

1. Company details

Name of entity:	Step One Clothing Limited
ABN:	34 616 696 318
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	11.7% to	38,076
Loss from ordinary activities after tax attributable to the owners of Step One Clothing Limited	down	183.6% to	(3,816)
Loss for the half-year attributable to the owners of Step One Clothing Limited	down	183.6% to	(3,816)

Dividends

On 30 September 2021, prior to the initial public offering, a dividend of \$4,800,000 was paid, representing 3.2 cents per ordinary share.

Comments

The loss for the Group after providing for income tax amounted to \$3,816,000 (31 December 2020: profit of \$4,564,000).

On 1 November 2021, the Company successfully listed on the Australian Securities Exchange ('ASX') with the code STP.

Refer to the Review of operations 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	<u>26.06</u>	<u>5.70</u>
Net tangible assets per ordinary security, has been calculated as follows:		
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Net assets	48,346	8,557
Less: Intangibles	<u>(53)</u>	<u>(13)</u>
Net tangible assets	<u>48,293</u>	<u>8,544</u>
	Number	Number
Total shares issued	<u>185,340,291</u>	<u>150,000,000</u>

Total shares issued in the comparative period has been adjusted to reflect the Company's share split from 1,000 ordinary shares into 150,000,000 ordinary shares that occurred on 16 August 2021.

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 or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

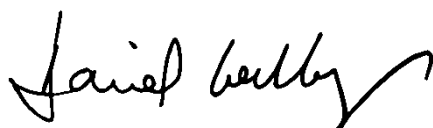
10. Attachments

Details of attachments (if any):

The Interim Report of Step One Clothing Limited for the half-year ended 31 December 2021 is attached.

11. Signed

Approved for release by the Board of Directors



Signed _____

Date: 22 February 2022

David Gallop AM
Chair
Surry Hills

Step One Clothing Limited

(Formerly known as Step One Clothing Pty Ltd)

ABN 34 616 696 318

Interim Report - 31 December 2021

Step One Clothing Limited
Contents
31 December 2021

STEP ONE

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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 it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

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

David Gallop AM - Chair	Appointed 6 October 2021
Gregory (Greg) Taylor - Chief Executive Officer	
Richard Dennis	Appointed 6 October 2021
Michael Reddie	Appointed 6 October 2021
Catherine Thompson	Appointed 6 October 2021

Principal activities

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

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Pre-IPO dividend of 3.2 cents per ordinary share	4,800	-

Review of operations

The loss for the Group after providing for income tax amounted to \$3,816,000 (31 December 2020: profit of \$4,564,000).

Revenue for the financial half-year was \$38,076,000 (31 December 2020: \$34,085,000), an increase of 11.7% on the previous corresponding period ('pcp'). Geographically, growth was 9.6% in Australia and 2.8% in the United Kingdom, while revenue of \$1,444,000 was derived from commencing operations in the United States of America.

Step One attracted over 7,100,000 (31 December 2020: 5,000,000) website visits with an average conversion rate of 6.3% (31 December 2020: 8.1%).

There were 193,000 first-time customers in the period bringing the total to over 918,000. Customer retention remains high, with over 60% of orders being placed by returning customers. The average order frequency during the financial half-year was approximately 1.47x (total orders in the period/total unique customers who ordered in the period). Over 20 limited editions (including five Christmas colours) (31 December 2020: seven) were released in the half which resonated strongly with the existing customers. Limited editions represented over 30% of revenue (31 December 2020: approximately 11%).

The loss for the Group after providing for income tax amounted to \$3,816,000 (31 December 2020: profit of \$4,564,000). The loss includes costs associated with the Australian Securities Exchange ('ASX') listing and capital raise of \$3,927,000 (\$2,749,000 after tax), share-based payments of \$6,076,000 (31 December 2020: \$2,967,000) (not deductible for tax) in connection with the phantom share units, and the cost to settle a legal dispute of \$394,000 (\$276,000 after tax). These costs are considered one-off.

Significant changes in the state of affairs

On 16 August 2021, the Board of Directors approved the splitting of the Company's shares from 1,000 ordinary shares into 150,000,000 ordinary shares.

On 7 October 2021, the Company changed from a proprietary company, Step One Clothing Pty Ltd, to a public company, Step One Clothing Limited.

On 1 November 2021, the Company successfully listed on the ASX with the code STP.

The Company raised \$81,310,000 pursuant to the offer under its Prospectus dated 8 October 2021, by the issuance of 53,143,791 shares at \$1.53 per share, of which 27,000,000 founder shares were sold at \$1.53 per share amounting to \$41,310,000. The net proceeds raised therefore amounted to \$40,000,000 and will be used to support the Group's growth strategies, including growing its existing customer base in Australia and the United Kingdom and investing in establishing a presence in the United States of America.

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

Rounding of amounts

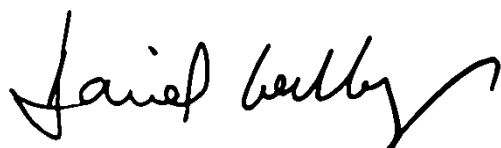
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain 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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



David Gallop AM
Chair

22 February 2022
Sydney



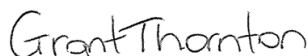
Greg Taylor
Director and Chief Executive Officer

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 review of Step One Clothing Limited for the half-year ended 31 December 2021, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A C Pitts
Partner – Audit & Assurance

Melbourne, 22 February 2022

Step One Clothing Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

STEP ONE

		Consolidated	
	Note	31 Dec 2021	31 Dec 2020
		\$'000	\$'000
Sales revenue		38,076	34,085
Cost of goods sold		(6,424)	(6,094)
Gross margin		31,652	27,991
Interest income calculated using the effective interest method		-	11
Other income		-	63
Expenses			
Advertising and marketing expense		(14,930)	(12,378)
Distribution and fulfilment expense		(4,415)	(3,057)
Employee benefits and contractor expenses		(1,399)	(417)
Share-based payment expense	5	(6,505)	(2,967)
Depreciation and amortisation expense		(3)	-
Merchant and transaction fees		(947)	(736)
Net foreign exchange loss		(394)	(74)
Professional, legal and insurance fees		(1,194)	(328)
Listing and capital raise fees		(3,927)	-
Administration expense		(469)	(385)
Profit/(loss) before income tax expense		(2,531)	7,723
Income tax expense		(1,285)	(3,159)
Profit/(loss) after income tax expense for the half-year attributable to the owners of Step One Clothing Limited		(3,816)	4,564
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		222	(68)
Other comprehensive income for the half-year, net of tax		222	(68)
Total comprehensive income for the half-year attributable to the owners of Step One Clothing Limited		(3,594)	4,496
		Cents	Cents
Basic earnings per share	12	(2.36)	3.04
Diluted earnings per share	12	(2.36)	3.04

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

Step One Clothing Limited
Statement of financial position
As at 31 December 2021

STEP ONE

		Consolidated	
	Note	31 Dec 2021	30 Jun 2021
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	38,686	10,845
Inventories	7	17,537	9,731
Derivative financial instruments		-	134
Related party receivables		-	3,409
Other assets		631	1,303
Total current assets		<u>56,854</u>	<u>25,422</u>
Non-current assets			
Property, plant and equipment		2	2
Intangibles		53	56
Deferred tax asset		2,692	1,322
Total non-current assets		<u>2,747</u>	<u>1,380</u>
Total assets		<u>59,601</u>	<u>26,802</u>
Liabilities			
Current liabilities			
Trade and other payables		8,469	8,652
Contract liabilities		817	2,620
Income tax		1,742	3,265
Employee benefits		165	34
Other financial liability	8	-	8,000
Total current liabilities		<u>11,193</u>	<u>22,571</u>
Non-current liabilities			
Deferred tax liability		39	201
Employee benefits		23	2
Total non-current liabilities		<u>62</u>	<u>203</u>
Total liabilities		<u>11,255</u>	<u>22,774</u>
Net assets		<u>48,346</u>	<u>4,028</u>
Equity			
Issued capital	9	52,533	1
Reserves	10	575	173
Retained profits/(accumulated losses)		<u>(4,762)</u>	<u>3,854</u>
Total equity		<u>48,346</u>	<u>4,028</u>

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

Step One Clothing Limited
Statement of changes in equity
For the half-year ended 31 December 2021

STEP ONE

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	1	10	4,294	4,305
Adjustment for correction of error (note 3)	-	-	(244)	(244)
Balance at 1 July 2020 - restated	1	10	4,050	4,061
Profit after income tax expense for the half-year	-	-	4,564	4,564
Other comprehensive income for the half-year, net of tax	-	(68)	-	(68)
Total comprehensive income for the half-year	-	(68)	4,564	4,496
Balance at 31 December 2020	1	(58)	8,614	8,557

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2021	1	173	4,817	4,991
Adjustment for correction of error (note 3)	-	-	(963)	(963)
Balance at 1 July 2021 - restated	1	173	3,854	4,028
Loss after income tax expense for the half-year	-	-	(3,816)	(3,816)
Other comprehensive income for the half-year, net of tax	-	222	-	222
Total comprehensive income for the half-year	-	222	(3,816)	(3,594)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	52,532	-	-	52,532
Share-based payments	-	180	-	180
Dividends paid (note 11)	-	-	(4,800)	(4,800)
Balance at 31 December 2021	52,533	575	(4,762)	48,346

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

Step One Clothing Limited
Statement of cash flows
For the half-year ended 31 December 2021

STEP ONE

	Consolidated	
Note	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST/VAT)	40,818	36,767
Payments to suppliers and employees (inclusive of GST/VAT)	(42,138)	(24,692)
Interest received	-	11
Income taxes paid	(3,702)	(1,093)
	<u>(5,022)</u>	<u>10,993</u>
Net cash from/(used in) operating activities		
	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Proceeds from issue of shares	9 40,000	-
Proceeds/(repayments) to related parties	3,409	(2,652)
Share issue transaction costs	(5,800)	-
Dividends paid	11 (4,800)	-
	<u>32,809</u>	<u>(2,652)</u>
Net cash from/(used in) financing activities		
	<u>27,787</u>	<u>8,341</u>
Net increase in cash and cash equivalents	10,845	6,735
Cash and cash equivalents at the beginning of the financial half-year	54	173
Effects of exchange rate changes on cash and cash equivalents	<u>38,686</u>	<u>15,249</u>
Cash and cash equivalents at the end of the financial half-year		

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

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 half-year. Step One Clothing Limited and its subsidiaries 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 is:

Level 5, 69-75 Reservoir Street
Surry Hills NSW 2010

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 22 February 2022. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

Note 3. Restatement of comparatives

Correction of error

The Group has identified a potential overclaim of GST credits resulting from the incorrect application of GST rules to imported digital products and services. In addition, share-based payment expense in respect of the Group's issue of phantom share units ('PSU') were adjusted to correctly reflect the impact of the issue in the comparative period.

Note 3. Restatement of comparatives (continued)

The impact on the profit for the half-year ended 31 December 2020 is as follows:

	Consolidated 31 Dec 2020 \$'000
Profit after income tax expense for the half-year ended 31 December 2020 - as previously stated	7,814
Increase in advertising and marketing costs due to potential GST overclaim	(405)
Income tax benefit as a result of potential GST overclaim	122
Share-based payment expense - PSU	(2,967)
Adjustment to comparative profit	(3,250)
Profit after income tax expense for the half-year ended 31 December 2020 - as restated	<u>4,564</u>

The impact on equity is as follows:

	1 July 2020	31 December 2020	1 July 2021
Balance as previously stated	4,305	12,051	4,991
Increase in GST payable	(158)	(563)	(1,376)
Reduction in Income tax	47	169	413
Increase other financial liabilities for change in share-based payment expense - PSU	(133)	(3,100)	-
	<u>(244)</u>	<u>(3,494)</u>	<u>(963)</u>
Balance as restated	<u>4,061</u>	<u>8,557</u>	<u>4,028</u>

As at 31 December 2021, the Group has recognised a liability of \$1,859,780 (30 June 2021: \$1,375,651) relating to this matter. The Group has commenced discussion with the Australian Taxation Office regarding resubmission of historic Business Activity Statements and settlement of the outstanding GST liability.

Reclassification

Certain line items in profit or loss have been realigned to be consistent with the current period presentation. There has been no impact on net profit or net assets.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment: online retail sales. The determination of this operating segment is based on the internal reports that are reviewed and used by the Chief Executive Officer and Chief Financial Officer (who are identified as the Chief Operating Decision Makers ('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.

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 delivered. All sales revenue is from sale of goods recognised at a point in time.

Note 4. Operating segments (continued)

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Australia (including export sales)	25,601	23,358
United Kingdom	11,031	10,727
United States of America	1,444	-
	<u>38,076</u>	<u>34,085</u>

Note 5. Expenses

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Share-based payment expense</i>		
Phantom share units ('PSU') liability revaluation prior to settlement	5,770	2,967
Payment under the terms of the PSU	306	-
Management share options	180	-
Directors' shares issued in lieu of fees	249	-
	<u>6,505</u>	<u>2,967</u>

Note 6. Cash and cash equivalents

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
<i>Current assets</i>		
Cash on hand	1	1
Cash at bank	11,685	10,844
Cash on deposit	27,000	-
	<u>38,686</u>	<u>10,845</u>

Note 7. Inventories

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
<i>Current assets</i>		
Stock on hand - at cost	14,703	6,441
Less: Provision for inventory obsolescence	(70)	(70)
	<u>14,633</u>	<u>6,371</u>
Stock in transit - at cost	<u>2,904</u>	<u>3,360</u>
	<u>17,537</u>	<u>9,731</u>

Note 8. Other financial liability

Consolidated
31 Dec 2021 30 Jun 2021
\$'000 \$'000

Current liabilities

Other financial liability - phantom share units	-	8,000
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On 12 March 2020, the Group issued 60 phantom share units ('PSU') to a non-employee participant. The PSU had fully vested on the effective date of the agreement, being 12 March 2020. As such, there were no vesting conditions.

The PSU entitled the participant to a contingent right to receive amounts from the Group based on amounts received by shareholders on an exit event as determined in the agreement.

On 1 November 2021, the liability was settled by the issuance of 9,000,000 shares at \$1.53 each, totalling \$13,770,000.

The increase in the fair value of the liability was expensed to profit or loss as a share-based payment. The agreement provided for payment of an amount equal to a dividend and was also expensed to profit or loss as a share-based payment. Refer to note 5 for further details.

Note 9. Issued capital

	Consolidated			
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>185,340,291</u>	<u>1,000</u>	<u>52,533</u>	<u>1</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	1,000		1
Share split*	16 August 2021	149,999,000	\$0.00	-
Shares issued in lieu of directors' fees	1 November 2021	196,500	\$1.27	249
Issue of shares on IPO	1 November 2021	53,143,791	\$1.53	81,310
Founder share sell-down on IPO	1 November 2021	(27,000,000)	\$1.53	(41,310)
Issue of shares on settlement of PSU liability (note 8)	1 November 2021	9,000,000	\$1.53	13,770
Less: share issue transaction costs		-		(1,487)
Balance	31 December 2021	<u>185,340,291</u>		<u>52,533</u>

* On 16 August 2021, the Company's shares were split from 1,000 ordinary shares to 150,000,000 ordinary shares.

Note 10. Reserves

Consolidated
31 Dec 2021 30 Jun 2021
\$'000 \$'000

Foreign currency translation reserve	395	173
Share-based payments reserve	180	-
	<u>575</u>	<u>173</u>

Note 10. Reserves (continued)

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 financial half-year are set out below:

Consolidated	Foreign currency translation reserve \$'000	Share-based payment reserve \$'000	Total \$'000
Balance at 1 July 2021	173	-	173
Foreign currency translation	222	-	222
Share-based payments	-	180	180
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	<u>395</u>	<u>180</u>	<u>575</u>

Note 11. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2021 \$'000	31 Dec 2020 \$'000
Pre-IPO dividend of 3.2 cents per ordinary share	<u>4,800</u>	<u>-</u>

Note 12. Earnings per share

	Consolidated 31 Dec 2021 \$'000	31 Dec 2020 \$'000
Profit/(loss) after income tax attributable to the owners of Step One Clothing Limited	<u>(3,816)</u>	<u>4,564</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>161,716,075</u>	<u>150,000,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>161,716,075</u>	<u>150,000,000</u>
	Cents	Cents
Basic earnings per share	(2.36)	3.04
Diluted earnings per share	(2.36)	3.04

2,100,000 options have been excluded from the diluted earnings per share calculation as they were anti-dilutive.

Note 12. Earnings per share (continued)

The weighted average number of ordinary shares for 31 December 2020 has been restated for the effect of the share split completed in August 2021, in accordance with AASB 133 'Earnings per share'.

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	1,000
Adjustment required by AASB 133 'Earnings per share'	<u>149,999,000</u>
Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement)	<u><u>150,000,000</u></u>

Note 13. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021 and 30 June 2021.

Note 14. Events after the reporting period

On 17 January 2022, the Group announced that it had expanded its product range with the launch of a women's innerwear line in Australia and the United Kingdom.

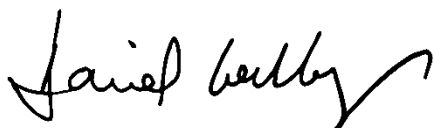
No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Gallop AM
Chair



Greg Taylor
Director and Chief Executive Officer

22 February 2022
Sydney

Independent Auditor's Review Report

To the Members of Step One Clothing Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Step One Clothing Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Step One Clothing Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Step One Clothing Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



A C Pitts
Partner – Audit & Assurance

Melbourne, 22 February 2022