

QUICKSTEP INVESTS IN UNMANNED SYSTEMS

29 July 2021: Quickstep Holdings Limited (ASX: QHL) (**Quickstep** or the **Company**) has launched a new vertical focused on unmanned air systems for the global commercial and military market. The recently established Quickstep Advanced Air Mobility (**QAAM**) plans to build out this capability over the next 12-18 months.

The Company has, through a subsidiary, signed an agreement to invest \$1 million for a minority stake in Carbonicboats Pty Ltd trading as Carbonix (**Carbonix**), an Australian company with strong capability in the design, development, manufacture and operation of next generation unmanned solutions for commercial and military applications.

The \$1 million commitment is expected to be paid in 2 equal tranches over the first half of FY22 and will be funded by operating cash flow. Each tranche is tied to a commercial milestone, the first of which has already been met to Quickstep's satisfaction. Quickstep will have a representative on the Carbonix Board and a manufacturing agreement between Carbonix and Quickstep is under negotiation and, if terms are agreed, will support planned manufacturing volume growth.

Mark Burgess, Chief Executive Officer of Quickstep, said "this is a great opportunity to combine the skills of two leading Australian aerospace companies, offering structural access to the dynamic and rapidly growing Unmanned Aerial Systems market."

As part of building this new vertical, QAAM aims to create an unmanned systems manufacturing centre of excellence at its Waurin Ponds facility in Victoria, complemented by investment in engineering and marketing resources. In addition, QAAM is working with local partners to develop future manufacturing technology and unmanned airframe design. The Company expects to make further announcements about these initiatives in due course.

The launch of this new vertical, our ongoing relationships in the sector and the investment in Carbonix is aligned to our horizon growth strategy in the exciting unmanned systems sector and is directly aligned to official government policy to develop sovereign unmanned systems capability.

About the Unmanned Aerial Vehicle (UAV) Industry Sector

The Global UAV market¹ (valued at AU\$226 billion from 2020 to 2029) spans from the consumer short-range (~20-30 minute) 'quadcopter' for recreational enthusiasts through to high end military multi-million-dollar unmanned aircraft. The global commercial drone market which dominates the spectrum between these two extremes is the commercial sector targeted by Carbonix. It currently represents a potential target market of approximately AU\$3.7 billion p.a., expected to grow at 21% p.a. over the next decade.¹ The markets demanding drone usage today include agriculture, mining, construction, utilities, transport, delivery,

¹ Teal Group: World Civil Unmanned Aerial Systems 2020/2021, market profile and forecast. Economic Benefit Analysis of Drones in Australia – 2020 Deloitte Access Economics. Deloitte Touche Tohmatsu. The figures quoted in respect of the UAV industry sector are general indications of target markets only and are not intended to suggest that Carbonix or Quickstep will achieve any particular level of revenue or sales in respect of those markets.

environment/ conservation, military and general land survey. These application sectors all require long range (2 to 10 hours flight time), ease of deployment and rugged reliability.

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About Quickstep Holdings

Quickstep Holdings Limited (ASX: QHL) is the largest independent aerospace composite business in Australia, with facilities in Sydney, Geelong, Melbourne and Dallas. The group employs more than 270 people in Australia and internationally. More information about Quickstep is available at www.quickstep.com.au

About Carbonix

Carbonix (www.carbonix.com.au) has strong capability in the design, development, manufacture and operation of next generation drone solutions for commercial and defence applications, with a primary focus on commercial. The Company has now progressed from its research, iterative development and test phase to commercial production. They have sold 15 aircraft to-date and have developed a complete ecosystem of airframe, propulsion, flight controls, ground equipment, training and services. They are seeking to access/create the long-range autonomous commercial drone market and have a mature platform to do so. Total operational flight hours to-date exceed 1,300 hrs.

Forward looking statements

This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in this release including, amongst others, changes in general economic and business conditions, regulatory environment, exchange rates, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, the Company assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, the Company and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release.