

STEP ONE™

# FY23 RESULTS PRESENTATION

24 AUGUST 2023

Greg Taylor, CEO and Founder  
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# AGENDA

- 01 FY23 Results Highlights
- 02 FY23 Results Overview
- 03 FY23 Financial Summary
- 04 Market Context and Strategy
- 05 Outlook
- 06 Questions



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# FY23 Results Highlights

Profitable with a strong balance sheet

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**Revenue**  
\$65.2m

Down 9.7% vs pcp

**Gross Margin**  
80.7%

Down 1.3% vs pcp

**Dividend**  
5 cents per share

Confidence in  
our future

**FSC® Certification**  
FSC® C183245

End-to-end supply  
chain certification

**EBITDA**  
\$12.0m

18.4% of revenue  
Up 33.1% vs proforma  
pcp<sup>2</sup>

**Cash**  
\$38.3m

Up 11.9% from Jun 22

**Average order value  
(AOV)<sup>1</sup>**  
\$89.49

Up 19% vs pcp

**Customers**  
1,358,000

257,000  
New customers

1. sold revenue, excluding Amazon sales

2. includes proforma adjustments in comparative periods, details of which are provided on page 32. There are no proforma adjustments in FY23.

# **FY23 RESULTS OVERVIEW**



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# FY23 Operational Highlights

Making better use of what we have

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## PRODUCT

- Introduction of new **core colour range** for Men and Women
- Introduced **new Women's Bikini Brief**
- Continued **Limited Edition Colour Drops** (LECs) at a slowed release rate
- Acknowledging inventory build-up and pursuing **rationalisation**

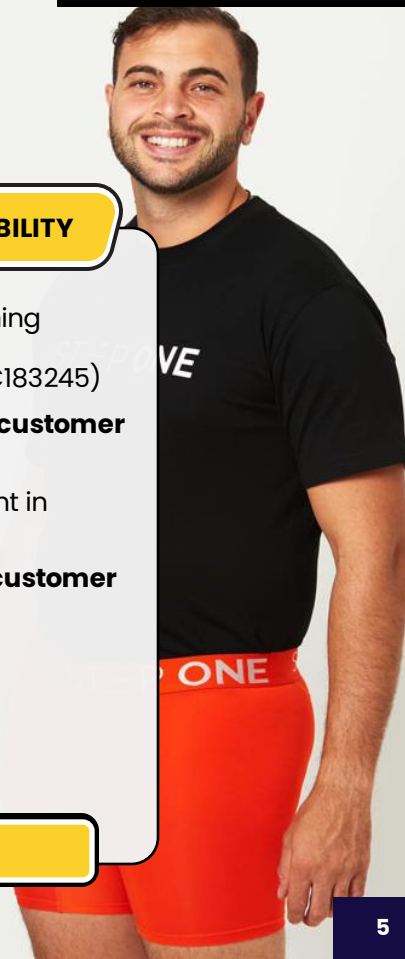
## MARKETING

- **Channel expansion**, including partnership with Amazon
- **Targeted campaigns** to disengaged customers
- Improved **upsell** offer and increased cart size
- **Tailoring of content** and channel to each market
- Increasing focus on **customer recruitment**

## PROCESSES / CAPABILITY

- **First** Australian Clothing company with **FSC® certification** (FSC® C183245)
- Improved use of the **customer database**
- Continued investment in **capability**
- Improving focus on **customer advocacy**

Our purpose – enriching lives through daily comfort



# Our Markets

A tailored strategy for each region

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## AUSTRALIA

### Focus areas:

- Clear messaging **'what problem does Step One solve'** in all advertising
- **Reduced customer recruitment** spending when return was low
- **Local activations** – **in-real-life** activations – product sampling
- **Expanded Women's** product range
- **Expanded channels** with Amazon
- **Fewer LEC colour drops**, with focus on core colour range, whilst maintaining fun naming of the colours we do release



## UK

### Focus areas:

- **Back to basics** by centralising marketing to reduce cost and to redirect spending
- **Local activations** – old school giveaways to enable **in-real-life** product testing
- **Building partnerships** to expand customer reach and brand credibility
- **UK specific influencer marketing** including Gaz Beadle and Joe Marler
- **Expanded Women's** product range
- **Expanded channels** with Amazon
- **Fewer LEC colour drops**, with focus on core colour range, whilst maintaining country specific drops



## USA

### Focus areas:

- **Appointment of local agency** to manage marketing content generation and channel management
- Focus on **lower cost customer acquisition channels** even if growth takes longer
- **Imposed stronger cost disciplines** during the scale phase
- **Fewer LEC colour drops**, with focus on core colour range, whilst maintaining country specific drops



**Our product appeal is universal –  
but our strategy for each market requires a nuanced approach**

# Step One for Women

Expanding our Women specific product range

- Introduction of the Women's line in January 2022 resulted in our addressable market doubling in size
- Moving forward we have sought and received feedback on expanding our product lines and enhancing customer choices
- First product extension was Bikini briefs launched in March 2023 with a further extension expected late 2023
- Additional product lines will provide more choice, with an underwear product suitable for each occasion
- Modifying our communication to suit this broader audience with new website and marketing optimisation for Women's journey

**INITIAL LAUNCH**



**Women's  
Boxer Brief**

**SECOND DROP**

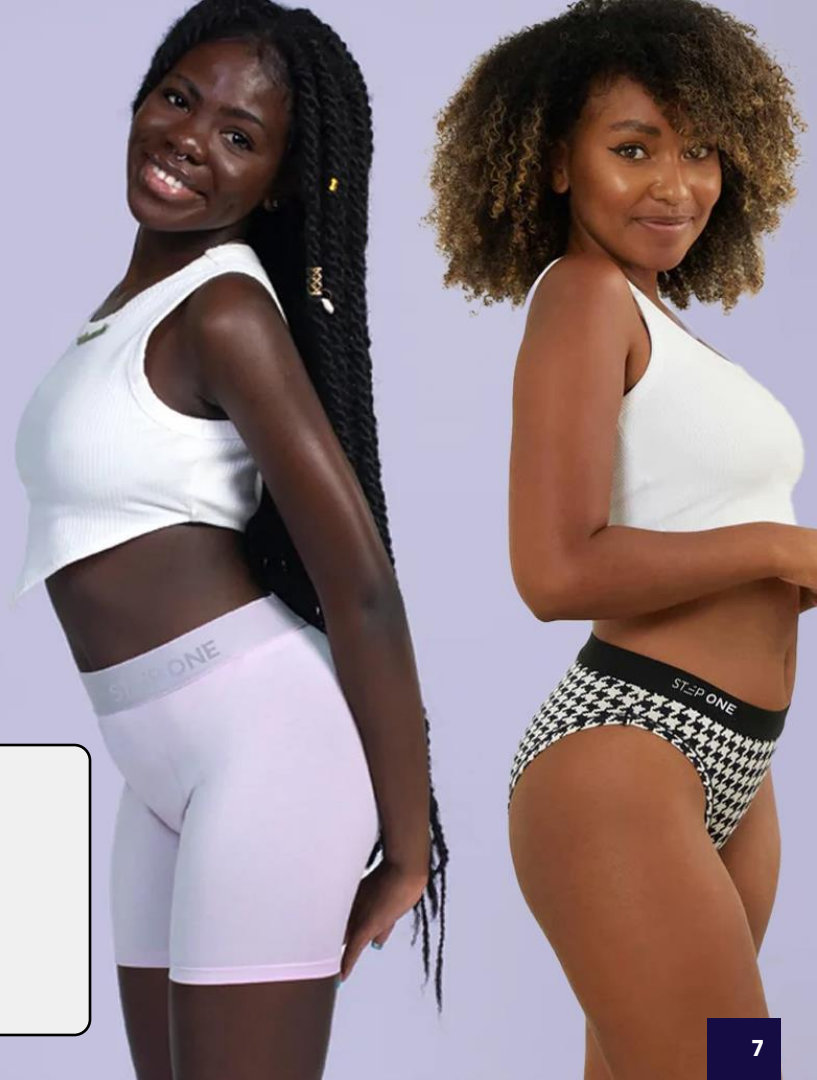


**Women's  
Brief**

**NEW**



**Women's  
Seam Free**



# Step One for Men

Our product solves a problem

- Continued attention to our Men's product offering, which makes up 89% of sales. We reduced our colour release cadence, but we still have fun naming them
- Something for everyone with a sizes ranging from XS to 6XL, styles and of course a range of colours to suit many purposes/events and individual personality
- Created to solve the problems of traditional underwear with functional features to:
  - Stop chafing
  - Stops ride-up – avoiding the need for constant readjustment
  - Removes sweat – keep comfortable and fresher for longer
- Product features resonate with customers globally, however the way we engage with them is tailored to each region
- Once you try them on, you won't go back! With 63% return rate our customer recruitment challenge is to ensure we create the opportunity for new customers to try a pair

## MEN'S SHAPES



**Boxer Briefs  
(Longer)**



**Trunk + Juniors  
(Shorter)**



**Boxer Briefs  
+ Fly**

## WINTER



## SPORTS



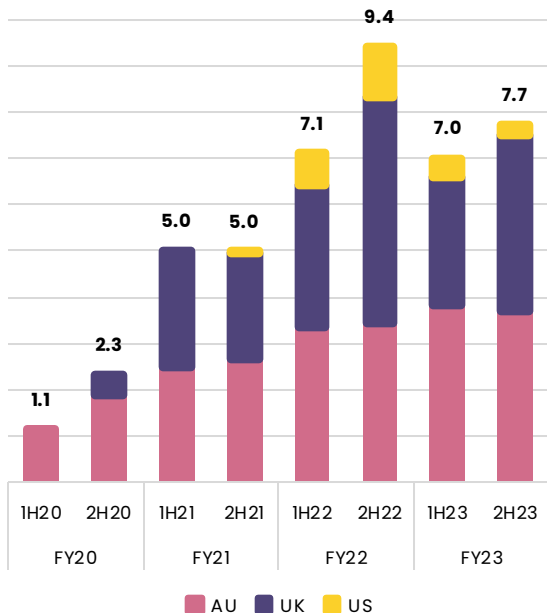


# Strong Online Engagement

High conversion rates and continued customer database growth

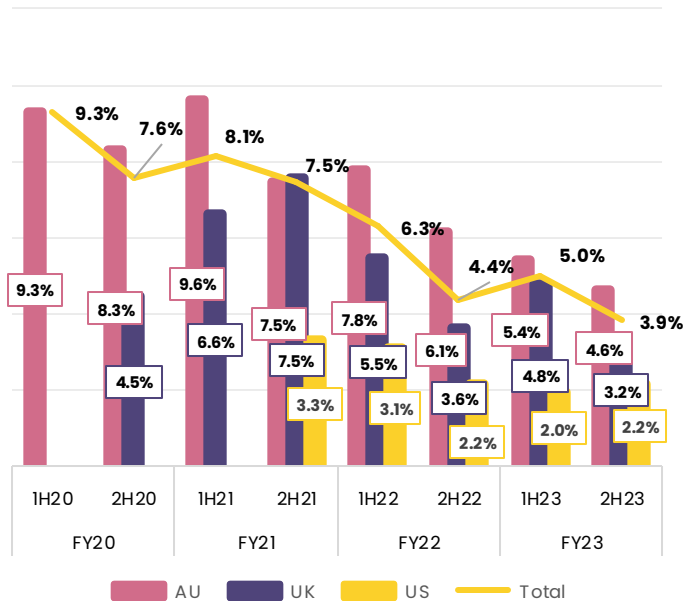
## WEBSITE TRAFFIC

6 months, M, excl Amazon



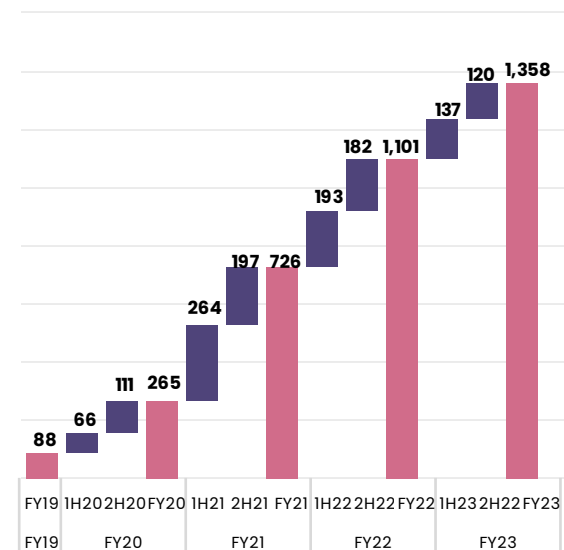
## AVERAGE CONVERSION RATE

6 months, % excl Amazon



## CUSTOMER DATABASE GROWTH

6 months, #'000, excl Amazon

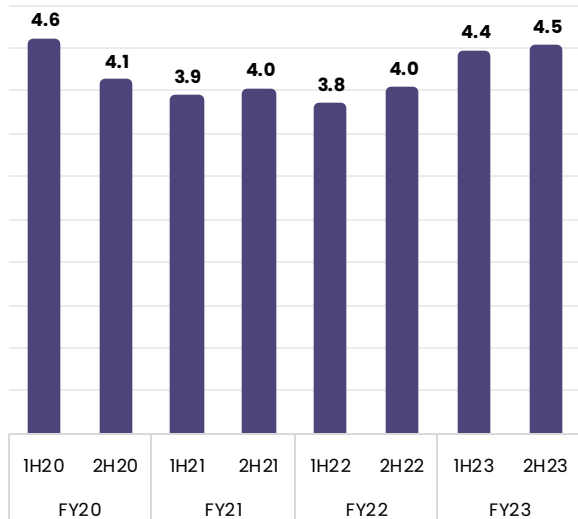


# Value proposition remains strong

AOQ has increased indicating customer value proposition remains with customers who know the product

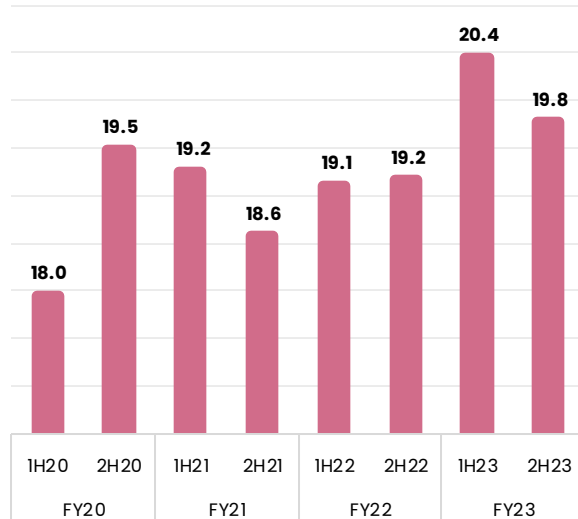
## AVERAGE QUANTITY PER ORDER (AOQ)

6 months, #/order, excl Amazon



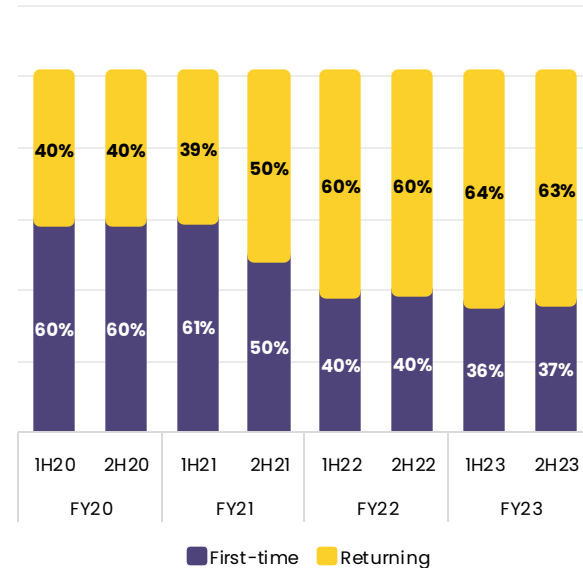
## AVERAGE REVENUE PER ITEM (PRICE)

6 months, \$AUD/item, excl Amazon



## CUSTOMER MIX<sup>1</sup>

6 months, #/order, excl Amazon

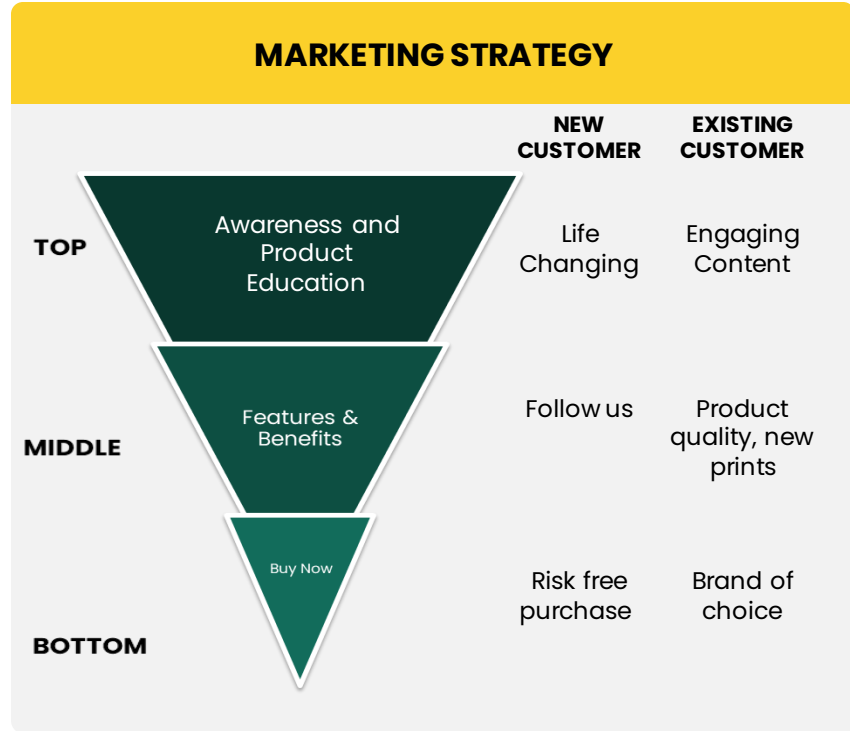


Source: Shopify

**1. Returning customer:** a customer who has at any point in time made a purchase based on order date. **New or First-time customer:** a customer who has not previously made a purchase based on order date

# Importance of DTC model

Driving brand awareness while continuing to engage with loyal following  
Marketing costs are not locked in to allow a pivot when required



### MARKETING CHANNELS

- TV AND PR (awareness)**  
- SOCIAL MEDIA (engagement)**  
- ORGANIC CONTENT (social proof)**  
- EMAIL AND MESSAGING (urgency)**  
- PAID DIGITAL (conversion)**  



# **FY23 FINANCIAL SUMMARY**



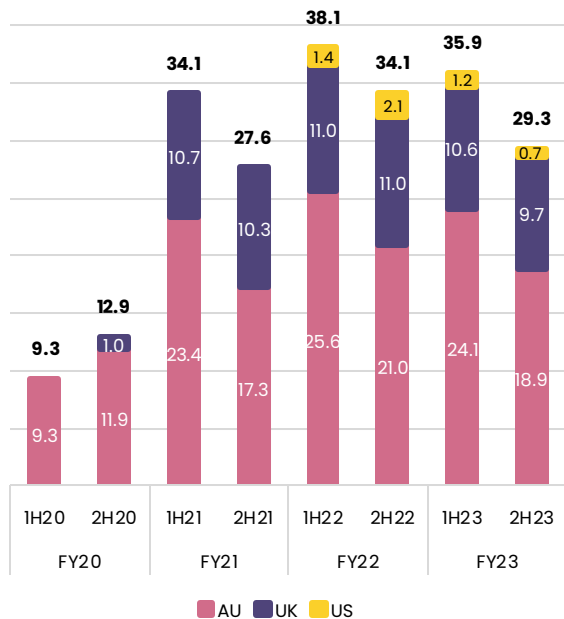
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# Financial Highlights

Strong revenue and attractive gross profit margins in a difficult market

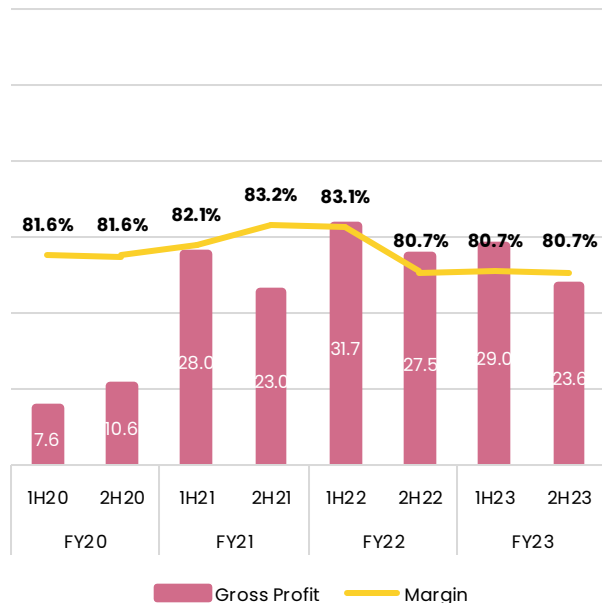
## SALES REVENUE

6 months, \$M



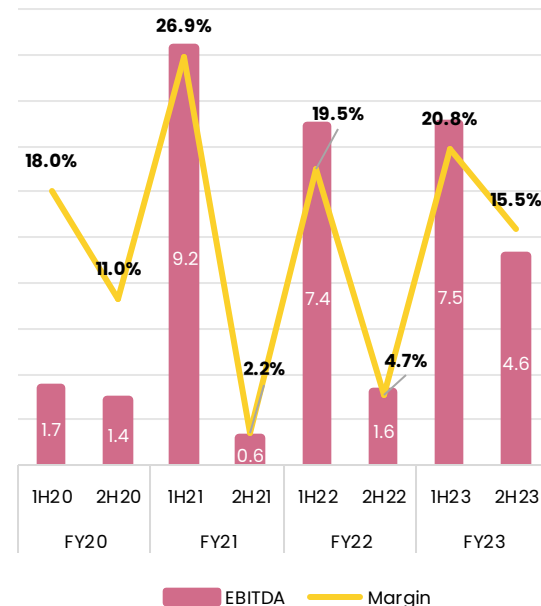
## GROSS PROFIT

6 months, \$M/%



## PROFORMA EBITDA<sup>1</sup>

6 months, \$M/%



1. Includes proforma adjustments in comparative periods, details of which are provided on page 32. There are no proforma adjustments in FY23.

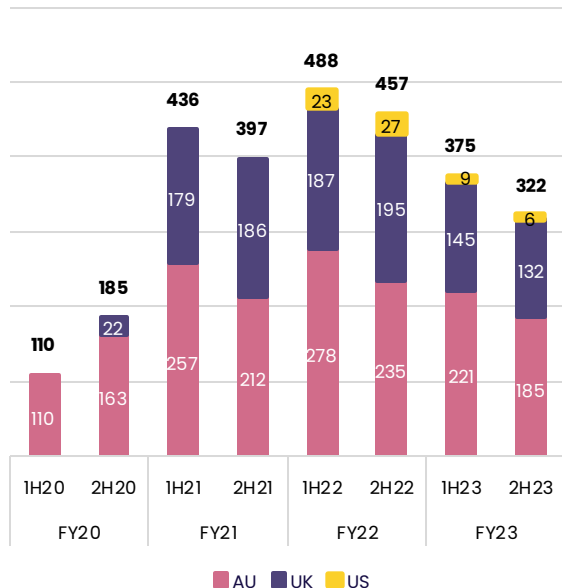
# Strong Operational Metrics



Strong returning customer order rates demonstrates trust in our product

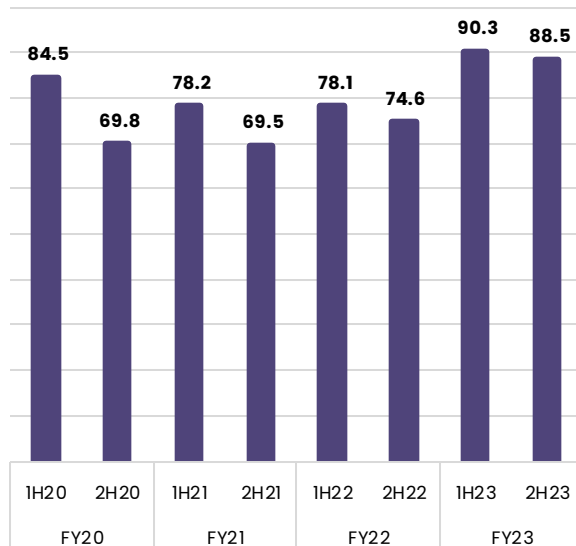
## CUSTOMER ORDERS<sup>1</sup>

6 months, #'000, excl Amazon



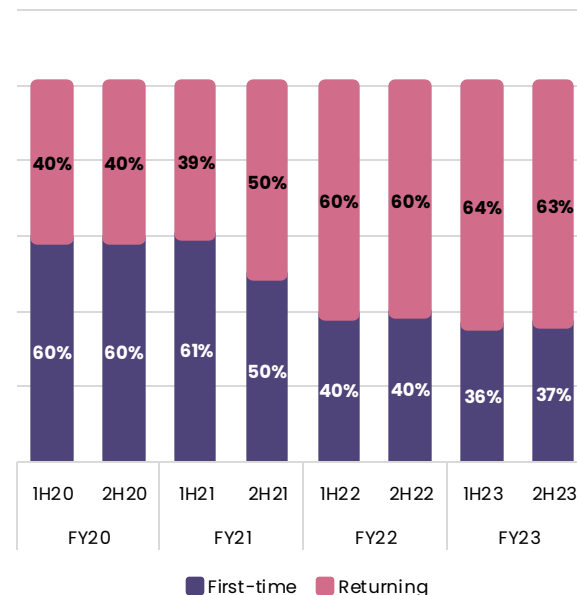
## AVERAGE ORDER VALUE (AOV)<sup>2</sup>

6 months, \$ per Order, excl Amazon



## CUSTOMER MIX<sup>3</sup>

6 months, #/order, excl Amazon



Source: Shopify

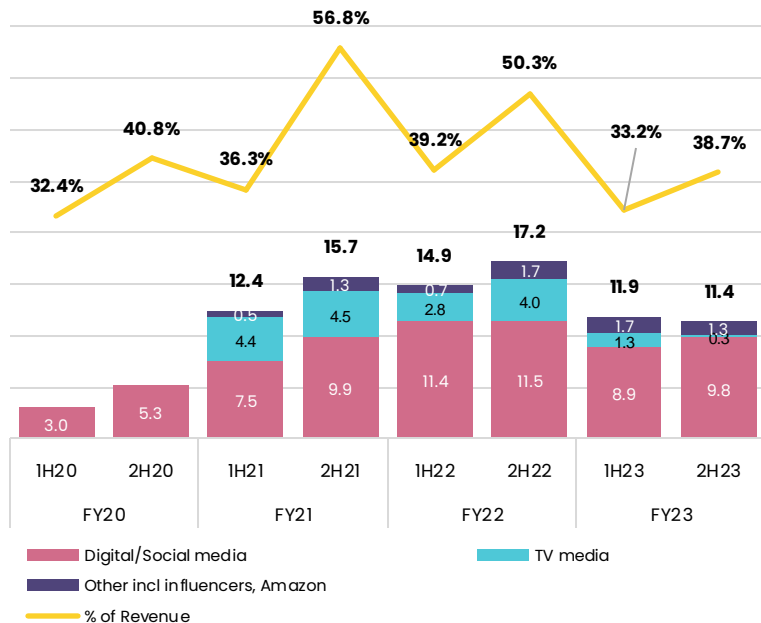
1. Based on Sold Orders/Revenue in period, which excludes period end revenue recognition adjustments 2. AOV reflects the average dollar amount spent each time a customer places an order on the Step One website based on order date. 3. **Returning customer:** a customer who has at any point in time made a purchase based on order date. **New or First-time customer:** a customer who has not previously made a purchase based on order date

# Strong Operational Metrics

Marketing and advertising key to growing the business

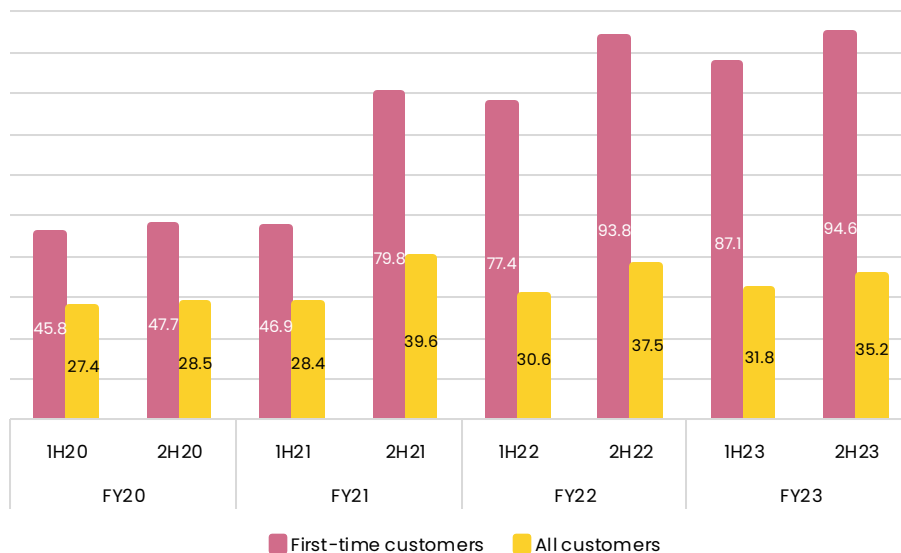
## ADVERTISING<sup>1,2</sup>

6 months, \$M/% of Revenue



## COST TO ACQUIRE CUSTOMERS<sup>1,2,3,4</sup>

6 months, \$ per customer order, excluding Amazon



Source: Management Accounts, Shopify

1. Adjusted retrospectively for proforma adjustments detailed on page 32, 2. 1H20 and 2H20 advertising 100% allocated to social media as split not available 3. The total advertising and marketing costs divided by the total number of customer orders based on order date 4. The total advertising and marketing costs divided by the new / first-time customer orders based on order date.

# Income Statement

	FY23	FY22 <sup>1</sup>	Movement	
	\$'000	\$'000	\$'000	%
Australia	43,006	46,596	(3,590)	-7.7%
UK	20,367	22,044	(1,678)	-7.6%
USA	1,811	3,547	(1,736)	-48.9%
<b>Revenue</b>	<b>65,184</b>	<b>72,187</b>	<b>(7,003)</b>	<b>-9.7%</b>
Cost of sales	(12,580)	(13,014)	434	-3.3%
<b>Gross profit</b>	<b>52,604</b>	<b>59,173</b>	<b>(26,569)</b>	<b>-11.1%</b>
Gross Margin %	80.7%	82.0%		-1.3pcp
Advertising & marketing <sup>1</sup>	(23,266)	(32,089)	8,824	-27.5%
Advertising as percent of revenue	35.7%	44.5%		-8.8pcp
Distribution & fulfilment	(8,324)	(8,846)	522	-5.9%
Distribution as percent of revenue	12.8%	12.3%		0.5pcp
Merchant and transaction fees	(2,162)	(1,857)	(305)	16.4%
Transaction fees as % of Revenue	4.1%	3.1%		1.0pcp
<b>Contribution profit</b>	<b>18,852</b>	<b>16,381</b>	<b>2,471</b>	<b>15.1%</b>
Contribution as percent of revenue	28.9%	22.7%		6.2pcp
<b>Overhead<sup>1</sup></b>	<b>(6,829)</b>	<b>(7,348)</b>	<b>519</b>	<b>-7.1%</b>
<b>EBITDA<sup>1</sup></b>	<b>12,023</b>	<b>9,033</b>	<b>2,990</b>	<b>33.1%</b>
EBITDA as % of Revenue	18.4%	12.5%		5.9pcp
<b>PBT</b>	<b>12,438</b>	<b>9,039</b>	<b>3,399</b>	<b>37.6%</b>
Income tax expense	(3,822)	(3,712)	(101)	3.0%
<b>Proforma NPAT</b>	<b>8,616</b>	<b>5,327</b>	<b>3,289</b>	<b>61.7%</b>
Proforma expense adjustments	0	(9,313)	9,313	-100.0%
Proforma tax adjustments	0	983	(983)	-100.0%
<b>Statutory NPAT / (NLAT)</b>	<b>8,616</b>	<b>(3,003)</b>	<b>11,619</b>	<b>386.9%</b>

## COMMENTARY

- Revenue declined 9.7% on pcp
- Gross margin declined 1.3% from pcp, however, is consistent with the 80.7% level in 1H23. Nonetheless, this remains a strong gross margin
- Advertising was 35.8% of revenue, representing a decrease on the 44.5% level in the pcp. This results from a focus on improving spend efficiency over the period
- Cost pressure on global logistics and distribution costs remain
- Other costs support business growth including capability

1. Comparative information includes proforma adjustments per page 32.



# Balance Sheet

	As at	As at	Variance	
	30 June 2023	30 June 2022	\$'000	%
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	38,313	34,104	4,209	12.3%
Trade and other receivables	619	80	539	673.8%
Inventories	23,326	25,383	(2,057)	-8.1%
Other assets	1,248	1,093	155	14.2%
	<b>62,887</b>	<b>60,580</b>	<b>2,307</b>	<b>3.8%</b>
<b>Non-current Assets</b>				
Property, plant and equipment	74	19	55	289.5%
Intangibles	45	50	(5)	-10.0%
Deferred tax assets	3,118	2,569	549	21.4%
	<b>3,237</b>	<b>2,638</b>	<b>599</b>	<b>22.7%</b>
<b>Total assets</b>	<b>66,124</b>	<b>63,218</b>	<b>2,906</b>	<b>4.6%</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables and GST	6,149	12,075	(5,926)	-49.1%
Contract liabilities	1,341	1,507	(166)	-11.0%
Income tax payable	1,300	779	521	66.9%
Employee benefits	231	197	34	17.3%
	<b>9,021</b>	<b>14,558</b>	<b>5,537</b>	<b>-38.0%</b>
<b>Non-current Liabilities</b>				
Employee benefits	30	19	11	57.9%
	30	19	11	57.9%
<b>Total Liabilities</b>	<b>9,051</b>	<b>14,577</b>	<b>(5,526)</b>	<b>-37.9%</b>
<b>Net Assets</b>	<b>57,073</b>	<b>48,641</b>	<b>8,432</b>	<b>17.3%</b>
<b>EQUITY</b>				
Issued capital	52,496	52,496	0	0.0%
Treasury Shares	(571)		(571)	0.0%
Reserves	481	94	387	411.7%
Retained profits/(accumulated losses) – pre-IPO	(4,762)	(4,762)	0	0.0%
Retained profits/(accumulated losses)	9,429	813	8,616	-1059.8%
<b>Total Equity</b>	<b>57,073</b>	<b>48,641</b>	<b>8,432</b>	<b>17.3%</b>

## COMMENTARY

- Strong cash of \$38.3m with no debt
- Step One's inventory reduced \$2.1m however \$1.0m of this was due to increased level of provisioning for obsolescence. While inventory is not perishable or seasonal, the provision is required to assist in a reduction of the SKU range.
- Step One reduced the placement of new production orders reflecting a desire to reduce inventory levels overall.
- Trade payables reduced \$7.3m as production orders were reduced and have since been delivered and paid for.
- Step One remains a capital light business model

# Cash Flow Statement

	FY23	FY22	Variance	
	\$'000	\$'000	\$'000	%
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST/VAT)	73,288	80,204	(6,916)	-9.4%
Payments to suppliers and employees (inclusive of GST/VAT)	(65,234)	(83,061)	17,827	-27.3%
	<b>8,054</b>	<b>(2,857)</b>	<b>10,911</b>	<b>-135.5%</b>
Interest received	443	165	278	-62.8%
Income taxes paid	(3,850)	(5,957)	2,107	-54.7%
<b>Net cash from/(used in) operating activities</b>	<b>4,647</b>	<b>(8,649)</b>	<b>13,296</b>	<b>286.1%</b>
<b>Cash flows from investing activities</b>				
Purchases of equipment	(77)	(19)	(58)	-75.3%
Net cash from/(used in) investing activities	(77)	(19)	(58)	-75.3%
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	0	40,000	(40,000)	0.0%
Proceeds/(repayments) to related parties	0	(306)	306	0.0%
Share issue transactions costs	0	(6,027)	6,027	0.0%
Dividends paid	0	(4,800)	4,800	0.0%
Repayment of borrowings		3,409	(3,409)	0.0%
ESOP Shares	(571)	0	(571)	100.0%
<b>Net cash from/(used in) financing activities</b>	<b>(571)</b>	<b>32,276</b>	<b>(32,847)</b>	<b>5752.5%</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,999</b>	<b>23,608</b>	<b>(19,609)</b>	<b>-490.3%</b>
Cash and cash equivalents at the beginning of the financial year	34,104	10,741	23,363	-68.5%
Effects of exchange rate changes on cash and cash equivalents	210	(245)	455	216.7%
<b>Cash and cash equivalents at the end of the financial year</b>	<b>38,313</b>	<b>34,104</b>	<b>4,209</b>	<b>11.0%</b>

## COMMENTARY

- Cash receipts reduced in line with revenue reduction
- Cash outflows were favourably impacted by a reduction in operating costs, including advertising, offset by payments to suppliers that resulted in reduced trade payables
- Shares were purchased on-market by the ESOP trustee to satisfy the future obligations under the Share Plan.
- Capital light business model

# MARKET STRATEGY



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# Strategy

Global growth opportunity

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## MARKET SIZE<sup>1</sup>

### Every person needs underwear

- USA \$6.2b
- UK \$1.5b
- AU \$0.6b

That's just the men. The women's market is bigger

## CAPITAL LIGHT

### Low capital invested

- **Ownership of Brand**, designs, and personality
- **Specialists** manage manufacturing, warehousing and logistics ensuring high quality and lowest cost
- Class leading SaaS systems support the operation

## PARTNERSHIPS

### Engage in partnerships

- Grow brand presence on established **Market places** and access a large customer pool
- Evaluate other online or retail **partnerships** on their commercial merits and alignment in areas including customer service and ESG
- Establish partnerships with organisation with large employee or membership base

## PRODUCT ADJACENCIES

**Natural adjacencies** to men's underwear including:

- **Expand target customer** incl a broader range of Women's products
- **Expand product range** within the innerwear category

**Customers want our product – we just have to let them know it's available and get it in their hands**

# Business Model

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Step One is built on an innovative product and customer engagement model with a strong ESG focus

## 1. PRODUCT

### Functional Product Features

- UltraGlyde™ panels
- Elastic 3D pouch
- Organically grown Eco-Cert Bamboo

## 2. MARKETING & PARTNERSHIPS

### Strategic & Direct

- **In-house capability** producing video, content & marketing
- Skills managing **content localisation** or local production
- Intelligent management of **paid media, social media & influencer** channels
- Partnerships to expand customer reach



## 4. ESG FOCUS

### Transparent production process

- **FSC® certification** of supply chain
- **Organically grown** Bamboo from responsible sources
- Strict **ethical manufacturing** across supply chain
- **Minimise** carbon footprint

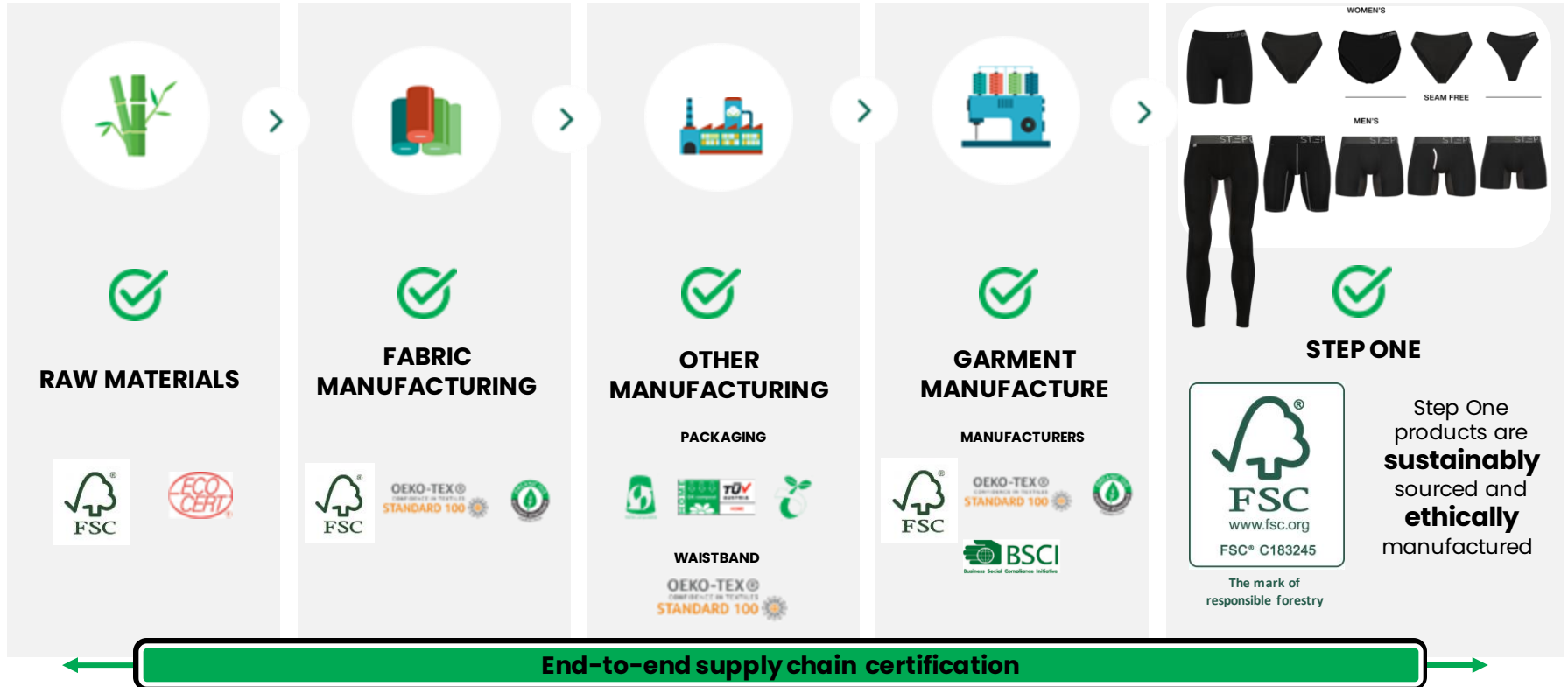
## 3. CUSTOMER 1st APPROACH

### Strong Customer Conversion & Retention

- **30-Day First Pair Guarantee** which allows a full refund on a first purchase
- **Free shipping** available
- **12-month** manufacturing warranty
- **Rapid** customer service response

# Sustainable and Ethical Supply chain

Our ESG credentials are baked into our entire product lifecycle, from inception to delivery  
Step One is the first Australian clothing label to be certified by the FSC®



1. Certification of the Step One brand applies only to new product produced post certification in late 2022. Certification is subject to annual compliance audits.

**LOOKING  
FORWARD**



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# Looking forward

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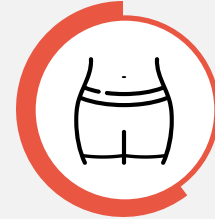
Step One will seek profitable growth



**Profitable growth**



**Expanding the customer funnel**



**Expanding our range**



**Investing in capability and product innovation**



**Continuous improvement in customer experience**



**Expanding sales channels and marketplaces**



# Thank You! Q+A

Browse our product range on [www.stepone.life](http://www.stepone.life) while we are talking

4.7

14,624 reviews<sup>1</sup>



PRODUCT REVIEW  
.COM.AU

4.5

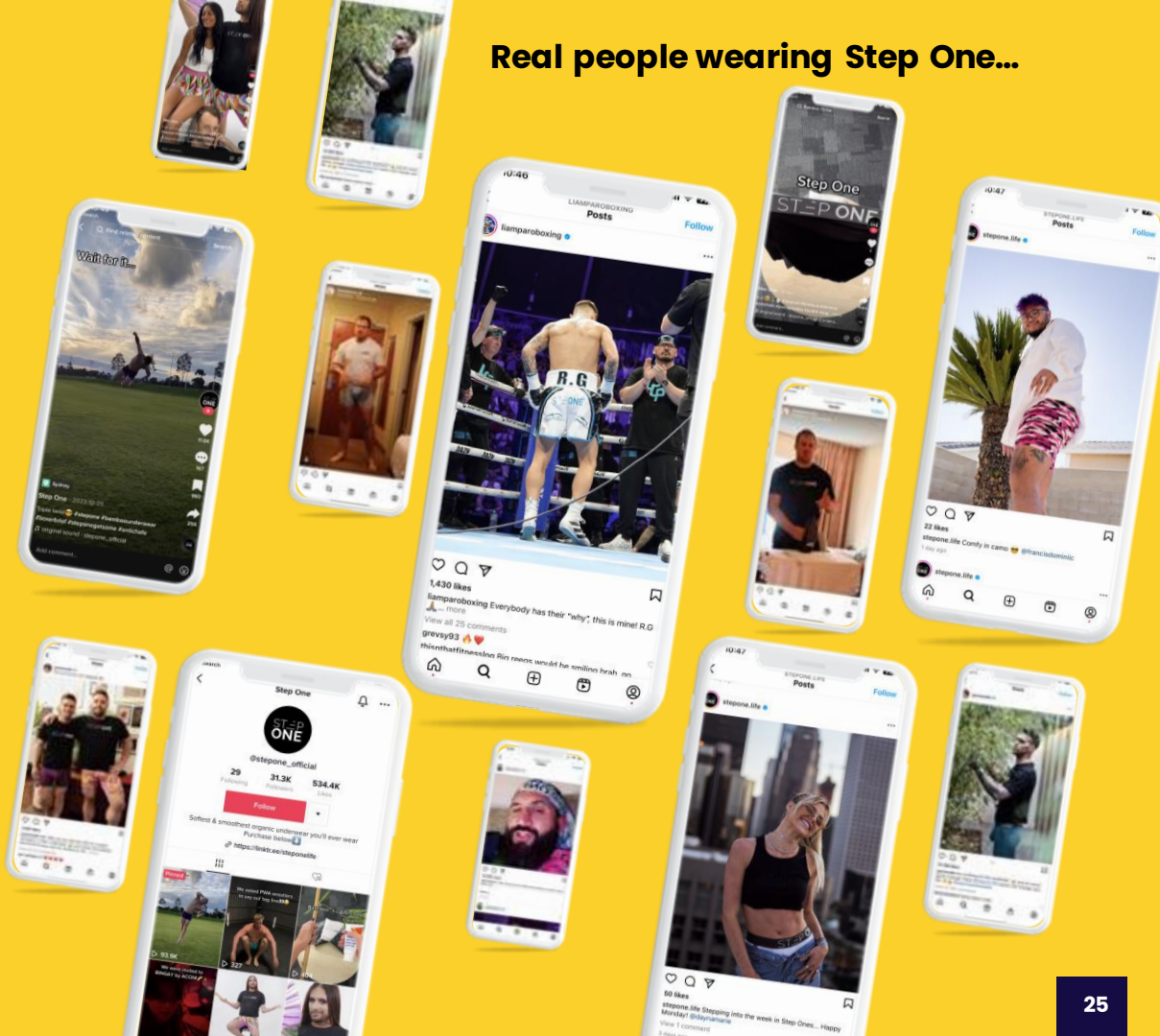
20,899 reviews<sup>1</sup>



Trustpilot

1. Customer reviews taken from respective websites as at 17 August 2023.

Real people wearing Step One...



# APPENDIX



STEP ONE™

# Product Features

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Step One underwear is design focused – with UltraGlyde™ panels, comfort pouches, and comfortable organically grown Bamboo – it has revolutionised the underwear market for all genders

## 3D CROTCH PANEL

- Hidden **3D Elastic Pouch** keeps 'the boys' supported
- Less skin to leg contact reduces sweat and maintains comfort
- Elastic stretches to fit any man regardless of size

## BAMBOO FABRIC

- **Wicks away sweat** and has excellent breathing qualities
- Organically grown bamboo plantations (eco-cert)
- Naturally irrigated & no pesticides used during growth

## ULTRAGLYDE™ PANELS

- **Reduces friction, reduces chafing** and reduces the dreaded ride up
- Ensures maximum comfort as thighs glide

## SOFT AND SUPPORTIVE

- Construction from single piece of fabric
- **Luxurious feel from** breathable fabric
- Soft and supportive waistband
- No visible panty line (VPL)

# A Brief History of Step One

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



**STEP ONE IS BORN**  
Idea, Product Dev  
& 1<sup>st</sup> Order



**IT'S A SELL OUT**  
Video = 1M Views  
Sell Out 5,000 pairs  
Re-order 20,000 pairs



**PRODUCTION GROWS**  
A 2<sup>nd</sup> manufacturing relationship established to accommodate customer demand



**SCALE + COMPOSTABLE PACKAGING & ESG FOCUS**  
Move to 3PL (Outsourced Logistics)



**HELLO UK!**  
UK market testing followed by full launch



**HELLO US!**  
Following a testing phase Step One is set to launch in the US  
**DIVERSIFYING SUPPLY**  
Additional manufacturing partner in Vietnam



**WOMEN'S LAUNCH**  
New product range for women based on existing female demand

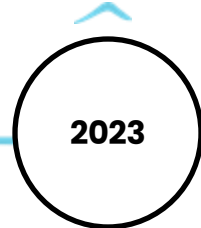
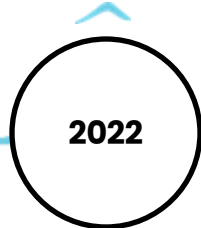
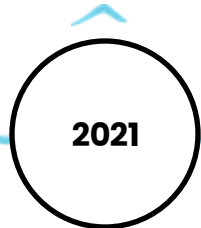
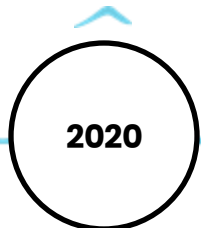
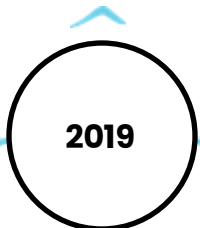
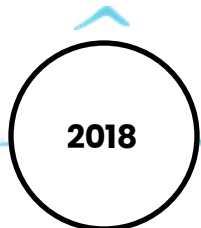
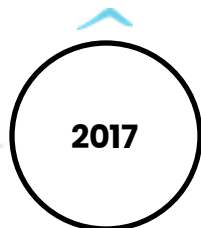


**FSC®**  
1<sup>st</sup> clothing company in Australia to be FSC certified

**AMAZON**  
Listed on Amazon in AU, UK and US

**NEW PRODUCTS & DESIGN**  
Thermals launched & patterns introduced to range

**NEW PRODUCTS**  
Launched sports range



# Flexible Production Cycle

STEP ONE

A highly flexible production cycle which can be managed to meet demand

Production facilities in China and Vietnam:

- Maintain **flexibility** across production cycle
- **Mitigate risk** of disruption in one of the jurisdictions
- **Support continued growth** of the business

Delays in global export logistics are affecting shipping, offloading & transfer to warehouse, putting pressure on days to market for colour releases. FY23 saw improvements in shipping times, which are expected to improve further in FY24



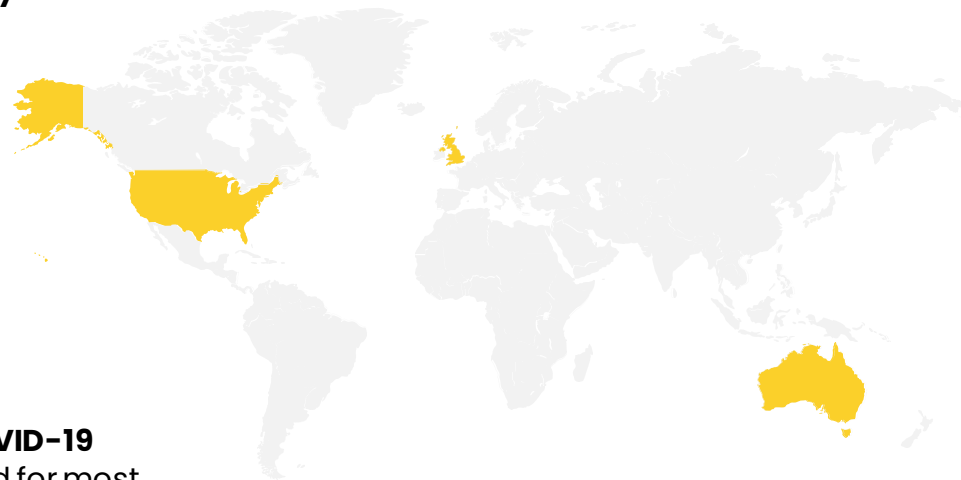
- **Flexible production cycle** that allows us to amend the order throughout the process right up to export

1. Worldwide air freight delivery timeline of 7-12 days normally available if required

# Local Distribution

Local warehousing and fulfilment for prompt customer delivery

- **Product is warehoused in each country with 3PLs in Australia East Coast, UK East Coast & USA West Coast**
- **3PLs manage all inventory & logistics in each country**
  - Receive product from the port of entry
  - Receipt product into their warehousing systems
  - Secure storage & management
- **Targets next business day fulfillment**
  - Direct connection with Step One's selling system
  - Daily pick & pack (business day)
  - Management of returns & exchanges
- **Last mile reliant on local distribution services which experienced significant delays relating to COVID-19**
  - National postal services plus private services used for most deliveries including express options (Australia Post, Royal Mail, UPS & USPS)
  - Other express delivery options used as required



# Proforma Income Statement

STEP ONE™

\$'000	FY20		FY21		FY22		FY23	
	1H20	2H20	1H21	2H21	1H22	2H22	1H23	2H23
Australia	9,304	11,943	23,359	17,309	25,601	20,995	24,113	18,893
UK	0	1,000	10,726	10,323	11,031	11,013	10,619	9,748
USA	0	0	0	0	1,444	2,103	1,161	650
<b>Revenue</b>	<b>9,304</b>	<b>12,943</b>	<b>34,085</b>	<b>27,632</b>	<b>38,076</b>	<b>34,111</b>	<b>35,893</b>	<b>29,291</b>
Cost of sales	(1,713)	(2,383)	(6,094)	(4,638)	(6,424)	(6,590)	(6,925)	(5,655)
<b>Gross profit</b>	<b>7,591</b>	<b>10,560</b>	<b>27,991</b>	<b>22,994</b>	<b>31,652</b>	<b>27,521</b>	<b>28,968</b>	<b>23,291</b>
Gross Margin %	81.6%	81.6%	82.1%	83.2%	83.1%	80.7%	80.7%	80.7%
Advertising & marketing	(3,014)	(5,280)	(12,378)	(15,696)	(14,930)	(17,159)	(11,916)	(11,350)
Advertising as % of Revenue	32.4%	40.8%	36.3%	56.8%	39.2%	50.3%	33.2%	38.7%
Distribution & fulfilment	(636)	(1,118)	(3,057)	(3,137)	(4,415)	(4,431)	(4,472)	(3,852)
Distribution as % of Revenue	6.8%	8.6%	9.0%	11.4%	11.6%	13.0%	12.5%	13.2%
Merchant & transaction fees	(177)	(499)	(736)	(666)	(947)	(910)	(1,262)	(900)
Transaction fees as % of Revenue	1.9%	3.9%	2.2%	2.4%	2.5%	2.7%	3.5%	3.1%
<b>Contribution profit</b>	<b>3,764</b>	<b>3,663</b>	<b>11,820</b>	<b>3,495</b>	<b>11,360</b>	<b>5,021</b>	<b>11,318</b>	<b>7,534</b>
Contribution as % of Revenue	40.5%	28.3%	34.7%	12.6%	29.8%	14.7%	31.5%	25.7%
Employee & contractor related expenses	(671)	(884)	(888)	(1,007)	(1,399)	(1,628)	(1,999)	(2,307)
Share based payments	(180)	(180)	(180)	(180)	(180)	(34)	(165)	50
Other operating expenses	(1,236)	(1,223)	(1,573)	(1,776)	(1,950)	(1,411)	(1,682)	(1,614)
<b>Proforma Overhead</b>	<b>(2,087)</b>	<b>(2,287)</b>	<b>(2,641)</b>	<b>(2,963)</b>	<b>(3,529)</b>	<b>(3,073)</b>	<b>(3,846)</b>	<b>(3,871)</b>
Foreign Exchange	0	0	(74)	97	(394)	(367)	1	887
Other non-operating income	2	46	74	(28)	(3)	17		
<b>Proforma EBITDA</b>	<b>1,679</b>	<b>1,422</b>	<b>9,179</b>	<b>601</b>	<b>7,434</b>	<b>1,598</b>	<b>7,473</b>	<b>4,550</b>
EBITDA as % of Revenue	18.0%	11.0%	26.9%	2.2%	19.5%	4.7%	20.8%	15.5%
Depreciation & amortisation & interest	(1)	0	0	(5)	(3)	9	100	315
<b>Proforma PBT</b>	<b>1,678</b>	<b>1,422</b>	<b>9,179</b>	<b>596</b>	<b>7,431</b>	<b>1,607</b>	<b>7,573</b>	<b>4,865</b>
Income tax expense	(446)	(378)	(3,063)	(198)	(2,462)	(1,249)	(2,298)	(1,524)
<b>Proforma NPAT</b>	<b>1,232</b>	<b>1,044</b>	<b>6,116</b>	<b>398</b>	<b>4,969</b>	<b>358</b>	<b>5,275</b>	<b>3,341</b>
Proforma expense adj	1,008	931	(1,456)	(5,171)	(9,963)	650	0	0
Proforma tax adjustments	(292)	(325)	(96)	91	1,178	(195)	0	0
<b>Statutory NPAT / (NLAT)</b>	<b>1,948</b>	<b>1,650</b>	<b>4,564</b>	<b>(4,682)</b>	<b>(3,816)</b>	<b>813</b>	<b>5,275</b>	<b>3,341</b>

## COMMENTARY

- No proforma adjustments made in FY23
- Proforma financial information has been prepared for comparative analysis
- The nature of the proforma adjustments required in previous years are provided on the next page

# Proforma Adjustments

STEP ONE™

	FY20		FY21		FY22		FY23	
	1H20	2H20	1H21	2H21	1H22	2H22	1H23	2H23
<b>\$'000</b>								
<b>Statutory NPAT / (NLAT)</b>	<b>1,948</b>	<b>1,650</b>	<b>4,564</b>	<b>(4,682)</b>	<b>(3,816)</b>	<b>813</b>	<b>5,275</b>	<b>3,341</b>
<i>Less Costs</i>								
- share based payments	0	133	2,967	4,900	6,076	0	0	0
- IPO costs	0	0	0	605	3,927	0	0	0
- legal fees	0	0	0	1,004	394	(650)	0	0
- other one-off costs	504	447	0	90	0	0	0	0
<i>Add Costs</i>								
- management & admin costs	(471)	(471)	(471)	(389)	0	0	0	0
- executive share-based payments	(180)	(180)	(180)	(180)	0	0	0	0
- public company costs	(860)	(860)	(860)	(860)	(434)	0	0	0
	<b>940</b>	<b>719</b>	<b>6,020</b>	<b>488</b>	<b>6,147</b>	<b>613</b>	<b>5,275</b>	<b>3,341</b>
Proforma Tax Adjustment	292	325	96	(90)	(1,178)	195	0	0
<b>Proforma NPAT</b>	<b>1,232</b>	<b>1,044</b>	<b>6,116</b>	<b>398</b>	<b>4,969</b>	<b>358</b>	<b>5,275</b>	<b>3,341</b>

## COMMENTARY

- No proforma adjustments made in FY23
- Proforma financial adjustments enable appropriate 'like-for-life' comparison
- Proforma adjustments represent a deviation from Accounting Standards



# Retained Earnings and Dividends

\$'000	Pre-IPO	Post-IPO	Total	Proforma
Proforma Retained Earnings	13,360			13,360
Proforma adjustment for PSU which did not Share-based payments treatment	(13,770)			
Proforma adjustment for IPO costs that were expensed	(4,352)			
Pre-IPO Retained Earnings was taken as earnings prior to 31 December 2021	(4,762)		<b>(4,762)</b>	
Earnings 2H22		813	<b>813</b>	813
Earnings FY23		8,616	<b>8,616</b>	8,616
Retained Earnings	(4,762)	9,429	<b>4,667</b>	22,789
Proposed Dividend	-	(9,267)	<b>(9,267)</b>	(9,267)
Retained Earnings post Dividend	(4,762)	162	<b>(4,600)</b>	13,522

## COMMENTARY

- The dividend will be paid from post IPO retained earnings
- Proforma retained earnings remains positive

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