

STEP ONE

Comfortably Soft Touch Removable Cups

Gentle Lift & Support

Buttery Soft Breathable

Viscose made from Bamboo

Hidden Elastic Pouch

No adjustment needed

Moisture-Wicking Tech

Keeps you Cool and Dry

Anti-Chafe Technology

Thigh-Saving Panels

**1H25
INVESTOR
PRESENTATION**

1H25 RESULTS HIGHLIGHTS

Resilient result, prioritising profitable growth

Revenue

\$48.1m

Up 6.8% vs pcp

Gross Margin

78.0%

Down 3.2% vs pcp

Women's Revenue¹

14.8% of Revenue

Up 19.1% vs pcp

Indirect Revenue

7.9% of Revenue

Up 38.0% vs pcp

EBITDA

\$11.2m

23.2% of revenue

Up 10.4% vs pcp

Cash

\$43.8m

Up 12.4% from Jun 24

Advertising

29.0% of Revenue

Improved 5.1 pp vs pcp

Interim Dividend

4.4 cents per share

100% payout

¹ sold revenue, excluding Amazon and John Lewis sales.

PROFITABLE GROWTH STRATEGY

Four pillars of profitable growth

PRODUCTS

Transform the innerwear category with innovative, functional, ethical and comfortable products and grow through:

- Expand Women's and Men's SKUs
- Expansion into logical adjacencies

CUSTOMER ACQUISITION

Recruit new customers through direct channels and partners who have large customer databases and loyal followings:

- DTC DNA
- Large membership-based organisations
- Sporting codes, clubs and athletes

INDIRECT CHANNELS

Growth through trusted and established retail and ecommerce channels:

- Marketplaces: Amazon, Tik Tok Shop
- Retailers: John Lewis

FOOTPRINT

Scaling in global markets where there is demand, leveraging expertise and product developments:

- Balancing growth and profitability
- AU: grow market share in all categories
- UK: short-term priority
- US: long-term priority

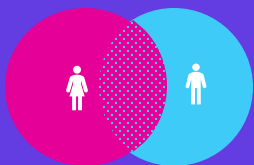
STRATEGY IN ACTION

Strategy execution in 1H25



PRODUCTS

- Expanded the SmoothFit™ range in Aug 24 with a BoyShort and Bralet



FEMALE CUSTOMERS INCREASINGLY
IMPORTANT ACROSS BOTH PRODUCTS



CUSTOMER ACQUISITION

- Athlete ambassadors are generating authentic content
- Natural fit to partner with STEPtember



CHANNELS

- Progressing the contractual and technical integration to sell on new channels



FOOTPRINT

- Balancing growth and profitability
- Leveraging learnings; increased presence in the UK, broadening brand awareness

MARKET ¹	MEN'S	WOMEN'S
Australia	\$ 0.6 Bn	\$ 1.1 Bn
United Kingdom	\$ 2.1 Bn	\$ 5.1 Bn
United States	\$ 10.0 Bn	\$ 21.7 Bn
Total	\$12.7 Bn	\$27.9 Bn

1. Frost and Sullivan, 2021 estimate for 2025 1AUD:0.52GBP, 1AUD:0.65USD.

NEW PRODUCT

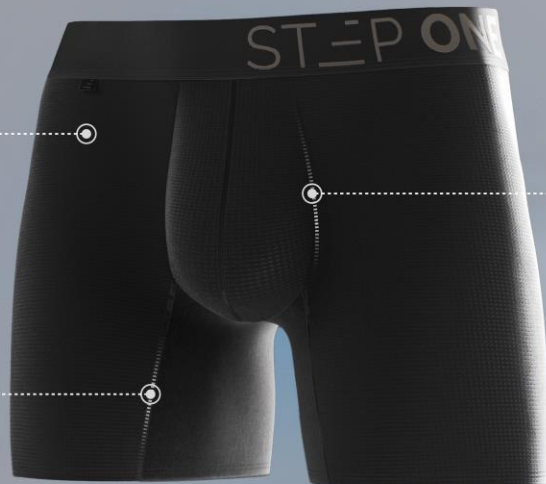
CLOUD MESH



LIGHT
SWEAT-WICKING
MESH FABRIC



ANTI-CHAFE
TECH PANELS



3D ELASTIC
POUCH

HIGH PERFORMANCE UNDERWEAR

COOL. LIGHT. BREATHABLE.

CLOUD MESH is engineered for airflow.
Keeping you cool, no matter the challenge.
Unstoppable comfort, wherever you go.

OPERATIONS BY REGION

Localised, targeted responses to global macro challenges

United States of America

- Longer-term opportunity
- Continue market presence through existing capital light partnerships including affiliate marketing and Amazon;
- Minimising direct advertising investment / paid media

United Kingdom

- Profitable and growing
- Organic and capital efficient sales traction in Europe using both UK Direct and UK Amazon fulfillment
- On-the-ground marketing resources to tailor strategies; utilising influencers to broaden awareness
- John Lewis in-store launch
- Tik Tok Shop opportunity

Australia

- Strong brand awareness driving continued earnings momentum
- Collaborations and ambassador advocacy delivering customer growth
- Pursue efficient marketing opportunities
- Product innovation to drive newness in the range

Responding to the global market

- Prioritisation of value led advertising
- Heightened top of funnel costs
- Progressing product pipeline
- Expanding channels

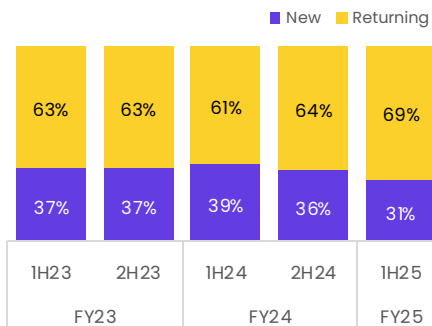
Step One is a global company with local distribution

FINANCIAL AND PERFORMANCE CHARTS

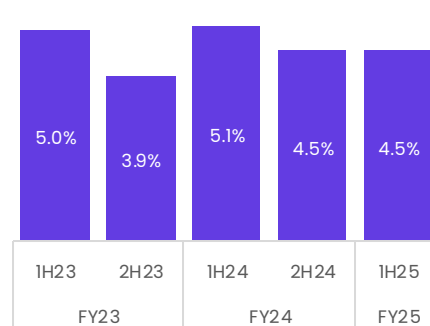
Average Order Value
Direct Business
\$/order



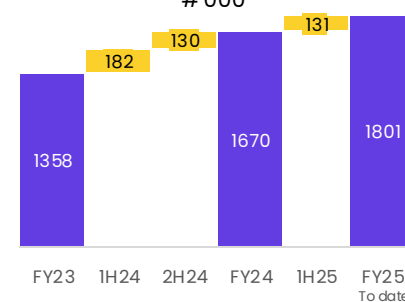
Customer Mix
Direct Business



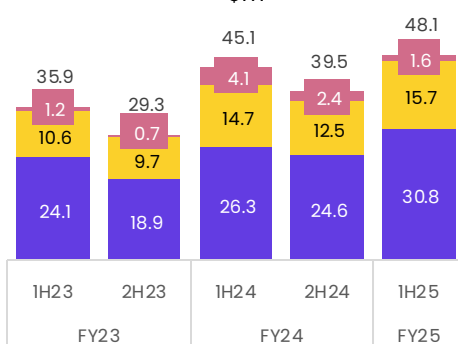
Conversion Rate
Direct Business



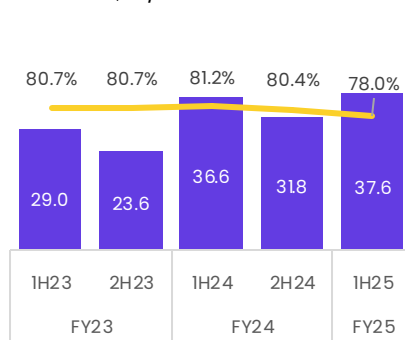
Customer Database
Direct Business
#'000



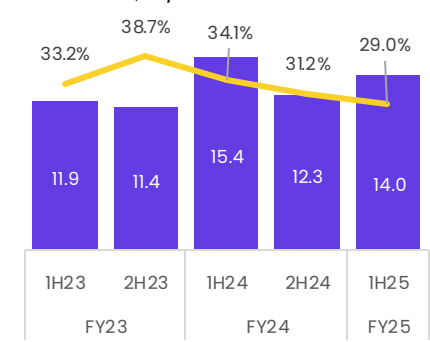
Revenue
\$m



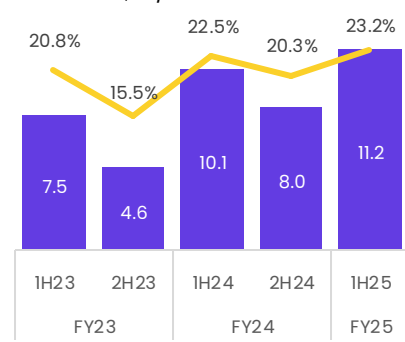
Gross Profit
\$m/% of Revenue



Advertising Cost
\$m/% of Revenue



EBITDA
\$m/% of Revenue



■ AU ■ UK ■ US

Direct Business information relates to sold direct revenue, excluding Amazon and John Lewis sales.

INCOME STATEMENT

STEP ONE™

	1H25	1H24	Movement	
	\$'000	\$'000	\$'000	%
Australia	30,847	26,264	4,583	17.4%
UK	15,675	14,652	1,023	7.0%
USA	1,596	4,136	(2,540)	-61.4%
Revenue	48,118	45,052	3,066	6.8%
Cost of sales	10,568	8,480	2,088	24.6%
Gross profit	37,550	36,572	978	2.7%
Gross Margin %	78.0%	81.2%		-3.2 pp
Advertising & marketing ¹	13,969	15,379	(1,410)	-9.2%
Advertising as percent of revenue	29.0%	34.1%		-5.1 pp
Distribution & fulfilment	6,602	5,274	1,328	25.2%
Distribution as percent of revenue	13.7%	11.7%		2.0 pp
Merchant and transaction fees	1,937	1,643	294	17.9%
Transaction fees as % of Revenue	4.0%	3.6%		0.4 pp
Contribution profit	15,042	14,276	766	5.4%
Contribution as percent of revenue	31.3%	31.7%		-0.4 pp
Overhead	4,879	3,638	1,241	34.1%
Foreign exchange (gain)/loss	(1,016)	508	(1,524)	300.0%
EBITDA¹	11,179	10,130	1,049	10.4%
EBITDA as % of Revenue	23.2%	22.5%		0.7 pp
PBT	11,814	10,508	1,306	12.4%
Income tax expense	3,633	3,401	232	6.8%
NPAT	8,181	7,107	1,074	15.1%

COMMENTARY

- Resilient revenue growth of 17.4% in core Australian market reflects strength of Step One's strategy and diversification
- Global revenue up 6.8% driven by a strategic focus on profitability amid challenging trading conditions
- Revenue from Women's and Indirect channels grew by 19.1% and 38.0% respectively
- Gross margin declined slightly to 78.0%, reflecting pivot to attracting the value customer through the sale periods
- Efficient marketers with advertising reducing to 29.0% of revenue, which offset the GM% decline and is a key feature of the business model
- Cost pressure on global logistics and distribution remain

1. Earnings before Interest, Depreciation, Amortisation and Tax (EBITDA) is not a financial measure prescribed by the IFRS. It is reconciled to Profit Before Tax (PBT) in the ASX Appendix 4D.

BALANCE SHEET

STEP ONE™

	As at 31 Dec 2024	As at 30 Jun 2024	Variance	
	\$'000	\$'000	\$'000	%
Assets				
Cash and financial assets	43,770	38,952	4,818	12.4%
Receivables	1,631	972	659	67.8%
Inventory	22,645	18,959	3,686	19.4%
Intangible	36	39	(3)	-7.6%
Tax asset	2,432	1,818	614	33.8%
Fitout and equipment	133	174	(41)	-23.3%
Property lease asset	165	274	(109)	-39.9%
Other	1,486	852	634	74.4%
Assets	72,298	62,040	10,258	16.5%
Liabilities				
Liabilities to factories	4,179	4,409	(230)	-5.2%
Taxes	4,244	2,319	1,925	83.0%
Deferred revenue	2,583	686	1,897	276.5%
Lease liability	178	293	(115)	-39.3%
Other liabilities	5,404	2,063	3,341	162.0%
Liabilities	16,588	9,770	6,818	69.8%
Net Assets	55,710	52,270	3,440	6.6%
Equity				
Capital	50,925	50,925	-	-
Retained Earnings (post IPO)	8,202	5,190	3,012	58.0%
Reserves and Other	(3,417)	(3,845)	428	-11.1%
Equity	55,710	52,270	3,440	6.6%

COMMENTARY

- Debt free with cash and financial assets held with licensed banks across a variety of terms
- Inventory increased by \$3.7m due to the strategic expansion of the product range
- Aligned with the Group's inventory strategy, turnover remains at approximately 1.2 years. While inventory is neither perishable nor seasonal, a provision of 5% is maintained to reduce older SKU ranges
- Deferred revenue represents sales made in late December that were not delivered prior to 31 December 2024
- A lease asset and liability relates to the head office lease
- Step One remains a capital light business model

CASHFLOW

STEP ONE

	1H25	1H24	Variance	
	\$'000	\$'000	\$'000	%
Operating cashflows				
Receipts	56,516	52,689	3,827	7.3%
Payments	(44,481)	(35,333)	(9,148)	25.9%
	12,035	17,356	(5,321)	-30.7%
Interest	808	458	350	76.4%
Tax	(2,987)	(2,870)	(27)	0.9%
	9,946	14,944	(4,998)	-33.4%
Investing cashflows				
Term Deposit	(7,503)	0	(7,503)	-
Asset purchases	(20)	(215)	195	-90.7%
	(7,523)	(215)	(7,308)	3399.1%
Financing cashflows				
Dividends paid	(5,173)	(9,231)	4,058	-44.0%
Lease	(115)	(30)	(85)	283.3%
	(5,288)	(9,261)	(3,973)	42.9%
Net cashflow	(2,865)	5,468	(8,333)	-152.4%
Opening cash	28,952	38,313	(9,361)	-24.4%
FX movements	180	154	26	16.9%
Closing cash	26,267	43,935	(17,668)	-40.2%

COMMENTARY

- Strong cash flow generation with cash receipts increasing in line with revenue growth
- Outflows reflect higher inventory levels, aligned with the Group's strategy
- Dividends totalling \$5.2m paid; distributing 100% of earnings while retaining growth capacity
- Note term deposits with a duration of greater than 3 months have been classified as investments. Adjusting for this, cashflow was positive \$4.6m.
- Strong financial position with cash and term deposits totalling \$43.8m, all held with licenced Australian Banks
- The business remains capital light

STRATEGY – PLAN OF ACTION

Execution planned for 2H25



PRODUCTS

- Juniors range
- Cloud Mesh premium boxer
- Sport
- Testing a range of other products for 1H26



CUSTOMER ACQUISITION

- Build out brand ambassador program
- Continue the expansion of Surf Life Saving partnership and others



CHANNELS

- John Lewis in-store
- Expansion of Amazon with FBM
- TikTok Shop



FOOTPRINT

- Prioritise Australian expansion
- Pursue profitable growth in the UK, utilising local UK expertise along with AU experience
- Maintain capital light optionality in the US and other markets

LOOKING FORWARD

Step One will continue to balance growth and profitability

Step One remains confident in its ability to execute on the Company's strategy.

The focus remains on expanding the range and acquiring new customers through partnerships and direct advertising.

The Company will continue to balance growth and profitability and test new channels where Step One is gaining traction.

No guidance is being provided for FY25.



PRODUCTS



CUSTOMERS



CHANNELS



FOOTPRINT

APPENDIX

AT A GLANCE

(AT 18 FEBRUARY 2025)

Listed on the ASX:	2021 – STP
Industry Sector:	Retail (online)
Fiscal year end:	June 30
Market cap:	\$240m, \$1.425 per share
Valuation multiple:	14x EBITDA (based on FY24 EBITDA)
Securities Issued:	185,340,291
Founder holds:	123,959,496 (67%)
Free Float:	27.9%
Dividends:	100% payout, 100% franked

Sustainable / Ethical Investment

ESG Report, Certified Supply Chain,
Modern Day Slavery compliance,
GHG Emissions disclosed and
reduction plan provided

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

STEP ONE™



Founder led, entrepreneurial, in-house capability to create content and opportunities for brand exposure and product design



Innovative product with strong customer connection and customer advocacy



Online DTC, 100% brand owned & outsourced and flexible manufacturing process, globally scalable business model



Customer centric and proactive social media management encourages feedback on marketing and product designs



Strong ESG focus with end-to-end supply chain certification and GHG emissions provided

A BRIEF HISTORY OF STEP ONE

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025 (so far)	
	Step One is born	Scalable production	Scalable logistics	UK market entry	US market entry	Amazon AU, UK, US	Supply Chain Certification	Retailer Partnership	TikTok Shop	
										
Channels	 AUD			 GBP	 USD	 Amazon		JOHN LEWIS & PARTNERS GBP	 GBP	
Supply Chain & Logistics	1st Manufacturer	2nd Manufacturer	Aust 3PL	UK 3PL	US 3PL		FSC® Chain-of-custody certification FSC(R) C183245			
Men's	 Boxer, Trunk			 Boxer/fly	 Long Johns	 Sports			 Cloud Mesh	
Women's						 Body Shorts	 Bikini Brief Smoothfit: Brief, Bikini, Thong	 Smoothfit: Boy Short, Bralet		
Juniors								 Trunk	 Boy Short	

BUSINESS MODEL

Step One is an online DTC company, with a capital light scalable operation and strong ESG credentials

	GLOBAL COMPANY Local operations	• Head office in Australia with only 25 employees • Subsidiaries in UK and US which hold inventory locally (in scalable 3PLs) • Staff in other countries are customer focused and supported by local experts • Ability to export to other countries and use global marketplaces
	EXCEPTIONAL UNDERWEAR Unparalleled function & comfort	• Underwear offers functional benefits of UltraGlyde® anti-chafe panels, moisture wicking viscose made from bamboo material, elastic 3D pouch for anatomical support • Quality in design and manufacturing – backed by a 1-year warranty • Flexible ability to modify design to accommodate specific market segments (eg Sports) • Underwear is our priority, with adjacent products representing future opportunity
	CAPITAL LIGHT & FLEXIBLE Focus remains on design, customers & marketing	• Equity funded, no debt, brand owner, 100% online (no store leases) • Outsource manufacturing to best-in-class manufacturing facilities which are scalable • Outsource warehouse and distribution to established 3PL who are best in class and scalable • Executive attention directed to customer interaction and product design
	ESG CERTIFIED Competitive advantage	• FSC® certification of supply chain ensures responsible sourcing and ethical manufacturing • The journey to a low emissions future well advanced. Emissions offsetting being evaluated • ESG credentials are valued by customers and hard for competitors to catch-up
	MARKETING 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 • Creativity and digital advertising skills are in our DNA and hard to replicate
	CHANNELS & PARTNERSHIPS Opportunity for growth	• Active management of marketplace channels like Amazon to expand customer reach • Partnership with John Lewis to elevate product positioning • Exceptional partnerships like SLSA to expand customer acquisition • Ambassadors are shareholders. Advocacy is authentic
	CUSTOMER CENTRIC Conversion & Retention	• Online and primarily DTC with active social media management keeps us close to customer feedback • 30-Day First Pair Guarantee which allows a full refund on a first purchase plus Free shipping reduce barriers to first purchase • High customer retention rates

5.5 YEAR INCOME STATEMENT

P&L	5.5 year view, by reporting period											
	FY20		FY21		FY22		FY23		FY24		FY25	
	1H20	2H20	1H21	2H21	1H22	2H22	1H23	2H23	1H24	2H24	1H25	2H25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Proforma												
Australia	9,304	11,943	23,359	17,309	25,601	20,995	24,113	18,893	26,264	24,609	30,847	
UK	0	1,000	10,726	10,323	11,031	11,013	10,619	9,748	14,652	12,477	15,675	
USA	0	0	0	0	1,444	2,103	1,161	650	4,136	2,410	1,596	
Revenue	9,304	12,943	34,085	27,632	38,076	34,111	35,893	29,291	45,052	39,496	48,118	
Cost of sales	(1,713)	(2,383)	(6,094)	(4,638)	(6,424)	(6,590)	(6,925)	(5,655)	(8,480)	(7,735)	(10,568)	
Gross profit	7,591	10,560	27,991	22,994	31,652	27,521	28,968	23,636	36,572	31,761	37,550	
Gross Margin %	81.6%	81.6%	82.1%	83.2%	83.1%	80.7%	80.7%	80.7%	81.2%	80.4%	78.0%	
Advertising & marketing	(3,014)	(5,280)	(12,378)	(15,696)	(14,930)	(17,159)	(11,916)	(11,350)	(15,379)	(12,307)	(13,969)	
Advertising as % of Revenue	32.4%	40.8%	36.3%	56.8%	39.2%	50.3%	33.2%	38.7%	34.1%	31.2%	29.0%	
Distribution & fulfilment	(636)	(1,118)	(3,057)	(3,137)	(4,415)	(4,431)	(4,472)	(3,852)	(5,274)	(5,865)	(6,602)	
Distribution as % of Revenue	6.8%	8.6%	9.0%	11.4%	11.6%	13.0%	12.5%	13.2%	11.7%	14.8%	13.7%	
Merchant & transaction fees	(177)	(499)	(736)	(666)	(947)	(910)	(1,262)	(900)	(1,643)	(1,304)	(1,937)	
Transaction fees as % of Revenue	1.9%	3.9%	2.2%	2.4%	2.5%	2.7%	3.5%	3.1%	3.6%	3.3%	4.0%	
Contribution profit	3,764	3,663	11,820	3,495	11,360	5,021	11,318	7,534	14,276	12,285	15,042	
Contribution as % of Revenue	40.5%	28.3%	34.7%	12.6%	29.8%	14.7%	31.5%	25.7%	31.7%	31.1%	31.3%	
Employee & contractor related expenses	(671)	(884)	(888)	(1,007)	(1,399)	(1,628)	(1,999)	(2,307)	(1,926)	(2,419)	(2,930)	
Share based payments	(180)	(180)	(180)	(180)	(180)	(34)	(165)	50	(107)	(215)	(302)	
Other operating expenses	(1,236)	(1,223)	(1,573)	(1,776)	(1,950)	(1,411)	(1,682)	(1,614)	(1,605)	(1,510)	(1,647)	
Proforma Overhead	(2,087)	(2,287)	(2,641)	(2,963)	(3,529)	(3,073)	(3,846)	(3,871)	(3,638)	(4,144)	(4,879)	
Foreign Exchange	0	0	(74)	97	(394)	(367)	1	887	(508)	(142)	1,016	
Other non-operating income	2	46	74	(28)	(2)	17	0	0	0	0	0	
Proforma EBITDA	1,679	1,422	9,179	601	7,435	1,598	7,473	4,550	10,130	7,999	11,179	
EBITDA as % of Revenue	18.0%	11.0%	26.9%	2.2%	19.5%	4.7%	20.8%	15.5%	22.5%	20.3%	23.2%	
Depreciation & amortisation & interest	(1)	0	0	(5)	(3)	9	100	315	378	201	635	
Proforma PBT	1,678	1,422	9,179	596	7,432	1,607	7,573	4,865	10,508	8,200	11,814	
Income tax expense	(446)	(378)	(3,063)	(198)	(2,462)	(1,249)	(2,298)	(1,524)	(3,401)	(2,907)	(3,633)	
Proforma NPAT	1,232	1,044	6,116	398	4,970	358	5,275	3,341	7,107	5,293	8,181	
Proforma expense adj	1,008	931	(1,456)	(5,171)	(9,963)	650	0	0	0	0	0	
Proforma tax adjustments	(292)	(325)	(96)	91	1,178	(195)	0	0	0	0	0	
Statutory NPAT / (NLAT)	1,948	1,650	4,564	(4,682)	(3,815)	813	5,275	3,341	7,107	5,293	8,181	

5.5 year view						
FY20	FY21	FY22	FY23	FY24	FY25 YTD	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
21,247	40,668	46,596	43,006	50,873	30,847	
1,000	21,049	22,044	20,367	27,129	15,675	
0	0	3,547	1,811	6,546	1,596	
22,247	61,717	72,187	65,184	84,548	48,118	
(4,096)	(10,732)	(13,014)	(12,580)	(16,215)	(10,568)	
18,151	50,985	59,173	52,604	68,333	37,550	
81.6%	82.6%	82.0%	80.7%	80.8%	78.0%	
(8,294)	(28,074)	(32,089)	(23,266)	(27,886)	(13,969)	
37.3%	45.5%	44.5%	35.7%	32.7%	29.0%	
(1,754)	(6,194)	(8,846)	(8,324)	(11,139)	(6,602)	
7.9%	10.1%	12.3%	12.8%	13.2%	13.7%	
(676)	(1,402)	(1,857)	(2,162)	(2,947)	(1,937)	
3.0%	2.3%	2.6%	3.3%	3.5%	4.0%	
7,427	15,315	16,381	18,852	26,561	15,042	
33.4%	24.8%	22.7%	28.9%	31.4%	31.3%	
(1,555)	(1,895)	(3,027)	(4,306)	(4,345)	(2,930)	
(360)	(360)	(214)	(115)	(322)	(302)	
(2,459)	(3,349)	(3,361)	(3,296)	(3,115)	(1,647)	
(4,374)	(5,604)	(6,602)	(7,717)	(7,782)	(4,879)	
0	23	(761)	888	(650)	1,016	
48	46	15	0	0	0	
3,101	9,780	9,033	12,023	18,129	11,179	
13.9%	15.8%	12.5%	18.4%	21.4%	23.2%	
(1)	(5)	6	415	579	635	
3,100	9,775	9,039	12,438	18,708	11,814	
(824)	(3,261)	(3,711)	(3,822)	(6,308)	(3,633)	
2,276	6,514	5,328	8,616	12,400	8,181	
1,939	(6,627)	(9,313)	0	0	0	
(617)	(5)	983	0	0	0	
3,598	(118)	(3,002)	8,616	12,400	8,181	

Proforma financial information has been prepared for comparative analysis. Details of adjustments are available in the investor presentations

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