STEP ONE™


# FY26 RESULTS PRESENTATION

# FY26 RESULTS HIGHLIGHTS

## The reset program is advancing

| | | | |
|---|---|---|---|
| **Revenue**<br>$63.7m<br><br>Down 26.7% vs pcp | **Gross Margin**<br>Reported 61.6%<br>Adjusted[1] 75.9%<br><br>Reported down 14.8 pp<br>Adjusted[1] down 0.5 pp | **Women's Revenue[2]**<br>14.8% of Revenue[2]<br><br>Down 35.7% vs pcp | **Indirect Revenue[3]**<br>18.2% of Revenue<br><br>Up 62.3% vs pcp |
| **EBITDA[1]**<br>Reported Loss -$7.4m<br>Adjusted[1] Profit +$1.7m<br><br>Reported down $24.8m vs pcp<br>Adjusted[1] down $15.7m vs pcp | **Cash & Financial Assets**<br>$25.8m<br><br>Down 22.1% from Jun 25 | **Advertising**<br>33.1% of Revenue<br><br>Up 6.1 pp vs pcp | **New Products**<br><br>6 new products released |

1. Refer page 12 for calculation of EBITDA that adds back the movement in the inventory obsolescence provision
2. Sold revenue, excluding Amazon, Tik Tok Shop, John Lewis, Iconic, Decathlon and eBay sales
3. Indirect Revenue includes revenue from sales on Amazon, Tik Tok Shop, John Lewis, iconic, Decathlon and eBay

# RESET AND GROWTH STRATEGY

The reset is focused on strengthening the foundations of the business, while the Company pursues four longer-term growth priorities

### PRODUCTS & RANGE

Develop quality, comfortable new products that build on our core range:

- Expand into logical adjacencies
- Expand product range beyond bamboo fabric where customer demand supports it

### CUSTOMER ACQUISITION

Recruit new customers through consistent, brand-led advertising:

- Position as a comfortable and quality brand
- Increased brand investment with a focus on marketing efficiency

### INDIRECT CHANNELS

Growth through trusted and established retail and ecommerce channels:

- Expand selectively with aligned partners
- Maintain brand integrity and margin discipline

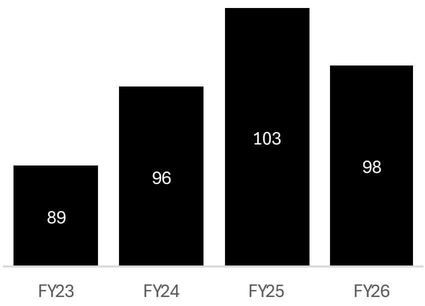
### FOOTPRINT

Maintain presence in global markets where there is demand, leveraging expertise and product development:

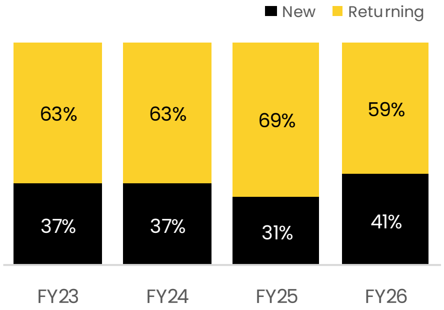
- Prioritising sustainable growth with improving profitability
- Digitally focused UK strategy, with a disciplined approach to the US

# FINANCIAL AND PERFORMANCE CHARTS

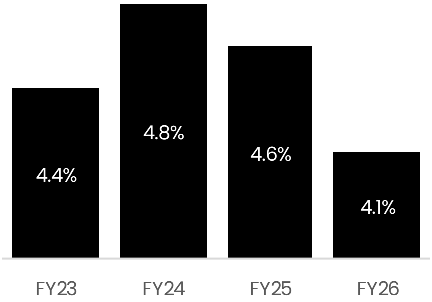
Average Order Value
Direct Business
$/order



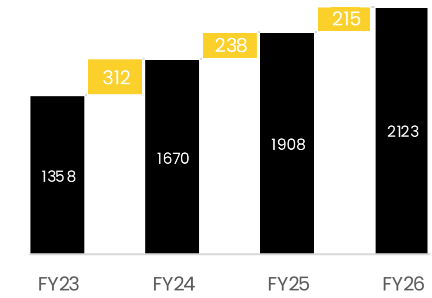

Customer Mix
Direct Business



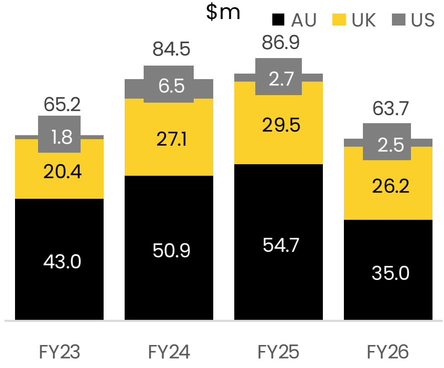

Conversion Rate
Direct Business



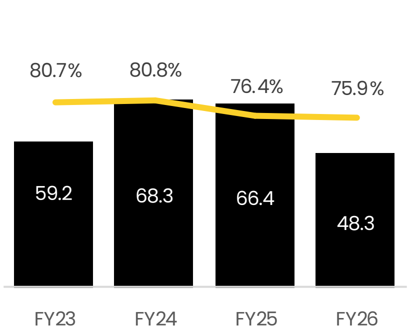

Customer Database
Direct Business
#'000



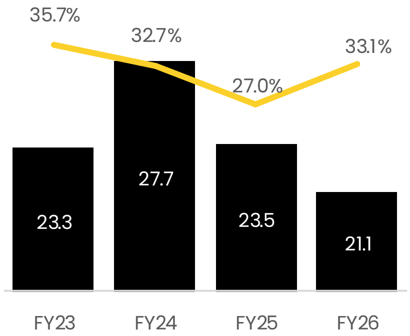

Revenue
$m



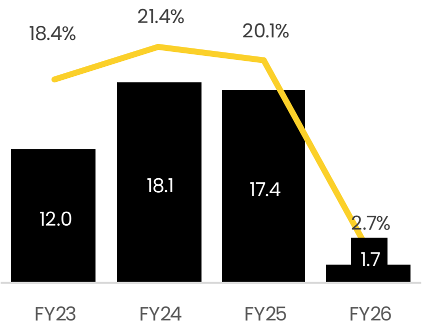

Gross Profit (Adjusted)
$m/% of Revenue




Advertising Cost
$m/% of Revenue




EBITDA (Adjusted)
$m/% of Revenue




Direct Business relates to sales made on the Step One website channel and excludes Amazon, TikTok Shop, John Lewis, Iconic, Decathlon and eBay sales.
Adjusted for the movement in the specific inventory provision, refer slide 12 for calculation of the Adjusted Gross Profit Margin and EBITDA in FY26.

# INCOME STATEMENT

STEP ONE

| | FY26 | FY25 | Movement | |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % |
| Australia | 34,974 | 54,715 | (19,741) | -36.1% |
| UK | 26,231 | 29,497 | (3,266) | -11.1% |
| USA | 2,477 | 2,670 | (193) | -7.2% |
| **Revenue** | **63,682** | **86,882** | **(23,200)** | **-26.7%** |
| Cost of sales | (15,342) | (20,503) | 5,161 | -25.2% |
| Provision movement | (9,125) | 0 | (9,125) | -% |
| **Gross profit** | **39,215** | **66,379** | **(27,164)** | **-40.9%** |
| Gross margin % | 61.6% | 76.4% | | -14.8 pp |
| Adjusted[1] Gross Margin % | 75.9% | 76.4% | | -0.5 pp |
| Advertising & marketing[1] | (21,102) | (23,457) | 2,355 | -10.0% |
| Advertising as percent of revenue | 33.1% | 27.0% | | 6.1 pp |
| Distribution & fulfilment | (12,657) | (13,064) | 407 | -3.1% |
| Distribution as percent of revenue | 19.9% | 15.0% | | 4.9 pp |
| Merchant and transaction fees | (3,109) | (3,339) | 230 | -6.9% |
| Transaction fees as % of Revenue | 4.9% | 3.8% | | 1.1 pp |
| **Contribution profit** | **2,347** | **26,519** | **(24,172)** | **-91.1%** |
| Contribution as percent of revenue | 3.7% | 30.5% | | -26.8 pp |
| Overhead | (9,696) | (9,833) | 137 | -1.4% |
| Foreign exchange gain/(loss) | (54) | 734 | (788) | -107.4% |
| **EBITDA profit/(loss)[2]** | **(7,403)** | **17,420** | **(24,823)** | **-142.5%** |
| Adjusted[1] EBITDA | **1,722** | **17,420** | **(15,698)** | **-90.1%** |
| Adjusted[1] EBITDA as % of Revenue | 2.7% | 20.1% | | -17.4 pp |
| **Profit/(Loss) before tax** | **(7,382)** | **18,318** | **(25,700)** | **-140.3%** |
| Income tax benefit/(expense) | 1,029 | (5,667) | 6,696 | -118.2% |
| **Profit/(Loss) after tax** | **(6,353)** | **12,651** | **(19,004)** | **-150.2%** |
| **Adjusted[1] profit/(loss) after tax** | **815** | **12,651** | **(11,836)** | **-93.6%** |

## COMMENTARY

- Global revenue was down 26.7%, reflecting the strategic reduction in discounting and softer consumer demand across key markets
- Revenue from Women's products represents 14.8% of total direct revenue
- Revenue from Indirect channels represents 18.2% of total revenue after growing 62.3% vs pcp
- Gross margin (after adjusting for the inventory obsolescence provision) declined to 75.9%, despite reduced sale period activity, the price of 'older product' was discounted at a higher rate to clear it
- Advertising increased to 33.1% of revenue, with increased brand advertising
- Cost pressure on global logistics and distribution were exacerbated by higher inventory levels and the introduction of additional 3PLs

1. Adjusted values are not prescribed by IFRS and are not proforma or considered once-off. They are presented to assist financial analysis. The reconciliation of Adjusted to Statutory values is provided on page 12
2. 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 30 Jun 2026 | As at 30 Jun 2025 | Variance | |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % |
| **Assets** | | | | |
| Cash and financial assets | 25,816 | 33,140 | (7,324) | -22.1% |
| Receivables | 890 | 499 | 391 | 78.4% |
| Inventory | 15,849 | 25,257 | (9,408) | -37.2% |
| Intangible | - | 33 | (33) | -100.0% |
| Tax asset | 4,859 | 1,608 | 3,251 | 202.2% |
| Equipment | - | 48 | (48) | -100.0% |
| Property lease asset | 700 | - | 700 | -% |
| Other | 508 | 1,544 | (1,036) | -67.1% |
| **Assets** | **48,622** | **62,129** | **(13,507)** | **-21.7%** |
| **Liabilities** | | | | |
| Liabilities to factories | 1,353 | 2,504 | (1,151) | -46.0% |
| Taxes | 759 | 3,532 | (2,773) | -78.5% |
| Deferred revenue | 637 | 726 | 89 | -12.3% |
| Lease liability | 794 | - | 794 | -% |
| Other liabilities | 4,656 | 3,368 | 1,288 | 38.2% |
| **Liabilities** | **8,199** | **10,130** | **(1,931)** | **-19.1%** |
| **Net Assets** | **40,423** | **51,999** | **(11,576)** | **-22.3%** |
| **Equity** | | | | |
| Capital | 50,396 | 50,396 | - | -% |
| Retained Earnings (post IPO) | (6,000) | 4,552 | (10,552) | -231.8% |
| Reserves and Other | (3,973) | (2,949) | (1,024) | 56.5% |
| **Equity** | **40,423** | **51,999** | **(11,576)** | **-22.3%** |

## COMMENTARY

- Debt free with cash and financial assets held with licensed banks across a variety of terms
- Inventory on hand increased by $1.7m due to product range expansion and accumulation of slower moving lines; however, the net inventory balance reduced by $9.4m as a result of the increase to the obsolescence provision and reduced stock in transit
- Deferred revenue represents sales made in late June that were not delivered prior to 30 June 2026
- A lease asset and liability relates to the head office lease
- Available cash of $16.4m ($25.8m cash & term deposits less $8.2m liabilities, less $1.3m inventory purchase orders that have been placed but not yet fulfilled)
- Step One remains a capital light business model

1. Totals align to AASB and the financial statements, however individual line items have modified descriptions to aid understanding and discussion.

# CASHFLOW

STEP ONE

| | FY26 | FY25 | Variance | |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % |
| **Operating cashflows** | | | | |
| Receipts | 71,578 | 98,401 | (26,823) | -27.3% |
| Payments | (71,188) | (86,812) | 15,624 | -18.0% |
| | **390** | **11,589** | **(11,199)** | **-96.6%** |
| Interest | 349 | 1,233 | (884) | -71.7% |
| Tax | (3,444) | (4,821) | 1,377 | -28.6% |
| | **(2,705)** | **8,001** | **(10,706)** | **-133.8%** |
| **Investing cashflows** | | | | |
| Term Deposit | 4,853 | (5,000) | 9,853 | -197.1% |
| Asset purchases | (6) | (20) | 14 | -70.0% |
| | **4,847** | **(5,020)** | **9,867** | **-196.6%** |
| **Financing cashflows** | | | | |
| Dividends paid | (4,424) | (13,293) | 8,869 | -66.7% |
| Treasury shares for ESOP | - | (529) | 529 | -100.0% |
| Lease | (147) | (293) | 146 | -49.8% |
| | **(4,571)** | **(14,115)** | **9,544** | **-67.6%** |
| **Net cashflow** | **(2,429)** | **(11,134)** | **8,705** | **-78.2%** |
| Opening cash | 18,140 | 28,952 | (10,812) | -37.3% |
| FX movements | (42) | 322 | 364 | -113.0% |
| **Closing cash** | **15,669** | **18,140** | **(2,471)** | **-13.6%** |

## COMMENTARY

- Cash inflow decline in line with reduced revenue
- Dividends of $4.4m were paid during FY26; relating to the FY25 final dividend
- Term deposits with a duration of greater than 3 months have been classified as investments
- Strong financial position with cash and term deposits totalling $25.8m, all held with licenced banks

1. Totals align to AASB and the financial statements, however individual line items have modified descriptions to aid understanding and discussion.

# LOOKING FORWARD

## Executing on the reset plan

**Step One will continue to execute the plan to reset the business, Including:**

- Release new products and adjacencies
- Enhance brand advertising
- Maintain brand premium through reduced discounting

Step One will prioritise long-term value creation over short-term performance, with a focus on sustainable growth and improving profitability.

No change in dividend policy. Dividend declarations are expected to recommence once retained earnings returns to a positive balance.

No financial guidance will be issued.

### PRODUCTS

Develop new products and adjacencies

### CUSTOMERS

Re-engage existing customers and strengthen acquisition

### CHANNELS

Expand indirect channels and routes to market

### FOOTPRINT

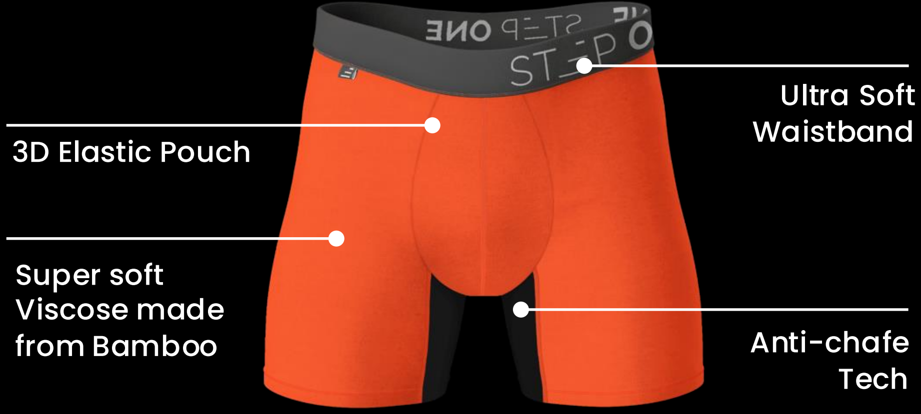
Pursue disciplined international growth

# APPENDIX

STEP ONE™

## AT A GLANCE
(AT 30 JUNE 2026)

| | |
|---|---|
| Listed on the ASX: | 2021 - STP |
| Industry Sector: | Retail (online) |
| Fiscal year end: | June 30 |
| Market cap: | $26m, $0.14 per share |
| Valuation multiple: | 15.1x EBITDA<br>(based on FY26 EBITDA normalised) |
| Securities Issued: | 185,340,291 |
| Founder holds: | 107,327,144 (58%) |
| Free Float: | 38% |




**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.

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

Supply chain has end-to-end chain of custody certification

# BUSINESS MODEL

STEP ONE

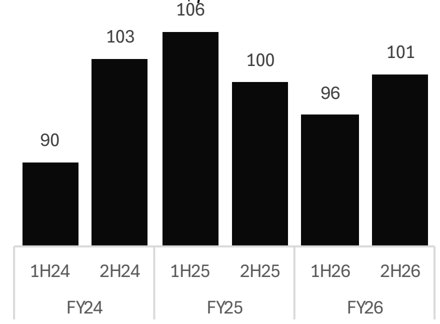
## Step One is an online DTC company, with a capital light scalable operation

| | |
|---|---|
| **GLOBAL COMPANY**<br>Local operations | • Head office in **Australia** with only 26 employees globally<br>• Subsidiaries in **UK and US** which hold inventory locally (in scalable 3PLs)<br>• Staff in other countries are customer focused and supported by local experts<br>• Ability to **export to other countries** and use global marketplaces |
| **EXCEPTIONAL UNDERWEAR**<br>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**<br>• **Quality** in design and manufacturing – backed by a 1-year warranty<br>• Flexible ability to modify design to accommodate specific market segments (eg Sports)<br>• Underwear is our priority, with adjacent products representing future opportunity |
| **CAPITAL LIGHT & FLEXIBLE**<br>Focus remains on design, customers & marketing | • Equity funded, no debt, brand owner, **100% online** (no store leases)<br>• Outsource manufacturing to **best-in-class manufacturing** facilities which are **scalable**<br>• Outsource warehouse and distribution to established 3PL who are best in class and scalable<br>• Executive attention directed to customer interaction and product design |
| **MARKETING**<br>Strategic & direct | • **In-house capability** producing video, content & marketing<br>• Skills managing **content localisation** or local production<br>• Intelligent management of **paid media, social media** & **influencer** channels<br>• Creativity and digital advertising skills are in our DNA and hard to replicate |
| **CHANNELS & PARTNERSHIPS**<br>Opportunity for growth | • Active management of **marketplace** channels like **Amazon** to expand customer reach<br>• Partnership with **John Lewis** to elevate product positioning<br>• Exceptional **partnerships** like **SLSA** to expand customer acquisition |
| **CUSTOMER CENTRIC**<br>Conversion | • **Online** and primarily **DTC** with active social media management keeps us close to customer feedback<br>• **30-Day First Pair Guarantee** which allows a full refund on a first purchase plus **Free shipping** reduce barriers to first purchase |

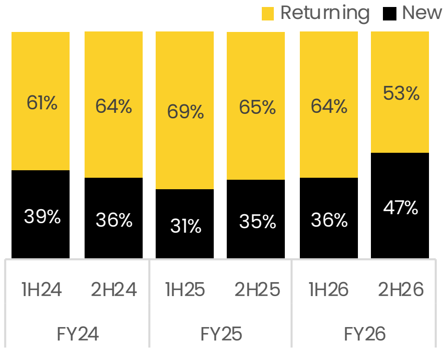
# FINANCIAL AND PERFORMANCE CHARTS

STEP ONE

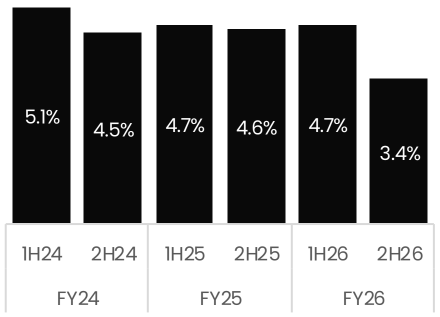
Average Order Value
Direct Business
$/order




Customer Mix
Direct Business




Conversion Rate
Direct Business




Customer Database
Direct Business
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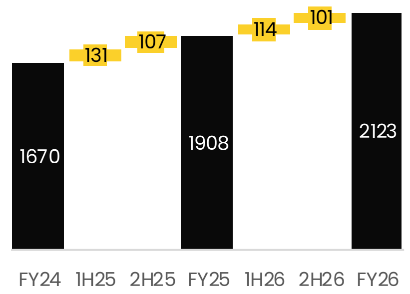
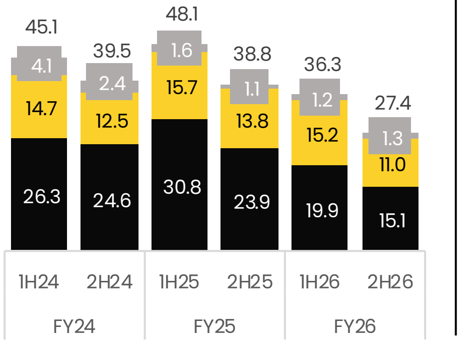
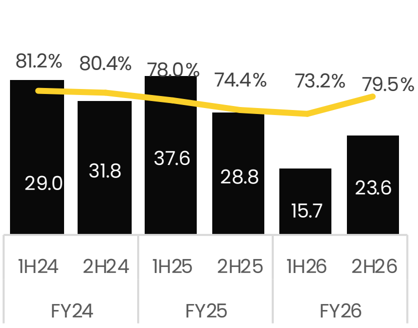


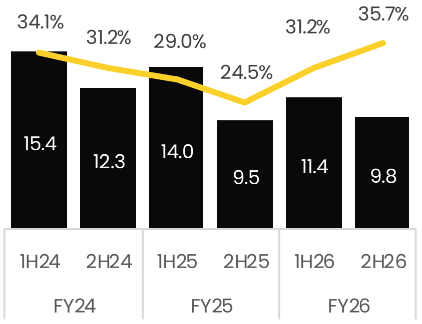

Revenue
$m



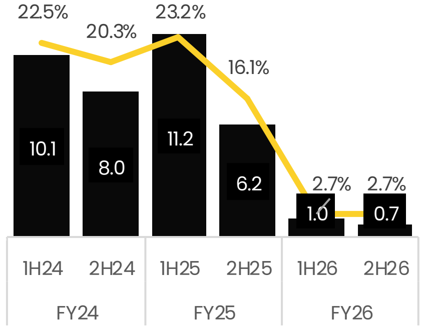

Gross Profit (Adjusted)
$m/% of Revenue




Advertising Cost
$m/% of Revenue




EBITDA (Adjusted)
$m/% of Revenue




Direct Business relates to sales made on the Step One website channel and excludes Amazon, TikTok Shop, John Lewis, Iconic, Decathlon and eBay sales.
Adjusted for the movement in the specific inventory provision, refer slide 12 for calculation of the Adjusted Gross Profit Margin and EBITDA in FY26.

# ADJUSTED INCOME STATEMENT

STEP ONE

| | FY26 | | | FY25 | Movement | |
|---|---|---|---|---|---|---|
| | Reported | Adjustment | Adjusted[1] | Reported | Adjusted[1] | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | % |
| Australia | 34,974 | | 34,974 | 54,715 | (19,741) | -36.1% |
| UK | 26,231 | | 26,231 | 29,497 | (3,266) | -11.% |
| USA | 2,477 | | 2,477 | 2,670 | (193) | -7.2% |
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| Provision movement | (9,125) | 9,125 | - | - | - | -% |
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| Gross margin % | 61.6% | | 75.9% | 76.4% | | -0.5 pp |
| Advertising & marketing[1] | (21,102) | | (21,102) | (23,457) | 2,355 | -10.0% |
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| Transaction fees as % of Revenue | 4.9% | | 4.9% | 3.8% | | 1.1 pp |
| **Contribution profit** | **2,347** | **9,125** | **11,472** | **26,519** | **(15,047)** | **-56.7%** |
| Contribution as percent of revenue | 3.7% | | 18.0% | 30.5% | | -12.5 pp |
| Overhead | (9,696) | | (9,696) | (9,833) | 137 | -1.4% |
| Foreign exchange gain/(loss) | (54) | | (54) | 734 | (788) | -107.4% |
| **EBITDA profit/(loss)[1]** | **(7,403)** | **9,125** | **1,722** | **17,420** | **(15,698)** | **-90.1%** |
| EBITDA as a % of Revenue | -11.6% | | 2.7% | 20.1% | | -17.4 pp |
| **Profit/(Loss) before tax** | **(7,382)** | **9,125** | **1,743** | **18,318** | **(16,575)** | **-90.5%** |
| Income tax benefit/(expense) | 1,029 | (1,957) | (928) | (5,667) | 4,739 | -83.6% |
| **Profit/(Loss) after tax** | **(6,353)** | **7,168** | **815** | **12,651** | **(11,836)** | **-93.6%** |

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2. 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.

## COMMENTARY

The increase in the inventory obsolescence provision is not a proforma adjustment. This table has been prepared to assist analysis and understanding of the impact of the provision adjustment.

No tax benefit was recognised for the provision expense in the USA

The provision expense reduced since being raised in 1H26.

| $'000 | |
|---|---|
| 10,933 | specific provision 1H26 |
| (1,808) | adjustments in 2H26 |
| 9,125 | specific provision expense FY26 |

The extent to which obsolete inventory is disposed of via the selling system (eg gift with purchase), the provision will be reversed further.

# 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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