STEP ONE™

ASX Announcement
19 August 2026

Step One Clothing Limited
FY26 Results

Step One Clothing Limited (ASX:STP) ("Step One" or "the Company"), a leading online direct-to-consumer underwear brand, today announces its financial results for the year ended 30 June 2026 (FY26).

Overview

- Revenue of $63.7 million (FY25: $86.9 million), down 26.7%, reflecting subdued consumer demand and a deliberate reduction in discounting as part of the Company's reset program
- Reported EBITDA loss of $7.4 million (FY25: $17.4 million profit); Adjusted EBITDA[2] profit of $1.7 million (FY25: $17.4 million), excluding the inventory obsolescence provision
- Reported net loss after tax of $6.4 million (FY25: $12.7 million profit); adjusted net profit after tax[2] of $0.8 million
- Adjusted gross margin[2] of 75.9% (FY25: 76.4%), broadly in line with the prior year
- Strong balance sheet with cash and financial assets of $25.8 million and no debt
- Customer database exceeded two million for the first time

FY26 Key Financial Metrics

		FY26	FY25	Variance	
				$	%
Revenue	$'000	63,682	86,882	(23,200)	-26.7%
Gross Margin	%	61.6%	76.4%		-14.8pp
Gross Margin Adjusted[2]	%	75.9%	76.4%		-0.5pp
EBITDA[1]	$'000	(7,403)	17,420	(24,823)	-142.5%
EBITDA Adjusted[2]	$'000	1,722	17,420	(15,698)	-90.1%
NPAT	$'000	(6,353)	12,651	(19,004)	-150.2%
NPAT Adjusted[2]	$'000	815	12,651	(11,836)	-93.6%

Step One Founder and CEO, Greg Taylor, said, "FY26 was a challenging year, and the financial result was disappointing. Faced with subdued consumer spending across our markets, we made the deliberate decision to step back from the deep discounting that had supported sales in recent years, rebuild the brand's quality credentials, and address legacy inventory. We believe these were necessary steps for the long-term health of the business, but they came at a near-term cost to revenue and earnings.

"The reset is laying the foundation for our ambition to become a bigger part of our customers' wardrobe. During the year we broadened our product range, grew our indirect channel revenue by more than 60%, and grew our customer database to more than two million for the first time, all while keeping the balance sheet strong and debt-free.

"Setting the inventory provision aside, our margins held firm, with adjusted gross margin of 75.9%, broadly in line with last year and strong by industry standards. The United Kingdom increased its share of group

[1] Earnings before interest, tax, depreciation and amortisation (EBITDA) is a financial measure that is not prescribed by Australian Accounting Standards.
[2] Adjusted refers to the removal of the specific inventory obsolescence provision raised in FY26. A reconciliation of reported to adjusted EBITDA and adjusted Net Profit After Tax (NPAT) is provided in the investor presentation.

revenue, supported by continued investment in localised content and indirect channels. We launched six new products across adjacent categories, while repeat purchase rates softened as promotional activity was reduced. These are the building blocks of a more diversified and resilient business.

"We are making progress against the reset plan, but it will take more time. We will continue to take a disciplined approach to clearing the remaining aged inventory. We enter FY27 debt-free with a customer database of more than two million, providing a strong platform from which to build."

Dividend

No dividend has been declared in respect of FY26 (FY25 final: 2.4 cents per share). There has been no change to the Company's dividend policy. Consistent with the Company's half year results announcement, the Board presently intends to recommence dividends once the Company's retained earnings return to a positive balance, subject to the Company's financial position and trading conditions at that time.

-ENDS-

This announcement was authorised for release by the Board of Step One Clothing Limited.

Investor Conference Call & Webcast

An Investor Presentation has been lodged with the ASX today, together with this announcement. Step One will host a conference call and webcast for analysts and investors at 9.30am AEST today.

Conference call registration:
https://registrations.events/direct/MCM1296737686
Live audio webcast registration:
https://webcast.openbriefing.com/stp-fyr-2026/

About Step One Clothing

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

Further information can be found on the Company's website https://stepone.group/.

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