

12 November 2024

**Step One Clothing Limited**  
**2024 Annual General Meeting Address and Presentation to Shareholders by Chairman and CEO**

**Step One Clothing Limited's** (ASX:STP) 2024 Annual General Meeting will be held online today.

**Date:** Tuesday 12 November 2024  
**Time:** 11.00am (AEDT)  
**Venue:** <https://meetings.linkgroup.com/STP24>

The addresses and presentation to shareholders from the Chairman and Chief Executive Officer which will be delivered at the Annual General Meeting are attached.

This announcement was authorised for release by the Board of Step One Clothing Limited.

**About Step One Clothing**

Step One is a leading direct-to-consumer online retailer for underwear. Step One offers a 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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## Address by David Gallop AM, Chair of Step One Clothing Limited, at the 2024 Annual General Meeting of Shareholders 12 November 2024

Good morning everybody and thank you for joining us today.

My name is David Gallop, and I am Chair of Step One Clothing Limited.

On behalf of the Board of Directors, I am pleased to welcome you to Step One's 2024 Annual General Meeting.

It is now just after 11:00am, the nominated time for the AGM.

I have been informed by the Company Secretary that a quorum is present, so I am pleased to declare the Meeting open.

Today's AGM is being held virtually via the online meeting platform.

Today I am joined online by my fellow Directors:

- Greg Taylor, Founder and Chief Executive Officer
- Kate Thompson, Non-Executive Director
- Michael Reddie, Executive Director
- Rick Dennis, Non-Executive Director

Also present today are:

- Nigel Underwood, our Chief Financial Officer
- William Hundy, our Company Secretary
- Crystal Gangemi, our Audit & Assurance Partner from Auditor Grant Thornton, is also present and available to answer any questions about the audit, the auditor's report, the accounting policies adopted in the financial statements and the Auditor's independence

Our Annual General Meeting is being broadcast from Gadigal Land.

Our commitment to sustainability and ethical practice is at the core of who we are at Step One. We cannot do this without taking the First Step in acknowledging First Peoples. Step One acknowledges the Traditional Custodians of the lands, skies, and waters of First Peoples across the world. We tread respectfully on their countries and honour their continued connection to their culture for many millennia.

We acknowledge Elders, past and present, and thank them for providing their guidance, and sharing their knowledge and wisdom, and all First Peoples who have continually paved the way in sustainable practices. Step One continues to be guided, as we learn and grow.

The running order for today's meeting will be as follows.

Firstly, I will say a few words about Step One, including strategic highlights of the Step One business, then Greg will address the meeting before we proceed to the formal business of the meeting.

After the formal business, shareholders will have the opportunity to ask further questions not directly related to the respective resolutions.

Step One was founded with a clear mission to innovate the underwear market, and this year we have continued to deliver on that promise.

Our success is grounded in creating the best underwear in the market. In our opinion, underwear is a need, not a want. It's a product almost everyone wears daily, with an average wear time of 18 hours per day. By solving common issues like chafing, ride-up, and sweat, we provide a product with clear functional benefits. With over 70,000 five-star reviews and 19% of global orders driven by word of mouth, our value proposition is strong and continues to resonate deeply with our customers.

Innovation is central to our business, demonstrated by the strong customer response to our SmoothFit™ Women's line, which has significantly expanded our total addressable market. We are now facing a \$28.1 billion opportunity across Australia, the UK and the US.

During FY24, we continued to build traction in our core markets, and began to see green shoots in new markets including Canada and Germany, reflecting the global appeal of our offering. Key partnerships with Amazon and John Lewis have been instrumental in driving brand awareness in these newer markets, positioning us for further expansion.

The Board strongly supports Step One's strategy, in particular expanding our channels and products to diversify the Company's portfolio while remaining dedicated to our core underwear focus in alignment with our vision.

For FY24, we achieved revenue growth of 30% and EBITDA growth of 51%. Our women's line saw a strong increase of 54%, reinforcing the opportunity within our markets.

The Board remains focused on the long-term sustainability of the group. In addition to ensuring rigorous risk management processes to ensure suitability of the Company, our ESG journey remains a top priority. Achieving Forest Stewardship Council® (FSC®) certification underscores our commitment to sustainable and responsible sourcing.

We remain disciplined in our capital management approach, with our 100% dividend payout reflecting our commitment to returning value to shareholders. The Board paid out an FY23 final dividend of 5 cents in September 2023, followed by the FY24 interim dividend of 4 cents in March 2024, and the FY24 final dividend of 2.8 cents in September. Looking ahead, we will continue to allocate surplus funds via fully franked dividends and assess capital needs annually.

As we enter FY25, the Board is confident in our strategy and the strength of our product offerings. We are well-positioned to seize growth opportunities and expand into new adjacencies. Our solid fundamentals, adaptable supply chain, and commitment to ongoing innovation in the innerwear category has set the stage for further success.

In closing, I would like to thank our Founder and CEO, Greg Taylor, and the entire Step One team for their dedication and efforts. I also extend my appreciation to our shareholders for their continued support.

I will now hand over to Greg to provide a more detailed update on Step One's financial and operational performance this year, as well as insights into our outlook for FY25.

Address by Greg Taylor, Founder and CEO of Step One Clothing Limited, at the 2024 Annual General Meeting of Shareholders 12 November 2024

Thanks David and good morning all, I'm Greg Taylor, Founder and Chief Executive Officer of Step One Clothing Limited.

FY24 was another record year for Step One, underpinned by our innovative, functional products, strong strategic partnerships, and an exceptionally loyal customer base.

In August, we released our 2024 Annual Report. From this report you will note that our revenue increased by 30% to \$84.5 million, EBITDA rose 51% to \$18.1 million, and our gross margin grew to 80.8%. We've also seen significant growth in our customer base, up 23% to 1.67 million, with average order value rising 7.1% to \$96. Notably, women's revenue has surged by 54%, making up 14% of total revenue.

We finished the year in a strong financial position, with a cash position of \$39.0 million and no debt.

I'd like to call out a few key highlights from the FY24 period. 30% of all orders now contain at least one Women's product reflecting the appeal of our female product lines. International growth continued to surge in FY24, with the UK up 33.2% and the US up 261.5%, fuelling total business growth of 30%. Finally, 19% of global orders were driven by word of mouth—Australia led at 30%, the UK at 26%, and the US at 4%—reflecting our strong product appeal, customer experience, and growing brand awareness.

Sustainability is integral to Step One, as evidenced by our FSC® certification, ensuring responsible sourcing across our supply chain. We are the first clothing company in Australia and the UK to receive this prestigious certification. From responsible forestry to home-compostable packaging, ESG remains a key focus for us, and we're also proud to be the first signatory to the Fashion Forever Green Pact.

Our 2024 Annual Report provides more information about Sustainability including first time reporting of emissions as well as partnerships that contribute positively to society per the next slide.

Our partnerships continue to deliver strong brand outcomes, as shown by our collaboration with Surf Life Saving Australia, which raised \$250,000 and attracted 8,000 new customers, 23% of whom have already returned to purchase.

The success of this partnership provides a blueprint for future agreements we can implement in any market. In Q1 FY25 we deployed two new agreements with STEPtember and Police Legacy. This strategy allows us to support important causes we are passionate about while offering us a cost-effective customer acquisition model.

Earlier in the year we sponsored the 2024 SailGP Sydney race and created a branded product for the event which sold out within days. SailGP's focus on sustainability aligns with our values, and its demanding, high-performance nature made our chafe-resistant, sweat-wicking products a perfect fit for athletes competing in challenging conditions.

In FY24 we also partnered with esteemed UK retailer John Lewis, positioning our brand alongside other leading global names. We are in active discussions with John Lewis to bring our products in-store on shelves by Q2 FY25. This initiative will introduce a tactile experience of our product for customers, marking our first move to a physical retail environment – noting online, DTC will remain our priority. This has the potential for increased brand exposure and awareness, which aligns well with our growth strategy.

Additionally, we launched our athlete ambassador program this year. Beginning with Jimmy Spithill, the program aligns athletes' interests with Step One's sustainability and commercial goals. Within six months, prominent athletes including Chris Lynn, Gretel Tippett, Jamie-Lee Price, Will Magnay, Nathan Sobey, Jason Cadee, and Xavier Cooks joined. Step One currently now has over 50 athletes, who have personally invested in the company, creating authentic content and connecting us to their over 1 million engaged followers.

We will continue to drive profitable growth through key vectors including expanding our women's line and adjacencies, balancing profit with growth

Our strategy focuses on five pillars of profitable growth: functional products, direct to consumer partnerships and a capital-light model, a loyal customer base, ESG focus and profitable growth. The success of this strategy is reflected in our women's growth of 54%, increased TAM, and strong revenue and EBITDA growth. With 63% of our customers being repeat buyers and our conversion rates nearly reaching 5%, it's clear that our approach is driving loyalty and profitability.

Step One is fully equity-funded with no debt obligations, leveraging a direct-to-consumer model that benefits from strong relationships with our loyal customer base. Our capital-light structure, through outsourced processes and scalable operations, allows us to maintain efficiency, while access to world-class manufacturers and contract warehousing provides flexibility and growth potential.

Since our last market update we've continued to innovate through the expansion of our Women's line with the introduction of a bralette and boyleg, broadening our product offering and enhancing our customer appeal.

We also established a new partnership with Police Legacy, set to boost brand visibility, with additional partnership agreements in the pipeline. We also recently launched our Women's products in the U.S., furthering our market reach.

Looking ahead, we have further product innovation planned, and we look forward to updating you on our progress in the coming months. Our first iteration is to produce a Juniors range which will be available in January.

Our focus remains on profitable growth in existing markets while testing new ones. We've proven the effectiveness of our partnership model, and our athlete shareholders enhance our brand credibility. While we remain optimistic about future growth, there is always uncertainty predicting the future so we are not providing guidance at this time.

FY24 was a great year, marked by growth and profitability. Our revenue is up 30%, EBITDA up 51%, and the women's category by 30%. With a 100% dividend payout, we are confident in our business model and outlook.



# STEP ONE

UNDERWEAR

## 2024 Annual General Meeting

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12 November 2024





# AGENDA

- 1 Chair Address**
- 2 CEO Address**
- 3 Formal Business**
- 4 Questions**





# STEP ONE

UNDERWEAR

**2024 Annual  
General Meeting**

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**David Gallop**

Chairman





**STEP ONE**

UNDERWEAR

**2024 Annual  
General Meeting**

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**Greg Taylor**

CEO & Founder



**STEP ONE<sup>®</sup>**

UNDERWEAR

# 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¢

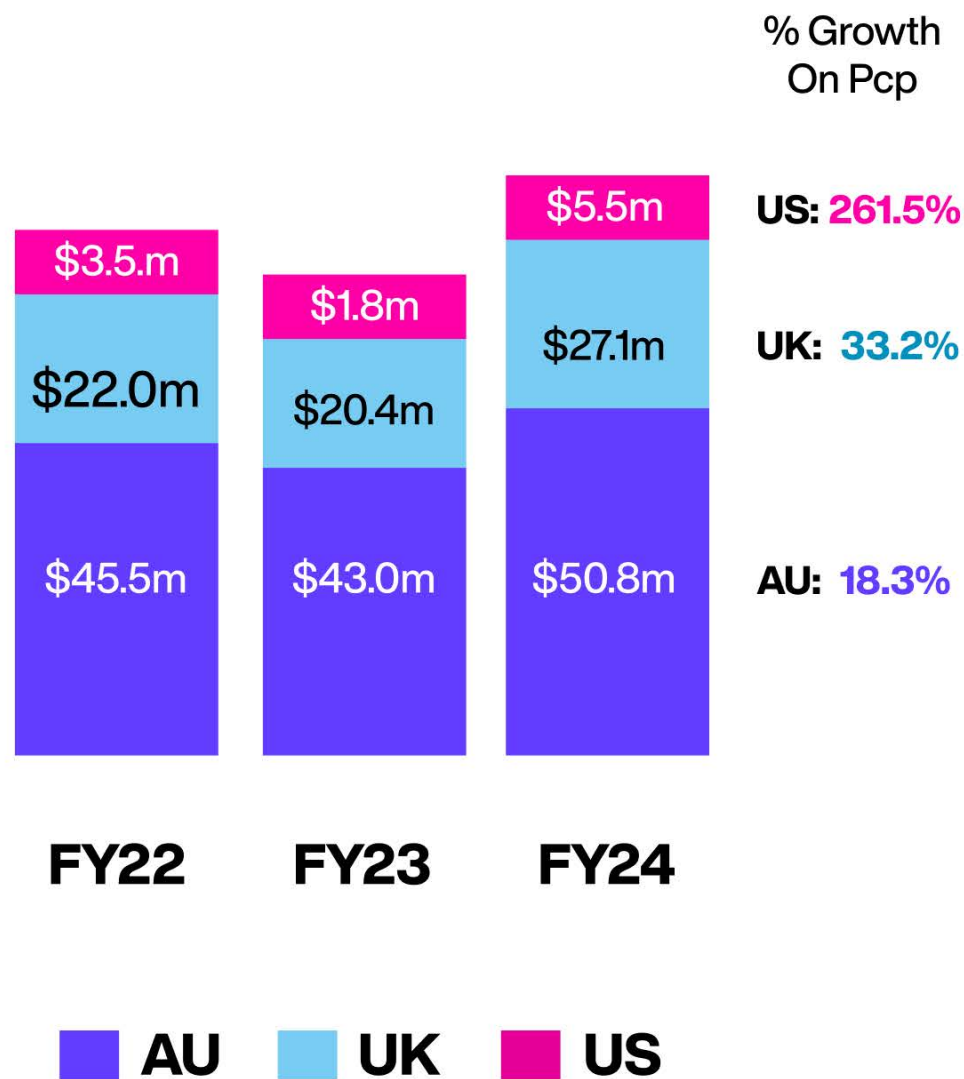


## Women's Category

# 30%

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

## International Growth



## Word of Mouth

Our customers are becoming our biggest marketers

Submissions

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





# 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



**POLICE LEGACY**

**X STEP ONE**



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

**\$5** Donated to **Police Legacy** for every pair sold!

HELPING TO **PROTECT AND SUPPORT!**

**\$5** PER PAIR DONATED

**OFFICIAL PARTNERSHIP!**

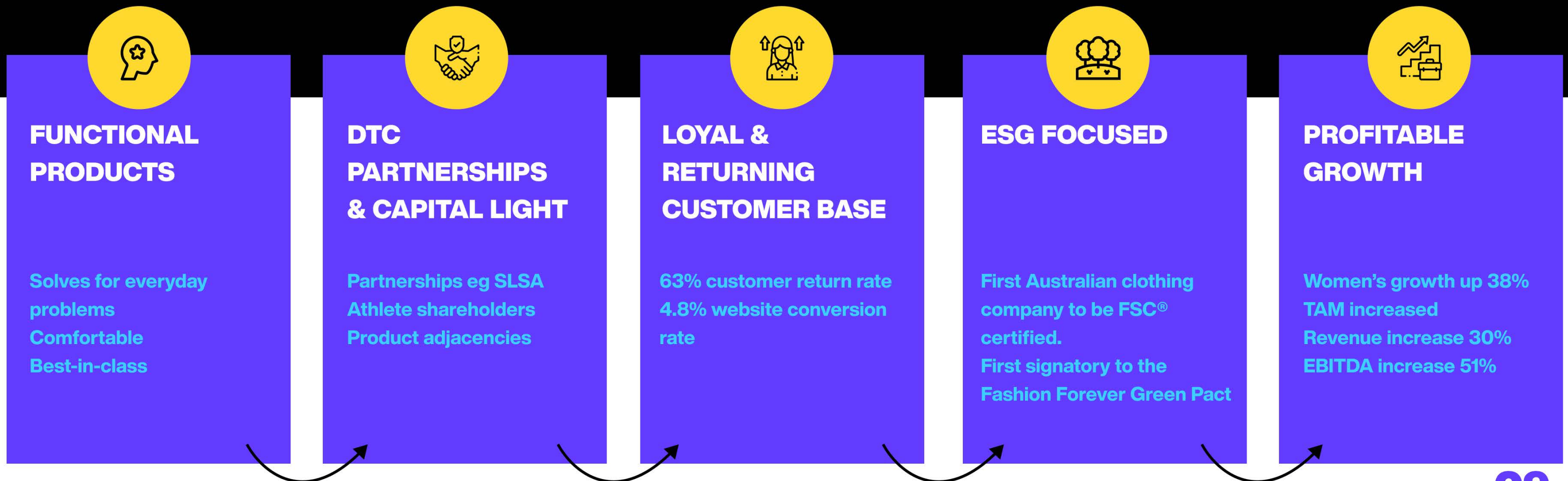
SEP 2024



# 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





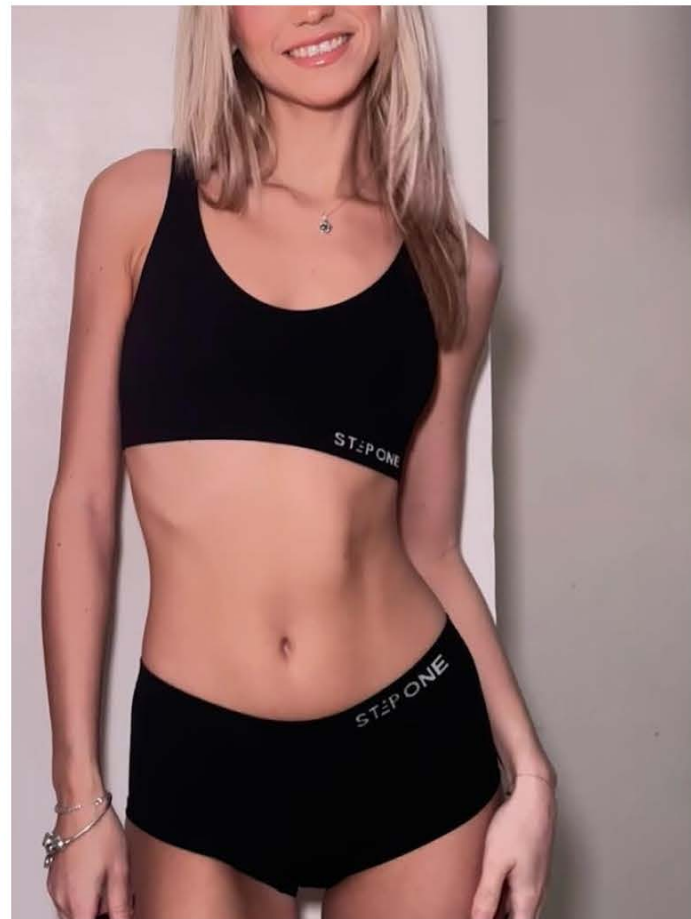
# GROWTH

Step One has always got new and innovative products in the works.

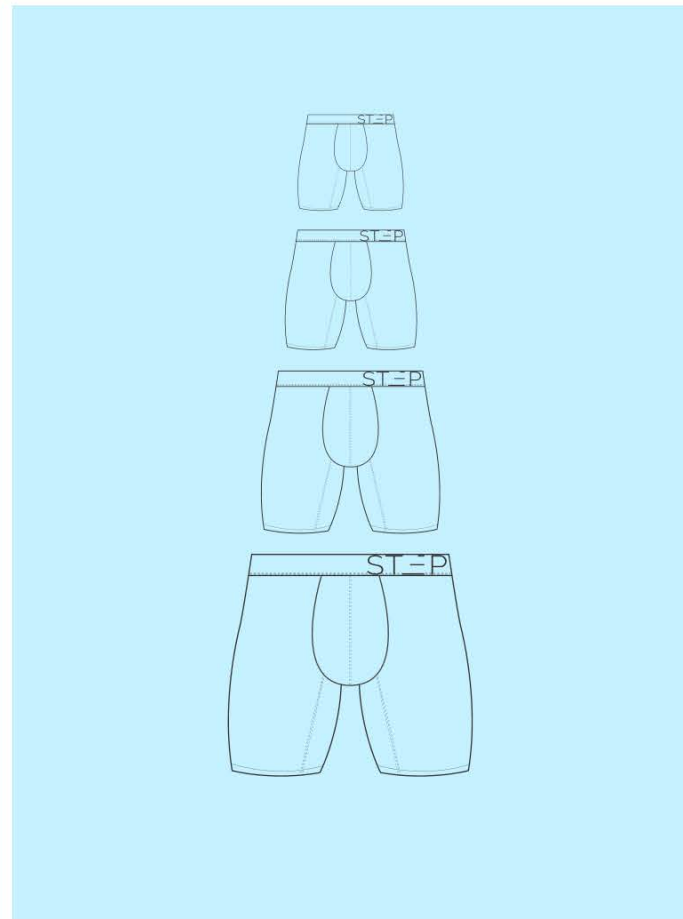
Bra



Boyleg



Juniors  
Expansion



Other



SINCE 30 JUNE 2024

COMING SOON

# 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.

- 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.

No guidance is being provided for FY25



**TONY BELLEW**

FORMER WBC CRUISERWEIGHT CHAMPION

tonybellew

1.3M  
Followers



# 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 

42,115 reviews on  Trustpilot

15,232 reviews on

PRODUCT  REVIEW  
.COM.AU



6,091 reviews on


Reviews as of November 04 August 2024





# FORMAL BUSINESS

## RESOLUTION 1

Re-election of David Gallop as a Director

## RESOLUTION 2

Adoption of the Remuneration Report

## RESOLUTION 3

Triennial reapproval of the Proportional Takeover provisions



# **CONSIDERATION OF REPORTS**

**To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 30 June 2024.**

**All shareholders can view the Annual Report which contains the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the year ended 30 June 2024 on the Company's website at**

**<https://www.stepone.group/Investor-Centre/>**



# RESOLUTION 1

## RE-ELECTION OF MR DAVID GALLOP

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That Mr David Gallop, who retires in accordance with clause 8.1(f) of the Company’s Constitution and being eligible, is re-elected as a Director of the Company.”*

For	Against	Open	Abstain
147,104,801	24,548	63,144	5,000
99.94%	0.02%	0.04%	

# RESOLUTION 2

## REMUNERATION REPORT

To consider and, if thought fit, pass the following as a non-binding ordinary resolution of the Company:

*“That the Company’s Remuneration Report for the financial year ended 30 June 2024, be adopted.”*

For	Against	Open	Abstain
32,222,834	362,493	1,186,825	974,591
95.41%	1.07%	3.51%	



# RESOLUTION 3

## SPECIAL RESOLUTION – PROPORTIONAL TAKEOVER PROVISIONS

**To consider and, if thought fit, pass the following as a Special Resolution of the Company:**

*“That the proportional takeover provisions in Section 6, being Rules 6.1, 6.2 and 6.3 of the Company’s Constitution, be renewed and re-instated with effect from the close of this Annual General Meeting for a period of three years commencing on the day this resolution is passed.”*

For	Against	Open	Abstain
146,809,717	4,295	370,656	12,825
97.75%	-	0.25%	

# Q & A





# 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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This presentation may contain forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "could", "expects", "intends", "anticipates", and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this document, are expected to take place. No person who has made any forward-looking statements in this document has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, other than to the extent required by law. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company.

This presentation also contains references to certain intentions, expectations and plans of the Company. These intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ.

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