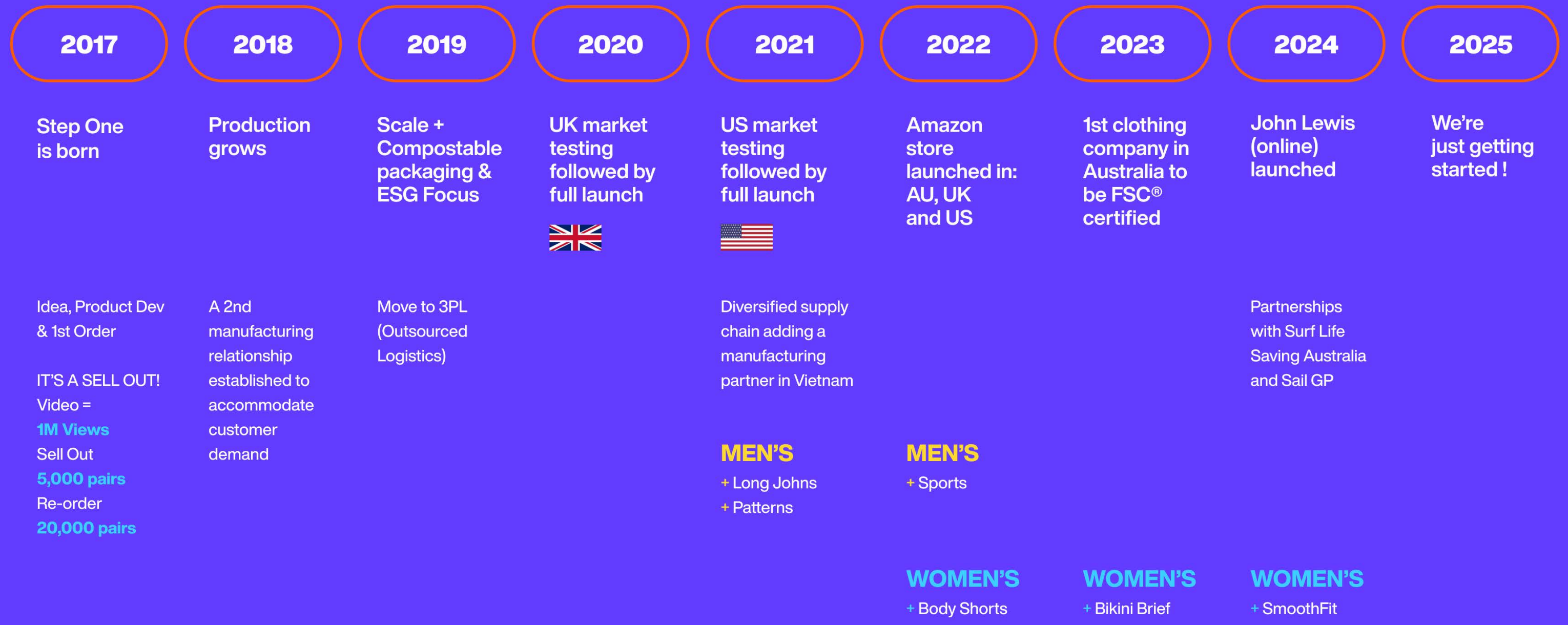


Last mile reliant on local distribution services

- 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



IMPORTANT NOTICE

The material in this presentation has been prepared by Step One Clothing Limited (ASX: STP) ("Step One" or the "Company") and is general background information about Step One's activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete in every aspect. In particular you are cautioned not to place undue reliance on any forward-looking statements regarding our belief, intent or expectations with respect to Step One's businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation or subsequently provided to the recipient of this information, whether orally or in writing, including forecast financial information, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities in the Company. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

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