

STEP ONE

The Bell Potter Emerging
Leaders Conference 2024

Greg Taylor
CEO & Founder

30 May 2024





**UNDERWEAR
THAT SOLVES
REAL
PROBLEMS**

WHAT MAKES STEP ONE **UNIQUE**



Excellent 
37,323 reviews on  Trustpilot

FULL END-TO-END FSC® CERTIFIED SUPPLY CHAIN



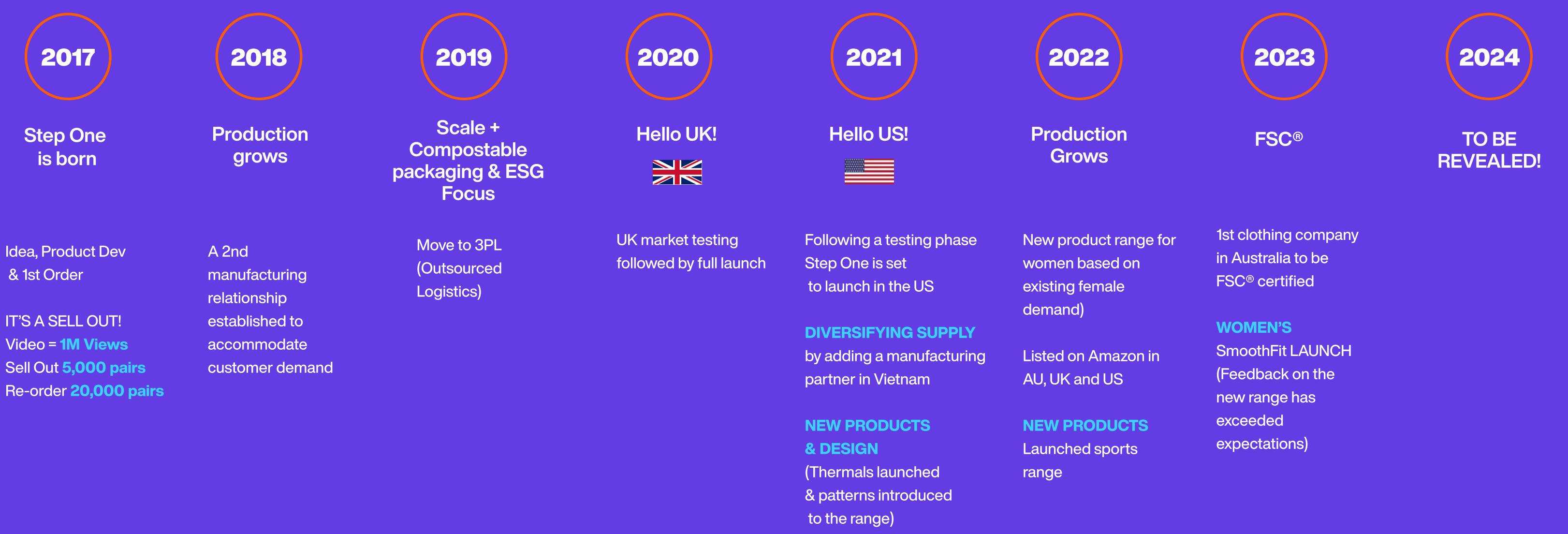
- Australia's FIRST clothing company to receive full FSC® Chain-of-Custody certification
- First Signatory to the Fashion Forever Green Pact

HOW DOES IT WORK



A BRIEF HISTORY OF STEP ONE

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



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

- 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

- 3PLs manage all inventory & logistics in each country
- Direct connection with Step One's selling system
- Daily pick & pack (business day)
- Management of returns & exchanges



Last mile reliant on local distribution services

- 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

1 H24 RESULTS HIGHLIGHTS

Revenue

\$45.1M

Up 25.5% vs pcp

Gross Margin

81.2%

Up 0.5% vs pcp

Interim Dividend

4¢

Per share,
100% payout so far

Women's revenue

13%

Up 44% vs pcp

EBITDA

\$10.1M

22.5% of revenue
Up 35.6% vs pcp

Cash

\$43.9M

Up 14.7% from
Jun 23

Average Order Value

\$94

Up 4.7% vs pcp

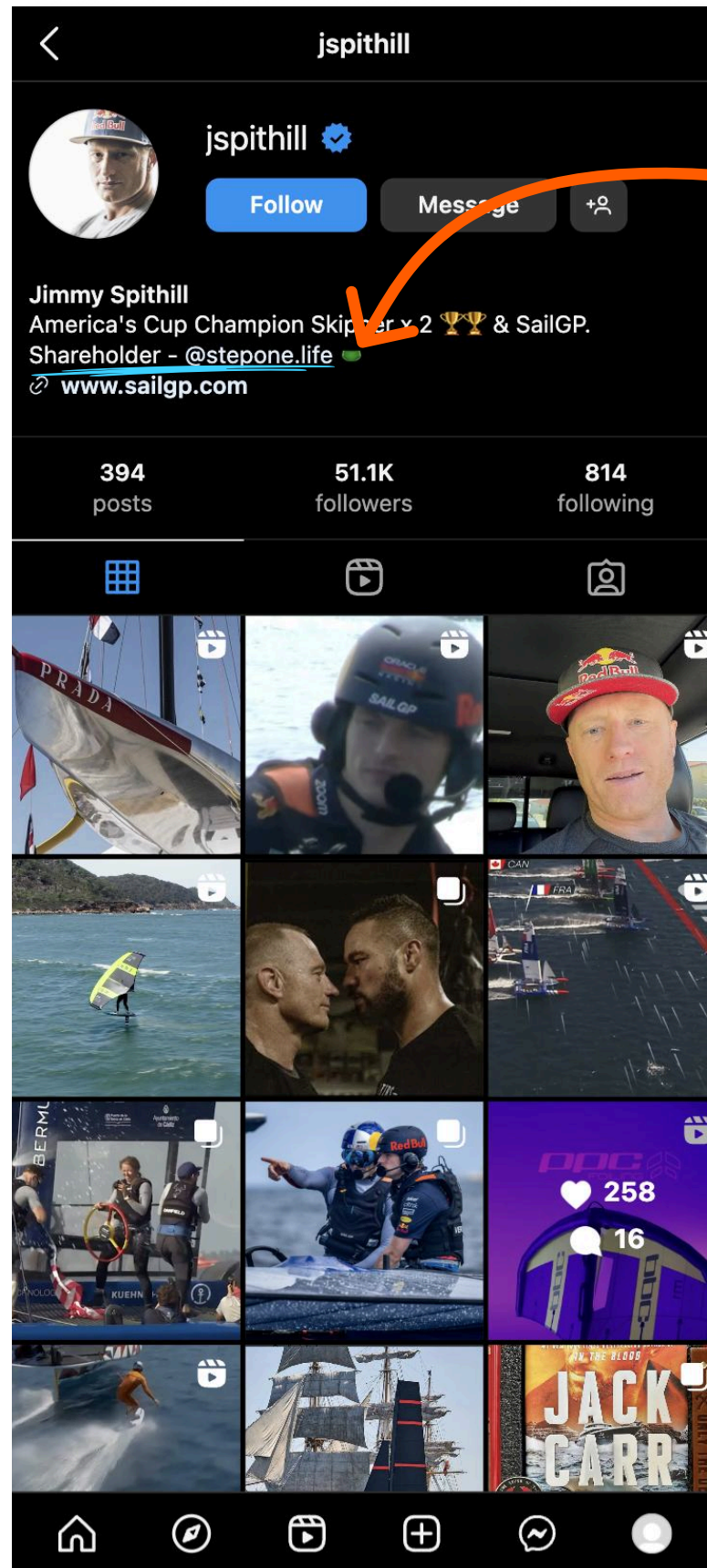
Customers

1,540,000

Up 23% on pcp

CURRENT PRODUCTS AND PARTNERSHIPS





ENTRY OF STRATEGIC SHAREHOLDERS

10 April 2024

Step One Clothing Limited

Appendix 3Y – Change of Director's Interest Notice

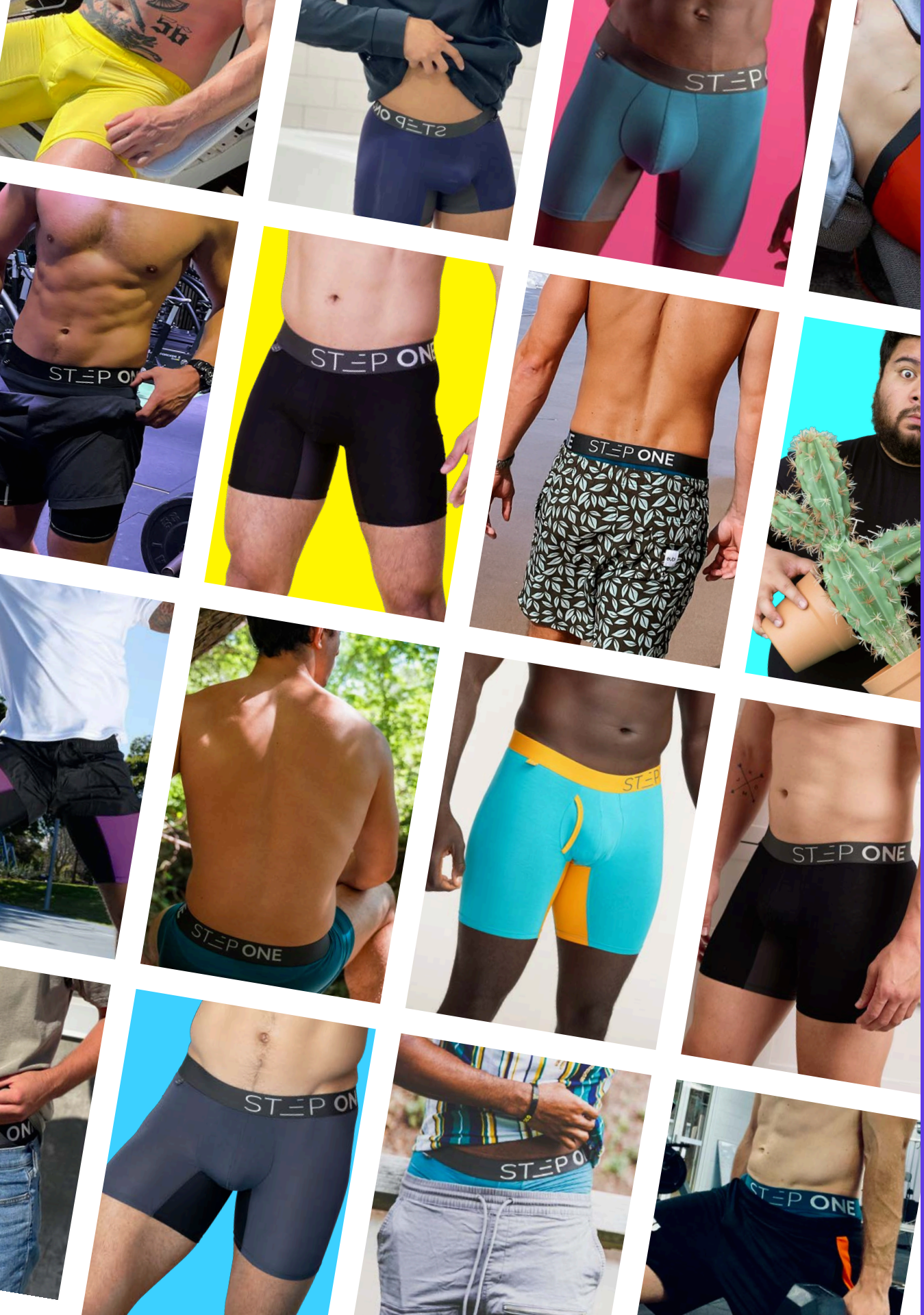
Step One Clothing Limited (**ASX: STP**) ("Step One" or "the Company"), a leading online, direct-to-consumer, innerwear brand, has today released Appendix 3Y for Step One Founder and Chief Executive Officer, Greg Taylor.

Mr Taylor advises that the sale of 313,500 shares was to bring James Spithill onto the share register of Step One as a person of influence in the markets in which Step One operates.

Mr Taylor remains the largest shareholder and now holds 66.88%.

James Spithill is an Australian sporting icon, known for his dedication to high performance in challenging environments. Aligned with Step One, he is also committed to promoting strong ESG (Environmental, Social and Governance) values, showcased through his involvement with Sail GP, which prides itself on being "Powered by Nature".

[Link to ASX Announcement](#)



STEP ONE FOR MEN

Functional underwear

Created to solve the problems of traditional underwear with functional features to:

- Reduce chafe
- Reduce ride-up – avoiding the need for constant readjustment
- Wick moisture - keeping you comfortable and fresher for longer



Men's Product

87%

of sales

Continued attention to our Men's product offering, which makes up 87% of sales. We reduced our colour release cadence, but we still have fun naming them!

MEN'S RANGE

LONG JOHNS

BOXER BRIEF

**BOXER BRIEF
FLY**

TRUNKS

**BOXER BRIEF
SPORT**

WOMEN'S RANGE

NEW SMOOTHFIT - AUG 23

BODY SHORTS

BIKINI BRIEF

**SMOOTHFIT
BIKINI BRIEF**

**SMOOTHFIT
G-STRING**

**SMOOTHFIT
FULL BRIEF**

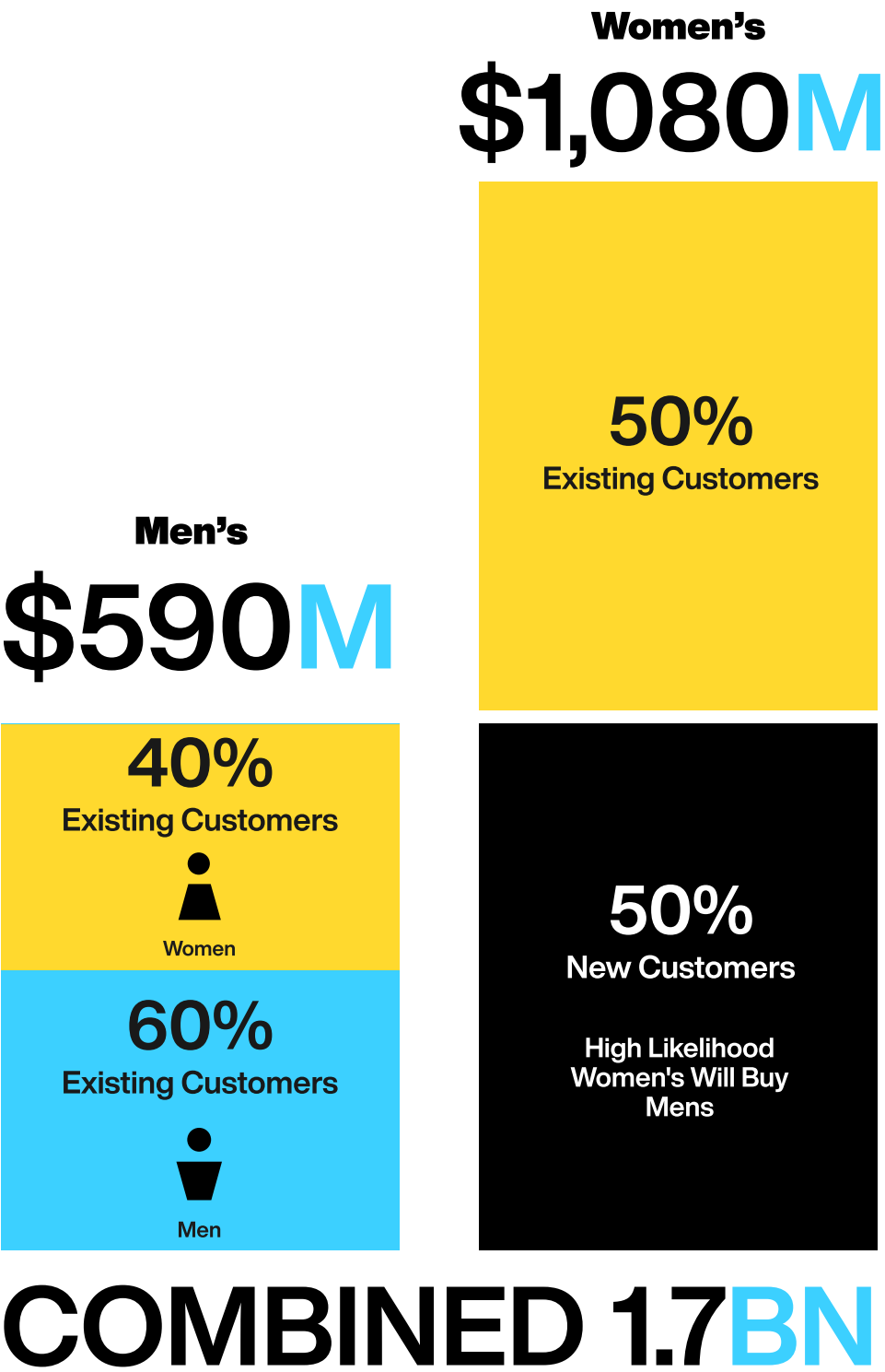
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MARKET SIZE BY COUNTRY FY24 FORECAST TAM¹

MARKET	MEN'S	WOMEN'S
Australia	\$590M	\$1,080M
United Kingdom ²	\$2.1B	\$5.1B
United States ³	\$10.1B	\$21.7B

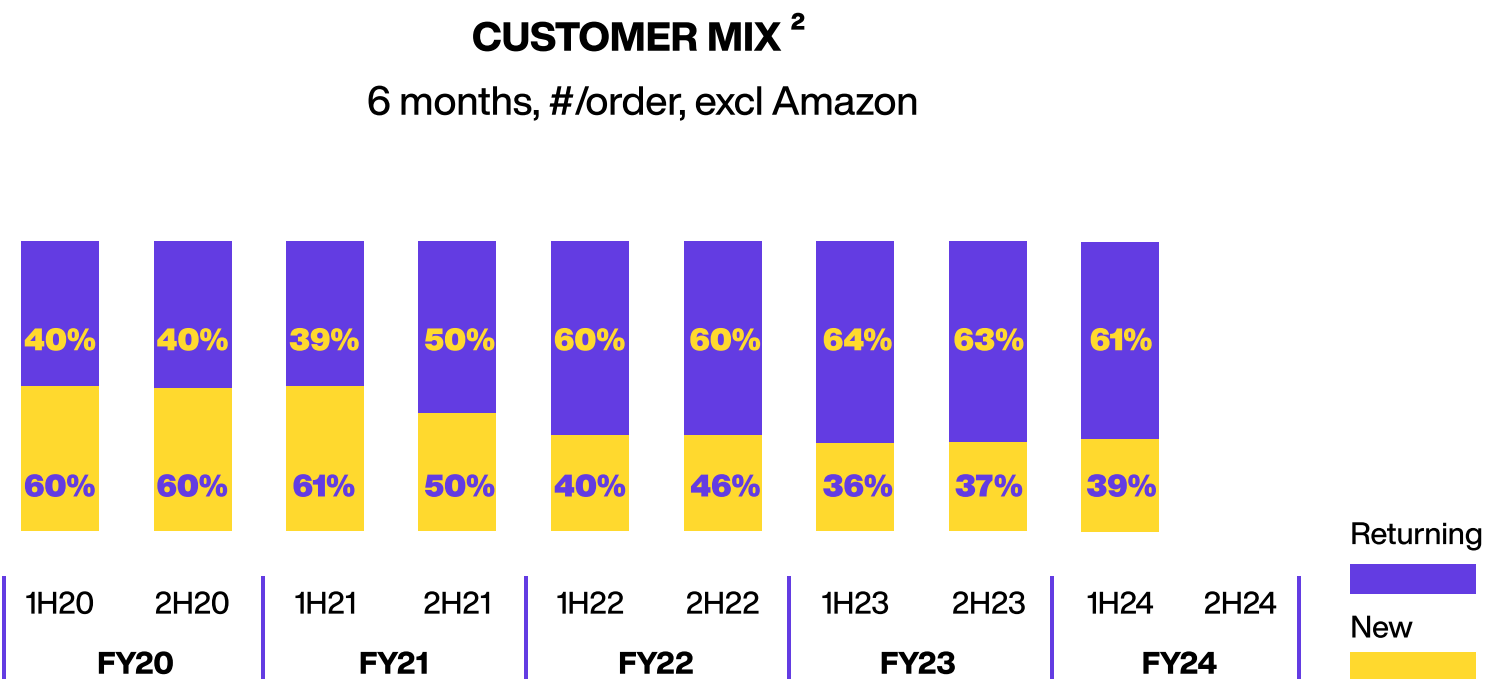
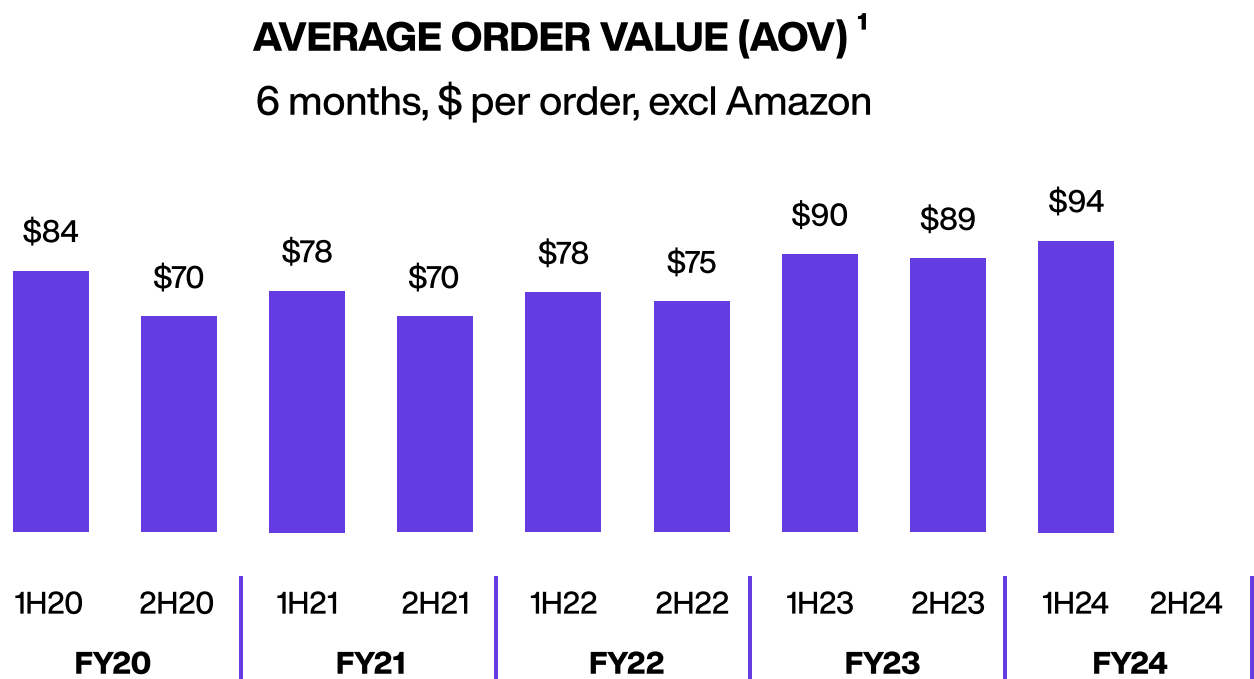
***Source: Frost & Sullivan – [STP Prospectus 2021 Page's 35 - 38](#)**

1 . TAM - Total Addressable Market
2 . Assumes 1 AUD: 0.52 GBP
3 . Assumes 1 AUD: 0.65 USD



VALUE PROPOSITION

Strong AOV has increased, indicating the customer value proposition remains strong with customers who know the product



1 . Sold revenue excluding indirect sales on Amazon.

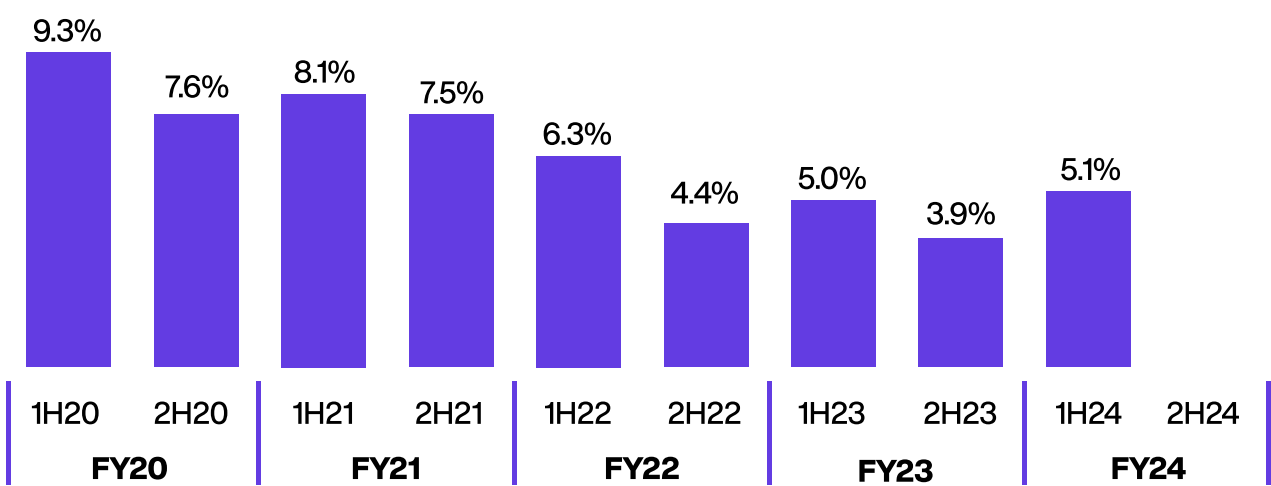
2 . **Returning customer:** a customer who has at any point in time made a purchase based on order date.

New or first-time customer: a customer who has not previously made a purchase based on order date

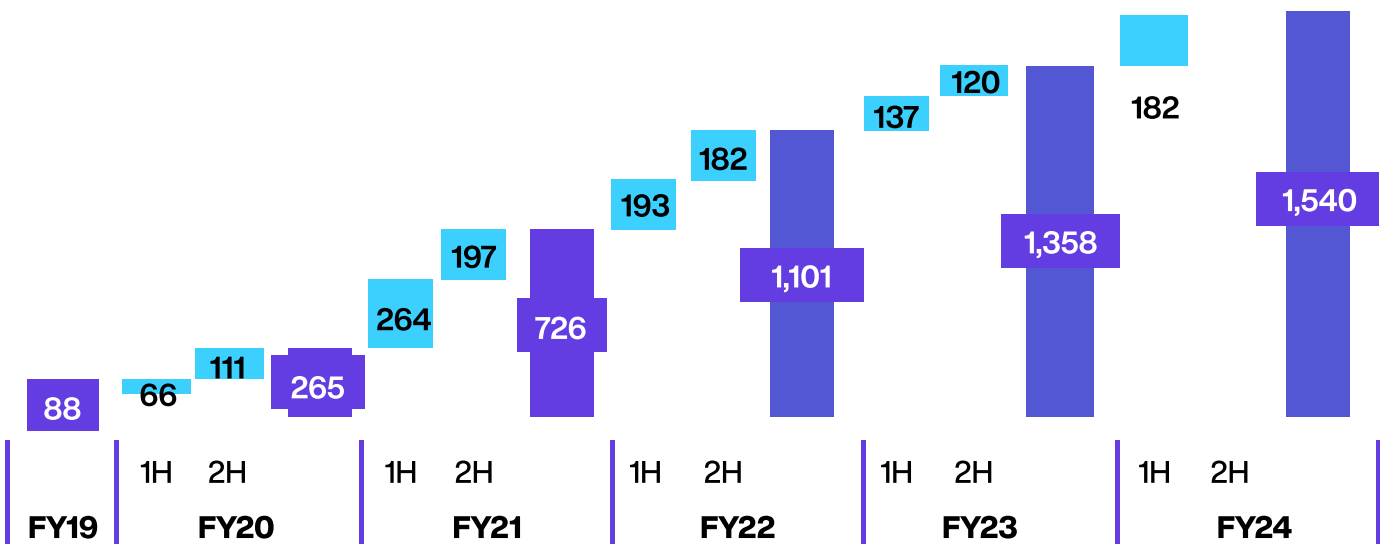
ONLINE ENGAGEMENT & CUSTOMER GROWTH

Continued customer database growth and increased conversion rate

AVERAGE CONVERSION RATE ¹
6 months, % excl Amazon



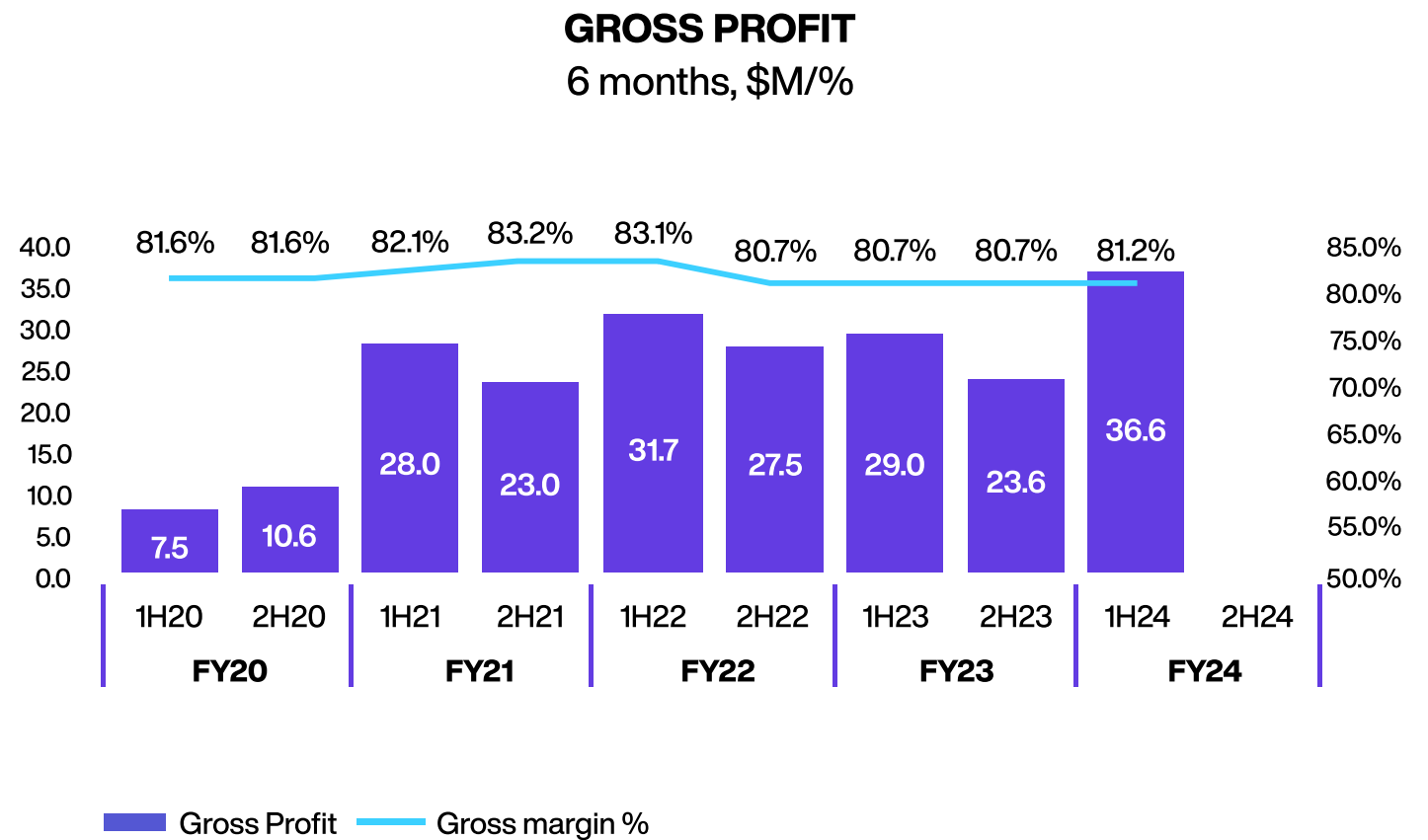
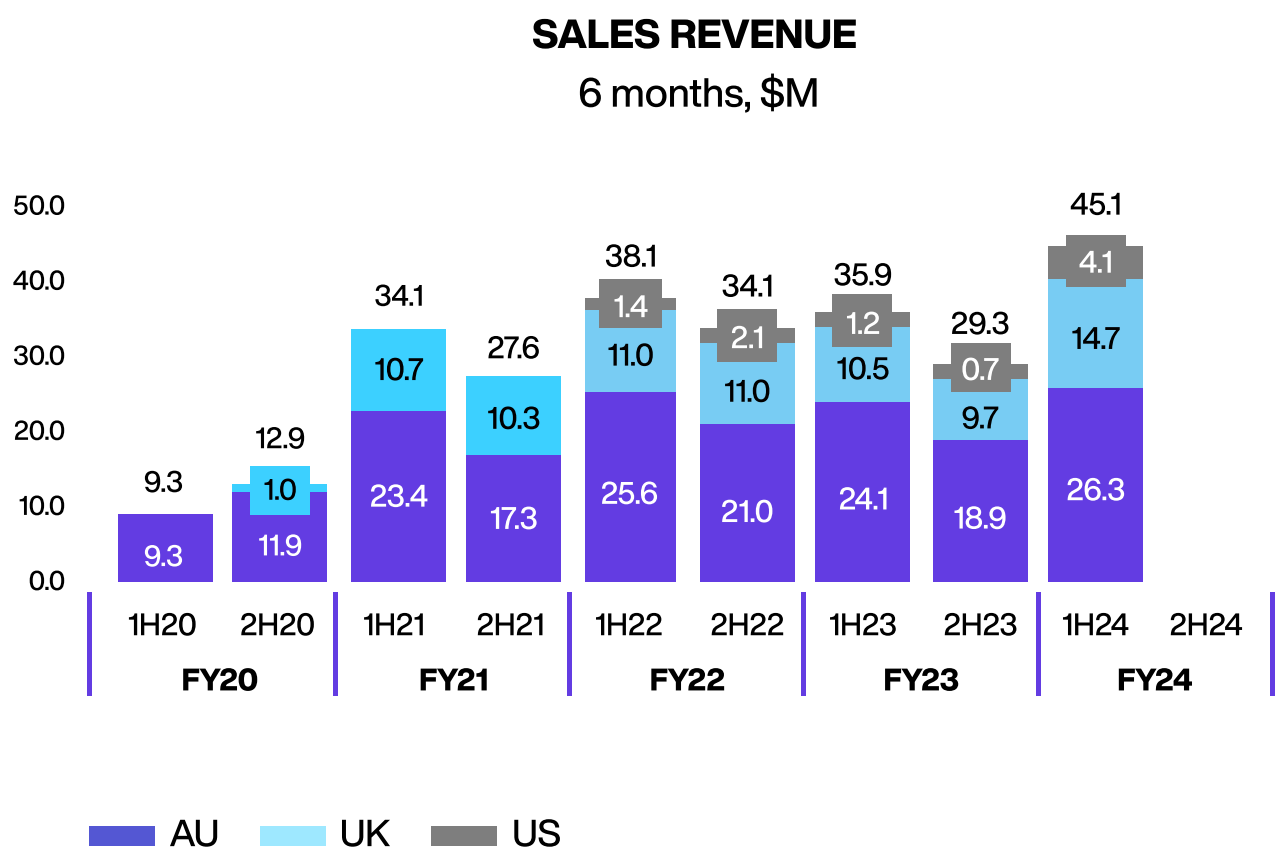
CUSTOMER DATABASE GROWTH ¹
6 months, #'000, excl Amazon



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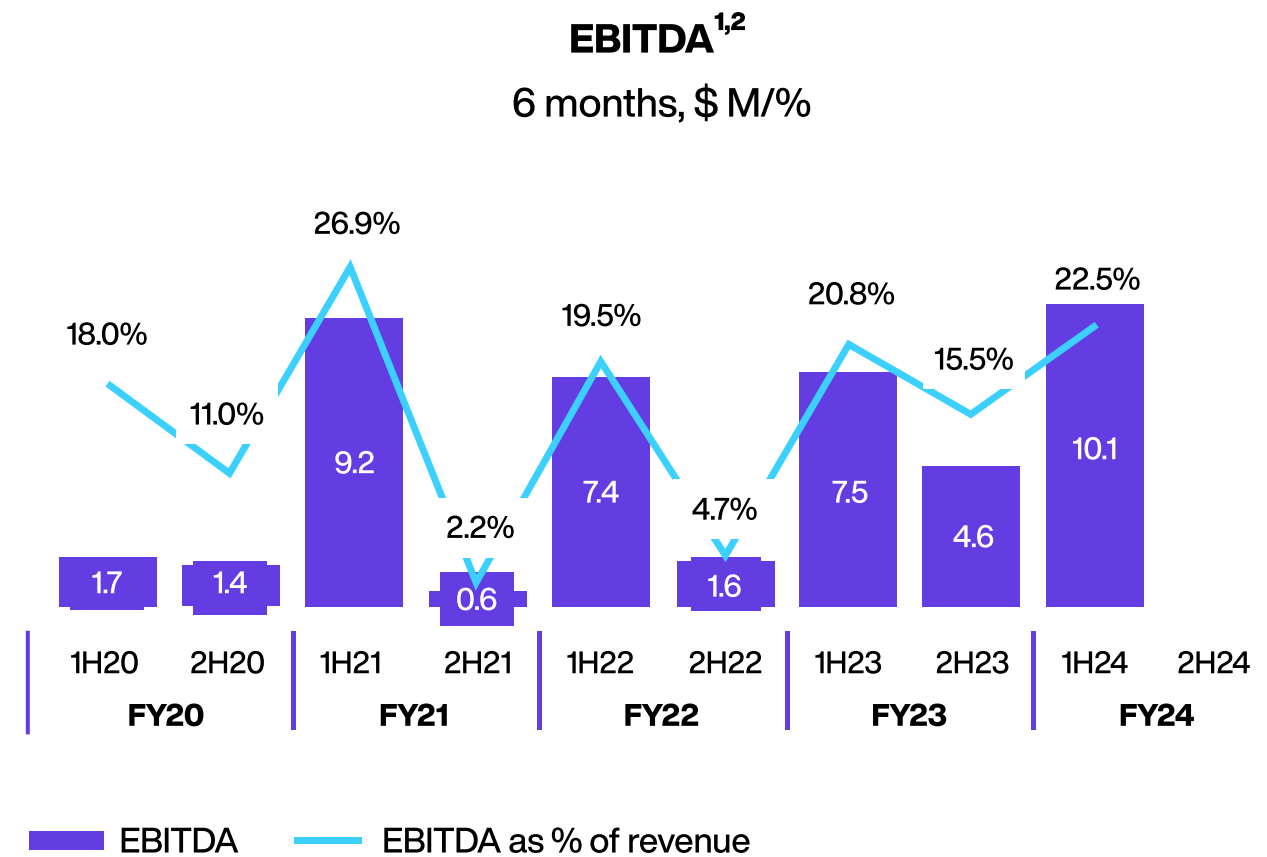
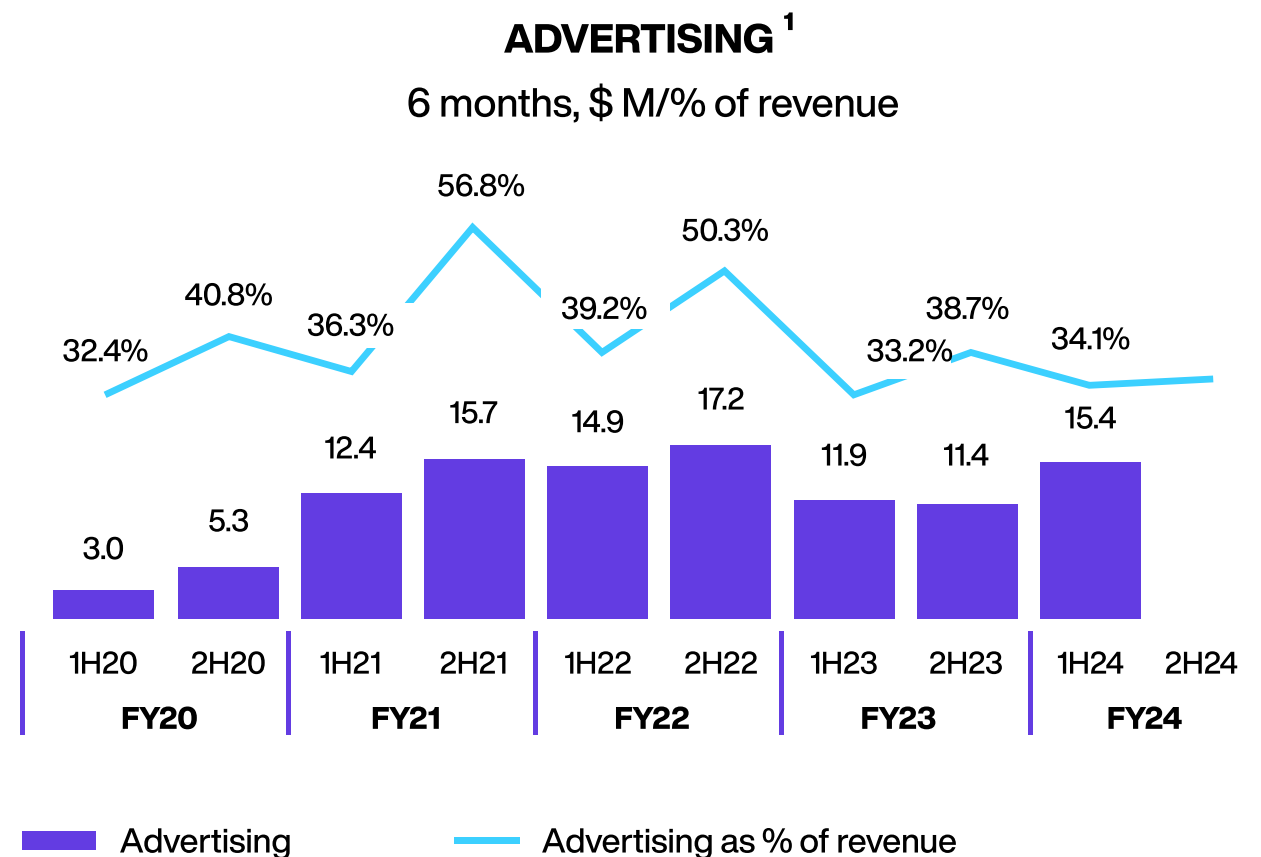
FINANCIAL HIGHLIGHTS

Strong revenue and attractive gross profit margins



FINANCIAL HIGHLIGHTS

Marketing and advertising is a key business driver



1. Adjusted retrospectively for proforma adjustments detailed in the 1H24 results presentation
(refer <https://www.stepone.group/investor-centre/?page=asx-announcements>),

2. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS Measure of performance. It is reconciled to profit before income tax expense in the 4D.

STRATEGY

Multiple growth vectors

Products	Partnerships	Indirect Channels	Countries
<ul style="list-style-type: none">▪ Adjacencies▪ Specialised functionality▪ Focus on an underwear company that sells adjacent products	<ul style="list-style-type: none">▪ SLSA▪ Sail GP▪ Recruit new customers via bespoke prints and targeted advertising	<ul style="list-style-type: none">▪ Marketplaces e.g Amazon▪ Retailers e.g John Lewis▪ Sell limited core range through indirect channels	<ul style="list-style-type: none">▪ AU, UK, US▪ Test new countries via an overnight export from the nearest 3PL then engage a local 3PL/ Marketplace to expand once key metrics are seen

Increased Addressable Market
Increased Range
Increased Channels
Increased Products

=

Increased Revenue

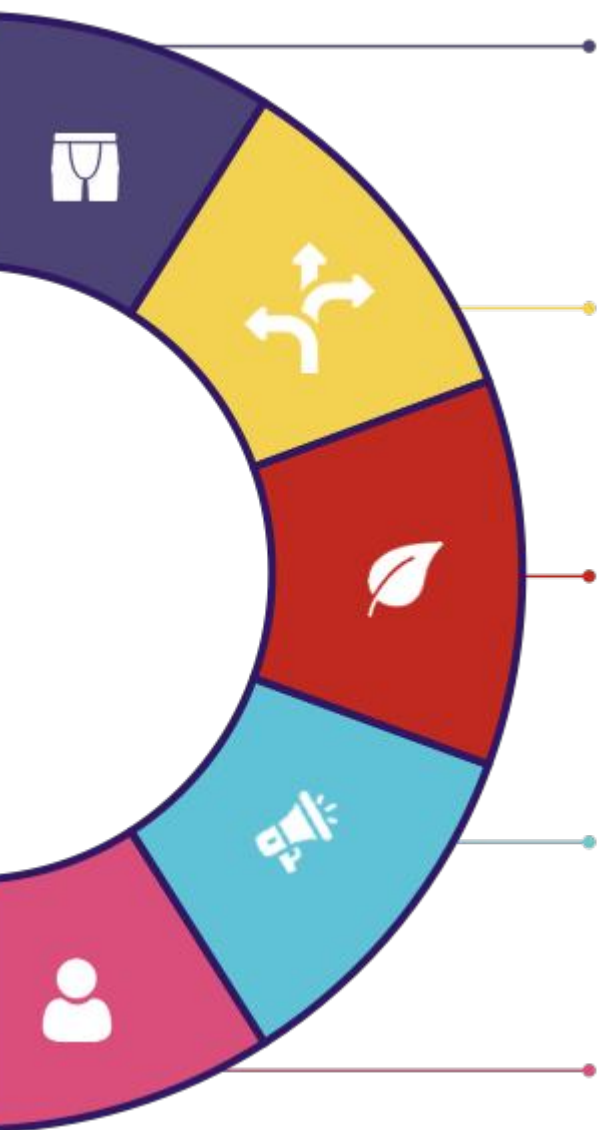


Profitable growth

- Customers love the product as evidenced by a >60% repeating customer purchase rate
- Thousands of 5-star ratings

BUSINESS MODEL

Step One is built on an innovative product and customer engagement model that is capital light and maintains a strong ESG focus



EXCEPTIONAL PRODUCT

Functional product features
adaptable to specific segment needs

- UltraGlyde® panels/ Anti-Chafe technology/ Elastic 3D Pouch
- Unparalleled comfort in all products
- Organically grown eco-cert bamboo
- Quality in design and manufacturing – supported by a 1 year warranty
- Flexible ability to modify design to accommodate specific market segments (eg sports)

CAPITAL LIGHT & FLEXIBLE

Step One 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 and FSC® certified
- Outsource warehouse and distribution to established 3PL who are best in class and scalable

ESG FOCUS

Transparent and ESG
certified production process

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

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
- Active management of marketplaces like amazon to expand customer reach
- Exceptional partnerships to expand customer acquisition

CUSTOMER 1st APPROACH

Strong customer
conversion & retention

- 100% online and primarily DTC orientation 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 and free shipping available
- 12-month manufacturing warranty
- Rapid customer service response

IMPORTANT NOTICE

The material in this presentation has been prepared by Step One Clothing Limited (ASX: STP) ("Step One" or the "Company") and is general background information about Step One's activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete in every aspect. In particular you are cautioned not to place undue reliance on any forward-looking statements regarding our belief, intent or expectations with respect to Step One's businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation or subsequently provided to the recipient of this information, whether orally or in writing, including forecast financial information, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities in the Company. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

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