APPENDIX 4E

Preliminary final report

STEP ONE™

1. Company details

Name of entity:	Step One Clothing Limited
ABN:	34 616 696 318
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

		%		$'000
Revenues from ordinary activities	up	2.75%	to	86,882
Profit from ordinary activities after tax attributable to the owners of Step One Clothing Limited	up	2.00%	to	12,651
Profit for the year attributable to the owners of Step One Clothing Limited	up	2.00%	to	12,651

Dividends

Dividends paid during the financial year were as follows:

CURRENT PERIOD	AMOUNT PER SECURITY CENTS	FRANKED AMOUNT PER SECURITY CENTS
Dividend for the year ended 30 June 2024 paid on 13 September 2024	2.8	2.8
Interim dividend for the year ended 30 June 2025 paid on 14 March 2025	4.4	4.4

PREVIOUS PERIOD	AMOUNT PER SECURITY CENTS	FRANKED AMOUNT PER SECURITY CENTS
Dividend for the year ended 30 June 2023 paid on 25 September 2023	5.0	5.0
Interim dividend for the year ended 30 June 2024 paid on 28 March 2024	4.0	4.0

	CONSOLIDATED	
CURRENT PERIOD	2025 $'000	2024 $'000
Dividend of 2.8 cents per ordinary share for the year ended 30 June 2024 paid in September 2024 by Step One Clothing Limited	5,190	-
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2025	(17)	-
Interim dividend of 4.4 cents per ordinary share for the year ended 30 June 2025 paid in March 2025 by Step One Clothing Limited	8,154	-
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2025	(34)	-

PREVIOUS PERIOD	CONSOLIDATED 2025 $'000	2024 $'000
Dividend of 5 cents per ordinary share for the year ended 30 June 2023 paid in September 2023 by Step One Clothing Limited	-	9,267
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2024	-	(36)
Interim dividend of 4 cents per ordinary share for the year ended 30 June 2024 paid in March 2024 by Step One Clothing Limited	-	7,414
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2024	-	(10)
Net dividend paid	13,293	16,635

Comments

The profit for the Group after providing for income tax amounted to $12,651,000 (30 June 2024: $12,400,000).

Revenue increased 2.8% on the prior financial year and non-IFRS measure of performance Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') decreased 3.9% to $17,420,000 (30 June 2024: $18,129,000). Gross margin as a percentage of revenue is at 76.4% (30 June 2024: 80.8%).

The Directors consider EBITDA to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS'). The Group's reconciliation of its statutory net profit after tax ('NPAT') for the current and previous year EBITDA is as follows:

	CONSOLIDATED 2025 $'000	2024 $'000
Profit after income tax expense ('NPAT')	12,651	12,400
Less: Interest income	(1,244)	(874)
Add: Interest expense/finance cost	11	54
Add: Depreciation and amortisation expense	335	241
Add: Income tax expense	5,667	6,308
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	17,420	18,129

The Group remains well funded with a strong financial position with no debt. Cash and cash equivalents and other financial assets as at 30 June 2025 is $33,140,000 (30 June 2024: $38,952,000), which provides the financial capacity to pursue expansion as and when available.

Refer to the Operating and Financial Review in the Directors' report for further commentary on the results.

3. Net tangible assets

	REPORTING PERIOD CENTS	PREVIOUS PERIOD CENTS
Net tangible assets per ordinary security	28.04	28.16

3. Net tangible assets continued

Net tangible assets per ordinary security has been calculated as follows:

	CONSOLIDATED	
	2025 $'000	2024 $'000
Net assets	51,999	52,221
Less: Intangibles	(33)	(39)
Less: Right-of-use assets	-	(274)
Add: Lease liabilities	-	293
Net tangible assets	51,966	52,201

	NUMBER	NUMBER
Total shares issued	185,340,291	185,340,291

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification

Details of audit dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Annual Report of Step One Clothing Limited for the year ended 30 June 2025 is attached.

11. Signed

Approved for release by the Board of Directors

Signed ______________________ Date: 20 August 2025

David Gallop AM
Chair
Sydney

This page has been intentionally left blank.

ANNUAL REPORT 2025

STEP ONE™

STEP ONE CLOTHING LIMITED | ABN 34 616 696 318

CONTENTS

The paper in this Annual Report is FSC® certified.

FSC® promotes environmentally responsible, socially beneficial and economically viable management of thenworld's forests.

"YOU DON'T KNOW IT'S BROKEN UNTIL YOU WEAR THE UNBROKEN VERSION"

Greg Taylor

2025 HIGHLIGHTS

REVENUE
$86.9m
UP 2.8% ON PCP

EBITDA
$17.4m
DOWN 3.9% ON PCP

NET PROFIT
$12.7m
UP 2.0% ON PCP

DIVIDENDS DECLARED
6.8 cents
FOR FY25 100% PAYOUT TOTALLING $12.6m

WOMEN'S REVENUE*
$12.0m
UP 7.9% ON PCP

INDIRECT REVENUE
$7.1m
UP 53.1% ON PCP

CUSTOMERS*
1.9m
UP 15.1% ON PCP

WEBSITE VISITS*
13.6m
DOWN 12.2% ON PCP

CONVERSION RATE*
4.60%
DOWN 0.2 PERCENTAGE POINTS ON PCP

* Sold revenue excluding Amazon and John Lewis.

COMMUNITY SUPPORT COLABORATIVE FUNDRAISING

$200,000

to Surf Life Saving

www.sls.com.au

$150,000

to StepTember

www.steptember.org.au

CAUSES WE'VE SUPPORTED

Mens Health Awareness Ball

www.menshealthawarenessball.com

Morgan's Big Dry Friday

www.bigdryfriday.com.au

25 Stay Alive

www.25stayalive.com

LETTER FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Step One's Annual Report for FY25, a year in which we demonstrated resilience amid persistent market headwinds.

Performance in challenging conditions

FY25 delivered a modest outcome in a challenging environment. Aligned with much of the retail sector, maintaining market share required elevated levels of promotional activity driven by strained consumer confidence across our key markets. Customers became increasingly price-conscious and selective in their discretionary spending.

Despite these headwinds, Step One maintained its market position and delivered revenue growth of 2.8% and net profit of $12.6 million, up 2.0% on FY24. While the financial results fell short of our expectations, the Company and the Board remain focused on long-term value creation.

Growth strategy

While management continues to refine our tactical execution in line with market conditions, every decision we make is underpinned by our profitable growth strategy.

The first pillar of our strategy is our products. We are transforming the underwear category through continuous innovation in performance, comfort and ethical sourcing. This year saw significant expansion of both our women's and men's ranges, with the launch of our high-performance premium Cloud Mesh product. Our exploration of adjacent categories, including bralets, positions us to capture a larger share of our customers' wardrobes while maintaining our core value proposition.

The second pillar is our focus on driving customer acquisition. We aim to accelerate new customer recruitment through targeted brand marketing, enhanced social media advocacy and strategic partnerships with organisations and philanthropic groups. Our customer base grew 15% to to 1,923,000 this year.

"THE BOARD REMAINS FOCUSED ON LONG-TERM VALUE CREATION."

Our third pillar is growth through trusted and established retail and e-commerce channels. We deepened relationships this year, including expanded partnerships with Amazon and TikTok Shop. Our retail partnerships with trusted brands such as John Lewis continue to build credibility in international markets while providing valuable customer insights and broader market reach.

Finally, our selective approach to international expansion continues to balance growth opportunities with profitability requirements. In Australia, we captured greater market share across all segments; in the UK, we intensified our efforts with encouraging results; and in the United States, we will lay the groundwork for long-term expansion.

Sustainability

Step One's commitment to environmental, social and governance ("ESG") excellence remains central to our long-term value creation. We continue to advance our ESG framework across all dimensions of our business, reinforcing our position as a leader in sustainable apparel manufacturing.

Our environmental initiatives demonstrate tangible progress toward our sustainability commitments. Our supply chain holds independent certification confirming responsible bamboo sourcing management, with internationally recognised social frameworks governing operations from forest to garment manufacturer to logistics provider. We have proactively disclosed greenhouse gas emissions data ahead of regulatory requirements, positioning Step One ahead of mandatory disclosure timelines and demonstrating our commitment to transparency in environmental reporting.

Our social responsibility extends beyond our immediate operations to meaningful community partnerships that create lasting impact. This year, we raised over $350,000 for vital causes. including Surf Life Saving Australia and StepTember through the sale of bespoke branded underwear - demonstrating how our products can drive positive social outcomes. We also maintained our support for grassroots organisations including 25 Stay Alive, the Men's Health Awareness Ball, and Morgan's Big Dry Friday through both financial contributions and in-kind support, reinforcing our commitment to community wellbeing across diverse causes aligned with our brand values.

Our governance framework provides the foundation for sustainable business practices and stakeholder trust. Corporate governance and financial stewardship underpin all Board decisions, with comprehensive details provided in our Corporate Governance Statement.

Robust risk management and internal controls are regularly reviewed by the Board and management team to ensure they remain appropriate for our evolving business environment. We remain unwavering in our commitment to high standards of transparency, accountability and ethical conduct throughout the organisation, providing stakeholders with confidence in our operational integrity.

Our integrated approach to ESG ensures sustainability considerations inform strategic decisions across all business functions. We continue to monitor industry best practices and engage with stakeholders to ensure our environmental impact, community contributions and governance standards align with evolving expectations.

Acknowledgements

I extend my gratitude to my fellow Directors for their counsel and thank the entire Step One team for their dedication throughout what has been a demanding year. To our shareholders, your continued support enables us to execute our strategy with confidence. The Board remains convinced that the initiatives underway will position Step One for renewed momentum as market conditions improve.

Yours faithfully,

David Gallop AM

Chairperson

LETTER FROM THE FOUNDER AND CEO

Fellow shareholders,

While I aimed to drive growth, FY25 delivered results that reflected the realities of a challenging market environment. Trading conditions across our key markets required a shift in approach, yet we remained firmly aligned with our long-term strategy. Despite these headwinds, our underlying fundamentals remain robust, and our response demonstrates the agility and resilience that have defined Step One since its inception.

"STEP ONE IS PERFORMANCE-GRADE UNDERWEAR FOR PEOPLE WHO MOVE. ENGINEERED COMFORT. NO FLUFF. JUST SERIOUS SUPPORT — WHERE IT COUNTS."

FY25 Overview

Step One continues to deliver strong financial results. The highlights include:

- Revenue: $86.9 million, up 2.8% on pcp (FY24: $84.5 million)
- EBITDA: $17.4 million, down 3.9% on pcp (FY24: $18.1 million)
- Net profit: $12.7 million, up 2.0% on pcp (FY24: $12.4 million)
- Cash and financial assets: $33.1 million and no debt

Throughout the year, we adapted quickly to challenging market conditions, using promotional periods strategically to align with consumer behaviour and managing our advertising spend efficiently. While average order value grew, gross margins were impacted by the increased promotional activity required to maintain market share in a tough environment.

Our Australian market performed solidly, and we observed encouraging progress in the UK market. However, we acknowledge that reducing advertising investment, while necessary for near-term profitability, comes at the expense of new customer recruitment. Customer metrics remain robust among our existing base, with strong repeat purchase rates validating our product quality and brand loyalty.

The Fundamentals

Step One's business is built on strong fundamentals. We address a universal need – underwear that prevents chafing, controls moisture, and stays in place. From anti-chafe panels and breathable viscose to our signature 3D-stretch pouch, every innovation solves a genuine customer pain point – resulting in products that are both effective and very comfortable.

Step One is not just comfortable; it is Performance Grade Comfort

Our scalable, direct-to-consumer model is reinforced by a flexible supply chain and distribution network. We remain capital light and own our brand outright.

The addressable opportunity remains vast. Innerwear is a daily necessity around the globe, and Step One's combination of quality products and independently certified sustainability credentials positions us well for future growth.

Customer advocacy reinforces our strength. With more than 65,000 five-star reviews and a repeat purchase rate above 60%, once customers experience Step One's performance-grade comfort, they rarely switch back.

Roadmap

Underpinned by our profitable growth strategy, we plan to build on these fundamentals and drive sustainable growth. We're refining our promotional strategy by aligning sale periods with consumer behaviour and leveraging data insights to balance customer acquisition with margin preservation.

We are in the process of recalibrating pricing, sale and bundle structures to broaden accessibility while optimising inventory through targeted clearance and improved forecasting. In FY26, we will be increasing brand investment to reinforce our performance-grade comfort message across e-commerce, social commerce, and AI-driven channels.

These initiatives highlight our agility and commitment to solving real customer problems with innovative, high-quality products. By maintaining operational discipline and a long-term perspective, we expect to strengthen our competitive position, deepen customer loyalty, and deliver profitable growth over time as conditions improve.

These measures are not short-term fixes – they align with our long-term strategy to build brand equity, diversify our product range, and strengthen our presence in core markets. Through disciplined execution of refined promotions and brand-led growth, we will be ready to accelerate with a stronger brand, broader offering, and a more engaged customer base when the market recovers.

Acknowledgments

I thank our Board, team members, suppliers, and service providers for their dedication throughout a challenging year. To our shareholders, your continued support enables us to pursue our long-term vision with confidence. Step One is well positioned for future growth, with a strong balance sheet, proven products, and an adaptable business model. I remain committed to building lasting value for all stakeholders as we navigate the evolving retail landscape.

Yours faithfully,

Greg Taylor

Founder and CEO

SUSTAINABILITY REPORT

Sustainability Overview

Sustainability broadly encompasses environmental, social and governance (ESG) aspects of the business. To achieve long-term sustainability, a company cannot neglect any one aspect of ESG. Embracing sustainability isn't just about mitigating risks: it's about seizing opportunities for cost savings, enhancing reputation, and achieving sustainable growth in a rapidly changing global market. Companies that proactively integrate sustainability into their business strategies are better positioned to thrive in the long term.

Sustainability Risk

For Step One, the risks of not embracing sustainability practices can translate into various costs and challenges that impact operations, reputation, and the bottom line:

1. **Operational Costs:** Failing to adopt sustainable practices often results in higher operational costs. This includes increased expenses related to resource inefficiencies, waste management, and compliance with evolving environmental regulations and emissions based taxes.
2. **Supply Chain Risks:** Companies reliant on unsustainable practices face vulnerabilities within their supply chains. This could involve disruptions due to resource scarcity, regulatory changes affecting suppliers, or shifts in consumer demand towards eco-friendly products.
3. **Reputational Damage:** In today's socially conscious market, a company's reputation heavily depends on its commitment to sustainability. Non-sustainable practices can lead to negative publicity, consumer distrust, and decreased brand loyalty, impacting long-term profitability.
4. **Legal and Compliance Costs:** Governments worldwide are increasingly imposing stricter environmental regulations and penalties for non-compliance. Companies failing to adhere to these standards may face fines, legal battles, and operational interruptions.
5. **Market Access and Competitive Disadvantage:** Many markets and industries are moving towards sustainability as a competitive advantage. Companies that lag behind risk losing market access, partnerships with sustainability-focused entities, and potential investors.
6. **Employee Morale and Productivity:** Employees are increasingly attracted to companies that prioritise environmental and social responsibility. A lack of sustainable practices can lead to decreased morale, higher turnover rates, and reduced productivity among employees.
7. **Long-Term Viability and Innovation:** Sustainable practices often drive innovation and efficiency improvements, which are crucial for long-term business success. Companies that do not innovate in sustainability risk falling behind competitors and missing out on future opportunities.

There are also opportunities available to companies that manage these risks well. For Step One, the main opportunities are:

1. Competitive advantage

It is assumed that many competitors will take longer to extend any accreditation further down their supply chain than the last factory or their last philanthropic effort. The complexity of the certification process makes it hard for competitors to catch up.

2. Customer Support

Several partnerships have emerged solely because of robust ESG credentials.

3. Long-term cost sustainability

Even with an additional cost being placed on carbon and/or emissions, Step One reasonably expects to remain profitable (every $1/tonne of carbon/emission tax decreases profit by $10,348 (FY24: $8,793).

The majority of this change result from changes to industry carbon factors as the carbon accounting industry matures and improve data capture.

Step One's Sustainability Report is mapped to ESG as follows:

	E	S	G	Refer
Overall governance			X	Social and Governance Report
Modern day slavery		X		
Community engagement and support		X		
Employee diversity and talent		X	X	
Sustainable sourcing and ethical manufacturing	X	X		Supply Chain Report
Scope of FSC® Chain-of-Custody Certification[1]	X	X		FSC® Report
Greenhouse gas emissions reduction	X			Emissions Report

Step One has started its emissions reduction journey by identifying sources of emissions and commencing quantification efforts as set out later in this report. As more data becomes available over time, these measurements will become more accurate.

1. Forest Stewardship Council (FSC) license number FSC® C183245.

Social and Governance Report

Overall Governance

Step One describes key elements of its governance in the Corporate Governance Statement which is updated and published annually.

Step One has an independent Board of Directors that that ensures compliance with company policies and applicable laws. Through the risk management process, the Board monitors a range of indicators for actual or potential breaches of policy, law or community standards.

Community Engagement and Support

Step One believes in being a responsible corporate citizen and developing lasting and meaningful engagement with the communities in which it operates. Step One identifies opportunities to engage with the community organisations that align with its values and have a positive impact.

During the year:

- Step One partnered with Surf Life Saving Australia (SLSA) to help raise awareness of safe swimming practices. Step One donated $5 per SLSA branded pair sold to the SLSA, paying over $200,000 to SLSA in the year, totalling $450,000 over 2 years.
- Step One partnered with 25 Stay Alive (25SA) to encourage young adults to get their baseline medical information established at age 25. 25SA also encourages people of all ages to get medical issues checked quickly, and not wait until it is too late.
- Step One supported the Men's Health Awareness Ball which encourages men to attend to health matters early, well before they become complicated or fatal.
- Step One supported StepTember to help raise $150,000 for babies, children and adults with cerebral palsy and supported participants to walk their 10,000 steps per day in comfort.
- Step One supported Morgan's Big Dry Friday with donations of underwear for its fund raising events supporting their work supporting rural communities.
- Step One also made donations of underwear to charities in need and gave away stock with damaged packaging to the warehouse staff to distribute to their communities.

Modern Day Slavery

Step One complies with the requirements of the Modern Slavery Act (2018) despite not yet achieving the revenue threshold. Step One ensures its own compliance through policies and contracts, specifically:

- Step One does not recruit or employ individuals under 18. Children used in advertising are managed with parental or guardian involvement.
- Step One does not exploit underage people in employment or marketing processes.
- Step One prohibits forced and compulsory labour.
- All employees and contractors have the right, included in their contracts, to provide notice and cease providing services to Step One.

Achieving compliance throughout the supply chain involves an annual risk assessment process. The FSC® Core Labour Requirements (for which compliance is monitored via the FSC® Chain-of-Custody Certification process) match the requirements of the Modern Slavery Act. Step One relies on the FSC® process for compliance.

Employee Diversity and Talent

Recognising the importance of attracting and retaining the most highly skilled employees, Step One provides a safe and flexible work environment free of discrimination with merit-based recruitment and promotion based on performance. Step One has developed a culture that values diversity. Key policy elements include:

Workplace Health and Safety

Step One is committed to maintaining high standards of quality and safety. Factory safety is monitored via independent certification processes, while employee safety is governed by workplace policies such as the Speak-up Policy, Equal Opportunity and Discrimination Policy and the Code of Conduct.

Fair remuneration

- All subcontractor agreements are short-term in nature or otherwise at the individual's preference.
- When multiple contract renewals have occurred or a significant timeframe has passed, consideration is given to establishing an employment contract, in compliance with the Fair Work Act 2009.
- Step One respects the wishes of subcontractors to maintain their engagement status if it is their preference and will not apply undue pressure to change the nature of the relationship.
- Hourly rates and salaries used in employee contracts and subcontracting arrangements are all above minimum acceptable rates in their respective jurisdictions (living wage).

Capability and Diversity

Step One also encourages workplace diversity to ensure the voice of the customer is heard and understood.

Women represent 48% of Step One's workforce, while 52% are male. Step One is aiming to increase female representation in senior management positions, targeting 50% female representation in executive management. For any new executive management recruitment, Step One actively seeks to increase female representation.

Step One believes that diversity and a safe work environment are key to creativity and cohesion. Over the long-term, this results in retaining the best people with the best ideas.

Shareholder Value

The Step One brand is the company's most important asset. Stewardship of the brand reflects the values of the company. The independent Board sets and monitors progress towards strategic goals.

A distinction is drawn between marketing Step One's products and providing information about Step One as a company. As a company, Step One provides information to the market in alignment with our Continuous Disclosure Policy as soon as practical. Refer to the Continuous Disclosure Policy for more details.

Supply Chain Report

Step One manufactures garments under contract. The supply chain spans from sustainably grown forests to ethically managed factories. Contracts are with garment manufacturers directly, specifying that they must source materials certified compliant with numerous standards as set out in this report. Each contract provides for termination should a manufacturer operate in a manner inconsistent with Step One's standards and values. Factory compliance is monitored periodically, with reliance on external certification bodies.

The key elements of Step One's supply chain include:

Bamboo Viscose Fibre Production – The risk in this segment of the supply chain lies in effectively managing forests, emissions, effluents and waste.

Sustainable forestry practices work in harmony with the environment and prohibit products grown in areas where the natural forest has been cleared. Organic farmers use only natural products to nurture their crops.

Bamboo grows rapidly with minimal water (compared to irrigated cotton) and is sourced from areas with high annual rainfall, therefore reducing the impact on the region's fresh water supply. The fibre extraction process recycles the water it uses by adding biological mould to the waste water treatment process. The treated water can then be used for agricultural irrigation.

Bamboo Fabric Manufacturing: The risk in this link of the supply chain is ensuring effective management of emissions, product segregation, chemicals and workplace safety.

Factories involved of the conversion of bamboo fibre into fabric must be OEKO-TEX® 100 certified. This certification ensures materials manufactured in each stage of the supply chain are tested for harmful substances.

Nylon & Elastane Manufacturing: The risk in this link of the supply chain involves ensuring effective management of emissions, product segregation, chemicals and supplier credentials.

OEKO-TEX® 100 certification ensures materials manufactured in each stage of the supply chain are tested for harmful substances. While these materials are manufactured from non-renewable resources, we are exploring more sustainable alternatives.

Waistband Manufacturing: The risk in this link of the supply chain involves ensuring effective management of emissions and maintenance of supplier credentials.

Suppliers are all OEKO-TEX® 100 certified, ensuring that there are no harmful substances in the dye and material used.

Currently, waistbands are made from non-renewable resources, but GRS certified recycled polyesters are being trialled as a sustainable replacement.

Packaging: The risk in this link of the supply chain involves ensuring effective management of emissions, chemicals, and waste management.

The bags are made from renewable resources comprising cornstarch and cellulose plastic derived from corn which are biodegradable. Waste from the manufacturing process is biodegradable and disposed of at an industrial composting facility.

The bags are tested according to AS 5810 via OK Compost home certifications.

Step One's packaging is independently verified to be 100% home compostable.

Garment Manufacturing: The risk in this link of the supply chain involves ensuring effective management of emissions, product segregation and OH&S.

Factories involved in garment manufacturing require independent certification to ensure they treat their workers ethically and legally.

Contracts with the manufacturers enable contracts to be terminated for breaches of their ethical obligations.

SUSTAINABILITY REPORT continued

Step One Supply Chain

FOREST

Bamboo Plantation

BAMBOO FABRIC

Fiber Extraction

Yarn Spinning

Fabric Knitting

Fabric Dying

NYLON FABRIC

Yarn Spinning

Fabric Knitting

Fabric Dying

WAISTBAND

Rubber Production

Waistband Weaving

FACTORIES

Garment Manufacture

PACKAGING

Corn Starch Preperation

Packaging Supplier

FINAL PRODUCT

FSC
www.fsc.org
FSC® C183245

The mark of responsible forestry

Supply Chain Quality Certifications

Certificate	Certifier	Explanation	Supply Chain
FSC	Forest Stewardship Council®	Bamboo viscose fibre is responsibly sourced including no destruction of natural habitat and minimal use of water resources. Refer to page 16 for an explanation of the broad scope the FSC® certification covers.	Organic Bamboo Forest (Forest) Bamboo Fabric Garment Manufacture (Factories)
ECO CERT	Ecocert plantation organic certification	Ecocert is the body that verifies that the bamboo plantation is organic. Once harvested, the FSC® Chain of Custody Certification ensures this organic bamboo is not contaminated with other products.	Organic Bamboo Forest (Forest)
OEKO-TEX® CONFIDENCE IN TEXTILES STANDARD 100	Independent OEKO-TEX® test institutes	STANDARD 100 by OEKO-TEX® is one of the world's best-known labels for textiles tested for harmful substances. It stands for customer confidence and high product safety.	Bamboo Fabric Nylon Fabric Waistband Garment Manufacture (Factories)
AS 5810 ABAX 9999	Australian Standard	The ABA is dedicated to promoting plastics that are biodegradable, compostable and based on renewable resources. AS5810 is the standard for Home Compostable Bio-plastics.	Packaging
HOME OK compost TÜV AUSTRIA HOME S0329	European Standard	The TUV certificate program biodegradability in a home composting environment.	Packaging

FSC® Report

The Forest Stewardship Council®

The Forest Stewardship Council (FSC®) is a non-profit organisation that provides the world's most credible sustainable forestry solution, covering more than 150 million hectares of certified forest. The FSC® system is trusted by NGOs, consumers, and businesses to help promote healthy and resilient forests.

Equally governed by environmental, social, and economic perspectives, FSC® helps forest managers, smallholders, and governments ensure thriving forest ecosystems and safeguard the livelihoods of forest communities. FSC®'s forestry standards, linked to a strict chain of custody certification, are a proven solution to fight the climate and biodiversity crises. The FSC® logo is the most recognised mark for responsible forestry.

In October 2022, Step One achieved FSC® Chain of Custody Certification, marking its entry into the FSC® forest community. This achievement bestowed upon Step One the distinction of being the first organisation in Australia to introduce labelled FSC®-certified underwear for purchase.

This Certification verifies that only FSC®-certified forest-based materials are used in its underwear and that they have been credibly transformed along the product's path from the forest to finished goods. As FSC® Chain of Custody certificate holders, Step One also demonstrates compliance with FSC®'s Core Labour Requirements, including the following:

- no child or forced labour;
- no discrimination in employment and occupation; and
- freedom of association and the right to collective bargaining.

Building upon this commitment, Step One was further distinguished in August 2023 by becoming the first Australian signatory of the FSC® Fashion Forever Green Pact. This public pledge supports FSC® certification for fabrics and yarns, reinforcing dedication to responsible and sustainable fashion practices.

Why Step One Chose to Become FSC® Certified:

The FSC® standards are among the most rigorous certification standards in the world.

FSC® is also the only forest certification system that is code compliant with ISEAL, the global association for social and environmental standards.

FSC®'s standards are globally consistent and nationally adapted.

Operating in over 80 countries, the FSC® forest stewardship standards are based on the same principles and criteria. These national forest standards are adapted to fit the environmental, social, and economic context in which they are applied while upholding our rigorous standards.

FSC® is governed by economic, social, and environmental perspectives equally.

FSC® balances the needs of all forest stakeholders – environmental, social, and economic – through an open, member-led democracy. Their policies are uniquely shaped, set, and guided by over 1,200 individuals and member organisations.

FSC® is backed by some of the largest NGOs.

FSC®'s members include some of the world's most reputable environmental NGOs, such as WWF and Rainforest Alliance, who highly regard FSC®'s strict standards and participative governance approach.

IT'S OFFICIAL!

FSC
www.fsc.org
FSC® C183245

Step One is the first clothing company in Australia to achieve FSC® certification.

Here's why it's important

FSC® certification guarantees that the bamboo used to make our products is sourced sustainably and responsibly, whilst also benefiting the lives of local people and workers. Our commitment to sustainability is at the core of everything we do, and this certification is a testament to our dedication to creating a better future.

100% Naturally Irrigated Bamboo

Our bamboo plantations are 100% naturally irrigated and farmed without any deforestation or destruction of natural habitats. We even add biological mould to our waste water, allowing it to be reused for further irrigation. We don't waste a drop!

Minimal Wastage

FSC® chain of custody certification verifies that FSC®- certified material has been identified, tracked and traced throughout our production process. From our plantation to your parcel, your Step Ones are verified as sustainable and ethical!.

Emissions Report

Greenhouse Gas ('GHG') Emissions

Step One adopts a standardised, scientific approach to calculate its GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Scope 3 GHG emissions have been mapped to the 15 categories in the Greenhouse Gas Protocol. We prioritise calculating our emissions with supplier specific data. When this data is not available, we use activity data that directly measures the underlying activity resulting in GHG emissions, such as kilometres travelled for business travel. Due to the current limited availability of supplier data and activity data, most estimates are based on industry emission factors calculated from dollar spend. These estimates will be replaced by supplier specific values when these become available or revised based on improved industry averages and/or more accurate activity driver data.

Emission information is provided based on company analysis and, while carefully prepared, it has not been subject to assurance, which is planned for future periods.

Step One's operations emitted **10,348 tCO_2-e (FY24: 8,793 tCO_2-e)** as follows:

	Direct Emissions	Indirect Emissions		Total
	Scope 1	**Scope 2**	**Scope 3**	
	Occurs from sources owned or controlled by the reporting entity	Occurs from the generation of purchased energy consumed by the reporting energy.	Occurs from the activities in the reporting entity's value chain, upstream or downstream.	
	Step One does not own any factories or vehicles. Step One has a head office which is air conditioned and has a fridge.	Step One only source of scope 2 emissions is the office electricity.	Step One has numerous sources of upstream and downstream GHG emissions which are identified and grouped using GHG Protocol.	
	Fugitive emissions from office fridges and air conditioning (the emission of refrigeration gases rather than electricity) are calculated using emission estimates based on the Department of Climate Change Energy, the Environment and Water for the financial year ended 30 June 2025.	The electricity provider provides Step One with 100% carbon neutral electricity through the use of offsets for the financial year ended 30 June 2025.	Refer Scope 3 GHG Emissions report that follows.	
FY25 Before abatement (tCO_2-e)	58	27	10,290	**10,375**
FY25 After abatement (tCO_2-e)	58	–	10,290	**10,348**
FY24 revised emissions After abatement (tCO_2-e)	58	-	8,735	**8,793**

In FY25, Step One identified more accurate and appropriate emission factors which best reflect its operations. The adoption of these revised emission factors significantly impacted our emissions profile. Step One has revised its emissions reported in the prior year (16,509 tCO_2-e) based on these updated emission factors, revising the emissions for FY24 to 8,793 tCO_2-e. There have been no material changes to the methods for measuring emissions or the activity data used.

Step One will continue to refine its approach to measuring greenhouse gas emissions, including through the identification of more accurate and appropriate emission factors where available. The emissions reported are highly sensitive to changes in emission factors.

Based on the revised emission estimates, greenhouse gas emissions have increased 18% which is mainly attributable to:

- Higher product sales volumes, resulting in higher purchases to meet demand, which increased emissions from purchased goods and services and upstream distribution; and
- Expansions to workforce and operational overheads, contributing to indirect emissions across digital service and capital goods.

Scope 3 GHG Emissions

Step One's estimates of Scope 3 emissions for the financial year ended 30 June 2025 are:

Category per Greenhouse Gas Protocol Corporate Value Chain (Scope 3)		Estimated tCO_2-e	Reduction Strategy	Primary Calculation Basis	Nature of the Emission Source
1.1.0	Purchased goods	5,036	Next page	For every kg of goods sold during the year a *textile emission factor* (sourced from EXIOBASE a global emission based database) has been applied.	Captured GHG emissions from bamboo forest through to garment manufacturing.
1.2.1	Purchased digital services and systems	1,041	Next page	For every dollar spent in this category either an *advertising emission factor* (sourced from UK BEIS a UK Government Department) or a *software emission factor* (sourced from US Environmental Protection Agency) has been utilised.	Cloud-based ecommerce, digital advertising, and system providers.
1.2.2	Other purchased services	545	Next page	15 different emission factors were utilised and applied to the spend in this category to determine the emissions, including: advertising, recruitment and management and consulting services.	Large volume of service providers needed to run a company.
2	Capital goods	–	N/A	N/A	N/A
3	Fuel and energy related activities	–	N/A	N/A	N/A

Category per Greenhouse Gas Protocol Corporate Value Chain (Scope 3)		Estimated tCO_2-e	Reduction Strategy	Primary Calculation Basis	Nature of the Emission Source
4	Upstream transportation and distribution	594	Next page	A combination of supplier provided emission data and a UK Government activity based emission factor for road transport was utilised.	Transporting finished product from the factories to the warehouses in each country.
5	Waste generated in operations	4	None	Waste activity data estimates were utilised from Clean Up Australia, emission factors from the Australian Department of Climate Change, Energy, the Environment and Water were then applied to calculate the emissions.	Office waste to landfill excluding waste that is recycled. Reduction in this regard comes from continued preference for recyclable materials.
6	Business travel	253	Use sparingly	A mixture of supplier provided emission data, airfare activity based data and 5 spend-based emission factors, including accommodation and taxi emission factors were employed.	Video conferencing is used whenever possible, but sometimes in-person meetings are required.
7	Employee commuting	9	None	Activity data was collated from employees and then 7 different activity-based emission factors were applied from a variety of sources to calculate the estimated emissions generated.	There is a mix of employees who work-from-home and at Head Office. Those employees in head- office primarily rely on public transport for their commute.
8	Upstream leased assets	–	N/A	N/A	N/A
9	Downstream transportation and distribution	1,780	Next page	Activity data from international shipping was utilised along with 2 spend-based emission factors sourced from the UK Government were used to calculate the estimated emissions generated.	Product distribution to customers is facilitated through postal services and courier providers.
10	Processing of sold products	–	None	N/A	There is no further processing of the product after leaving the original factory.

Category per Greenhouse Gas Protocol Corporate Value Chain (Scope 3)		Estimated tCO_2-e	Reduction Strategy	Primary Calculation Basis	Nature of the Emission Source
11	Use of sold products	excluded	None	This has not been included in our calculations as has been determined immaterial.	There is insufficient information regarding the frequency with which our products are laundered, the approach to laundering and drying our products, and the length of time our products are used for to accurately determine the emissions associated with the laundry of these products. However, as the proportion of residential energy generated from renewable sources continues to increase, the emissions associated with this will continue to decrease.
12	End-of-life treatment of products	1,028	None	The total kg of goods sold during the year was calculated and a *landfill emission factor* from the Australian Department of Climate Change, Energy, the Environment and Water was applied to calculate the emissions.	It is not known whether a customer upcycles used products, recycles, incinerates or sends it to landfill. The packaging is compostable; however, it is not known whether customers utilise this feature. In our estimates we have taken a conservative approach and have assumed that they have ended up in landfill. Step One continues to look for upcycling options.
13	Downstream leased assets	–	N/A	N/A	N/A
14	Franchises	–	N/A	N/A	N/A
15	Investments	–	N/A	N/A	N/A
	Total	**10,290**			

These values have not been subjected to assurance.

Carbon Per Pair of Underwear

The current approach taken to calculating the carbon implicit in a pair of underwear includes the carbon produced from categories 1.1.0, 4,9 and 12 above, which adds to 8,438 tCO_2-e. This is approximately 1.4 kg CO_2-e per pair into the hands of the customers including the subsequent disposal ie. cradle-to-grave methodology. This excludes non-attributable processes such as capital goods, overhead operations, corporate activities and services.

GHG Emission Reduction Strategy

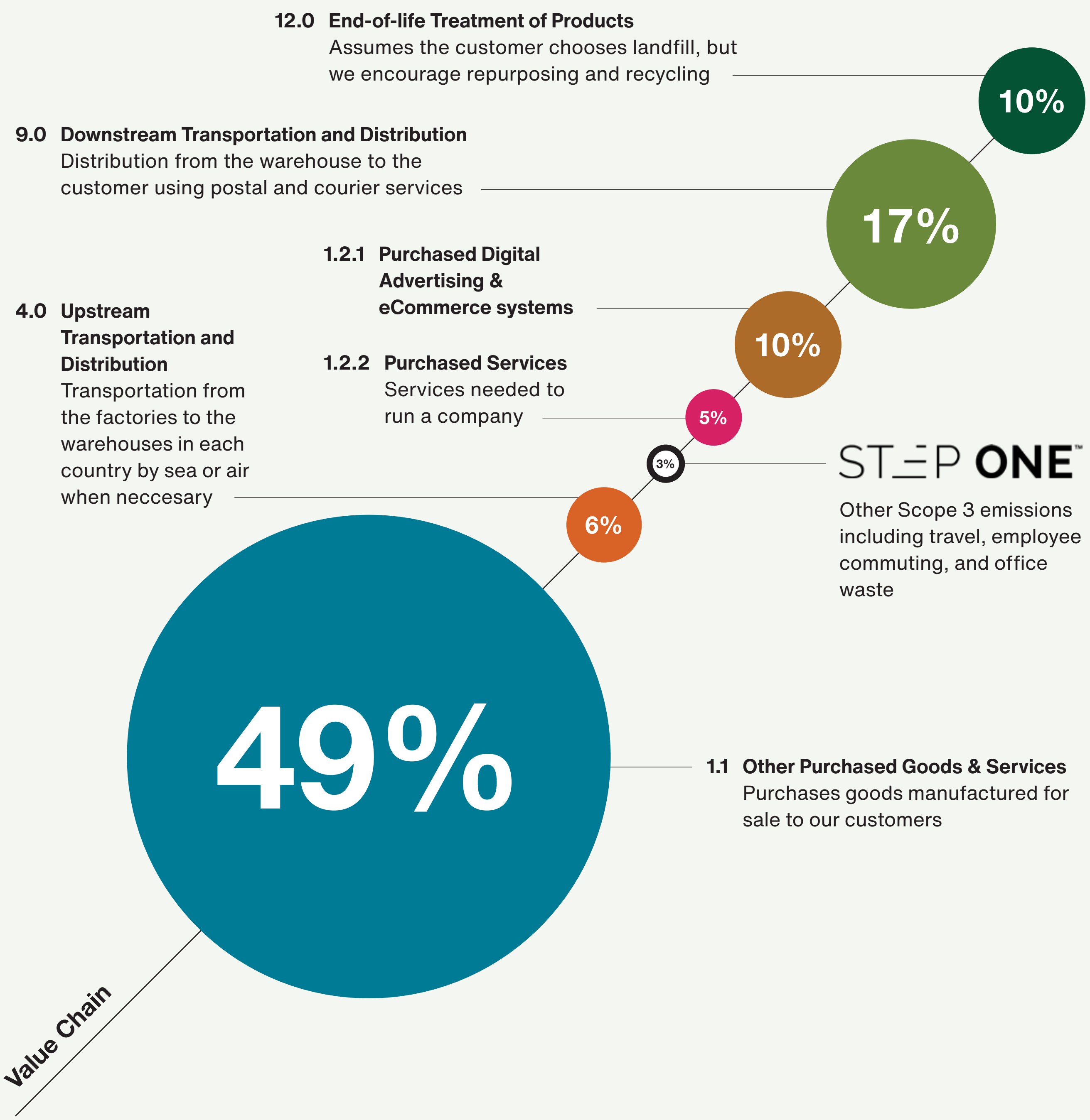
Our approach to reduce GHG emissions from major sources is explained below, even if it is just to add our voice in advocating for the imperative to reduce emissions globally.

Category		Approach to Emission Reduction
1.1.0	Purchased products	This covers all inputs to the manufacturing process including bamboo plantations, harvesting, bamboo viscose fibre extraction, nylon production, yarn spinning, fabric knitting and dyeing. The manufacture of the waistband and packaging is also included in this part. Each process and the logistics between each processing point involve some form of electricity, energy, water, and in some parts, chemicals, all of which contribute to GHG emissions. Step One has requested audited GHG emission values from each factory that manufactures the final product. The decision to place orders with a factory will consider the ability to provide GHG emission information in addition to other commercial considerations. Step One will continue to survey the world for new fabrics with superior functional qualities and lower GHG emissions in their supply chain. Step One considers bamboo viscose currently remains the superior fabric available.
1.2.1	Purchased services – ecommerce and digital advertising	This covers e-commerce and advertising services providers. Over 70% of purchased service GHG emissions are sourced from digital advertising and e-commerce providers, which are large consumers of electricity. The major suppliers include: Shopify, Meta, Google, TikTok, Snap and Bing, as well as PayPal and Klaviyo. Most have published their aspirations to reduce or mitigate emissions. Other than adding its voice to the imperative for a low emission future, Step One has little influence over their activities. Step One will continue to survey the world for new digital advertising providers that can provide superior advertising returns and generate lower GHG emissions.
1.2.2	Purchased services – other	This is the broadest aspect of Step One's GHG emissions and includes GHG emissions from a large volume of services providers. Reductions in this area will be achieved through policy and awareness. Simply put, we will seek suppliers that provide GHG emission information and encourage selection with lower GHG emissions.
4.0	Upstream transportation and distribution	Step One manufacturers deliver the final product to the nearest export port. This emission source for Step One involves sea or air freight from China/Vietnam to AU, UK and US. Air freight is reserved for essential occasions and requires C-Suite approval. The inbound logistics provider is working to capture GHG emission data and book low emission shipping lines. Other than adding voice to the imperative for a low emission future, Step One has little influence on the global shipping industry.
9.0	Downstream transportation and storage	Step One stores manufactured products in 3PLs, who store products, then pick and pack customer orders for distribution. They then use postal and courier services to transport the orders to the customer. Each 3PL is working on reducing their emissions through renewable energy and other programs. Postal services in AU, UK and US, as well as courier services in those countries, are working on their own emissions reductions. Other than adding voice to the imperative for a low emission future, Step One has little influence over their activities. Step One will continue to survey each country for improved distribution providers with superior quality and lower GHG emissions.

Step One will request that suppliers provide audited emissions information within their invoices. Major suppliers will be asked to advise on their plans to achieve low emissions, if such information is not already publicly available. Step One will work with suppliers who are willing to engage in such discussions, while remaining realistic about our negotiating position.

Until supplier-specific audited values are available, we will continue to prioritise calculating our emissions using unaudited supplier-specific data, followed by activity drivers with industry emission factors, and finally by industry emission factors based on dollar spend.

Scope 3 Emissions from Step One's Value Chain



OPERATING AND FINANCIAL REVIEW

This report forms part of the Directors' Report which follows on page 39.

Business

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 through innovative design and a strong customer following which has supported its growth into a multinational company operating in Australia, the US and the UK.

Step One maintains leading sustainability credentials which are independently certified. The Sustainability Report provides detailed information about how Step One's supply chain accreditation extends back to the growing of organic bamboo.

Business model

Step One is built on an innovative products and customer engagement model that is capital light and maintains a strong environment, social and governance (ESG) focus. The key elements are:

- **Product solves a problem:** It reduces chafing, managing sweat and prevents ride-up. It is exceptionally comfortable, featuring high-quality design and best in class manufacturing, and is backed with a 1-year warranty.
- **Capital light and flexible:** The business is equity funded with no debt. Brand ownership avoids licence fees, and its online model avoids physical store leases. Contract manufacturing eliminates the need to operate factories and enables access to scalable, world-class manufacturing facilities. Contracted warehousing and distribution enable scalable logistics.
- **ESG focus:** Achieved through a multi-certified supply chain which monitors both environmental care and worker safety from organic bamboo sourcing through to garment manufacture and warehousing. Step One is also working towards a low emissions future by calculating and reporting its greenhouse gas emissions.
- **Marketing:** In-house marketing capability, from content production to ad serving, supported by the expertise to manage specialist service providers who create or tailor content for local markets.
- **Customer centric:** Prompt 24/7 service, a 30-day satisfaction guarantee and a 12-month manufacturing quality guarantee.

Step One ethically manufactures comfortable innerwear for a range of body types using sustainable materials. Its product and marketing remain fun and inclusive with a focus on continuing to build a brand with a loyal following.

Business strategy

Step One's strategy is to pursue profitable growth across the following areas:

1. **Product range expansion:** Introducing adjacent products and product augmentations to meet the functional needs of specific segments.
2. **Indirect channel growth:** Expanding distribution through established online platforms and in-store retailers.
3. **Market growth:** Expanding into new markets using both direct and indirect channels.

Performance Highlights

Revenue grew 2.8%, EBITDA[2] declined 3.9%, while Net Profit After Tax increased 2.0%.

KEY METRICS		2025	2024	VARIANCE	
Financial					
Total Revenue	$'000	86,882	84,548	2,334	2.8%
Gross Margin[1]	%	76.4%	80.8%		-4.4pp
EBITDA[2]	$'000	17,420	18,129	(709)	-3.9%
EBITDA % of Revenue	%	20.1%	21.4%		-1.3pp
Net Profit After Tax (NPAT)	$'000	12,651	12,400	251	2.0%
Non-financial[3]					
Website visits	#m	13.6	15.5	(1.9)	-12.2%
Conversion rate	%	4.6%	4.8%		-0.2pp
Customer Orders	#'000	771	834	(63)	-7.6%
New Customers	#'000	253	312	(59)	-18.9%
Returning customers rate	%	67.2%	62.6%		4.6pp
Direct Revenue sold on www.stepone.life					
Direct Revenue	$'000	79,743	79,884	(141)	-0.2%
Direct Revenue as % of Total Revenue	%	91.8%	94.5%		-2.7pp
Indirect Revenue sold on third party marketplaces					
Indirect Revenue	$'000	7,139	4,664	2,475	53.1%
Indirect revenue as % of Total Revenue	%	8.2%	5.5%		2.7pp

1. Gross Margin is Gross Profit expressed as a percentage of Revenue.
2. Earnings before interest, taxation, depreciation and amortisation (EBITDA) is a financial measure which is not prescribed by the Australian Accounting Standards.
3. Based on revenue managed through Step One's systems and excludes revenue recognition timing adjustments.

EBITDA is calculated as follows:

	CONSOLIDATED	
	2025 $'000	2024 $'000
Profit after income tax expense ('NPAT')	12,651	12,400
Less: Interest income	(1,244)	(874)
Add: Interest expense/finance cost	11	54
Add: Depreciation and amortisation expense	335	241
Add: Income tax expense	5,667	6,308
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	**17,420**	**18,129**

Revenue

Revenue increased in Australia and the UK.

	2025	2024	VARIANCE	
	$m	$m	$m	%
Australia	54.7	50.9	3.8	7.6%
UK	29.5	27.1	2.4	8.7%
US	2.7	6.5	(3.8)	-59.2%
Total	**86.9**	**84.5**	**2.4**	**2.8%**
Direct	79.7	79.9	(0.2)	-0.2%
Indirect	7.2	4.6	2.6	53.1%
Total	**86.9**	**84.5**	**2.4**	**2.8%**

The Group's primary sale events in the year are the Black Friday Cyber Monday in November and the Mid-Year Sale in June. Combined with other sale events, they contributed 63% (FY24: 37%) of direct revenue.

The revenue growth was supported by an increase in Average Order Quantity by 33% to 7.2 (FY24: 5.4) which in turn contributed to an increase in Average Order Value of 8.0% to $103 (FY24: $96).

Revenue was supported by the expansion of the Women's product line and indirect channels:

- Women's line revenue via direct channels was $12.0 million (FY24: $11.1 million), representing growth of 7.9% on pcp. This represents 15.0% (FY24: 13.9%) of direct revenue.
- Indirect channel revenue was $7.2 million (FY24: $4.7 million), representing growth of 53.1% pcp. This represents 8.2% (FY24: 5.5%) of total revenue.

Gross margin was 76.4% (FY24: 80.8%) due to increased sales promotions. Gross margin is an important operating metric; however, it needs to be viewed in the context of market mix and overall management of profit contribution.

Gross margin varies by country and is impacted by a number of factors, including the size and frequency sale events. Sale events attract the value oriented customer with increased volume based discounts. While gross margin during sale events is lower than in non-sale periods, the contribution margin is often higher, primarily due to efficiency of the advertising spend during these periods.

Customers

Step One continues to have strong customer support, with over 67% of orders in the year attributed to a customer who has previously purchased a product.

	2025 #'000/%	2024 #'000/%
New Customers	253	312
Database	1,923	1,670
Website Visits	13.6m	15.5m
Conversion Rate	4.6%	4.8%

The Step One customer database grew by 15.1% in the year to over 1.9 million customers.

Website visits decreased 12.2% to 13.6 million (FY24: 15.5 million), and while conversion rate decreased to 4.6% (FY24: 4.8%), it remains at industry leading levels.

Advertising Costs

Advertising costs were $23.5 million (FY24: $27.7 million). While costs decreased by $4.2 million, they represented 27.0% of revenue (FY24: 32.7%). This efficiency is largely driven by an improved return on advertising spend from savings in digital advertising spend.

Advertising efficiency is measured by Return on Advertising Spend (ROAS) which calculates the dollar revenue derived from each dollar of advertising spend. ROAS on direct revenue improved from 3.0x in FY24 to 3.7x in FY25.

Community

During FY25 Step One raised $200,000 for Surf Life Saving and $150,000 for StepTember, as well as supporting Men's Health Awareness Ball, 25 Stay Alive as well as Morgan's Big Dry Friday, with both in-kind and/or funding contributions. All of these organisations make valuable contributions to the community.

Distribution and Fulfilment Costs

Warehouse and distribution costs of $13.1 million (FY24: $11.1 million) increased in FY25 to 15.0% of revenue (FY24: 13.2%). The increase reflects the general cost pressures in the logistics industry, including the postal services, as well as the cost to hold a larger inventory range.

Merchant and Transaction Fees

Fees of $3.3 million (FY24: $2.9 million) are paid to system providers, credit card merchant fees, and other payment acquisition providers and includes fees from indirect channel providers. Fees are levied on a mix of per transaction, and percentage of transaction value basis. They increased to 3.8% of revenue (FY24: 3.5%), reflecting a change in transaction mix.

Workforce

On 30 June 2025, Step One had a team of 33 (FY24: 26). Total workforce costs were $6.0 million (FY24: $4.4 million), excluding share based payment incentives for which the average headcount for the year was approximately 25.

Step One continues to operate with a lean headcount. The team comprises experts in their respective areas, capable of overseeing service delivery from specialists as needed. Capability was increased in operations and creative to manage the additional sales channels and the women's product range. Most of the increase was in the UK.

Headcount*	30 JUNE 2025	30 JUNE 2024
Content Management	4	4
Creative	10	7
Operations	8	4
Executive and admin	8	8
Non-executive Directors	3	3
Total team	**33**	**26**
Female	16	10
Male	17	16
Australia	25	24
Overseas	8	2

*Customer Service is no longer included in the headcount numbers due to the changing contractual nature of this function and the value of this information. The comparatives have been adjusted to reflect this change.

Capability was increased in operations and creative, to manage the additional sales channels and women's product range.

Step One continues to operate with a lean headcount. The team comprises experts in their respective areas, capable of overseeing service delivery from specialists as needed.

The leadership team includes the Board and Key Management Personnel (as defined in the Remuneration Report). The leadership team comprises one female and five male representatives. Step One has a policy to place a positive bias on recruiting females to new or vacant leadership positions, although noting that when a Board member stands for re-election, this is not considered a vacant position.

Share based payments expense was $0.6 million (FY24: $0.3 million). The estimated expense based on equity instruments issued at 30 June 2025 is:

	2023 $'000	2024 $'000	2025 $'000	2026 $'000	2027 $'000	2028 $'000	TOTAL $'000	QUANTITY #'000
Options	156	156	0	0	0	0	312	1,200
Rights	46	175	629	599	123	21	1,593	1,918
Cost excluding forfeitures	**202**	**331**	**629**	**599**	**123**	**21**	**1,905**	

Additional options or rights issued or forfeited post 30 June 2025 will affect the expense forecast. The shares required to satisfy the vesting of the rights have been acquired on market by the ESOP trust and are therefore non-dilutive. By contrast, the options, when called, will require a separate equity issue and are therefore dilutive.

Taxation

The tax expense was $5.7 million (FY24: $6.3 million), representing an effective tax rate of 30.9%. This differs from the Australian corporate tax rate as the tax benefit from losses in the USA have not been recognised as well as non-deductible items per the table below.

Reconciliation of Tax Expense to the Australian Corporate Tax Rate

$'000	2025	2024
Profit before tax	**18,318**	**18,708**
Prima facie tax at 30%	**5,495**	**5,612**
- USA loss	164	391
- share based payments (options)	-	47
- Non-deductible expenses	8	6
- Other incl adjustments made when completing the prior year tax return	-	252
Tax expense	**5,667**	**6,308**
Effective Tax Rate	30.9%	33.7%

The US operation is a USA domiciled taxpayer for which no asset has been recognised for accumulated tax losses now totalling $5.5 million (FY24: $4.9 million). These losses will, however, be available to offset tax on future profits made in the USA.

Step One fulfils its obligations to pay tax in each jurisdiction it operates in, noting that Step One is primarily an Australian taxpayer. In addition, the UK operation is an Australian domiciled taxpayer.

USA

Step One continued to invest in the USA market. The USA is a difficult market to establish a brand, but it has an addressable market forecast of over AUD$11 billion in 2025 (Frost and Sullivan, 2021) for Men's underwear, and double that for the Women's underwear market.

Loss in each year	USD $000	AUD $000
FY22	2,018	2,956
FY23	445	667
FY24	849	1,272
FY25	358	552
	3,670	**5,447**

The losses incurred as a result of building brand awareness in the US are considered reasonable in the context of the size of the market opportunity being pursued.

Financial position

Net Assets are $52.0 million (FY24: $52.2 million) with cash holdings and other financial assets of $33.1 million (FY24: $39.0 million) and no debt. Step One remains a capital light business. The data used in this table is sourced from the Statement of Financial Position but is grouped in a different way than is required under Australian Accounting Standards, to enable the discussion outlined below.

Assets

	2025 $m	2024 $m
Cash and other financial assets[1]	33.1	39.0
Receivables[2]	0.5	1.0
Inventory[3]	25.3	19.0
Intangible[4]	<0.1	<0.1
Tax asset[5]	1.6	1.9
Equipment[6]	<0.1	0.2
Property lease[7]	-	0.3
Other[8]	1.5	2.2
Total Assets	**62.1**	**63.5**

1. Cash and other financial assets are held in licensed banks including $15.0 million held on term deposits. $11.1 million is held in CNY as a hedge against outstanding orders and CNY denominated liabilities.
2. Funds to be received from payment gateways and partners, mostly within the following month.
3. Inventory is in the warehouse, or on its way to it, and is stated net of any provision for obsolescence.
4. Licences and trademarks stated at cost
5. Tax deductions to be claimed in future tax returns.
6. The low value is a feature of a capital light business and includes office fitout and equipment such as computers.
7. This represents the capitalised value of the office property lease and is classified as a right-of-use asset. At 30 June 2025, Step One is using temporary accommodation which does not require lease capitalisation.
8. Interest receivable and prepayments.

Liabilities

	2025 $m	2024 $m
Payable to Manufacturers [1]	2.5	4.7
Taxes[2]	3.5	2.4
Unearned revenue[3]	0.7	0.7
Lease liability[4]	-	0.3
Other[5]	3.4	3.2
Total	**10.1**	**11.3**

1. Owed to the product manufacturers for inventory already produced. Step One has a commitment to acquire $7.0 million (FY24: $8.7 million) of inventory arising from purchase orders that have been placed and not yet fulfilled by the manufacturers.
2. Sales Tax/GST/VAT collected that needs to be paid plus income tax.
3. Revenue is not recognised until the customer receives the goods.
4. Lease liability for the office lease represents the opposing entry to the right-of-use asset. There is no lease liability as at 30 June 2025.
5. Other bills not yet paid. Step One aims to make timely payments.

Net Assets

	2025	2024
Shared on issue	185.3m	185.3m
Net Assets	$52.0m	$52.2m
NTA per share	$0.2804	$0.2816

There are 185,340,291 shares issued as at 30 June 2025 with a further 1,200,000 uncalled options that are expected to be satisfied through the issue of shares in the future.

Each Step One share owns a proportion of the Net Assets and has the right to receive a dividend.

Equity

	2025 $m	2024 $m
Capital[1]	50.4	50.9
Retained Earnings[2]	4.6	5.2
Retained Earnings pre-IPO[3]	-4.8	-4.8
Reserves & Other[4]	1.8	0.9
Total	52.0	52.2

1. Shares at their issue value including funds raised at IPO and is stated net of shares held by the ESOP.
2. Profits available for dividend.
3. Pre-IPO retained earnings are a loss of $4,762,000 and is quarantined.
4. Reserves and adjustments.

Dividends are paid from Post IPO retained earnings. A final dividend of 2.4 cps ($4.4 million) has been declared with payment planned for September 2025.

Available Cash

	2025 $m	2024 $m
Cash	18.1	28.9
Add Financial Assets (term deposits)	15.0	10.0
Less dividend proposed	-4.4	-5.2
Less liabilities	-10.1	-11.3
Less production orders placed	-7.0	-8.7
Available Cash	11.6	13.7

Step One considers 'available cash' in capital management. This is not a financial measure prescribed by Australian Accounting Standards.

Inventory

Inventory has increased by $6.3 million to $25.3 million (FY24: $19.0 million) as at 30 June 2025, equating to 1.2 years (FY24: 1.2 years) of inventory based on FY25 trading. Inventory that is considered slow moving will continue to be sold at a discount via the website's 'clearance' page.

Step One targets approximately 12 months' worth of inventory to mitigate the risk of supply chain interruptions. As at 30 June 2025, there were $7.0 million (FY24: $8.7 million) of unfilled production orders placed.

Notwithstanding inventory is non-perishable, some may require disposal if the product is damaged or quantities are too small to justify allocating website screen space or warehouse shelf space. The provision for obsolescence was retained at approximately 5% (FY24: 5%) of inventory.

Efforts will be made to use older products in promotional activities directed at customer recruitment; however, some products will need to be disposed of. All inventory selected for disposal is either given to charities and/or provided to the warehouse and distribution staff who work hard to support us.

Share Trust

Step One has established an Employee Share Ownership Plan (ESOP) for the management of the Rights based equity remuneration plan.

Step One contracted with Pacific Custodians Pty Limited (Trustee) to manage the issue of equity to ESOP participants. During the period, the Trustee purchased 525,915 shares on-market for a total cost of $529,349. It is intended that dividends and other capital returns received by the Trust will be passed through to the participants, although this will remain at the Board's discretion at each declaration.

	2025		2024	
	#	$	#	$
Balance at 30 June 2024	**2,391,731**	**1,570,706**	**1,677,646**	**570,793**
Acquired in period	525,915	529,349	714,085	999,913
Vested in period	-	-	-	-
Balance at 30 June 2025	**2,917,646**	**2,100,055**	**2,391,731**	**1,570,706**

The value of the shares held in the Trust is deducted from Issued Capital in the Group's Statement of Financial Position.

Dividend

Subsequent to year end, the Board has declared a dividend of 2.4 cents per share totalling $4.4m, which is to be fully franked. This dividend represents almost all post-IPO retained earnings as per the table below.

	PRE-IPO RETAINED EARNINGS# $'000	POST-IPO RETAINED EARNINGS $'000	TOTAL RETAINED EARNINGS $'000
Balance at 30 June 2024	**(4,762)**	**5,194**	**432**
Profit/(loss) for the period	-	(12,651)	(12,651)
Dividend FY24 final 2.8cps paid September 2024	-	(5,190)	(5,190)
Dividend FY25 interim 4.4cps paid March 2025	-	(8,154)	(8,154)
Undistributed dividends on treasury shares		51	51
Balance at 30 June 2025	**(4,762)**	**4,552**	**(210)**
Dividend FY25 final 2.4 cps	-	(4,448)	(4,448)
Retained earnings post final dividend	**(4,762)**	**104**	**(4,658)**

#defined as retained earnings at 31 December 2021. This time frame provided 2 months from the initial public offer on 1 November 2021 for all IPO related costs to be recognised, which includes over $13.8m in pre-IPO share-based payments that were expensed.

Dividend Policy

The dividend demonstrates the Board's confidence in the Group's future ability to generate cash sufficient to fund its operations and future growth. Any future dividend will depend on the Group's capital requirements at the time. The Board of Step One will review its capital requirements at the end of each reporting period. It is intended to return all surplus funds (generated from after tax earnings) to shareholders in the form of a dividend, subject to any such capital requirements. It is also intended that future dividends will be franked to the maximum extent possible.

Business risks

Business risk information is available in the Risk Report which, while disclosed under a separate heading, forms part of this Operating and Financial Review.

Prospects for future financial years

Step One remains confident of the opportunities in each of its operating markets, and in its ability to execute the Company's strategy. It will continue to pursue profitable growth in Australia and the UK, while maintaining a balance between growth and profitability in the US.

RISK REPORT

This report forms part of the of Directors' report which follows on page 39.

The following is a summary of material business risks that could adversely affect financial performance and growth in future years.

RISK	DESCRIPTION	MITIGATIONS
Strategic	The risk that the Group's strategy fails to deliver the expected outcomes due to unexpected internal or external events.	Regular evaluation of strategies and remain responsive to unexpected events. Maintain a high appetite to explore new products and customer engagement activities.
Operational	The risk that systems to order, manufacture, transport, sell or distribute products, fail. This risk includes disruption to global supply chains.	Maintain contracts with several key suppliers in different locations. Ensure days inventory is sufficient to cover supply chain disruptions. Maintain a low appetite for product failure and a moderate appetite for stock outs (after product is launched).
Marketing	The risk that advertising ceases to be effective or costs increase above economic levels. This risk may manifest itself with declining new customer recruitment.	Maintain engagement with digital platform owners to evaluate planned changes and opportunities they bring. Monitor consumer trends in product and digital usage. Maintain a high appetite for 'edgy' marketing content. Expand communication options and distributed channels to recruit new customers.
System	The risk that system providers or their systems fail and cannot be restored within a reasonable time frame and/or without data loss. This risk includes cyber security risks, both denial of service/ access and loss of private data.	Continue to use 'tier 1' systems in primary operations, for limited mitigation is available. Step One will not hold private information (e.g., credit cards) outside of specialist systems.
Governance	The risk that systems and processes fail to detect and report changes in financial results, forecasts, assets or liability positions.	Maintain regular oversight and no tolerance for Policy breach. Financial and governance systems are subject to a doctrine of continuous improvement.

RISK	DESCRIPTION	MITIGATIONS
Climate risk to operations	Climate specific risks may reduce availability of raw materials, increase the cost of manufacturing and/or selling and distribution.	Bamboo grows quickly in the right environments. There are numerous bamboo growing regions in the world which could be used if China was not available. There are also competing natural products and recycled products that could replace the bamboo viscose fabric if necessary.
Climate risk to ESG	Climate change causes a number of Sustainability Risks as detailed in the Sustainability Report and include: ▪ Operational costs ▪ Supply chain risks ▪ Reputational damage ▪ Legal and compliance risk ▪ Market access and competitive disadvantage ▪ Employee moral and productivity ▪ Long-term viability and innovations	The Sustainability Report explains the risk and Step One's approach to managing and mitigating the risk. In particular. Step One has quantified its emissions and is working towards a low emission future. Should emissions, be taxed in the future, it is estimated that for every \$1 tax per tonne of CO_2-e, the cost will be \$10,348 (FY24: \$8,793).

The following provides details of risks specific to Step One's business:

TOPIC	SUMMARY
Change in customer preferences and purchasing patterns	Demand for Step One's products is sensitive to its successful range development and customer demand for design and production features that are distinct from more established underwear brands. Step One's range development may fail to satisfy evolving customer preferences, or customers may not see value in Step One's distinct design and production features.
Disruption in product supply or distribution and issues relating to supplier contracts may adversely affect Step One's operations	Step One does not manufacture the products which it sells and is reliant on third party suppliers which exposes it to risks relating to the actions or operations of those suppliers. Step One's relationships with its suppliers may deteriorate or geopolitical tensions or restrictions (including the imposition of tariffs or other protectionist measures) may have an impact on trade or the supply chain between Step One and its suppliers. Supply arrangements may also be terminated or discontinued, which may occur at short notice. There may also be potential delays in sourcing new products or disruptions in identifying and engaging alternative suppliers. Given the majority of suppliers are located outside Australia (predominantly in China), Step One is also subject to foreign exchange risks, as well as challenges associated with enforcing contractual arrangements in foreign jurisdictions.
Environmental Risks	Step One is reliant on the production of organically grown bamboo as a primary ingredient in the manufacture of its product. The bamboo is grown in China. As this is a natural product, there is a risk that it is affected by climatic changes in that region. Should Step One suppliers need to source bamboo from a different region, there are risks that it could cost more, not have the organic, environmental, or labour practice certifications the existing supply chain has established.
Accreditation Risk	Step One products are ethically manufactured using sustainable materials as the primary inputs. Step One directly inspects the final manufacturing facilities on a sample basis however is reliant on third parties to inspect these and the upstream suppliers and their facilities. The third parties are globally accredited experts in this area and Step One places reliance on their local presence and expertise. If an accreditation was incorrectly claimed, contracts could be cancelled immediately, however remediation would be limited.
Logistic and supply chain disruption	There remains a risk that the global logistics disruptions continue. Disruption may result from economic disruption, conflict, or pandemic related disruptions on Step One's supply chain.

TOPIC	SUMMARY
Performance and reliability of Step One's website, databases and risk of data security breaches	Step One's IT systems and website are provided and managed by specialist service providers. A failure in the systems of a third party provider is likely to have a material impact on Step One's systems and operations. Mitigation is not available against a failure of critical suppliers at a global level. As these are global companies with industry standing, such outcomes are considered unlikely, however remain possible.
Digital advertising may be impacted by changes to advertising or technology platforms	Step One utilises third party platforms such as Google Analytics, Google Ad Manager, Meta, and Instagram to plan, execute and monitor the performance of paid media advertisements. These platforms operate across other technology platforms, such as the Android operating platform and Apple operating platforms, which are regularly updated and these changes are outside the control of Step One. These platforms are regularly changed in response to a range of factors, including privacy legislation such as GDPR in the United Kingdom and the CCPA in the United States of America. Future changes to these platforms may impact Step One's ability to effectively plan, execute and monitor its media campaigns, which may reduce the effectiveness of digital campaigns and have an adverse effect on Step One's operating and financial performance.
Increase in the cost of or reliance upon paid marketing	Step One may be materially adversely affected by any increase in the cost of, or in reliance on, search engine and social media platform marketing, or any decrease in the effectiveness of its search engine and social media platform marketing.
Step One may lose key management personnel	Step One's future success is dependent on its ability to retain and/or attract individuals that will complement its culture and retain an experienced senior management team, including the founder and chief executive officer Greg Taylor. Step One has arrangements in place with key employees including employment agreements and short and long-term incentives, and key employee equity holdings.
There may be adverse exchange rate movements	Step One purchases the majority of its products from suppliers in China. Most of the arrangements for purchase of products are denominated in Chinese renminbi, US dollars and Australian dollars in that descending order. Step One is therefore exposed to the foreign exchange rate movements. Step One sells its products in a range of currencies including British Pounds and US Dollars, and is therefore exposed to currency movements on those revenues.

DIRECTORS' REPORT

30 June 2025

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Step One Clothing Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities (refer to note 25 of the financial statements) it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were Directors of Step One Clothing Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Gallop AM
Gregory Taylor
Richard Dennis
Michael Reddie
Catherine Thompson

Principal activities

During the financial year the principal continuing activities of the Group consisted of an online, direct to customer, innerwear brand.

There have been no changes to the principal activities during the financial year.

Review of operations

The profit for the Group after providing for income tax amounted to $12,651,000 (FY24: $12,400,000).

Revenue for the financial year was $86,882,000 (FY24: $84,548,000), an increase of 2.8% on the previous financial year.

The Group remains well funded with a strong financial position with no debt. Cash and cash equivalents and other financial assets as at 30 June 2025 is $33,140,000 (30 June 2024: $38,952,000), which provides the financial capacity to pursue expansion as and when available.

Step One attracted over 13.6 million (FY24: 15.5 million) website visits with an average conversion rate of 4.6% (FY24: 4.8%).

There were 253,000 (FY24: 312,000) first-time customers in the year bringing the total number of customers to over 1,923,000 (FY24: 1,670,000). Customer retention remains high, with over 67.2% (FY24: 62.6%) of orders being placed by returning customers who have previously placed an order.

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2025 $'000	2024 $'000
Dividend of 2.8 cents per ordinary share for the year ended 30 June 2024 paid in September 2024 by Step One Clothing Limited	5,190	-
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2025	(17)	-
Interim dividend of 4.4 cents per ordinary share for the year ended 30 June 2025 paid in March 2025 by Step One Clothing Limited	8,154	-
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2025	(34)	-
Dividend of 5 cents per ordinary share for the year ended 30 June 2023 paid in September 2023 by Step One Clothing Limited	-	9,267
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2024	-	(36)
Interim dividend of 4 cents per ordinary share for the year ended 30 June 2024 paid in March 2024 by Step One Clothing Limited	-	7,414
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2024	-	(10)
Net dividend payment recognised in the statement of changes in equity	13,293	16,635

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Apart from the dividend of 2.4 cents per share declared on 20 August 2025, no other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

There are no further developments that the Directors are aware of which could be expected to affect the results of the Group's operations in subsequent financial years other than the information contained in the operating and financial review.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

David Gallop AM
Chairperson and Non-Executive Director

Qualifications	BA (ANU), LLB (Syd Uni), Graduate AICD
Experience and expertise:	David is a lawyer and has extensive experience and background in sports administration, media rights and broadcasting, digital content delivery, customer experience, legal and regulatory frameworks and stakeholder relationship management. David was previously CEO of Football Federation Australia and CEO of the National Rugby League.
Other current directorships:	▪ Tabcorp Holdings Ltd - Non-Executive Director ▪ Cricket NSW Ltd - Non-Executive Director ▪ Venues NSW - Non-Executive Director and Chairman
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Board, Member of the Audit and Risk Committee, Member of the Remuneration and Nomination Committee
Interests in shares:	219,312 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Gregory Taylor
Chief Executive Officer (CEO) and Executive Director

Qualifications:	B Comm
Experience and expertise:	Gregory held various roles in e-commerce and technology companies prior to founding Step One.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	107,327,144 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Information on Directors continued

Richard Dennis
Non-Executive Director

Qualifications:	B Comm, LLB
Experience and expertise:	Richard serves on the Boards and Audit & Risk committees of several listed and private Australian companies. Richard held various leadership roles at EY including Managing Partner Queensland, COO in Oceania and CFO/Deputy COO in Asia-Pacific.
Other current directorships:	Motorcycle Holdings Ltd, Apiam Animal Health Ltd, Cettire Ltd, AF Legal Group Ltd, Energy Resources of Australia Limited
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee, Member of the Remuneration and Nomination Committee
Interests in shares:	30,000 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Michael Reddie
Chief Legal & Commercial Officer (CLO) and Executive Director

Qualifications:	B Comm, LLB
Experience and expertise:	Michael is a corporate and commercial lawyer and Director of Reddie Lawyers. Michael also held roles at Gadens Lawyers and Lander & Rogers. Michael has worked with Step One since inception.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Legal and Commercial Officer
Interests in shares:	4,617,794 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Information on Directors continued

Catherine Thompson
Non-Executive Director

Qualifications:	LLB (Hons)
Experience and expertise:	In 2012, Catherine joined M.H. Carnegie & Co, an alternative asset manager based in Sydney, where she is currently Partner and Chief Operating Officer. Catherine has also held roles at Herbert Smith Freehills, King & Wood Mallesons and Lazard, where she was Director, Senior Legal Counsel and Head of Compliance. Catherine is Chairperson of Revtech Media and serves as a non-executive director on a number of Boards.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee, Member of the Audit and Risk Committee
Interests in shares:	171,500 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

William Hundy, LLB, B. Com, B.Sc., FGIA, Diploma of Corporate Management

Mr Hundy joined Step One as Company Secretary in October 2021. He is a Solicitor and Senior Company Secretary with MUFG Corporate Governance. He was previously Company Secretary of Origin Energy Limited and a number of other public listed companies since 1987.

Mr Hundy is an admitted solicitor in New South Wales and is a fellow of the Governance Institute of Australia, and the Chartered Governance Institute.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	BOARD		REMUNERATION AND NOMINATION COMMITTEE		AUDIT AND RISK COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
David Gallop AM	10	10	3	3	4	4
Gregory Taylor	9	10	-	-	-	-
Richard Dennis	10	10	3	3	4	4
Michael Reddie	10	10	-	-	-	-
Catherine Thompson	10	10	3	3	4	4

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Remuneration report (audited) continued

Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

The total aggregate amount provided to all non-executive directors of the Group for their services as directors must not exceed in any financial year the amount fixed by the shareholders in a general meeting. This amount is fixed at $1,200,000 (FY24: $1,200,000) per annum.

Executive remuneration

Executives include the CEO, CFO, CLO/CCO. As each have an equity interest in the company (refer page 52), their interests naturally align with shareholders.

The remuneration for any new 'C-Suite' executives will follow the structure of the Senior manager remuneration below.

Senior manager remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term performance incentives including share-based payments or cash alternatives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentive (STI) program is designed to attract, retain and motivate executives. Awarding the STI is delegated to the CEO and is determined at the CEO's discretion.

The long-term incentives ('LTI') are granted in the form of share-based payments. Shares are awarded to executives over a period of two or three years based on long-term incentive measures. The Remuneration and Nomination Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2025.

Remuneration report (audited) continued

Remuneration for executives is linked to the performance of the Group as follows:

COMPONENT	PERFORMANCE MEASURE	PURPOSE AND LINK TO OBJECTIVES
Fixed remuneration (salary and other benefits including superannuation)	The level of remuneration is determined with reference to the role and responsibility and experience and qualifications required to competently undertake that role.	Attract, retain and motivate executives with the rights skills, capability and experience to meet the objectives of Step One.
STI (performance based incentives delivered in cash)	CEO discretion	Attract, retain and motivate executives.
LTI (performance based incentives delivered in equity with vesting based on time)	Equity LTI grants were issued with vesting over 2 or 3 years.	Aligns executive remuneration with long-term shareholder value creation.

The CEO and CLO do not participate in the performance incentive program as they already have a material interest in increasing company value.

Consolidated entity performance and link to remuneration

FY25 STI

There was no KMP STI program in FY25. STI payments in future periods will remain at Board discretion.

The following table outlines the FY25 outcomes for Executives.

EXECUTIVES	YEAR	STI AWARD $	STI AS % OF FIXED REMUNERATION %	STI AS % OF OPPORTUNITY %
Gregory Taylor, CEO	FY25	-	-	-
	FY24	-	-	-
Michael Reddie, CLO	FY25	-	-	-
	FY24	-	-	-
Nigel Underwood, CFO	FY25	-	-	-
	FY24	75,500	20.00%	100.00%

FY25 LTI

Details of rights granted in FY25 are provided later in this report.

The Remuneration and Nomination Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

The Group did not use a remuneration consultant. Should remuneration consultants be used in the future, an agreed set of protocols will be put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel.

Remuneration report (audited) continued

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following non-executive and executive Directors of Step One Clothing Limited:

- David Gallop AM
- Gregory Taylor
- Richard Dennis
- Michael Reddie
- Catherine Thompson

And the following person:

- Nigel Underwood, CFO

Changes since the end of the reporting period:

- None.

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	ESOP DIVIDEND	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY*	SUPER-ANNUATION	LONG SERVICE LEAVE	EQUITY-SETTLED		TOTAL
2025	$	$	$	$	$	$	$	$
Non-Executive Directors:								
David Gallop AM	154,000	-	-	17,710	-	-	-	171,710
Richard Dennis	88,000	-	-	10,120	-	-	-	98,120
Catherine Thompson	88,000	-	-	10,120	-	-	-	98,120
Executive Directors:								
Gregory Taylor	470,000	-	22,631	30,000	16,740	-	-	539,371
Michael Reddie	376,000	-	-	10,120	-	-	-	386,120
Other Key Management Personnel:								
Nigel Underwood	470,000	-	15,909	30,000	5,635	75,016	68,951	665,511
	1,646,000	-	38,540	108,070	22,375	75,016	68,951	1,958,952

* Including accrual of untaken annual leave $34,125 (FY24: $21,826) plus non-cash benefits of $4,415 (FY24: $11,600).

Remuneration report (audited) continued

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	ESOP DIVIDEND	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY*	SUPER-ANNUATION	LONG SERVICE LEAVE	EQUITY-SETTLED		TOTAL
2024	$	$	$	$	$	$	$	$
Non-Executive Directors:								
David Gallop AM	140,000	-	-	15,400	-	-	-	155,400
Richard Dennis	80,000	-	-	8,800	-	-	-	88,800
Catherine Thompson	80,000	-	-	8,800	-	-	-	88,800
Executive Directors:								
Gregory Taylor	472,500	-	25,984	27,500	10,923	-	-	536,907
Michael Reddie	320,000	-	-	8,800	-	-	-	328,800
Other Key Management Personnel:								
Nigel Underwood	350,000	75,500	7,442	27,500	3,658	170,566	86,188	720,854
	1,442,500	75,500	33,426	96,800	14,581	170,566	86,188	1,919,561

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	FIXED REMUNERATION	AT RISK - STI	AT RISK - LTI
	%	%	%
Non-Executive Directors			
David Gallop AM	100.00%	-	-
Richard Dennis	100.00%	-	-
Catherine Thompson	100.00%	-	-
Executive Directors			
Gregory Taylor	100.00%	-	-
Michael Reddie	100.00%	-	-
Other Key Management Personnel			
Nigel Underwood	85.00%	-	15.00%

Remuneration report (audited) continued

The proportion of the cash bonus paid/payable or forfeited is as follows:

	CASH BONUS PAID/PAYABLE	CASH BONUS FORFEITED	CASH BONUS PAID/PAYABLE	CASH BONUS FORFEITED
	2025	2025	2024	2024
	%	%	%	%
Non-executive Director				
David Gallop AM	-	-	-	-
Richard Dennis	-	-	-	-
Catherine Thompson	-	-	-	-
Executive Directors:				
Gregory Taylor	-	-	-	-
Michael Reddie	-	-	-	-
Other Key Management Personnel:				
Nigel Underwood	-	-	100.00%	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	David Gallop AM
Title:	Chairperson and Non-Executive Director
Agreement commenced:	6 October 2021
Term of agreement:	Open
Details:	Directors' fee of $154,000 (FY24: $140,000) exclusive of superannuation plus reimbursement of travelling and other expenses incurred in attending meetings or otherwise discharging their duties. There is no additional fee for chairing sub-committees.

Name:	Gregory Taylor
Title:	Chief Executive Officer (CEO) and Executive Director
Agreement commenced:	6 October 2021
Term of agreement:	Open
Details:	Base Salary for the year ending 30 June 2025 of $500,000 (FY24: $500,000) inclusive of superannuation, to be reviewed annually by the Remuneration and Nomination Committee. 6 month termination notice for either party, no cash bonus or equity incentive participation. Immediate termination for serious misconduct. 12 month post employment non-solicitation and non-compete constraints.

Name:	Richard Dennis
Title:	Non-Executive Director, Chair of the Audit and Risk Committee
Agreement commenced:	6 October 2021
Term of agreement:	Open
Details:	Directors' fee of $88,000 (FY24: $80,000) exclusive of superannuation plus reimbursement of travelling and other expenses incurred in attending meetings or otherwise discharging their duties. There is no additional fee for chairing sub-committees.

Remuneration report (audited) continued

Name:	Michael Reddie
Title:	Chief Legal & Commercial Officer (CLO) and Executive Director
Agreement commenced:	6 October 2021 - Director agreement 1 September 2023 - Agreement with Reddie Lawyers
Term of agreement:	Open
Details:	Director's fee of $88,000 (FY24: $80,000) exclusive of superannuation plus reimbursement of traveling and other expenses incurred in attending meetings or otherwise discharging their duties. Reddie Lawyers Pty Ltd (an entity related to Michael Reddie) was engaged on 23 August 2023 to provide legal and consulting services from 1 September 2023. Reddie Lawyers Pty Ltd fees were $24,000 per month totalling $288,000 (FY24: $240,000). The agreement can be terminated by notice at any time. The Directors are satisfied that these terms of the services agreement are commensurate with normal commercial terms for similar services.

Name:	Catherine Thompson
Title:	Non-Executive Director, Chair of the Remuneration and Nomination Committee
Agreement commenced:	6 October 2021
Term of agreement:	Open
Details:	Directors' fee of $88,000 (FY24: $80,000) exclusive of superannuation plus reimbursement of travelling and other expenses incurred in attending meetings or otherwise discharging their duties. There is no additional fee for chairing sub-committees.

Name:	Nigel Underwood
Title:	Chief Financial Officer
Agreement commenced:	30 March 2021
Term of agreement:	Open
Details:	Base Salary for the year ending 30 June 2025 of $500,000 (FY24: $377,500) inclusive of superannuation, to be reviewed annually by the Remuneration and Nomination Committee. 6 month termination notice for either party. Immediate termination for serious misconduct. 12 month post employment non-solicitation and non-compete constraints.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2025.

Options

There were no options granted this financial year.

Remuneration report (audited) continued

Rights

The terms and conditions of each grant of right over ordinary shares affecting the remuneration of Directors, key management personnel and other management in this financial year or future reporting years are as follows:

NAME	GRANT DATE	VESTING ELIGIBILITY DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER RIGHT AT GRANT DATE
N. Underwood	17 November 2022	17 November 2025	17 November 2032	$0.0000	$0.2350

Value of rights over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2025 are set out below:

NAME	VALUE OF RIGHTS GRANTED DURING THE YEAR $	VALUE OF RIGHTS EXERCISED DURING THE YEAR $	VALUE OF RIGHTS LAPSED DURING THE YEAR $	REMUNERATION CONSISTING OF RIGHTS FOR THE YEAR %
N Underwood	-	-	-	15.00%

Performance rights

There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2025.

There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2025.

Additional information

The earnings of the Group for the five years to 30 June 2025 are summarised below:

	2025 $'000	2024 $'000	2023 $'000	2022 $'000	2021 $'000
Sales revenue	86,882	84,548	65,184	72,187	61,717
EBITDA*	17,420	18,129	12,023	(298)	3,144
Profit/(loss) after income tax	12,651	12,400	8,616	(3,003)	(118)

* Earnings before interest, depreciation and amortisation (EBITDA) is a financial measure not prescribed by Australian Accounting Standards (AAS).

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2025	2024	2023	2022	2021*
Share price at financial year end ($)	0.69	1.37	0.34	0.23	-
Total dividends declared (cents per share)	7.20	9.00	-	3.20	-
Basic earnings per share (cents per share)	6.83	6.69	4.65	(1.73)	(0.08)
Diluted earnings per share (cents per share)	6.78	6.65	4.62	(1.73)	(0.08)
Share buy-back ($'000)	-	-	-	-	-

* The share price of the Group on IPO (1 November 2021) was $1.53 per share and a pre-IPO dividend of 3.2cps were paid.

Remuneration report (audited) continued

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	ADDITIONS	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR
Ordinary shares					
David Gallop AM	259,312	-	-	(40,000)	219,312
Gregory Taylor	123,959,496	-	-	(16,632,352)	107,327,144
Richard Dennis	30,000	-	-	-	30,000
Michael Reddie	6,632,000	-	-	(2,014,206)	4,617,794
Catherine Thompson	171,500	-	-	-	171,500
Nigel Underwood	200,000	-	-	-	200,000
	131,252,308	-	-	(18,686,558)	112,565,750

Rights and Option holdings

The number of rights and options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
Rights and Options over ordinary shares					
Nigel Underwood - Options	900,000	-	-	-	900,000
Nigel Underwood - Rights	957,646	-	-	-	957,646
	1,857,646	-	-	-	1,857,646

INSTRUMENT	GRANT DATE	VESTING ELIGIBILITY DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER INSTRUMENT AT GRANT DATE
Rights	17/11/2022	17/11/2025	17/11/2032	$0.0000	$0.2350
Options	30/06/2021	01/07/2024	30/06/2031	$1.1713	$0.3185

The exercise price was $1.3333 at Grant Date and is reduced by the value of dividend payments totalling $0.1620 made since grant date and up to 30 June 2025.

The participant in the right or option plans have to be employed until the end of the agreed vesting period. Upon vesting, each right or option entitles the holder of the option to subscribe for or acquire one ordinary share, unless the Board determines otherwise.

Remuneration report (audited) continued

Loans to key management personnel and their related parties

None (FY24: none)

Other transactions with key management personnel and their related parties

Payment for accounting services from CMB Services Pty Ltd (trading as Bendigo Bookkeeping) (entity related to Gregory Taylor) for the current financial year was $nil (FY24: $84,000). Services ceased 31 December 2023.

Payment for digital advertising services by The Fable Clothing Pty Ltd (entity related to Gregory Taylor) for the current financial year was $120,000 (FY24: $120,000).

Payment of $288,000 (FY24: $240,000) for legal and commercial services from Reddie Lawyers (entity related to Michael Reddie). Services from Reddie Lawyers commenced 1 September 2023.

This concludes the remuneration report, which has been audited.

Shares under option

There were 1,200,000 unissued ordinary shares of Step One Clothing Limited under option outstanding at the date of this report.

Unissued ordinary shares of Step One Clothing Limited under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
30 June 2021	30 June 2031	$1.1713	900,000
6 October 2021	30 June 2031	$1.1713	300,000
			1,200,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no other ordinary shares of Step One Clothing Limited issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Shares under rights

There were 1,917,646 unissued ordinary shares of Step One Clothing Limited under rights outstanding at the date of this report.

Unissued ordinary shares of Step One Clothing Limited under rights at the date of this report are as follows:

GRANT DATE	VESTING ELIGIBILITY DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER RIGHTS
17 November 2022	17 November 2025	17 November 2032	$0.0000	957,646
20 February 2024	30 June 2026	20 February 2033	$0.0000	450,000
30 June 2024	30 June 2026	30 June 2034	$0.0000	250,000
30 June 2024	30 June 2027	30 June 2034	$0.0000	130,000
12 November 2024	12 November 2027	30 June 2034	$0.0000	130,000
				1,917,646

Shares under rights continued

Refer note 27 to the financial statements for additional information. All Rights are matched against shares held in a ESOP and are therefore non-dilutionary.

Shares issued on the exercise of rights

There were no ordinary shares of Step One Clothing Limited issued on the exercise of rights during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 as all non-audit services have been reviewed and approved to ensure that they do not impact the integrity objectivity of the auditor; and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors’ report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

David Gallop AM
Chair

Gregory Taylor
Director and Chief Executive Officer

20 August 2025
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Step One Clothing Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Step One Clothing Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

cgangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 20 August 2025

www.grantthornton.com.au
ACN-130 913 594

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	NOTE	CONSOLIDATED 2025 $'000	2024 $'000
Sales revenue	5	86,882	84,548
Cost of goods sold		(20,503)	(16,215)
Gross margin		66,379	68,333
Interest income calculated using the effective interest method		1,244	874
Net foreign exchange gain		734	-
EXPENSES			
Advertising and marketing expense		(23,457)	(27,686)
Distribution and fulfilment expense		(13,064)	(11,139)
Merchant and transaction fees		(3,339)	(2,947)
Employee benefits and contractor expense	6	(5,971)	(4,345)
Share-based payments expense	6	(628)	(322)
Depreciation and amortisation expense		(335)	(241)
Net foreign exchange loss		-	(650)
Professional, legal and insurance fees		(1,459)	(1,838)
Administration expense		(1,775)	(1,277)
Finance costs	6	(11)	(54)
PROFIT BEFORE INCOME TAX EXPENSE		18,318	18,708
Income tax expense	7	(5,667)	(6,308)
PROFIT AFTER INCOME TAX EXPENSE FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF STEP ONE CLOTHING LIMITED		12,651	12,400
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		321	61
Other comprehensive income for the year, net of tax		321	61
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF STEP ONE CLOTHING LIMITED		12,972	12,461
		CENTS	CENTS
Basic earnings per share	8	6.83	6.69
Diluted earnings per share	8	6.78	6.65

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		CONSOLIDATED	
	NOTE	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	18,140	28,952
Trade and other receivables		499	972
Inventories	10	25,257	18,959
Other financial assets	11	15,000	10,000
Other assets	12	1,544	2,201
Total current assets		60,440	61,084
Non-current assets			
Property, plant and equipment		48	174
Right-of-use assets		-	274
Intangibles		33	39
Deferred tax asset	7	1,608	1,903
Total non-current assets		1,689	2,390
TOTAL ASSETS		62,129	63,474
LIABILITIES			
Current liabilities			
Trade and other payables	13	7,428	9,007
Contract liabilities	14	726	686
Lease liabilities		-	231
Income tax payable	7	1,432	851
Employee benefits		420	286
Total current liabilities		10,006	11,061
Non-current liabilities			
Lease liabilities		-	62
Deferred tax liability	7	54	84
Employee benefits		70	46
Total non-current liabilities		124	192
TOTAL LIABILITIES		10,130	11,253
NET ASSETS		51,999	52,221

		CONSOLIDATED	
	NOTE	2025 $'000	2024 $'000
EQUITY			
Issued capital	15	50,396	50,925
Reserves	16	1,813	864
(Accumulated losses)/retained earnings		(210)	432
TOTAL EQUITY		51,999	52,221

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2023	51,925	481	4,667	57,073
Profit after income tax expense for the year	-	-	12,400	12,400
Other comprehensive income for the year, net of tax	-	61	-	61
Total comprehensive income for the year	-	61	12,400	12,461
Transactions with owners in their capacity as owners:				
Share-based payments (note 16)	-	322	-	322
Purchase of treasury shares (held in trust) (note 15)	(1,000)	-	-	(1,000)
Dividends paid (note 17)	-	-	(16,635)	(16,635)
BALANCE AT 30 JUNE 2024	50,925	864	432	52,221

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS / (ACCUMULATED LOSSES) $'000	TOTAL EQUITY $'000
Balance at 1 July 2024	50,925	864	432	52,221
Profit after income tax expense for the year	-	-	12,651	12,651
Other comprehensive income for the year, net of tax	-	321	-	321
Total comprehensive income for the year	-	321	12,651	12,972
Transactions with owners in their capacity as owners:				
Share-based payments (note 16)	-	628	-	628
Purchase of treasury shares (held in trust) (note 15)	(529)	-	-	(529)
Dividends paid (note 17)	-	-	(13,293)	(13,293)
BALANCE AT 30 JUNE 2025	50,396	1,813	(210)	51,999

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	NOTE	CONSOLIDATED 2025 $'000	CONSOLIDATED 2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of sales taxes)		98,401	94,602
Payments to suppliers and employees (inclusive of sales taxes)		(86,812)	(71,601)
		11,589	23,001
Interest received		1,244	874
Interest and other finance costs paid		(11)	(54)
Income taxes paid		(4,821)	(5,162)
Net cash from operating activities	26	8,001	18,659
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for term deposit		(5,000)	(10,000)
Payments for property, plant and equipment		(20)	(171)
Proceeds from disposal of property, plant and equipment		-	1
Net cash used in investing activities		(5,020)	(10,170)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(293)	(146)
Payments for purchase of treasury shares		(529)	(954)
Dividends paid	17	(13,293)	(16,635)
Net cash used in financing activities		(14,115)	(17,735)
Net decrease in cash and cash equivalents		(11,134)	(9,246)
Cash and cash equivalents at the beginning of the financial year		28,952	38,295
Effects of exchange rate changes on cash and cash equivalents		322	(97)
Cash and cash equivalents at the end of the financial year	9	18,140	28,952

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

Note 1. General information

The financial statements cover Step One Clothing Limited as a group consisting of Step One Clothing Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year. Step One Clothing Limited and its subsidiaries (as detailed in note 25) together are referred to in these financial statements as the 'Group'. The financial statements are presented in Australian dollars, which is Step One Clothing Limited's functional and presentation currency.

Step One Clothing Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/- MUFG Corporate Governance
Liberty Place
Level 41
161 Castlereagh Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of Directors, on 20 August 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') accounting standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 24.

Note 2. Material accounting policy information continued

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Step One Clothing Limited as at 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the ‘management approach’, where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (‘CODM’). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the entity’s functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Note 2. Material accounting policy information continued

Revenue recognition

The Group recognises revenue as follows:

Revenue is recognised as an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales revenue

The Group's contracts with customers for the sale of goods generally include one performance obligation. Revenue for the sale of goods is recognised at the point in time when control of the asset is transferred to the customer at the time of delivery of the goods to the customer, as this is when the Group's performance obligation is fulfilled. Cash payment is generally received at the point of sale. Amounts disclosed as revenue are net of sales returns and trade discounts.

A right of return is not a separate performance obligation and the Group recognises revenue net of estimated returns. The Group has assessed the value of this right of return as being immaterial.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Material accounting policy information continued

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Step One Clothing Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

The benefit of tax losses that are held in the relevant entity are not recognised until recovery of those losses through reduction in future tax payments is probable.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are measured at average cost comprising the purchase cost, freight and duty expenses, net of rebates and discounts received or receivable.

The carrying amount of inventories is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

30 June 2025

Note 2. Material accounting policy information continued

A provision for inventory obsolescence represents the value of inventory that is expected to be sold at less than carrying value on disposal.

Impairment of non-financial assets

A review of whether there are indicators of impairment, which would trigger a review of impairment is performed at each reporting date.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within the agreed credit terms.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods to a customer and are recognised when a customer pays consideration before the Group has transferred the goods to the customer.

Share-based payments

The Group operates equity and cash-settled share-based remuneration plans for its employees and non-employees, respectively.

The cost of equity-settled transactions with employees using options are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the company value at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity - settled transactions with employees using rights are measured at fair value on grant date. Fair value of a right is determined as the share price at the time of grant.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to the statement of profit or loss and other comprehensive income is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in the statement of profit or loss and other comprehensive income is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. Forfeited options and rights are applied to reduce the share - based payment expense at the time of forfeiture.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal value of the shares issued with any excess being recorded as share premium.

Note 2. Material accounting policy information continued

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a reduction to issued capital. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Step One Clothing Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares to dilutive potential ordinary shares.

Sales taxes

Sales taxes include Goods and Services Tax ('GST'), Value-Added Tax ('VAT'), Sales Taxes, and other similar taxes are collectively referred to as Sales Taxes. Revenues, expenses and assets are recognised net of the amount of associated Sales Taxes, unless the Sales Taxes incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of Sales Taxes receivable or payable. The net amount of Sales Taxes recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

The US does not have a national sales-tax system, rather, sales and use taxes are imposed on a sub-national level. Each state has the authority to impose its own sales and use tax and registration is required once 'economic nexus' has been met. Economic nexus is either based on number of transactions or a specific dollar value threshold. The Group monitors sales by states and jurisdictions and ensure sales and use tax registrations are in place where 'economic nexus' has been met and regular filings are completed.

Cash flows are presented on a gross basis. The Sales Taxes components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of Sales Taxes recoverable from, or payable to, the tax authority.

Note 2. Material accounting policy information continued

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

Comparatives have been realigned to the current year presentation. The results for the year and net assets have not been impacted by the realignment.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Judgements

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Based on current and projected performance, the Directors have assessed that it is probable that future taxable amounts will be available, and therefore have recognised deferred tax assets on the statement of financial position. Refer to note 7 for further information.

Estimates

Provision for inventory obsolescence

A provision for inventory obsolescence represents the value of inventory that is expected to be sold at less than carrying value or disposed. The provision amount was determined after assessing product lines that where first released over 12 months before 30 June 2025. The items included are for colour releases that did not sell through, and the prospect of future re-release is limited and/or the cost does not justify maintaining the line. Cost in this context includes both holding and opportunity cost (distracting customers from more popular lines). The provision also includes damaged stock or returned (and opened) inventory for which sale is not possible. Refer to note 10 for further information.

Note 3. Critical accounting judgements, estimates and assumptions continued

Share-based payments

The Group assesses the fair value of options granted applying the Black-Scholes valuation model. The use of this model requires significant judgement and assumptions in regards to the key inputs such as risk-free rate, share price volatility and time to maturity. Rights are valued using the share price on the date of issue.

The key assumptions applied in determining the value of share-based payment transactions are shown in note 27.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments, being online retail sales for Australia, United Kingdom and United States of America, however these segments are aggregated into one reportable segment. The determination of these operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer and Chief Financial Officer (who are identified as the CODM) in assessing performance and in determining the allocation of resources.

The CODM reviews sales revenue from sale of goods recognised at a point in time. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers

During the current and previous financial years, no individual customer contributed more than 10 per cent of the Group's revenue.

Disaggregation of revenue by geographical regions

The Group operates in Australia, United Kingdom and United States of America. Revenue is attributed to the country where the goods are dispatched from:

	CONSOLIDATED	
	2025 $'000	2024 $'000
Australia	54,715	50,873
United Kingdom	29,497	27,129
United States of America	2,670	6,546
	86,882	84,548

Non-current assets by Geographical regions

There are no geographical non-current assets.

Note 5. Revenue

	CONSOLIDATED	
	2025 $'000	2024 $'000
Sales revenue	86,882	84,548

All sales revenue is from sale of goods recognised at a point in time. Refer to note 4 for revenue by geographical region.

Note 6. Expenses

	CONSOLIDATED 2025 $'000	2024 $'000
Profit before income tax includes the following specific expenses:		
Administration expense		
Property costs	307	20
Subscription and licence fees	390	306
Public company specific costs	348	443
Travel	519	262
Other operating expenses	170	246
Net loss on disposal of property, plant and equipment	41	-
Total administration expense	1,775	1,277
Employee benefits and contractor expense		
Salaries and wages expense	4,284	2,989
Superannuation expense	352	240
Other employee expenses	399	219
Contractor fees	936	897
Total employee benefits and contractor expense	5,971	4,345
Share-based payments expense		
Management share options and rights	628	322

Note 7. Income tax

	CONSOLIDATED	
	2025 $'000	2024 $'000
Income tax expense		
Current tax	5,398	4,757
Deferred tax - origination and reversal of temporary differences and tax losses	265	1,299
Adjustment for prior year unders/overs	4	252
Aggregate income tax expense	5,667	6,308
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	295	1,215
Increase/(decrease) in deferred tax liabilities	(30)	84
Deferred tax - origination and reversal of temporary differences and tax losses	265	1,299
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	18,318	18,708
Tax at the statutory tax rate of 30%	5,495	5,612
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	47
US tax losses not recognised	164	391
Other non-deductible expense	8	6
Over provision in respect of prior year	-	252
Income tax expense	5,667	6,308

There is no tax asset recognised in respect to accumulated losses in the USA totalling AUD $5,447,000 (FY24: AUD $4,895,000).

Note 7. Income tax continued

	CONSOLIDATED 2025 $'000	CONSOLIDATED 2024 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Contract liabilities	212	193
Employee benefits	147	135
Other payables	439	333
Blackhole expenditure	447	896
Inventories	363	263
Leases	-	83
Deferred tax asset	1,608	1,903
Movements:		
Opening balance	1,903	3,118
Charged to profit or loss	(295)	(1,215)
Closing balance	1,608	1,903
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Lease liability	-	84
Inventories	54	-
Deferred tax liability	54	84
Movements:		
Opening balance	84	-
Charged/(credited) to profit or loss	(30)	84
Closing balance	54	84

	CONSOLIDATED 2025 $'000	CONSOLIDATED 2024 $'000
Provision for income tax		
Provision for income tax	1,432	851

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Note 8. Earnings per share

	CONSOLIDATED	
	2025 $'000	2024 $'000
Profit after income tax attributable to the owners of Step One Clothing Limited	12,651	12,400

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	185,340,291	185,340,291
Adjustments for calculation of diluted earnings per share: Options over ordinary shares	1,200,000	1,200,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	186,540,291	186,540,291

	CENTS	CENTS
Basic earnings per share	6.83	6.69
Diluted earnings per share	6.78	6.65

Rights are not dilutive. All vested rights will be satisfied through the transfer of shares from the ESOP Trust to the employee. The Trusts holds 2,917,616 shares in Step One for which the ESOP has issued 1,917,646 Rights.

Note 9. Cash and cash equivalents

	CONSOLIDATED	
	2025 $'000	2024 $'000
Current assets		
Cash at bank	18,140	18,952
Cash on deposit	-	10,000
	18,140	28,952

Cash on deposit has maturity of less than 3 months. Cash on deposit is held at Australian licensed banks.

Note 10. Inventories

	CONSOLIDATED 2025 $'000	2024 $'000
Current assets		
Stock on hand - at cost	24,204	17,883
Less: Provision for inventory obsolescence	(1,210)	(876)
	22,994	17,007
Stock in transit - at cost	2,263	1,952
	25,257	18,959

Provision for inventory obsolescence

At 30 June 2025, the provision amount was $1,210,000 (5% of stock on hand) (FY24: $876,000) (5% of stock on hand). The expense is recognised in the cost of goods sold.

Note 11. Other financial assets

	CONSOLIDATED 2025 $'000	2024 $'000
Current assets		
Term deposit	15,000	10,000

Term deposit has a maturity date of greater than 3 months. Funds are held in a licensed Australian Bank.

Note 12. Other assets

	CONSOLIDATED 2025 $'000	2024 $'000
Current assets		
Prepayments	1,502	2,163
Other current assets	42	38
	1,544	2,201

Note 13. Trade and other payables

	CONSOLIDATED	
	2025 $'000	2024 $'000
Current liabilities		
Trade payables	3,652	5,759
Sales taxes (net)	2,100	1,518
Accruals and other payables	1,676	1,730
	7,428	9,007

Refer to note 18 for further information on financial instruments.

Sales taxes (net) includes GST, VAT, Sales Tax and other similar sales and use taxes as appropriate in the jurisdictions which the Group operates in.

Note 14. Contract liabilities

	CONSOLIDATED	
	2025 $'000	2024 $'000
Current liabilities		
Deferred revenue	726	686

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $726,000 as at 30 June 2025 (FY24: $686,000) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2025 $'000	2024 $'000
Within 6 months	726	686
6 to 12 months	-	-
12 to 18 months	-	-
	726	686

The balance of $686,000 at the end of the prior reporting year was all realised in the current financial year.

Note 15. Issued capital

	CONSOLIDATED			
	2025	2024	2025	2024
	SHARES	SHARES	$'000	$'000
Ordinary shares - fully paid	185,340,291	185,340,291	52,496	52,496
Treasury shares	(2,917,646)	(2,391,731)	(2,100)	(1,571)
	182,422,645	182,948,560	50,396	50,925

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE	$'000
Balance	1 July 2023	185,340,291		52,496
Balance	30 June 2024	185,340,291		52,496
Balance	30 June 2025	185,340,291		52,496

Movements in treasury share capital

DETAILS	DATE	SHARES	Issue/ On-market purchase price	$'000
Balance	1 July 2023	(1,677,646)		(571)
Treasury shares acquired May 2024		(714,085)	$1.4003	(1,000)
Balance	30 June 2024	(2,391,731)		(1,571)
Treasury shares acquired February 2025		(525,915)	$1.0065	(529)
Balance	30 June 2025	(2,917,646)		(2,100)

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 15. Issued capital continued

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

Note 16. Reserves

	CONSOLIDATED	
	2025 $'000	2024 $'000
Foreign currency translation reserve	496	175
Share-based payments reserve	1,317	689
	1,813	864

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	FOREIGN CURRENCY TRANSLATION	SHARE-BASED PAYMENTS	TOTAL
Consolidated	$'000	$'000	$'000
Balance at 1 July 2023	114	367	481
Foreign currency translation	61	-	61
Share-based payments	-	322	322
Balance at 30 June 2024	175	689	864
Foreign currency translation	321	-	321
Share-based payments	-	628	628
Balance at 30 June 2025	496	1,317	1,813

Note 17. Dividends

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED 2025 $'000	CONSOLIDATED 2024 $'000
Current year		
Dividend of 2.8 cents per ordinary share for the year ended 30 June 2024 paid in September 2024 by Step One Clothing Limited	5,190	-
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2025	(17)	-
Interim dividend of 4.4 cents per ordinary share for the year ended 30 June 2025 paid in March 2025 by Step One Clothing Limited	8,154	-
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2025	(34)	-
Prior year		
Dividend of 5 cents per ordinary share for the year ended 30 June 2023 paid in September 2023 by Step One Clothing Limited	-	9,267
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2024	-	(36)
Interim dividend of 4 cents per ordinary share for the year ended 30 June 2024 paid in March 2024 by Step One Clothing Limited	-	7,414
Dividend received by the Step One Employee Share Trust but remaining un-distributed at 30 June 2024	-	(10)
Net dividend payment recognised in the statement of changes in equity	13,293	16,635

Franking credits

	CONSOLIDATED 2025 $'000	CONSOLIDATED 2024 $'000
Franking credits available at the reporting date based on a tax rate of 30%	9,706	11,380
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	5,587	5,475
Franking credits that will arise from the payment of dividends based on a tax rate of 30%	(5,719)	(7,149)
Franking credits available for subsequent financial years based on a tax rate of 30%	9,574	9,706

Note 18. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the Chief Financial Officer under policies approved by the Board. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and, where appropriate, hedges financial risks within the Group's operating units. The Chief Financial Officer reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

There are no outstanding forward foreign exchange contracts held at 30 June 2025 and 30 June 2024.

Exposure

The Group's exposure to foreign currency risk at end of the reporting period, expressed in Australian dollars, was as follows:

Foreign currency Denominated in AUD	30 JUNE 2025 CNY $'000	30 JUNE 2025 GBP $'000	30 JUNE 2025 USD $'000	30 JUNE 2024 CNY $'000	30 JUNE 2024 GBP $'000	30 JUNE 2024 USD $'000
Cash	11,118	2,293	53	13,340	1,291	546
Other Financial Assets	8,026	439	82	10,009	562	83
Trade Payables and Other Liabilities	(9,475)	(1,941)	(116)	(13,187)	(1,552)	(209)
Tax Payable	-	(1,469)	-	-	(1,940)	-

The aggregate net foreign exchange gain/losses recognised in profit or loss were:

	CONSOLIDATED	
	2025 $'000	2024 $'000
Net foreign exchange gain/(losses) included in other gains/(losses)	734	(650)

Note 18. Financial instruments continued

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

Credit risk

The Group is not exposed to any significant credit risk.

Generally, receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a receivable to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2025	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	7,428	-	-	-	7,428
Interest-bearing - variable						
Lease liability	-	-	-	-	-	-
Interest-bearing - fixed rate						
Lease liability	-	-	-	-	-	-
Total non-derivatives		7,428	-	-	-	7,428

Note 18. Financial instruments continued

Consolidated - 2024	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	9,007	-	-	-	9,007
Interest-bearing - variable						
Lease liability	6.09%	231	-	-	-	231
Interest-bearing - fixed rate						
Lease liability	6.09%	-	62	-	-	62
Total non-derivatives		9,238	62	-	-	9,300

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments are a reasonable approximation of their fair value.

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	CONSOLIDATED	
	2025 $	2024 $
Short-term employee benefits and contractor fees	1,646,000	1,442,500
Post-employment benefits	108,070	96,800
Short-term incentive	-	75,500
Share-based payments	75,016	170,566
Non-cash benefits	4,415	7,811
Leave not taken	56,500	40,196
Other	68,951	86,188
	1,958,952	1,919,561

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	CONSOLIDATED	
	2025 $	2024 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit and review of the financial statements	196,130	177,160
Other services - Grant Thornton Australia Limited		
Taxation compliance services	90,000	120,000
	286,130	297,160
Audit services - network firms		
Audit of the financial statements	12,000	10,626
Other services - network firms		
Taxation compliance services	36,000	34,720
	48,000	45,346

Note 21. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Note 22. Commitments

The Group has commitments of $6,971,000 as at 30 June 2025 (FY24: $8,663,000) for production orders placed.

Note 23. Related party transactions

Parent entity

Step One Clothing Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the Directors' report.

Note 23. Related party transactions continued

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2025 $	2024 $
Payment for expenses:		
Payment for accounting services from CMB Services Pty Ltd (trading as Bendigo Bookkeeping) (entity related to Gregory Taylor) (services ceased 31 December 2023)	-	84,000
Payment for digital advertising services from The Fable Clothing Pty Ltd (entity related to Gregory Taylor)	120,000	120,000
Payment for legal and commercial services from Reddie Lawyers (entity related to Michael Reddie). Services from Reddie Lawyers commenced 1 September 2023. Amounts shown here are also disclosed in the Remuneration Report.	288,000	240,000

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2025 $'000	2024 $'000
Profit after income tax	16,648	27,132
Total comprehensive income	16,648	27,132

Statement of financial position

	PARENT	
	2025 $'000	2024 $'000
Total current assets	27,852	44,354
Total assets	48,811	45,595
Total current liabilities	1,423	1,590
Total liabilities	1,490	1,718
Net assets	47,321	43,877
Equity		
Issued capital	52,496	52,449
Treasury shares	(2,100)	(1,525)
Foreign currency translation reserve	(23)	(13)
Share-based payments reserve	1,317	689
Accumulated losses	(4,369)	(7,723)
Total equity	47,321	43,877

Profit includes dividend income of $16,501,000 (FY24: $32,144,000) and an impairment expense of nil (FY24: $4,994,000) on receivables from the USA . The Company remains confident in its USA growth strategy, however the timing and rate of recovery is not certain.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024. The parent entity will not call intercompany receivables if that would result in the subsidiary being insolvent.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Note 24. Parent entity information continued

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		OWNERSHIP OR CONTROL %	
NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	2025 %	2024 %
Step One Clothing Australia Pty Ltd	Australia	100%	100%
Step One Production Pty Ltd	Australia	100%	100%
Step One Clothing UK Limited	United Kingdom	100%	100%
Step One Clothing USA Inc	United States of America	100%	100%
Step One Employee Share Trust*	Australia	100%	100%

* On 6 March 2023, the Group established the Step One Employee Share Trust (the 'Trust') for the purposes of managing its employee share ownership plans ('ESOPs'). The Trustee is Pacific Custodians Pty Limited (ACN 009 268 866). Whilst the Group has no legal ownership of the Trust, it is controlled by the Group and is therefore consolidated. Dividends received by the Trust which are not distributed to beneficiaries are offset against the dividend payment made by the Group.

Note 26. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	CONSOLIDATED	
	2025 $'000	2024 $'000
Profit after income tax expense for the year	12,651	12,400
Adjustments for:		
Depreciation and amortisation	335	241
Share-based payments	628	322
Foreign currency differences	-	(120)
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	469	(362)
(Increase)/decrease in inventories	(6,298)	4,367
Decrease in deferred tax assets	295	1,215
Decrease/(increase) in prepayments	661	(1,563)
(Decrease)/increase in trade and other payables	(1,489)	4,760
Increase/(decrease) in contract liabilities	40	(655)
Increase/(decrease) in provision for income tax	581	(153)
(Decrease)/increase in deferred tax liabilities	(30)	84
Increase in employee benefits	158	71
Decrease in other provisions	-	(1,860)
Decrease in other operating liabilities	-	(88)
Net cash from operating activities	8,001	18,659

Non-cash investing and financing activities

	CONSOLIDATED	
	2025 $'000	2024 $'000
Additions to the right-of-use assets	-	439

Note 26. Cash flow information continued

Changes in liabilities arising from financing activities

Consolidated	LEASE LIABILITIES $'000
Balance at 30 June 2024	293
Net cash used in financing activities	(293)
Acquisition of leases	-
Balance at 30 June 2025	-

Note 27. Share-based payments

Options

No options were granted in the current or the previous financial year.

Set out below are summaries of options granted under various plans:

2025							
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	FORFEITED	BALANCE AT THE END OF THE YEAR
30/06/2021	30/06/2031	$1.1713	900,000	-	-	-	900,000
06/10/2021	30/06/2031	$1.1713	300,000	-	-	-	300,000
			1,200,000	-	-	-	1,200,000
Weighted average exercise price			$1.2433	$0.0000	$0.0000	-	$1.1713

The exercise price was $1.3333 at grant date and is reduced by the value of dividend payments totalling $ 0.1620 made since grant date and up to 30 June 2025.

2024							
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	FORFEITED	BALANCE AT THE END OF THE YEAR
30/06/2021	30/06/2031	$1.2433	900,000	-	-	-	900,000
06/10/2021	30/06/2031	$1.2433	300,000	-	-	-	300,000
			1,200,000	-	-	-	1,200,000
Weighted average exercise price			$1.3333	$0.0000	$0.0000	-	$1.2433

Set out below are the options exercisable at the end of the financial year:

GRANT DATE	VESTING ELIGIBILITY DATE	EXPIRY DATE	2025 NUMBER	2024 NUMBER
30/06/2021	30/06/2024	30/06/2031	900,000	900,000
06/10/2021	06/10/2024	30/06/2031	300,000	300,000

Note 27. Share-based payments continued

The weighted average remaining contractual life of options outstanding at the end of the financial year was 6 years (FY24: 7 years).

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values.

Rights

Set out below are summaries of rights granted under various plans:

2025							
GRANT DATE	VESTING ELIGIBILITY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
17/11/2022	17/11/2025	$0.0000	957,646	-	-	-	957,646
20/02/2024	30/06/2026	$0.0000	450,000	-	-	-	450,000
30/06/2024	30/06/2026	$0.0000	250,000	-	-	-	250,000
30/06/2024	30/06/2027	$0.0000	130,000	-	-	-	130,000
12/11/2024	12/11/2027	$0.0000	-	130,000	-	-	130,000
			1,787,646	130,000	-	-	1,917,646
Weighted average exercise price			$0.0000	$0.0000	-	-	$0.0000

2024							
GRANT DATE	VESTING ELIGIBILITY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
17/11/2022	17/11/2025	$0.0000	957,646	-	-	-	957,646
01/05/2023	01/05/2026	$0.0000	360,000	-	-	(360,000)	-
29/05/2023	29/05/2026	$0.0000	360,000	-	-	(360,000)	-
20/02/2024	30/06/2026	$0.0000	-	450,000	-	-	450,000
30/06/2024	30/06/2026	$0.0000	-	250,000	-	-	250,000
30/06/2024	30/06/2027	$0.0000	-	130,000	-	-	130,000
			1,677,646	830,000	-	(720,000)	1,787,646
Weighted average exercise price			$0.0000	$0.0000	-	-	$0.0000

Note 27. Share-based payments continued

Key terms of plans

A comparison of the key terms of the Share Plans are:

	OPTIONS	RIGHTS
Quantity on issue at 30 June 2025	1,200,000	1,917,646
Grant dates	30 June 2021 6 October 2021	17 November 2022 20 February 2024 30 June 2024 12 November 2024
Vesting period	3 years from date of grant	2 to 3 years from date of grant
Early vesting	Early vesting is at Board discretion	Early vesting is at Board discretion
Vesting condition	Employed at conclusion of vesting period	Employed at conclusion of vesting period
Term	Expiry 10 years after grant	Expiry 10 years after grant
Re-organisation	Adjusted to eliminate material advantage/disadvantage, at Board discretion	Adjusted to eliminate material advantage/disadvantage, at Board discretion
Dividend and capital return	Adjusted strike price	Subject to Board discretion. It is intended to pass through dividends received on shares held in the employee share trust to the participants after they have been employed for 12 months.
Change of control	Vesting at Board discretion	Intended to be fully vested, but remains at Board discretion.
Clawback	In specified circumstances including material breach of obligations, fraud or dishonesty.	In specified circumstances including material breach of obligations, fraud or dishonesty.
Dilution	Yes, on vesting, shares are to be issued.	Yes, however all rights at 30 June 2025 have been purchased on-market and have been held in trust. There is no dilution impact at 30 June 2025.

Employee Share Ownership Plan

Step One established an ESOP for the management of the Rights based equity remuneration. Step One contracted with Pacific Custodians Pty Limited (Trustee) to manage the issue of equity to ESOP participants. During FY25, the Trustee purchased 525,915 shares on market for a total cost of $529,349 (FY24 purchases was 714,085 shares on market for a total cost of $999,913). The value of these shares is deducted from Contributed Capital in the Group's Balance Sheet. It is intended that Dividends and other Capital returns received by the Trust be passed through to the participants, although this will remain at Board discretion at each declaration.

Note 28. Events after the reporting period

Apart from the dividend of 2.4 cents per share declared on 20 August 2025, no other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2025

ENTITY NAME	ENTITY TYPE	TRUSTEE, PARTNER, OR PARTICIPANT IN JOINT VENTURE	PLACE FORMED / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST %	TAX RESIDENCY	FOREIGN TAX JURISDICTION(S) OF FOREIGN RESIDENTS
Step One Clothing Limited	Body corporate	n/a	Australia	n/a	Australia	n/a
Step One Clothing Australia Pty Ltd	Body corporate	n/a	Australia	100%	Australia	n/a
Step One Production Pty Ltd	Body corporate	n/a	Australia	100%	Australia	n/a
Step One Clothing UK Limited	Body corporate	n/a	United Kingdom	100%	Australia*	n/a
Step One Clothing USA Inc	Body corporate	n/a	United States of America	100%	Australia***	United States of America
Step One Employee Share Trust**	Trust	n/a	Australia	n/a	Australia	n/a

* The UK entity is centrally managed and controlled from Australia. In accordance with Australian and United competent authority request signed off jointly by His Majesty's Revenue and Customs Authority (HMRC) (UK's Tax Office) and Australian Tax Office (ATO).

** On 6 March 2023, the Group established the Step One Employee Share Trust (the 'Trust') for the purposes of managing its employee share ownership plans ('ESOPs'). The Trustee is Pacific Custodians Pty Limited (ACN 009 268 866). Whilst the Group has no legal ownership of the Trust, it is controlled by the Group and is therefore consolidated. Dividends received by the Trust which are not distributed to beneficiaries are offset against the dividend payment made by the Group.

*** The USA entity is centrally managed and controlled from Australia and is therefore an Australian tax resident in accordance with Australian tax legislation. However, it is also a dual tax resident of the United States of America as there is no tie-breaker provision.

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

- **Australian tax residency**

  The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

- **Foreign tax residency**

  Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

DIRECTORS' DECLARATION

30 June 2025

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct at 30 June 2025.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

David Gallop AM
Chair

Gregory Taylor
Director and Chief Executive Officer

20 August 2025
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEP ONE CLOTHING LIMITED

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor's Report

To the Members of Step One Clothing Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Step One Clothing Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Note 2 and Note 5	
For the year ended 30 June 2025, the Group recognised revenue of $86.882m from sale of goods. Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. The Group recognises revenue at an amount that reflects the consideration to which they expect to be entitled in exchange for transferring goods to a customer. Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery and the performance obligation is satisfied in accordance with AASB 15. Given the Group recognises revenue when they make a delivery to customers, to ensure revenue is recognised appropriately, an assessment is required at the end of the reporting period for all orders shipped but not yet delivered. This area is a key audit matter due to the judgement involved in this assessment, and the daily volume of transactions.	Our procedures included, amongst others: • Obtaining a detailed understanding of the underlying processes for revenue recognition, through discussion with individuals across the organisation and review of relevant documentation; • Assessing the design and implementation of relevant controls in relation to accounting for revenue; • Utilising data analytics to risk profile revenue transactions throughout the year, identifying and testing transactions which are higher risk; • Vouching a sample of revenue transactions throughout the period to source documents that verifies the occurrence of revenue in line with AASB 15 and the accuracy of the amounts recorded during the year; • Validating management's assessment of the orders shipped but not yet delivered (contract liabilities) at year-end; • Reviewing management's assessment of the refund liability and right-of-return asset based on customer terms and percentage of actual returns during the year; and • Assessing whether the disclosures in the financial statements are appropriate and in accordance with the Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Step One Clothing Limited, for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

CGangemi

C S Gangemi
Partner – Audit & Assurance

Melbourne, 20 August 2025

Grant Thornton Audit Pty Ltd

SHAREHOLDER INFORMATION
30 June 2025

The shareholder information set out below was applicable as at 30 July 2025.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	ORDINARY SHARES		OPTIONS OVER ORDINARY SHARES		PERFORMANCE RIGHTS OVER ORDINARY SHARES	
	NUMBER OF HOLDERS	% OF TOTAL SHARES ISSUED	NUMBER OF HOLDERS	% OF TOTAL SHARES ISSUED	NUMBER OF HOLDERS	% OF TOTAL SHARES ISSUED
1 to 1,000	781	0.23	-	-	-	-
1,001 to 5,000	982	1.40	-	-	-	-
5,001 to 10,000	453	1.89	-	-	-	-
10,001 to 100,000	783	12.93	-	-	8	2.61
100,001 and over	98	83.55	2	100.00	9	97.39
	3,097	100.00	2	100.00	8	100.00
Holding less than a marketable parcel	546	-	-	-	-	-

SHAREHOLDER INFORMATION continued

30 June 2025

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Dallard Road Pty Ltd & Greg Taylor	107,327,144	57.91
Faraday Capital Pty Ltd & Michael Reddie	4,617,794	2.49
Citicorp Nominees Pty Limited	3,150,864	1.70
HSBC Custody Nominees (Australia) Limited	2,985,760	1.61
Pacific Custodians Pty Limited (Employee Share Plan)	2,917,646	1.57
J P Morgan Nominees Australia Pty Limited	2,427,301	1.31
BNP Paribas Nominees (NZ) Ltd	2,035,332	1.10
Barrijag Investments Pty Limited	1,931,000	1.04
Warren Super Nominees Pty Ltd	1,592,000	0.86
Warbont Nominees Pty Ltd	1,326,496	0.72
Jjna No 2 Pty Ltd	1,250,000	0.67
Bentleys (QLD) Advisory Pty Ltd	1,235,000	0.67
Hancroft Pty Ltd	1,177,000	0.64
Barrijag Pty Limited	1,133,812	0.61
Grayson Nominees Pty Ltd (Grayson Investments A/C)	1,000,000	0.54
BNP Parbibas Nominees Pty Ltd	858,518	0.46
UBS Nominees Pty Ltd	603,671	0.33
KTAP Pty Ltd	550,000	0.30
Damost Pty Ltd (Jessiman Super Fund A/C)	530,000	0.29
Francis Connolly Holdings Pty Ltd	522,573	0.28
	139,171,911	75.10
Shares on issue	-	-

Unquoted equity securities

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options over ordinary shares issued	1,200,000	2
Performance rights	1,917,646	9

Options and performance rights have been issued under employee share schemes.

Substantial holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Dallard Road Pty Ltd (entity related to Greg Taylor)	107,327,144	57.91

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

There are no restricted securities at 30 June 2025.

There is no on-market buy-back.

Securities subject to voluntary escrow

Securities purchased on-market during the reporting period to satisfy the entitlements of the holders of options or rights to acquire securities granted under an Employee Share Scheme

Number of Securities Purchased (Ordinary Fully Paid Shares):	2,917,646
Average Price paid per security:	$0.7198

This page has been intentionally left blank

CORPORATE DIRECTORY

30 June 2025

Directors	David Gallop AM - Chair	Appointed 6 October 2021
	Gregory Taylor - Chief Executive Officer	Appointed 6 January 2017
	Richard Dennis	Appointed 6 October 2021
	Michael Reddie	Appointed 6 October 2021
	Catherine Thompson	Appointed 6 October 2021
Company secretary	William Hundy, MUFG Corporate Governance	
Notice of annual general meeting	The annual general meeting of Step One Clothing Limited will be held on Wednesday 12 November 2025. Further details will be provided with the Notice of Meeting.	
Registered office	C/- MUFG Corporate Governance Liberty Place Level 41 161 Castlereagh Street Sydney NSW 2000	
Share register	Liberty Place Level 41 161 Castlereagh Street Sydney NSW 2000	
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008	
Financial Reporting Specialists	Financial Reporting Specialists PO Box Q133 Queen Victoria Building Sydney NSW 1230	
Solicitor	Herbert Smith Freehills Level 34 161 Castlereagh Street Sydney NSW 2000	
Banker	HSBC Bank Australia Limited Level 1 271 Collins Street Melbourne VIC 3000	
Stock exchange listing	Step One Clothing Limited shares are listed on the Australian Securities Exchange (ASX code: STP)	
Website	www.stepone.group (for investors) www.stepone.life (for customers)	
Corporate Governance Statement	The Directors and management are committed to conducting the business of Step One Clothing Limited in an ethical manner and in accordance with the highest standards of corporate governance. Step One Clothing Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at: https://www.stepone.group/investor-centre/?page=corporate-governance	

STEP ONE™