1. Company details

Name of entity: ABN:	Step One Clothing Limited 34 616 696 318
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	25.5% to	45,052
Profit from ordinary activities after tax attributable to the owners of Step One Clothing Limited	up	34.7% to	7,107
Profit for the half-year attributable to the owners of Step One Clothing Limited	up	34.7% to	7,107

Dividends

Dividends paid during the period were as follows:

	Amount per security Cents	Franked amount per security Cents
Dividend for the year ended 30 June 2023 paid on 25 September 2023.	5.0	5.0
	Conso 31 Dec 2023 \$'000	
Dividend of 5 cents per ordinary share for the year ended 30 June 2023 paid in September 2023 by Step One Clothing Limited Dividend received by the Step One Employee Share Trust but remaining un-distributed at 31 December 2023	9,267 (36)	-
Net dividend paid	9,231	

There were no dividends paid, recommended or declared during the previous financial period.

Comments

The profit for the Group after providing for income tax amounted to \$7,107,000 (31 December 2022: \$5,275,000).

Revenue increased 25.5% on the prior corresponding period and non-IFRS measure of performance Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') increased 35.6% to \$10,130,000 (31 December 2022: \$7,473,000). Gross margin as a percentage of revenue increased to 81.2% (31 December 2022: 80.7%).

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

55,113

185,340,291 185,340,291

Number

53,956

Number

	Consolidated 31 Dec 2023 31 Dec 2022	
	\$'000	\$'000
Profit after income tax expense ('NPAT')	7,107	5,275
Less: Interest income	(486)	(111)
Add: Interest expense/finance cost	28	-
Add: Depreciation and amortisation	80	11
Add: Income tax expense	3,401	2,298
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	10,130	7,473

The Group remains well funded with a strong financial position with no debt. Cash and cash equivalents as at 31 December 2023is \$43,935,000 (30 June 2023: \$38,313,000), which provides the financial capacity to pursue expansion as and when available.

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	29.74	29.11
Net tangible assets per ordinary security, has been calculated as follows:		
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Net assets Less: Intangibles Less: Right-of-use assets Add: Lease liabilities	55,210 (122) (384) 409	54,003 (47) - -

Net tangible assets	

Total shares issued

4. Control gained over entities

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

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 2023 is attached.

11. Signed

Approved for release by the Board of Directors

and belly Signed

David Gallop AM Chair Surry Hills Date: 20 February 2024

Step One Clothing Limited

ABN 34 616 696 318

Interim Report - 31 December 2023

Step One Clothing Limited Contents 31 December 2023

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Step One Clothing Limited Directors' report 31 December 2023



The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Step One Clothing Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities (refer to note 17 to the financial statements) it controlled at the end of, or during, the half-year ended 31 December 2023.

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 Gregory Taylor Richard Dennis Michael Reddie Catherine Thompson

Principal activities

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

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

Review of operations

The profit for the Group after providing for income tax amounted to \$7,107,000 (31 December 2022: \$5,275,000).

Revenue for the financial half-year was \$45,052,000 (31 December 2022: \$35,893,000), an increase of 25.5% on the previous corresponding period ('pcp').

The Group remains well funded with a strong financial position with no debt. Cash and cash equivalents as at 31 December 2023 is \$43,935,000 (30 June 2023: \$38,313,000), which provides the financial capacity to pursue expansion as and when available.

Step One attracted over 8.3 million (31 December 2022: 7.0 million) website visits with an average conversion rate of 5.1% (31 December 2022: 5.0%).

There were 182,000 (31 December 2022: 137,000) first-time customers in the period bringing the total number of customers to over 1,540,000 (31 December 2022: 1,238,000). Customer retention remains high, with over 61.2% (31 December 2022: 63.5%) of orders being placed by returning customers.

Dividends

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

	Consol 31 Dec 2023 \$'000	
Dividend of 5 cents per ordinary share for the year ended 30 June 2023 paid in September 2023 by Step One Clothing Limited Dividend received by the Step One Employee Share Trust but remaining un-distributed	9,267	-
at 31 December 2023	(36)	
Net dividend payment recognised in the statement of changes in equity	9,231	

There were no dividends paid, recommended or declared during the previous financial half-year.

Significant changes in the state of affairs

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



ST-P ONE

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

belly 1 David

Chair

20 February 2024 Surry Hills

Gregory Taylor Director and Chief Executive Officer



Grant Thornton Audit Pty Ltd Level 22 Tower 5 Collins Square 727 Collins Street Melbourne VIC 3008 GPO Box 4736 Melbourne VIC 3001 T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Step One Clothing Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Step One Clothing Limited for the half year ended 31 December 2023, 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

Grant Thornton Audit Pty Ltd Chartered Accountants

gangem

C S Gangemi Partner – Audit & Assurance

Melbourne, 20 February 2024

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Step One Clothing Limited Consolidated statement of profit or loss and other comprehensive income For the half-year ended 31 December 2023

ST_P ONE

	Note	Consolio 31 Dec 2023 3 \$'000	
Sales revenue Cost of goods sold	4	45,052 (8,480)	35,893 (6,925)
Gross margin		36,572	28,968
Interest income calculated using the effective interest method		486	111
Expenses Advertising and marketing expense Distribution and fulfilment expense Employee benefits and contractor expense Share-based payments expense Depreciation and amortisation expense Merchant and transaction fees Net foreign exchange (loss)/gain Professional, legal and insurance fees Administration expense Finance costs Profit before income tax expense	5	(15,379) (5,274) (1,926) (107) (80) (1,643) (508) (956) (649) (28) 10,508	(11,916) (4,472) (1,999) (165) (11) (1,262) 1 (785) (897) - -
Income tax expense		(3,401)	(2,298)
Profit after income tax expense for the half-year attributable to the owners of Step One Clothing Limited Other comprehensive income/(loss)		7,107	5,275
<i>Items that may be reclassified subsequently to profit or loss</i> Foreign currency translation		154	(78)
Other comprehensive income/(loss) for the half-year, net of tax		154	(78)
Total comprehensive income for the half-year attributable to the owners of Step One Clothing Limited		7,261	5,197
		Cents	Cents
Basic earnings per share Diluted earnings per share	6 6	3.83 3.79	2.85 2.79

Step One Clothing Limited Consolidated statement of financial position As at 31 December 2023

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	Note		lidated 30 Jun 2023 \$'000
Assets			
Current assets Cash and cash equivalents Trade and other receivables Inventories Other assets Total current assets	7 8	43,935 1,043 17,574 1,374 63,926	38,313 619 23,326 629 62,887
Non-current assets Property, plant and equipment Right-of-use assets Intangibles Deferred tax asset Total non-current assets	9 10 11	187 384 122 3,309 4,002	74 45 3,118 3,237
Total assets		67,928	66,124
Liabilities			
Current liabilities Trade and other payables Contract liabilities Lease liabilities Income tax payable Employee benefits Provisions Total current liabilities	12	4,906 3,297 231 2,022 241 1,805 12,502	4,289 1,341 - 1,300 231 1,860 9,021
Non-current liabilities Lease liabilities Employee benefits Total non-current liabilities		178 38 216	<u>30</u> 30
Total liabilities		12,718	9,051
Net assets		55,210	57,073
Equity Issued capital Reserves Retained earnings	13 14	51,925 742 2,543	51,925 481 4,667
Total equity		55,210	57,073

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Step One Clothing Limited Consolidated statement of changes in equity For the half-year ended 31 December 2023

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Consolidated	lssued capital \$'000	(Reserves \$'000	Accumulated losses) / retained earnings \$'000	Total equity \$'000
Balance at 1 July 2022	52,496	94	(3,949)	48,641
Profit after income tax expense for the half-year Other comprehensive loss for the half-year, net of tax	-	- (78)	5,275	5,275 (78)
Total comprehensive income/(loss) for the half-year	-	(78)	5,275	5,197
<i>Transactions with owners in their capacity as owners:</i> Share-based payments		165		165
Balance at 31 December 2022	52,496	181	1,326	54,003

Consolidated	lssued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023	51,925	481	4,667	57,073
Profit after income tax expense for the half-year Other comprehensive income for the half-year, net of tax	-	- 154	7,107	7,107 154
Total comprehensive income for the half-year	-	154	7,107	7,261
<i>Transactions with owners in their capacity as owners:</i> Share-based payments Dividends paid (note 15)	-	107	- (9,231)	107 (9,231)
Balance at 31 December 2023	51,925	742	2,543	55,210

Step One Clothing Limited Consolidated statement of cash flows For the half-year ended 31 December 2023

ST_P ONE

	Consolidated		
	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and sales taxes) Payments to suppliers and employees (inclusive of GST and sales taxes)		52,689 (35,333)	40,158 (39,656)
		17,356	502
Interest received		486	111
Interest and other finance costs paid Income taxes paid		(28) (2,870)	- (2,063)
		(2,070)	(2,000)
Net cash from/(used in) operating activities		14,944	(1,450)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(132)	(50)
Payments for intangibles	11	(83)	-
Net cash used in investing activities		(215)	(50)
Cash flows from financing activities			
Dividends paid	15	(9,231)	-
Repayment of leases		(30)	-
Net cash used in financing activities		(9,261)	-
Net increase/(decrease) in cash and cash equivalents		5,468	(1,500)
Cash and cash equivalents at the beginning of the financial half-year		38,313	34,110
Effects of exchange rate changes on cash and cash equivalents		154	(60)
Cash and cash equivalents at the end of the financial half-year	7	43,935	32,550

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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 (as detailed in note 17) 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 2 120 Chalmers 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 20 February 2024. 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 2023 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 2023 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

During the current financial half-year, the Group acquired right-of-use asset and lease liabilities which were not included in the previous financial year. The accounting policies applicable are stated below.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Consistent with the Group's annual report for the year ended 30 June 2023, judgements and estimates which are critical to these financial statements are detailed below. There have been no material changes to the critical basis of estimation for significant estimates between the previous annual financial statements and this interim report. Changes in estimated amounts arise from changes in performance rather than changes in the basis of estimation, as shown in the relevant notes to these interim financial statements.

Judgements

Income tax

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

Recovery of deferred tax assets

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimates

Provision for inventory obsolescence

A provision for inventory obsolescence represents the value of inventory that is expected to be sold at less than carrying value or disposed. The provision amount was determined after assessing product lines that where first released over 12 months from the reporting date. The items included are for colour releases that did not sell through, and the prospect of future re-release is limited and/or the cost does not justify maintaining the line. Cost in this context includes both holding and opportunity cost (distracting customers from more popular lines). The provision also includes damaged stock or returned (and opened) inventory for which sale is not possible. Refer to note 8 for further details.

Share-based payments

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

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 CODM) in assessing performance and in determining the allocation of resources.

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

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

Major customers

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

Disaggregation of revenue by geographical regions

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

	Consolidated 31 Dec 2023 31 Dec 20 \$'000 \$'000	31 Dec 2023 31 Dec 2022		
Australia United Kingdom United States of America	26,264 24,1 ² 14,652 10,6 ² 4,136 1,16	19		
	45,052 35,89	93		

Non-current assets by Geographical regions There are no geographical non-current assets.

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43,935

38,313

Note 5. Expenses

		blidated 3 31 Dec 2022 \$'000
Profit before income tax includes the following specific expenses:		
<i>Share-based payments expense</i> Management share options and rights	107	165
<i>Finance costs</i> Interest and finance charges paid/payable on lease liabilities	28	
Note 6. Earnings per share		
	Conso 31 Dec 2023 \$'000	
Profit after income tax attributable to the owners of Step One Clothing Limited	7,107	5,275
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share Adjustments for calculation of diluted earnings per share:	185,340,291	185,340,291
Rights over ordinary shares Options over ordinary shares	957,646 1,200,000	2,183,178 1,671,781
Weighted average number of ordinary shares used in calculating diluted earnings per share	187,497,937	189,195,250
	Cents	Cents
Basic earnings per share Diluted earnings per share	3.83 3.79	2.85 2.79
Note 7. Cash and cash equivalents		
		blidated 3 30 Jun 2023 \$'000
<i>Current assets</i> Cash at bank	17,935	18,313
Cash on deposit	26,000	

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Note 8. Inventories

	Consolidated	
	31 Dec 2023 30 Jun 2023	
	\$'000	\$'000
Current assets		
Stock on hand - at cost	16,142	24,221
Less: Provision for inventory obsolescence	(703)	(1,200)
	15,439	23,021
Stock in transit - at cost	2,135	305
	17,574	23,326

Provision for inventory obsolescence

The provision for inventory obsolescence was reduced in the period, due to successful marketing and sales campaigns which enabled the Group to reduce the quantity of colour releases that previously did not sell through and limited edition stock which it has on hand.

Note 9. Property, plant and equipment

	Conso 31 Dec 2023 \$'000	lidated 30 Jun 2023 \$'000
Non-current assets		
Fitout - at cost	118	-
Less: Accumulated depreciation	(2)	
	116	
Computer equipment - at cost	109	95
Less: Accumulated depreciation	(41)	(25)
	68	70
Office equipment - at cost	5	5
Less: Accumulated depreciation	(2)	(1)
·	3	4
	187	74

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Fitout	Computer equipment	Office equipment	Total
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023 Additions Depreciation expense	118 (2)	70 14 (16)	4 - (1)	74 132 (19)
Balance at 31 December 2023	116	68	3	187

Note 10. Right-of-use assets

	Consolidated
	31 Dec 2023 30 Jun 2023 \$'000 \$'000
<i>Non-current assets</i> Premises - right-of-use Less: Accumulated depreciation	439 - (55) -

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Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Premises \$'000
Balance at 1 July 2023 Additions Depreciation expense	- 439 (55)
Balance at 31 December 2023	384

Note 11. Intangibles

		lidated 30 Jun 2023 \$'000
<i>Non-current assets</i> Trademarks - at cost Less: Accumulated amortisation	(20)	59 (14)
	122	45

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Trademarks \$'000
Balance at 1 July 2023 Additions Amortisation expense	45 83 (6)
Balance at 31 December 2023	122

Note 12. Trade and other payables

	Consol	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	
<i>Current liabilities</i> Trade payables	2,217	1,522	
Sales taxes (net)	1,658	1,298	
Accruals and other payables	1,031	1,469	
	4,906	4,289	

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

Note 13. Issued capital

	Conso	lidated	
	31 Dec 2023 30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares Shares	\$'000	\$'000
Ordinary shares - fully paid	185,340,291 185,340,291	52,496	52,496
Treasury shares	(1,677,646) (1,677,646)	(571)	(571)
	183,662,645 183,662,645	51,925	51,925

Note 14. Reserves

	Conso 31 Dec 2023 \$'000	lidated 30 Jun 2023 \$'000
Foreign currency translation reserve	268	114
Share-based payments reserve	474	367
	742	481

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 \$'000	Share-based payment \$'000	Total \$'000
Balance at 1 July 2023 Foreign currency translation Share-based payments	114 154 -	367 - 107	481 154 107
Balance at 31 December 2023	268	474	742

STEP **ONE**

Note 15. Dividends

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

	Consolidated 31 Dec 2023 31 Dec 2022 \$'000 \$'000	
	φ 000	\$ 000
Dividend of 5 cents per ordinary share for the year ended 30 June 2023 paid in September 2023 by Step One Clothing Limited Dividend received by the Step One Employee Share Trust but remaining un-distributed	9,267	-
at 31 December 2023	(36)	-
Net dividend payment recognised in the statement of changes in equity	9,231	-

There were no dividends paid, recommended or declared during the previous financial half-year.

Note 16. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2023 and 30 June 2023.

Note 17. Interests in subsidiaries

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

		Ownership interest	
	Principal place of business /	31 Dec 2023	30 Jun 2023
Name	Country of incorporation	%	%
Step One Clothing Australia Pty Ltd	Australia	100%	100%
Step One Production Pty Ltd	Australia	100%	100%
Step One Clothing UK Limited	United Kingdom	100%	100%
Step One Clothing USA Inc.	United States of America	100%	100%
Step One Employee Share Trust*	Australia	-	-

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

Note 18. Events after the reporting period

There were no material events subsequent to 31 December 2023 and up until the authorisation of these financial statements that have an impact on the amounts recognised in these financial statements or which require to be separately disclosed.

Step One Clothing Limited Directors' declaration 31 December 2023



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 2023 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

hello

David Gallop AM Chair

20 February 2024 Surry Hills

Gregory Taylor Director and Chief Executive Officer



Grant Thornton Audit Pty Ltd Level 22 Tower 5 Collins Square 727 Collins Street Melbourne VIC 3008 GPO Box 4736 Melbourne VIC 3001 T +61 3 8320 2222

Independent Auditor's Review Report

To the Members of Step One Clothing Limited

Report on 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 2023, 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 the Group's financial position as at 31 December 2023 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.

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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 2023 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

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C S Gangemi Partner – Audit & Assurance

Melbourne, 20 February 2024