

APPENDIX 4E AND FY23 ANNUAL REPORT

25 August 2023: Quickstep Holdings Ltd (ASX: QHL) (Quickstep or the Company) releases its Appendix 4E and Annual Report for the financial year ended 30 June 2023.

Authorised by the Board of Quickstep Holdings Limited.

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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 280 people in Australia and internationally. More information about Quickstep is available at www.quickstep.com.au

Important Information - 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.

Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

Part 1

Name of Entity	Quickstep Holdings Limited
ABN	55 096 268 156
Financial Period	Year ended 30 June 2023
Previous Corresponding Reporting Period	Year ended 30 June 2022

Part 2 – Results for Announcement to the Market

	2023 \$'000	2022 \$'000	Percentage increase/(decrease) over previous corresponding period
Revenue from continuing operations	94,379	86,675	8.9%
EBIT	(4,098)	1,409	(290.9%)
Net Finance Costs	2,927	1,982	47.7%
Profit / (Loss) before income tax	(6,187)	(165)	(3,655%)
Profit / (Loss) after related income tax benefit	(5,709)	786	(726.1%)
Profit / (Loss) attributable to members of the parent entity	(5,709)	786	(726.1%)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Please refer to the commentary included in the Annual Report attached along with the Company's results announcement to the ASX.

Part 3 – Contents of ASX Appendix 4E

Section	Contents
Part 1	Details of the entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4E
Part 4	Details relating to dividends
Part 5	Net tangible assets per security
Part 6	Details of entities over which control has been gained or lost
Part 7	Financial Position
Part 8	Subsequent events

Part 9

Audit status

Part 4 – Details relating to Dividends

Date the dividend is payable	Not Applicable
Record date to determine entitlement to the dividend	Not Applicable
Amount per security	Not Applicable
Total dividend	Not Applicable
Amount per security of foreign sourced dividend or distribution	Not Applicable
Details of any dividend reinvestment plans in operation	Not Applicable
The last date for receipt of an election notice for participation in any dividend reinvestment plans	Not Applicable

Part 5 – Net Tangible Assets per Security

	2023	2022
Net tangible assets backing per ordinary security	23.8 cents	27.6 cents

Part 6 – Details of Entities over which control has been gained or lost

Not Applicable

Part 7 – Financial Position

As at 30 June 2023 the Group had cash and deposits of \$5,610,813.

Part 8 – Subsequent Events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Part 9 - Audit Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	✓	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of the matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

Not applicable.

If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

Not applicable.

25 August 2023 - Authorised by the Board

Quickstep Holdings Limited

Annual Report

for the year ending 30 June 2023

Directors' Report

The Directors present their report on the consolidated entity consisting of Quickstep Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023. Throughout the report, the consolidated entity is referred to as the "Group" or "Quickstep".

Directors

The following persons were Directors of Quickstep Holdings Limited during the whole of the financial year and up to the date of this report:

Mr. P Largier
Mr. M H Burgess
Mrs. L Heywood
Mrs. E Mannes
Air Vice Marshal K Osley (Ret'd)

Mr. P Largier was appointed Chairman on 31 August 2020 and continues in office at the date of this report.

Principal Activities

During the year the continuing principal activities of the Group consisted of:

- production of parts for Northrop Grumman for the Joint Strike Fighter Project
- production of C-130J wing flaps for Lockheed Martin
- production of parts for the Joint Strike Fighter vertical tails for BAE Systems and Marand Precision Engineering
- manufacturing and development of parts using Qure Technology
- maintenance, repair and overhaul of aircraft
- continued development of technologies for scaled volume production.

Review of Operations

Total Revenue for the year ended 30 June 2023 was \$94.4 million (FY22: \$86.7 million) representing an 8.9% increase on the prior year. The revenue increase is attributable to strong H2 FY23 production volume in the Aerostructures line-of-business along with modest year on year absolute growth in the Aftermarket and Applied Composites line-of-businesses.

The full year Group performance was impacted by the continuation of operational challenges which began in the second half of FY22, in particular, industry wide supply chain disruption and skilled labour shortages in the wake of the pandemic, specific key equipment reliability issues (Aerostructures impact), abnormal employee restructuring costs and Aftermarket goodwill impairment. In H2 FY23 operating conditions stabilised and the Group delivered revenue of \$49 million and a return to profitability in Q4 FY23.

The FY23 \$9.7 million Gross Profit (FY22: \$13.3 million) represents a \$3.6 million or 27.2% decrease. The fall in gross profit is largely attributable to inconsistent production volumes throughout the year for the reasons identified above which leads to inefficiencies in labour and equipment utilisation.

The FY23 (\$5.7) million Profit/(Loss) After Tax includes the unfavourable impact of \$2.3 million for the goodwill impairment related to the Aftermarket line-of-business, \$0.5 million unfavourable impact of employee restructuring costs and the favourable impact of a \$0.4 million foreign controlled entity legal accrual writeback.

Total bank debt as at 30 June 2023 was \$13.3 million (FY22: \$9.8 million) representing an increase of \$3.5 million. The bank debt increase is attributable to working capital levels related to the operational challenges noted above.

Cash from operating activities of \$1.9 million for FY23 was achieved through strong customer receipts and ongoing cost and cashflow initiatives.

Directors' Report

Material Risks

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group and how the Group manages these risks include:

- Foreign exchange – the reliance on sales from key customers which are billed in US dollars and sourcing of raw material product in US dollars, directly impacts both sales and operating profit. The Group has adopted a Foreign Exchange Hedging Policy which is considered to be suitable to the business. The risk associated with exchange rate fluctuation is expected to continue.
- Supply chain – the absence of alternate suppliers in some cases and the ongoing disruption of some supply chains impacted by the COVID-19 pandemic has the potential to disrupt production. Tight management of the supply chain has largely mitigated disruptions to date however the risk remains high until global supply chains normalise.
- Equipment failure – an extended failure of critical equipment has the potential to disrupt production. Preventative maintenance programmes, monitoring tools, critical spares stock and equipment supplier support arrangements are in place to mitigate this risk.
- Flooding – the area of Bankstown, where the Group's Aerostructures line-of-business manufacturing site is located, is susceptible to localised flooding from nearby tributaries. Whilst historical water egress on the site itself has been minimal, employee access to site has been impacted for periods of time which has the potential to disrupt production.
- Revenue growth – the Group's Aftermarket and Applied Composite lines-of-business are expected to be key drivers of revenue and profit growth in future years. The likelihood of this growth materialising particularly for the Aftermarket line-of-business depends on the volume of, and ongoing recovery in, commercial airline traffic.

Dividends

No dividends have been paid during the financial year. The Directors do not recommend that a dividend be paid in respect of the financial year (2022: \$ Nil).

Significant Changes in the State of Affairs

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

Events Since the end of the Financial Year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Shares under Options

There are Nil (2002 Nil) unissued ordinary shares of Quickstep Holdings Limited under option at the date of this report. No options were granted during the year and since the end of the financial year.

Directors' Report

Information on Directors

The following information is current as at the date of this report

Mr. Patrick Largier Independent Non-Executive Director - appointed 19 December 2019		
Experience and expertise	<p>Mr Largier is an experienced non-executive director and has over 30 years' executive experience in the oil, chemicals and industrial sectors in Australia, the UK and South Africa.</p> <p>Prior to taking up non-executive director roles, he was Managing Director of Ludowici, an ASX-listed global specialist mining services company with operations across five continents. Over five years he led the company through a turnaround, followed by rapid international growth and the ultimate sale of the company to the Danish group FLSmidth in 2012. He then became Managing Director of FLSmidth Pty Limited for two years. Before this, Patrick spent 15 years in numerous business general manager roles at ICI and Orica's Plastics and Chemicals Groups. His final role in the company was on Orica's Group Executive team as General Manager - Strategy & Acquisitions. Before emigrating to Australia in 1992, Patrick spent ten years with Shell in Cape Town and Shell International in London.</p> <p>Since 2014 he has focussed his energies on non-executive director roles. He is currently a non-executive director and chairman of several private and private equity companies across a range of industries.</p>	
Qualifications	Patrick has a Chemical Engineering degree (with honours) from the University of Cape Town and completed the Advanced Management Program (AMP) at Harvard in 2004. He is also a Graduate of the AICD.	
Special responsibilities	Chair of the Board from 31 August 2020	
Other current Directorships	NIL	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited	573,000

Mr. Mark H Burgess CEO and Managing Director - appointed 18 May 2017		
Experience and expertise	<p>Mr. Burgess joined Quickstep in May 2017 bringing with him over 20 years' experience in the global aerospace and defence industry, where his successful delivery of profitable growth and complex projects in advanced technology businesses has led to significant employer, customer and industry recognition.</p> <p>Mr Burgess has held leadership roles of increasing responsibility across Europe, USA, the Middle East and Asia Pacific.</p> <p>After a long career with BAE Systems covering sales, contracts, project and general management he joined Honeywell in 2013 as Vice President Honeywell Aerospace, Asia Pacific. During his four years at Honeywell, he was responsible for driving sustained profitable growth across a defence, space and commercial helicopter portfolio.</p> <p>Mr. Burgess has extensive experience of governance and stakeholder management, working with public, private and not-for-profit sectors. He has managed several successful acquisition and post acquisition projects and has held numerous board positions on subsidiaries, private companies and international joint ventures.</p>	
Qualifications	Mark holds a degree in Politics and Economics from the University of Hull and has completed several post graduate studies in business and operations management.	
Special responsibilities	Chief Executive Officer	
Other current Directorships	Non-Executive Director Carbonic Boats Pty Ltd (trading as Carbonix)	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited	480,972

Directors' Report

Information on Directors

Mrs. Leanne Heywood Independent Non-Executive Director - appointed 21 February 2019		
Experience and expertise	<p>Mrs Heywood joined the Quickstep board in February 2019 and brings experience as an ASX listed non-executive director, Audit and Risk committee and Nominations and Remuneration committee chair along with broad general management experience gained through an international career in the sales and distribution, mining, rural, government and not-for-profit sectors.</p> <p>Leanne has extensive international and domestic marketing experience and brings international customer relationship management, stakeholder management (including governments and investment partners) and team leadership experience in China, Japan, Mongolia, Singapore, South America, Europe and India.</p> <p>Leanne is an experienced leader of transformational change having led organisational restructuring, disposals and acquisitions, including integration. She has strong skills across Marketing, Business Analysis, Contracts, Procurement, Logistics, Accounting and Business Improvement along with an advanced ability to facilitate complex negotiations.</p>	
Qualifications	Leanne holds an executive MBA from Melbourne Business School and a Bachelor of Business (majoring in Accounting) from Charles Sturt University. She is a graduate of the AICD International Company Directors Course and a Fellow of CPA Australia.	
Special responsibilities	Chair of the Audit, Risk and Compliance Committee and member of the Remuneration, Nomination and Diversity Committee.	
Other current Directorships	Allkem Limited; Symbio Limited and Midway Limited	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited	19,523

Mrs. Elisabeth Mannes Independent Non-Executive Director - appointed 22 August 2019		
Experience and expertise	<p>Mrs Mannes joined the Quickstep board in July 2019, she is a highly experienced C-Suite executive with a 40-year career that has spanned both the fast-moving consumer and industrial goods industries. She has international and domestic general and operations management experience and was most recently Executive General Manager of CHEP Australia Limited, a wholly owned subsidiary of Brambles Limited (ASX: BXB), retiring in January 2023. Lis brings global leadership skills and has a proven track record of driving value by leading complex businesses through strategic, operational, and cultural challenges within competitive commercial environments. She has led business growth, organisational restructuring, disposals & acquisitions, and business integrations. Prior to joining CHEP she was Executive General Manager of the Consumer and Industrial division of Pact Group Holdings (ASX: PGH), and before this she was Operations and Business Development Director of Tip Top, a division of George Weston Foods (GWF) - a wholly owned subsidiary of Associated British Foods (LSE: ABF).</p> <p>Her skill set includes Business Strategy; Financial Management; Supply Chain Optimisation; People & Culture; Customer & Operational Excellence; Risk Management; ESG/Sustainability. She was a founder board member of the National Association of Women in Operations (NAWO).</p>	
Qualifications	Lis is a Chartered Engineer (CEng) and a Fellow of the UK Institution of Mechanical Engineers (FIMechE). She holds an MBA, completed the AMP at INSEAD and is a Graduate of the AICD.	
Special responsibilities	Chair of the Remuneration, Nomination and Diversity Committee and member of the Audit, Risk and Compliance Committee.	
Other current Directorships	NIL	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited – (held in spouse's name)	42,176

Directors' Report

Information on Directors

Air Vice Marshal Kym Osley (Ret'd) Independent Non-Executive Director - appointed 11 June 2020		
Experience and expertise	<p>Air Vice-Marshal Osley joined the Quickstep board in June 2020 and has over 46 years of Defence and aerospace experience including prior experience as the Program Manager of the Australian F-35 Joint Strike Fighter Program. Kym retired in 2021 from his full-time position as a Managing Director in an international consulting firm, working with Government and Defence clients to take up Board positions and private consulting work. Kym continues to support Defence in his active Reserve role as an Air Vice-Marshal. Kym has extensive international experience with Defence and aerospace industry gained through various Defence-related appointments in the UK and the US, and through his previous work as a Reservist officer promoting exports as a military specialist and leader in Team Defence Australia. He was awarded a Defence Industry Service Commendation by the Minister for Defence in 2019 for leading teams that have been supporting future Defence capability planning since 2016. Earlier in his military career, Kym was an aviator who flew in F-111, Phantom and F-18 aircraft with the RAAF and USAF. He was awarded a Conspicuous Service Cross in 1997 and made a Member of the Order of Australia in 2008 for services to Defence.</p> <p>Kym is currently the Chair of the Australian Air Force Cadet Foundation, a NED with PWR Holdings, a NED with Elbit Systems Australia and on the Strategic Advisory Board of a space-related company.</p>	
Qualifications	Kym is a graduate of the Harvard Business School (Advanced Management Program) and is a Fellow of the Centre for Defence and Strategic Studies. He has a Master of Arts (International Relations), Master of Defence Studies, a BSc (Physics) and a Graduate Diploma of Management Studies and is a Graduate of the AICD.	
Special responsibilities	Member of the Audit, Risk and Compliance Committee.	
Other current Directorships	PWR Holdings Limited	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited	76,739

Ms. Jillian McGregor Company Secretary - appointed 31 July 2020 – finished 7 September 2022		
Experience and expertise	Ms. McGregor has approximately 20 years' experience as a corporate lawyer and 9 years' experience as a company secretary of ASX listed companies. She has regularly advised companies and directors on compliance with the Corporations Act 2001 (Cth), ASX listing rules and other corporate legal matters.	
Qualifications	Ms. McGregor holds a Bachelor of Laws and Bachelor of Commerce (Merit) from the University of NSW and holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia	
Other current roles	She is currently the Company Secretary of ASX listed and unlisted companies.	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited	

Mr. Craig Roelofs Company Secretary - appointed 9 September 2022		
Experience and expertise	Mr Roelofs has approximately 22 years' experience as a corporate and commercial lawyer. He has worked closely with ASX listed companies in providing advice on compliance with the Corporations Act 2001 (Cth), ASX listing rules and other corporate legal matters.	
Qualifications	Mr Roelofs holds the degrees of Bachelor of Arts, Bachelor of Laws and Master of Laws and is admitted to practice as a legal practitioner in both South Africa and Australia.	
Other current roles	Mr Roelofs is currently the director of his own corporate and commercial law firm with offices in Brisbane, Sydney and Melbourne.	
Interests in shares and options	Ordinary shares in Quickstep Holdings Limited	-

Directors' Report

Board Structure & Director Independence

The Company continually monitors the structure and performance of the Board to ensure it is of an appropriate size, composition and skill to lead the Company and meet its current governance and strategic needs.

The Chair manages the Board to achieve responsive and effective business outcomes with highly committed Directors. Quickstep has a Remuneration, Nomination and Diversity Committee (RN&D Committee), whose responsibilities include the development and on-going review of Board competencies, structure, performance and renewal. Both the RN&D Committee Charter and "Policy and Procedure for Selection and Appointment of Directors" are accessible from the Company's website as follows: www.quickstep.com.au

The Policy and Procedure for Selection and Appointment of Directors includes a matrix of skills that are considered necessary within the non-executive Director group to facilitate an effective and efficient Board. The RN&D Committee periodically reviews both this matrix and the Directors' actual skills mix to ensure they satisfy the current and immediately foreseeable needs of the Company.

The Board aims to maintain a varied level of tenure amongst its Directors, which is seen as essential for its effective functioning given the significant growth and change experienced by Quickstep in recent years. This has resulted in both an influx of fresh ideas and the retention of sufficient Quickstep specific understanding to optimise strategic and operational changes. As the business evolves this is continually reviewed.

The Board is committed to a majority of its Directors being independent to ensure the Board acts in the best interests of the entity itself, its security holders and stakeholders generally. Director independence is assessed on a regular basis, and all Directors are required to advise the Board of any actual or potential conflicts of interest as they arise, with any such conflicts tabled at Board meetings.

In assessing independence, the Board considers a number of factors which include, but are not limited to, the "Factors relevant to assessing the independence of a Director" listed in Recommendation 2.3 of the Corporate Governance Principles and Recommendations 3rd Edition established by the ASX Corporate Governance Council ('the ASX Principles and Recommendations').

Directors' Meetings

The numbers of meetings of the Company's board of Directors and of each board committee held during the financial year ended 30 June 2023, and the numbers of meetings attended by each Director were:

	Board Meetings		Audit, Risk and Compliance Committee Meetings		Remuneration, Nomination and Diversity Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Mr. P Largier	18	18	-	3	-	-
Mr. M H Burgess	18	18	-	5	-	4
Mrs. L Heywood	18	18	7	7	4	4
Mrs. E Mannes	18	18	7	7	4	4
AVM K Osley (Ret'd)	18	18	7	7	-	-

Insurance of Officers and Indemnities

Except as indicated below, the Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer of the Group or of any related body corporate against a liability incurred as an officer.

Insurance

During the financial year, Quickstep Holdings Limited paid a premium in respect of a Directors' and Officers' liability insurance policy, insuring the Directors of the Company, the Company Secretary and all executive officers of the

Directors' Report

Company and Group against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001.

The Directors have not included details of the nature of the liabilities covered or the premium paid in respect of the Directors' and Officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Indemnities

The Group has indemnified the Directors (as named in this report) and all executive officers of the Group and of any related body corporate against any liability incurred as a Director, Secretary or executive officer to the maximum extent permitted by the Corporations Act 2001.

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 on page 57.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Corporate Governance Statement

Quickstep's Corporate Governance Statement can be found on the Company's website.

This report is made in accordance with a resolution of Directors on 25 August 2023.



M H Burgess

Director

Sydney, New South Wales

Remuneration Report – Audited

The Directors present the Quickstep Holdings Limited 2023 remuneration report, outlining key aspects of the Group's remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

1. **Principles of Compensation**
2. **Details of Remuneration**
3. **Share Based Compensation**
4. **Analysis of Bonuses included in Remuneration**

1. Principles of Compensation

Key Management Personnel (KMP) comprise the Directors of the company and the senior leadership team. KMP have authority and responsibility for planning, directing and controlling the activities of the Group.

The report includes details relating to:

Executive Director

Mr. M H Burgess	Chief Executive Officer and Managing Director
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Non-Executive Directors

Mr. P Largier	Chair of Board
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Mrs. L Heywood	Chair of Audit, Risk and Compliance Committee and Member of Remuneration, Nomination and Diversity Committee
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Mrs. E Mannes	Chair of Remuneration, Nomination and Diversity Committee and Member of Audit, Risk and Compliance Committee
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AVM K Osley (Ret'd)	Member of Audit, Risk and Compliance Committee
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Other Key Management Personnel

Mr. S J Gaffney	Chief Financial Officer to 31 March 2023
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Mr. D Clarke	Chief Financial Officer from 15 May 2023
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Mrs. D Stefanova	Chief Operating Officer from 15 August 2022
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The Board has established a Remuneration, Nomination and Diversity (RN&D) Committee which assists the Board in formulating policies on and in determining:

- The remuneration packages of executive directors, non-executive directors and other key management personnel, and
- Cash bonuses and equity-based incentive plans, including appropriate performance hurdles, total payments proposed and plan eligibility criteria.

If necessary, the RN&D Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Group. Further information on the role of the committee is contained in the charter available on the Company's website.

Quickstep has an Executive Remuneration Policy and a Non Executive Director's Remuneration Policy. These are available on the Company's website.

Compensation levels for KMP of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The remuneration structures are designed to reward the achievement of strategic objectives and achieve the broader outcome of value creation for shareholders. Compensation packages include a mix of fixed compensation, short-term cash incentives and equity-based incentives.

Shares, options or rights may only be issued to Directors subject to approval by shareholders in a general meeting.

1. Principles of Compensation

The Group does not have any scheme relating to retirement benefits for its KMP other than superannuation contributions defined under its statutory obligations.

The Company's policy is to provide executives with a competitive fixed compensation comparable to the median paid by like sized companies undertaking similar work and offers additional short and long term incentives to allow the executive to achieve top quartile compensation, if all performance hurdles are met. All incentives are capped.

The Company's policy is to provide non-executive Directors with a fixed fee comparable to the median of that paid by similar sized ASX listed companies operating in similar fields. Non-executive Directors are not eligible for participation in any of the Company's incentive schemes.

Fixed compensation

Fixed compensation consists of base compensation, as well as statutory employer contributions to superannuation.

Compensation levels are reviewed annually through a process that considers current labour market rates, the individual's contribution and overall performance of the Group. Compensation is also reviewed in the event of promotion or significant change in responsibilities.

Performance linked compensation

Performance linked compensation includes both short and long term incentives and is designed to reward key management personnel, excluding non-executive Directors, for meeting or exceeding the Company's business and their personal objectives. Each individual's performance linked compensation is capped as a percentage uplift of fixed compensation. Other than as disclosed in this report, there have been no performance-linked payments made by the Group to key management personnel.

Short Term Incentive

KMP receive short-term incentives (STI) in cash on achievement of key performance indicators (KPI). Each year, the RN&D Committee considers the appropriate KPIs and associated targets to align individual rewards to the Group's performance. These targets include measures related to the annual performance of the Group and specific measures related to the activities of individual KMPs.

In FY23, a suite of Corporate KPIs were used, including two financial KPIs (weighting 40%), a KPI relating to safety (weighting 15%) and two growth focused KPIs (weighting 45%). The weighting of corporate KPIs used in the determination of an executive's STI is 70% for KMP excluding the Chief Executive Officer and 100% for the Chief Executive Officer. The remaining 30% of KMP STI is determined by performance against personal KPIs which are aligned to the delivery of Quickstep's strategic plan.

The RN&D Committee is responsible for assessing whether the Corporate KPIs have been achieved and meet the criteria set out at the beginning of the year. Each year threshold metrics are determined, with no STI payable to any executive if these are not achieved. In FY23 each KPI had its own threshold/hurdle, target and stretch KPI.

Actual performance is then assessed against the threshold outcome, the target outcome and the stretch outcome. Where performance falls below the threshold outcome, no payment is generally made against that KPI and where performance exceeds the stretch outcome the maximum stretch is payable. Where performance falls between threshold and target or target and stretch outcomes, an appropriate proportion of the KPI is payable. When the threshold target is achieved, 33% of the weighting for the KPI is payable; when target is met, 66% of the weighting for the KPI is payable. When threshold, target and stretch outcomes are achieved 100% of the weighting for the KPI is payable.

In FY23, Quickstep achieved an overall result of 10% out of a potential of 100%, against the corporate KPIs. The threshold outcome was not reached for the two financial KPI's and the two growth KPIs (with no STI payable). The target outcome was achieved for the Safety KPI.

After reviewing the overall achievement of KPIs based on the above process, and with further consideration given to overall financial performance, the RN&D Committee has recommended that no STI is payable to KMP for FY23.

Remuneration Report – Audited

1. Principles of Compensation

Long Term Incentive - Quickstep Incentive Rights Plan (IRP)

In November 2013 the Company established the Quickstep Incentive Rights Plan (IRP). The IRP was designed to facilitate the Company moving towards best practice remuneration structures for executives and offers under the IRP have been made to a number of executives since its introduction. The terms of the FY23 IRP for CEO and Managing Director were approved by shareholders at the 2022 AGM on 16 November 2022 and the IRP terms for the management were approved on 19 December 2022.

The IRP authorises the granting of Rights to executives of the Company, in the form of Performance Rights (PRs) and/ or Deferred Rights (DRs) and/or Restricted Rights - (RRs) (together, Rights). These Rights represent an entitlement on vesting to fully paid ordinary shares in the issued capital of the Company (Shares) with the total value of Shares being equal to the value of vested Rights (number of vested Rights x market value of a Share). The value of the vested Rights may be settled in cash, Shares or a combination of cash and shares as determined the Board. PRs may vest if Performance Conditions are satisfied. DRs may vest if service conditions are satisfied. There were no RRs or DRs granted in FY23.

The Board has the discretion to set the terms and conditions on which it will offer PRs under the IRP, including the performance conditions and modification of the terms and conditions as appropriate to ensuring the IRP operates as intended. All PRs offered will be subject to performance conditions which are intended to be challenging.

The PRs awarded during FY23 are subject to a performance condition based on achieving a relative Total Shareholder Return (TSR) equivalent to or in excess of the ASX Small Ordinaries Index (XSO) over the measurement period. The XSO is an index of total shareholder return achieved by ASX listed small cap companies which combines both share price movement and dividends paid during the measurement period (assuming that they are reinvested into shares). As a general rule, Quickstep uses a measurement period of either three (3) or five (5) years with an anniversary date of 1 October each year.

For vesting to occur the Company's TSR (share price movement plus dividends) over the measurement period must be positive (i.e., if shareholders have not gained then PRs will not vest) relative to the XSO. If the XSO movement is negative over the measurement period then vesting, if any, will be at the discretion of the Board (i.e., only applies if the Company has outperformed a general fall in the small cap market by protecting against a similar fall in the Company's share price). If the Company's TSR is positive and the movement in the XSO is also positive, then the following vesting scales will apply:

Performance Level	Company's TSR Relative to XSO Movement of the Measurement Period	Vesting %
Below Threshold	< Increase in the XSO	0%
Threshold	= Increase in the XSO	25%
Target	> 100% of XSO increase & < 110% of XSO increase	Pro-rata
	110% of XSO increase	50%
	> 110% of XSO increase & < 120% of XSO increase	Pro-rata
Stretch and Above	120% of XSO increase	100%

For PRs issued to executives during FY23, testing of the TSR hurdle will occur on the third or fifth anniversary as applicable of the commencement of the measurement period ("Test Date"). Any PRs granted will lapse if they do not vest at or before the Test Date.

The Board has discretion to vary the level of vesting if circumstances during the measurement period warrant a different level of vesting or to bring forward vesting if such action is appropriate in the circumstances.

Remuneration Report – Audited

1. Principles of Compensation

Long Term Incentive - Quickstep Incentive Rights Plan (IRP)

The IRP contains provisions concerning the treatment of vested and unvested rights in the event that a participant ceases employment. Unless the Board determines otherwise, if a participant ceases employment in other than special circumstances (death, total and permanent disablement, retrenchment, redundancy, permanent retirement from full-time work with the consent of the Board or other circumstances determined by the Board), all unvested rights held by the participant will lapse.

Unless the Board determines otherwise, if a participant ceases employment under special circumstances, rights that were granted to the participant during the financial year in which the termination occurred will be lapsed in the same proportion as the remainder of the financial year bears to the full year. All remaining rights for which performance conditions have not been satisfied as at the date of cessation of employment will then remain "on foot", subject to the original performance conditions. If the rights vest following cessation of employment and the value of the Shares is lower at the vesting date than at the date of cessation of employment, then the value of the vested rights will be paid in cash unless otherwise determined by the Board. This provision aims to align the value that is taxed with the value that may be realised from the sale of Shares.

Non-Executive Directors' Fees

Remuneration for all non-executive directors was approved at a board meeting on 13 July 2022 and remained unchanged in FY23. The table below indicates the maximum annual fees based on Directors' responsibilities at the date of this report. Non-executive directors do not receive performance related compensation.

Non-Executive Directors	Director Fees p.a.	Committee Fees p.a.
Mr. P Largier	\$145,000	n/a
Mrs. L Heywood	\$70,000	\$20,000
Mrs. E Mannes	\$70,000	\$19,000
AVM K Osley (Ret'd)	\$70,000	\$7,000

Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the RN&D committee gives regard to the following indices in respect of the current financial year and the previous four financial years.

	2023	2022	2021	2020	2019
Profit / (loss) attributable to owners of the company (\$'000)	(5,709)	786	(271)	3,891	2,693
Dividends paid	\$nil	\$nil	\$nil	\$nil	\$nil
Revenue (\$'000)	94,379	86,675	85,097	82,252	73,275
Change in share price	(33.8%)	(28.8%)	(38%)	(3.4%)	13.0%
Return on capital employed	(27.9%)	10.5%	0.5%	24.7%	18.4%

Return on capital employed is calculated as profit / (loss) before interest and tax (EBIT) divided by total assets, excluding deferred tax asset, less liabilities.

Remuneration Report – Audited

1. Principles of Compensation

Service Agreements

Name	Initial Agreement date	Revised Agreement Date	Duration	Notice period	Termination benefits	STI cap as a % of Base Salary (1)	LTI cap as a % of Base Salary (2)
Mr. M H Burgess	8 May 2017	18 November 2021	Open	6 months	12 months annual TFR; and pro-rated annual bonus (at Board's discretion). If due to change of control, 100% of annual TFR is paid immediately plus pro-rated annual bonus	30	70
Mrs. D Stefanova	7 March 2022	15 August 2022 ⁽³⁾	Open	3 months	3 months annual TFR and pro-rated annual bonus (at Board's discretion).	30	-
Mr. D F Clarke	15 May 2023	-	Open	3 months	3 months annual TFR and pro-rated annual bonus (at Board's discretion).	30	-

- (1) Short Term Incentive (STI) is determined on performance against KPIs set and reviewed by the RN&D Committee or the Board as appropriate. The STI cap refers to the maximum amount payable in cash, as a percentage of Base Salary. The KPIs include metrics relating to financial objectives, safety and growth.
- (2) Long Term Incentive (LTI) is determined on the Group's performance against relative Total Shareholder Return and is tested at the end of the measurement period (1 October 2025). The LTI cap refers to the maximum amount payable in shares as a percentage of Base Salary. This is the measure currently used in the IRP applicable to FY23.
- (3) KMP from August 2022

Remuneration Report – Audited

2. Details of Remuneration

The following tables detail the remuneration received by KMP of the Group for the current and previous financial year.

	Salary / Fees	STI (2)	SGC	Termination	LTI Rights (1)	Total	% of remuneration performance related
Executive Directors							
Mr. M H Burgess	483,567		25,149	-	186,973	695,689	26.9%
Non-Executive Directors							
Mr. P Largier	145,000	-	-	-	-	145,000	-
Mrs. L Heywood	90,000	-	-	-	-	90,000	-
Mrs. E Mannes	80,540	-	8,460	-	-	89,000	-
AVM K Osley (Ret'd)	77,000	-	-	-	-	77,000	-
Other KMPs							
Mr. S J Gaffney (4)	212,698	-	16,205	-	(3,815)	225,088	-
Mrs. D Stefanova	266,432	-	25,428	-	-	291,861	-
Mr. D F Clarke (5)	43,294	-	4,546	-	-	47,840	-

2022							
Executive Directors							
Mr. M H Burgess	483,567	71,955	29,765	-	160,287	745,574	31.1%
Non-Executive Directors							
Mr. P Largier	139,384	-	-	-	-	139,384	-
Mrs. L Heywood	86,411	-	-	-	-	86,411	-
Mrs. E Mannes	76,010	-	7,601	-	-	83,611	-
AVM K Osley (Ret'd)	71,311	-	951	-	-	72,262	-
Other KMPs							
Mr. A J Tilley (4)	96,776	20,232	7,856	-	(10,271)	114,593	8.7%
Mr. S J Gaffney (4)	175,886	-	16,205	-	3,815	195,906	1.9%

- (1) LTI rights include the accounting expense attributable to the current year under the IRP.
- (2) The FY23 Bonus is Nil.
- (3) There are no related party transactions between the Group and the KMP apart from compensation in the form of annual remuneration.
- (4) Following the resignation of Mr A J Tilly, Mr. S J Gaffney commenced employment on 25 October 2021 and assumed the role of Chief Financial Officer on 27 October 2021, there is no STI payable for FY23. (resigned 31 March 2023).
- (5) Mr D Clarke commence employment on 15 May 2023, no STI is payable for FY23.

Remuneration Report – Audited

3. Share Based Compensation

Long term Incentive - Quickstep Incentive Rights Plan (IRP)

At 30 June 2023 executives have accrued performance rights pursuant to the IRP. Movements in IRP rights during the year are set out below:

KMP	Tranche Refer Note	Grant Date	FV per right at grant date (b)	First Testing Date	Balance at 30-Jun-2022 Number	Granted during the year (a) Number	Issued or lapsed during the year Number	Balance at 30-Jun-2023 Number	Fair value at grant date and maximum yet to vest \$	Cum vesting level
Mr. M H Burgess	FY18	1/12/2017	\$0.690	31/08/2020	247,524	-	(247,524)	-	-	0%
Mr. M H Burgess	FY19	1/09/2018	\$0.680	31/08/2021	284,651	-	-	284,651	\$193,562	0%
Mr. M H Burgess	FY20	1/09/2019	\$0.680	31/08/2022	214,042	-	-	214,042	\$145,548	0%
Mr. M H Burgess	FY21	15/01/2021	\$0.429	31/08/2023	308,642	-	-	308,642	\$132,407	0%
Mr. M H Burgess	FY22	18/11/2021	\$0.320	1/09/2024	668,967	-	-	668,967	\$214,128	0%
Mr. M H Burgess	FY23	1/1/2023	\$0.390	31/08/2025	-	775,658	-	775,658	\$302,507	0%
Mr. S J Gaffney	FY22	16/12/2021	\$0.270	1/09/2024	103,717	-	(103,717)	-	-	0%
Mr. S J Gaffney	FY23	1/1/2023	\$0.390	31/08/2025	-	176,282	(176,282)	-	-	0%

- (a) The fair value of rights granted in the year is \$371,257 (2022: \$233,397). The total value of the rights is allocated to remuneration over the vesting period.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

Movements in ordinary shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

KMP	Shares Held at 1 July 2022 Number	Consolidation of Shares during the Year Number	Received on exercise of options Number	Other changes (*) Number	Held at 30 June 2023 Number
Mr. P Largier	323,000		-	250,000	573,000
Mrs. L Heywood	19,523		-	-	19,523
Mrs. E Mannes	42,176		-	-	42,176
AVM K Osley (Ret'd)	55,000		-	21,739	76,739
Mr. M H Burgess	420,972		-	60,000	480,972
Mr. S J Gaffney^	20,000		-	-	-
Mr D F Clarke	-		-	41,640	41,640
Ms D Stefanova	-		-	-	-

(*) Other changes represent shares that were purchased or sold during the year.

(^) Mr. S J Gaffney ceased employment during the year, hence, the closing balance is not tracked.

Remuneration Report – Audited

4. Analysis of Bonuses included in Remuneration

Details of the short-term incentives awarded in cash as remuneration to each Key Management Personnel (KMP) of the Company and each of the named other key management personnel of the Group are detailed below:

	Included in remuneration (1)	% vested in year	% lapsed in year
Executive Director			
Mr. M H Burgess	-	-	100%
Other KMP			
Mr D F Clarke	-	-	100%
Ms D Stefanova	-	-	100%

(1) No STI is payable for FY23 as the financial metric threshold was not achieved.

During FY21 the RN&D committee undertook a market benchmarking study of Senior Executive Remuneration. The work was undertaken by Egan Associates, one of Australia's leading independent advisers to Boards and Board Remuneration Committee Chairs for a total cost of \$40,000, and included a declaration by them, that the recommendations had been made free from undue influence by KMP, to whom the recommendations related. The resultant report which was discussed and considered by the RN&D committee and the Board, presented data, findings and recommendations in relation to the market competitiveness of Quickstep's remuneration practices for its Chief Executive Officer, Senior Executives and Non-Executive directors. The structure of the current executive STI and LTI plans for FY23 are based on the recommendations of this report.

Financial Statements

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Revenue	B.1	94,379	86,675
Cost of sales of goods		(84,716)	(73,411)
Gross profit		9,663	13,264
Other income		111	419
Research and development expenses		(908)	(1,318)
Business development expenses		(1,244)	(1,515)
Corporate and administrative expenses	B.4	(8,595)	(9,033)
Impairment expense	D.6	(2,287)	-
Profit/(Loss) from operating activities		(3,260)	1,817
Finance income		39	45
Finance expenses		(2,966)	(2,027)
Net finance costs	C.3	(2,927)	(1,982)
Profit / (loss) before income tax		(6,188)	(165)
Income tax benefit / (expense)	B.6	478	951
Profit / (loss) for the year		(5,709)	786
Other comprehensive income / (loss) net of income tax			
Item that may be reclassified to profit or loss			
Cash flow hedges		492	(575)
Exchange difference on translation of a foreign operation		(193)	73
Other comprehensive income / (loss) for the period, net of income tax		299	(502)
Total comprehensive income/(loss) for the year		(5,410)	284
Profit per share:		Cents	Cents
Basic profit / (loss) per share	B.3	(7.96)	1.10
Diluted profit/ (loss) per share	B.3	(7.96)	1.08

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 30 June 2023

	Notes	2023 \$000	2022 \$000
ASSETS			
Current assets			
Cash and cash equivalents	B.5	5,611	3,021
Term deposits	C.5	-	891
Trade and other receivables	D.1	12,297	9,043
Prepayments and other assets		1,715	1,639
Inventories	D.2	12,902	14,910
Contract assets	D.3	11,158	10,294
Total current assets		43,683	39,798
Non-current assets			
Property, plant and equipment and software	D.4	11,819	13,999
Right-of-use asset	C.2	13,649	15,551
Goodwill	D.6	-	2,287
Investments	D.5	3,044	3,044
Deferred tax asset	B.6	5,530	5,052
Total non-current assets		34,042	39,933
Total assets		77,725	79,731
LIABILITIES			
Current liabilities			
Trade and other payables		13,489	19,393
Provisions	C.8	-	-
Financial instruments	C.4	101	593
Loans and borrowings	C.1	1,200	2,564
Contract Liabilities	D.3	8,868	1,500
Lease liabilities	C.2	1,856	1,628
Employee benefit obligations	E.1	2,046	1,990
Total current liabilities		27,560	27,668
Non-current liabilities			
Loans and borrowings	C.1	12,100	7,282
Lease liabilities	C.2	15,697	17,443
Provisions	C.8	3,448	3,448
Employee benefit obligations	E.1	1,702	1,515
Total non-current liabilities		32,947	29,688
Total liabilities		60,507	57,356
Net assets		17,218	22,375
EQUITY			
Share capital	C.6	120,785	120,785
Reserves		6,683	6,131
Accumulated losses		(110,250)	(104,541)
Total equity		17,218	22,375

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Share capital \$000	Translation reserve \$000	Cash flow hedges reserve \$000	Share based payments \$000	Accumulated losses \$000	Total equity \$000
2023						
Balance at 1 July 2022	120,785	(174)	(594)	6,899	(104,541)	22,375
Profit / (loss) for the year	-	-	-	-	(5,709)	(5,709)
Other comprehensive (loss)						
Foreign currency translation difference for foreign operations	-	(193)	-	-	-	(193)
Effective portion of changes in fair value of cash flow hedges	-	-	492	-	-	492
Total comprehensive income/ (loss) for the year	-	(193)	492	-	(5,709)	(5,410)
Transactions with owners of the company:						
Share based payments expenses	-	-	-	253	-	253
Balance at 30 June 2023	120,785	(367)	(102)	7,152	(110,250)	17,218

2022						
Balance at 1 July 2021	120,785	(247)	(19)	6,733	(105,327)	21,925
Profit / (loss) for the year	-	-	-	-	786	786
Other comprehensive (loss)						
Foreign currency translation difference for foreign operations	-	73	-	-	-	73
Effective portion of changes in fair value of cash flow hedges	-	-	(575)	-	-	(575)
Total comprehensive income/ (loss) for the year	-	73	(575)	-	786	284
Transactions with owners of the company:						
Share based payments expenses	-	-	-	166	-	166
Balance at 30 June 2022	120,785	(174)	(594)	6,899	(104,541)	22,375

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Cash flows from operating activities			
Cash receipts in course of operations		101,062	87,958
Interest received		39	45
Interest paid		(939)	(817)
Other income		-	318
Cash payments in the course of operations		(98,255)	(84,169)
Net cash from operating activities	B.5	1,907	3,335
Cash flows from investing activities			
Acquisition costs of plant and equipment and intangible assets		(890)	(1,861)
Disposal of plant and equipment and intangible assets		10	-
Proceeds from government grants for capital works		482	104
Investments in Carbonix & Swoop Aero		-	(1,500)
Receipts/(payment) for term deposit		891	-
Net cash (used in) investing activities		493	(3,257)
Cash flows from financing activities			
Proceeds from borrowings		18,600	6,715
Repayment of borrowings		(15,146)	(4,537)
Payment of lease liabilities		(2,790)	(1,308)
Payment of borrowing costs		(47)	-
Net cash (used in) / from financing activities		617	870
Net (decrease) /increase in cash and cash equivalents		3,018	948
Cash and cash equivalents at the beginning of the financial year		3,021	2,353
Effects of exchange rate changes on cash and cash equivalents		(429)	(280)
Cash and cash equivalents at end of period		5,611	3,021

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

A. About this Report

Introduction

This is the financial report of Quickstep Holdings Limited (the “Company”) and its controlled entities (the “Group”).

The Company is domiciled in Australia and the Group is a for-profit entity. The Group is at the forefront of advanced composites manufacturing and technology development and is the largest independent aerospace-grade advanced composite manufacturer in Australia, currently partnering with some of the world’s largest aerospace/defence organisations.

Further the Company offers extensive maintenance, repair and overhaul services (MRO) across a wide range of composite, bonded and conventional metal aircraft structures to defence, government and commercial aircraft operators.

Materiality

Information is only included in the financial report to the extent that it has been considered material and relevant to the understanding of the financial statements. Factors that influence if a disclosure is material and relevant, include whether:

- the dollar amount is significant in size (quantitative factor)
- the dollar amount is significant by nature (qualitative factor)
- the Group’s results cannot be understood without the specific disclosure (qualitative factor)
- it is critical to allow a user to understand the impact of significant changes in the Group’s business during the period; and
- it relates to an aspect of the Group’s operations that is important to its future performance.

Statement of Compliance

These general-purpose financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements of the Group also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2023.

Basis of Preparation

The financial statements have been prepared on the historical cost basis. These consolidated financial statements are presented in Australian dollars, which is the Parent’s functional currency.

Rounding of Amounts

The Company is of a kind referred to in Class Order 2016/191 issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial statements and Directors’ report. Amounts in the financial statements and Directors’ report have therefore been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

A. About this Report

Accounting Estimates and Judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions about future events.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies are described below:

Going concern

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group has incurred a loss after tax for the year ended 30 June 2023 of \$5,709,000 (30 June 2022 profit \$786,000). The Group has net assets of \$17,218,000 (30 June 2022 \$22,375,000) and net current assets of \$16,123,000 (30 June 2022 \$12,130,000). Current loans and borrowings are \$3,056,000 (including lease liabilities of \$1,856,000) compared to 30 June 2022 \$4,192,000. Operating cash inflow for the year was \$1,907,000 (30 June 2022 \$3,335,000).

In February 2023, Quickstep refinanced its existing debt facilities with the Commonwealth Bank of Australia. Within a total facility limit of \$15.7 million, \$13.6 million is secured with a term of 3 Years, \$1 million up to 5 Years with the balance of \$1.1 million subject to annual review. \$3.6 million of the facility is subject to quarterly amortisation over a 3 Year period (ie: principal repayments of \$300,000 per quarter). At 30 June 2023 facilities are fully drawn.

Prior to 30 June 2023, debt covenant calculation modifications were approved, which excluded the Aftermarket Line of Business results from the Debt to EBITDA covenant and Debt Service Cover ratio as at June 2023 and September 2023.

Management have prepared 12 month cashflow forecasts underpinning the basis of preparation as a going concern. Management prepared cashflow forecasts for the Group are dependent on a combination of the following assumptions:

- improving the trading performance of the Aftermarket business following the recent announcement of renewed and new customer commitments;
- continuing the implementation of cash management controls including working with suppliers to extend payment terms;
- executing on plans to return to a lower level of working capital inventory through a combination of reduced purchasing and a return to normalised production;
- operationalising contractually available upfront quarterly performance based receipts from a key customer to address long cash conversion cycles and delivering on sales required under previously agreed performance based receipts;
- management of specific key equipment reliability issues (Aerostructures impact) and related impacts on trading performance, and
- making supplier payments to bring overdue suppliers within originally agreed payment terms.

The going concern basis presumes that a combination of the above funding and operational solutions, as deemed appropriate by the Directors, will be achieved and that the realisation of assets and settlement of

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

A. About this Report

liabilities will occur in the normal course of business. The combined effect of the above represents a material uncertainty as to whether the Group would continue as a going concern.

The directors of Quickstep consider that the Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that the Group's financial statements should be prepared on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Recognition of tax benefits

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Future taxable profits are estimated based on future profits forecast taking into account income tax reconciliation required under the current tax legislation.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required, and the obligation can be reliably estimated. Provisions which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the group.

Goodwill Assessment

The Group had initially recognised goodwill of \$2,287,000 in relation to its investment in Quickstep Aerospace Services Pty Ltd ("QAS"), following its acquisition on 18 February 2021. The QAS operation is based in Tullamarine, Victoria, Australia and represents the Group's Aftermarket business segment. During the financial year ended 30 June 2023, the Group has recognised a Goodwill impairment of (\$2,287,000) (2022: \$nil) in respect of this Goodwill.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

A. About this Report

Significant Accounting Policies

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Group. Other significant accounting policies are contained in the notes to the consolidated financial statements to which they relate.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Quickstep Holdings Limited ("Company" or "parent entity") as at 30 June 2023 and the results of all subsidiaries for the year then ended. Quickstep Holdings Limited and its subsidiaries together are referred to in the financial statements as the consolidated entity or the Group.

A subsidiary is any entity controlled by the parent entity. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and, has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset of the subsidiary. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date

Foreign exchange gains and losses resulting from translation are recognised in the Income Statement, except for qualifying cash flow hedges which are deferred to equity.

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average monthly rate
Assets and liabilities	Reporting date
Equity and reserves	Historical date

Foreign currency differences resulting from translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of, such that there is a loss of control, significant influence or joint control, the relevant amount in the foreign currency translation reserve is transferred to the statement of comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year and, where relevant, the accounting policies applied, and the critical judgements and estimates made.

B.1	Revenue and other income
B.2	Segment Reporting
B.3	Profit per Share
B.4	Corporate and Administrative expenses
B.5	Notes to Statement of Cash Flows
B.6	Income Tax Benefit

B.1 Revenue and other income

Recognition and Measurement

Revenue

Under AASB 15 the Group has determined that for made-to-order parts, the customer controls all the work in progress as the products are being manufactured. This is because under those contracts, parts are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Therefore, revenue from these contracts and the associated costs are recognised over time – i.e., before the goods are delivered to the customers' premises. Invoices are issued according to contractual terms. Un-invoiced amounts are presented as contract assets.

The Group uses the input method (costs-incurred) to measure progress as this measure faithfully depicts the transformation of the work in progress. Under this approach, the entity recognises revenue based on the costs incurred to date for made to order parts.

To the extent to which amounts are received in advance of the provision of the related parts, the amounts are recorded as contract liability and credited to the statement of comprehensive income as goods delivered.

Research and development expenses

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense as incurred.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

B.1 Revenue and other income

Government grants

Grants from the government that compensate the Group for expenses incurred are recognised in the profit and loss as Other Income on a systematic basis in the periods in which the expenses are recognised.

Grants that the Group receives in relation to assets have been presented as a deduction in arriving at the carrying amount of the asset.

The Group has complied with all grant conditions.

B.2 Segment Reporting

The Group has identified its operating segments based on the internal reports reviewed by the CEO who is the Chief Operating Decision Maker responsible for decision making in respect of allocation of resources. The reportable segment of the group are 1) Aerostructures, which is involved in manufacturing of aerospace composites products 2) Aftermarket, which is responsible for maintenance, repair, and overhaul services and 3) Applied Composites which provide advanced composite based engineering and manufacturing services. The segment measure of performance is gross margin.

Geographical Information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	2023 \$'000	2022 \$'000
Revenue:		
United States of America	70,081	63,219
Australia	23,924	23,456
United Kingdom	374	-
Total	94,379	86,675
Non-current assets:		
United States of America	-	-
Australia	34,042	39,933
Total	34,042	39,933

Operating Segment Information 2023

	Aerostructures \$'000	Aftermarket \$'000	Applied Composites \$'000	Corporate (unallocated) \$'000	Combined QHL Group \$'000
Revenue	87,386	5,333	1,660	-	94,379
Gross Margin	14,212	(3,587)	(962)	-	9,663
Other Expenses	-	-	-	15,851	15,851
Profit/(loss) before income tax					(6,188)
Total Assets	56,974	9,347	2,706	8,698	77,725
Total Liabilities	36,935	5,347	1,021	17,204	60,507
Additions to Non Current Assets	320	39	531	-	890

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

Operating Segment Information 2022

	Aerostructures	Aftermarket	Applied Composites	Corporate (unallocated)	Combined QHL Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	82,059	3,403	1,213	-	86,675
Gross Margin	15,151	(1,842)	(45)	-	13,264
Other Expenses	-	-	-	13,429	13,429
Profit/(loss) before income tax				-	(165)
Total Assets	62,984	5,456	1,094	10,196	79,730
Total Liabilities	40,574	5,490	1,081	10,212	57,357
Additions to Non Current Assets	1,098	182	-	-	1,280

Major Customers

Revenues from the three major customers of the Group's Aerostructures segment represented approximately \$49,802,000 (2022: \$44,105,000), \$20,173,000 (2022: \$18,829,000) and \$17,000,000 (2022: \$16,469,000) respectively of the Group's total revenues.

B.3 Profit per Share

The calculation of basic profit per share is based on the profit attributable to ordinary shareholders and a weighted-average number (WAN) of ordinary shares outstanding.

	2023 \$	2022 \$
Profit / (loss) attributable to ordinary shareholders	(5,709,137)	785,615

	2023 Number	2022 Number
Weighted average number of ordinary shares:		
Shares at beginning of period	71,726,214	71,626,934
Shares issued during the year	-	98,210
Weighted average number of shares used as the denominator in calculating basic earnings per share	71,726,214	71,725,144
Adjustment for calculation of diluted earnings per share		
Under share based payment arrangements (anti dilutive in 2023)	-	1,141,891
Weighted average number of shares used as the denominator in calculating diluted earnings per share	71,726,214	72,867,035
Basic profit / (loss) cents per share	(7.96)	1.10
Diluted profit / (loss) cents per share	(7.96)	1.08

Rights granted under IRP which have passed their first testing date are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share, unless they are considered anti-dilutive.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

B.4 Corporate and Administrative expenses

Corporate and administrative expenses include a \$400,000 writeback of legal accruals previously held by a foreign controlled entity. Any outflow related to those accruals is no longer considered probable.

B.5 Notes to Statement of Cash Flows

Cash and Cash Equivalents

	2023 \$000	2022 \$000
Cash at bank and in hand	5,611	3,021

Reconciliation of Net Profit to Net Cash Provided by Operating Activities

	2023 \$000	2022 \$000
Profit / (loss) for the period	(5,709)	786
Adjustments for:		
ROU asset amortisation	2,027	1,975
Depreciation and amortisation	2,851	2,859
(Gains)/loss on asset disposals	28	7
Impairment loss	2,287	-
Share based payment expense	253	166
Net foreign currency losses	727	346
Adjustment for government grant capitalised	400	-
Legal accrual writeback	-	(1,158)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,256)	(197)
Increase in prepayments and other assets	(76)	(401)
(Increase)/decrease in inventories	2,008	(5,250)
Increase in contract assets	(865)	(2,242)
Increase in deferred tax asset	(478)	(951)
(Decrease)/increase in trade and other payables	(5,900)	7,199
(Decrease)/increase in contract liabilities	7,369	-
(Increase) /decrease in prepaid interest	-	-
Increase in employee benefit obligations	242	196
Net cash from operating activities	1,907	3,335

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

B.6 Income Tax Benefit

Reconciliation of Income Tax Benefit Recognised in Statement of Profit or Loss

Numerical reconciliation of income tax benefit to prima facie tax payable is as follows:

	2023 \$'000	2022 \$'000
Current tax expense		
Current Year tax expense	1,636	232
Changes in estimates related to prior year	-	-
	1,636	232
Deferred tax expense		
Origination and reversal of temporary difference	(478)	(239)
Tax losses (not recognised)/recognised	(680)	958
Income tax benefit	478	951

	2023 \$'000	2022 \$'000
Profit / (loss) from continuing operations	(6,188)	(165)
Tax (expense)/benefit at the Australian tax rate of 30% (2022 – 30%)	1,856	50
Expenditure not allowable for income tax purposes	(8)	(57)
Effect of different tax rate for overseas subsidiaries	(29)	141
Deferred tax asset related to foreign jurisdictions	29	(141)
Current year losses for which no deferred tax asset is recognised	(680)	-
Tax losses brought to account	-	958
Non deductible impairment	(690)	-
Income tax benefit	478	951

Deferred tax assets/(liabilities)

Particulars	Balance as on 1 July 2022 \$'000	Recognised in the P&L \$'000	Net Balance as on 30 June 2023 \$'000
Provision for Annual Leave	539	75	614
Other provisions	382	239	621
Superannuation accrual	74	2	76
Provision for LSL	332	179	511
Work in progress – deductible	146	(67)	79
Lease liabilities	5,721	(455)	5,266
Other expenditure	75	(66)	9
PPE & Intangibles and ROU	(3,631)	571	(3,060)
Tax losses carried forward	1,414	-	1,414
Total deferred tax balances	5,052	478	5,530

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

B.6 Income Tax Benefit

Particulars	Balance as on 1 July 2021 \$'000	Recognised in the P&L \$'000	Net Balance as on 30 June 2022 \$'000
Provision for Annual Leave	564	(25)	539
Other provisions	155	227	382
Super	89	(15)	74
Provision for LSL	251	81	332
Work in progress – deductible	108	38	146
Prov. For stock obsolescence	(8)	8	-
Lease liabilities	5,836	(115)	5,721
Other expenditure	201	(126)	75
PPE & Intangibles and ROU	(3,797)	166	(3,631)
Tax losses carried forward	702	712	1,414
Total deferred tax balances	4,101	951	5,052

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of certain tax losses because the Group considers it prudent to defer recognition until the Group generates consistently taxable income. The tax losses are subject to availability and continued assessment under the ATO testing rules.

Tax Losses not brought to Account

	2023 \$000	2022 \$000
The gross amount of unused tax losses for which no deferred tax asset has been recognised	57,614	53,046

Tax Consolidation Legislation

Quickstep Holdings Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated Group effective from 1 July 2010.

Recognition and Measurement

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit and loss except to the extent that it related to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

B. Business Performance

B.6 Income Tax Benefit

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group has recognised a deferred tax asset relating to tax losses to the extent there are sufficient taxable temporary differences against which the unused tax losses can be utilised. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. The recognised tax losses are subject to the shareholder continuity test.

The Group has reviewed tax losses and determined that for certain losses it is probable that future taxable profits will be available against which the recognised tax losses can be utilised.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

This section provides information relating to the Group's capital structure and its exposure to financial risks, how they affect the Group's financial position and performance and how the risks are managed.

- C.1 Loans and Borrowings**
- C.2 Leases**
- C.3 Finance Income and Finance Expenses**
- C.4 Financial Instruments**
- C.5 Financial Risk Management**
- C.6 Capital and Reserves**
- C.7 Capital and other Commitments**
- C.8 Provisions**

C.1 Loans and Borrowings

	2023			2022		
	Current \$000	Non- current \$000	Total \$000	Current \$000	Non- current \$000	Total \$000
Secured bank loan	1,200	2,100	3,300	2,564	1,282	3,846
Working capital facility	-	10,000	10,000	-	6,000	6,000
	1,200	12,100	13,300	2,564	7,282	9,846

Term and Debt Repayment Schedule

	Effective interest rate	Year of maturity	2023	2022
			Maximum facility value \$000	Maximum facility value \$000
Secured bank loan	6.80%	2026	3,300	3,846
Short term facility	6.80%	2026	10,000	6,000

Secured Bank Loan

On 6 March 2023 Quickstep Holdings Limited refinanced with Commonwealth Bank of Australia (CBA). The new arrangement includes a working capital facility of \$10 million and a term loan of \$3.6 million. The working capital facility requires repayment in 3 years. The term loan is reduced by quarterly repayments of \$300,000. The interest rate on the facility comprises a variable base rate and fixed margin with quarterly repayments to be completed by June 2026. The facility is secured against the working capital of the group.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.1 Loans and Borrowings

Working capital facility

On 17 February 2023 Quickstep Holdings Limited executed a loan agreement with CBA for \$13,600,000 to refinance the existing ANZ and EFA facilities. The working capital facility has been extended and is required to be repaid by June 2026. The interest rate on the facility comprises a variable base rate and fixed margin.

Loan covenant

The group exceeded its EBITDA and Debt Service Cover covenant threshold in the fourth quarter of 2023. However, management obtained a waiver prior to 30 June 2023 from CBA bank and modified the June 2023 and September 2023 covenant compliance dates for Debt to EBITDA and Debt Service Cover. Accordingly, the loans were not payable on demand at 30 June 2023.

Recognition and Measurement

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

C.2 Leases

The Group leases assets including properties, production equipment and IT equipment. The Group recognizes a right-of-use asset and lease liability. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that is not available, then Group's incremental borrowing rate at the lease commencement date. Right-of-use asset is initially measured at cost and subsequently depreciated over a straight line to the end of the lease term.

The Group has elected not to recognize right-of-use assets and lease liabilities of low value assets or short term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the term of the lease.

Right-of-use assets

Right-of-use assets related to leased properties and equipment are recognised under AASB 16 and presented in the following table.

	2023 \$000	2022 \$000
Right-of-use assets:		
Opening net book amount	15,551	16,526
Adjustments to ROU assets due to reassessment or modification	-	495
Addition of new leases	125	505
Amortisation charge for the year	(2,027)	(1,975)
Closing net book amount	13,649	15,551

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.2 Leases

Lease liabilities

Lease liabilities related to leased properties and equipment are recognised under AASB 16 and presented in the following table.

	2023 \$000	2022 \$000
Lease liabilities:		
Current	1,856	1,628
Non-current	15,697	17,443
Total lease liabilities	17,553	19,071

Amounts recognised in Consolidated Statement of Profit or Loss

The following table summarises expenses related to AASB 16 leases that are included in the Consolidated Statement of Profit or Loss.

	2023 \$000	2022 \$000
AASB 16 leases:		
Interest on lease liabilities	1,149	1,226
Amortisation charge	2,027	1,975
Total expenses	3,176	3,201

Amounts recognised in Consolidated Statement of cash flows

The following table summarises cashflows related to AASB 16 leases that are included in the Consolidated Statement of Cashflows.

	2023 \$000	2022 \$000
AASB 16 leases:		
Total cash outflow for leases – Principal	(1,641)	(82)
Total cash outflow for leases – Interest	(1,149)	(1,226)
Total cashflows	(2,790)	(1,308)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.3 Finance Income and Finance Expenses

	2023 \$000	2022 \$000
Finance income		
Interest income	39	45
Finance expenses		
Interest expense on liabilities measured at amortised cost	(940)	(347)
Interest expenses leased liabilities	(1,149)	(1,226)
Foreign currency gains or (losses)	(727)	(346)
Other expenses and adjustment to borrowing costs	(150)	(108)
Finance expenses	(2,966)	(2,027)
Net finance costs	(2,927)	(1,982)

Recognition and Measurement

Finance income and finance expenses

Finance income comprises interest income on funds invested (including securities designated as FVOCI). Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings calculated using the effective interest method, transaction costs, unwinding discounting of provisions, and foreign exchange gains and losses. The interest expense component of finance lease payments is recognised in the profit and loss using the effective interest method.

C.4 Financial Instruments

	2023 \$000	2022 \$000
Current liability		
Forward foreign exchange contracts – cash flow hedges	(101)	(593)

Recognition and Measurement

Recognition

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit and loss. The Group uses forward foreign exchange contracts to hedge its currency exposure risk in relation to sales in US dollars – all hedges have a maturity date less than one (1) year from reporting date. The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Valuation of Forward Exchange Contracts

Foreign currency forward contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The fair value is determined using the quoted forward exchange rates at the reporting date and present value calculations based on high quality credit yield curves in the respective currencies. This is considered a level 2 fair value under the fair value hierarchy.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.5 Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk, and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit, Risk and Compliance Committee oversees how management monitors compliance with the Group's risk management policies and formally documented procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and cash balances and deposits. The carrying amount of the Group's financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers other characteristics including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Goods are generally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

Cash balances and deposits

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least A+ from Standard & Poor's. Given these high credit ratings, management has assessed the risk that counterparties fail to meet their obligations as low.

As at the reporting date, financial assets are not impaired.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.5 Financial Risk Management

Exposure to credit risk

The Group's maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was:

	2023 \$000	2022 \$000
Australia	15,014	12,861
United States of America	8,369	6,406
	23,383	19,267

The following are the contractual maturities of Trade receivables:

	Carrying amount \$000	Contractual Cash flows \$000	Current \$000	+30 days \$000	+60 days \$000	+90 days \$000	+120 days \$000
At 30 June 2023							
Trade receivables	12,225	12,225	7,096	1,024	874	354	2,877
Contract Assets	11,158	11,158	11,158				
At 30 June 2022							
Trade receivables	8,973	8,973	8,454	209	276	9	25
Contract Assets	10,294	10,294	10,294				

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash or funds otherwise reasonably available to it from fundraising activities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of circumstances that cannot reasonably be predicted.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$000	Contractual Cash flows \$000	Less than 6 months \$000	6 – 12 months \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Greater than 5 years \$000
At 30 June 2023							
Trade and other payables	13,489	(13,489)	(13,489)	-	-	-	-
Secured bank loan	3,300	(3,468)	(620)	(620)	(1,282)	(946)	-
Short term facility – CBA	10,000	(12,040)	(340)	(340)	(680)	(10,680)	
Financial Instruments	101	(101)	(101)				
Lease liabilities	17,553	(22,641)	(1,407)	(1,437)	(2,762)	(8,479)	(8,556)
	44,443	(51,739)	(15,957)	(2,397)	(4,742)	(20,105)	(8,556)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.5 Financial Risk Management

At 30 June 2022	Carrying amount \$000	Contractual Cash flows \$000	Less than 6 months \$000	6 – 12 months \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Greater than 5 years \$000
Trade and other payables	19,393	(19,393)	(19,393)	-	-	-	-
Secured bank loan	3,846	(3,846)	(641)	(1,923)	(1,282)	-	-
Working capital facility – EFA	6,000	(6,333)	-	-	(6,333)	-	-
Financial Instruments	593	593	593	-	-	-	-
Lease liabilities	19,071	(19,071)	(852)	(915)	(1,767)	(3,534)	(12,003)
	48,903	(49,236)	(21,479)	(2,838)	(9,382)	(3,534)	(12,003)

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group has entered into a variable rate loan agreement for a period of 3 years. The applicable interest rate is re-set on a quarterly basis in accordance with the 90 days bank bill rate.

The Group is exposed to interest rate risk pre-dominantly on cash balances and deposits and loans and borrowings. Given the relatively short investment horizon for these, management has not found it necessary to establish a policy on managing the exposure of interest rate risk.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial assets/ (liabilities) was:

	2023 \$000	2022 \$000
Fixed rate instruments		
Term deposits	-	891
Variable rate instruments		
Cash and cash equivalents	5,611	3,021
Secured bank loan	(3,300)	(3,846)
Working capital facility agreement – ANZ	-	(6,000)
Working capital facility agreement - CBA	(10,000)	-
Total variable rate instruments	(7,689)	(6,825)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as FY22.

	2023 \$000	2022 \$000
Variable rate instruments – increase by 100 basis points	(133)	(98)
Variable rate instruments – decrease by 100 basis points	133	98

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.5 Financial Risk Management

Currency risk

The Group is exposed to currency risk on sales, purchases and cash holdings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD), Euro (EUR), Great Britain Pounds (GBP) and US Dollar (USD). The currencies in which these transactions primarily are denominated are AUD, EUR and USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's investment in its German subsidiary is not hedged as the currency positions are considered to be long-term in nature.

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2023 USD 000	2023 EUR 000	2023 GBP 000	2022 USD 000	2022 EUR 000	2022 GBP000
Receivables	8,369	-	-	6,406	-	-
Cash	4,654	-	-	997	-	-
Trade payables	(4,352)	(19)	(61)	(7,090)	(33)	(201)
	8,671	(19)	(61)	313	(33)	(201)

The following significant exchange rates applied have been applied:

	Average rate	
	2023	2022
AUD v USD	0.6735	0.7261
AUD v EUR	0.6440	0.6439
AUD v GBP	0.5598	0.5454

Sensitivity analysis

A 10 percent movement of the Australian dollar against the following currencies at 30 June would have effected the movement of financial instruments denominated in a foreign currency and affected profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis as FY22.

Index	Profit or loss		Equity, net of tax	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
US/AUD exchange rate – increase (10%)	(1,192)	(41)	(1,192)	(41)
US/AUD exchange rate – decrease 10%	1,457	50	1,457	50
EUR/AUD exchange rate – increase (10%)	3	5	3	5
EUR/AUD exchange rate – decrease 10%	(3)	(6)	(3)	(6)
GBP/AUD exchange rate – increase (10%)	11	32	11	32
GBP/AUD exchange rate – decrease 10%	(13)	(39)	(13)	(39)
	262	1	262	1

Fair Value Hierarchy

Financial assets and liabilities, including foreign currency hedges are considered level 2 in the fair value hierarchy. The carrying value of financial assets and liabilities carried at amortised costs, approximate their fair value. During the year, there have been no transfers between levels in the fair value hierarchy. The fair value of investments are considered Level 3 based on latest available share sales of the investee.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.6 Capital and Reserves

Capital Management

The Group's objectives are to safeguard the Group's ability to continue as a going concern and maintain a strong capital base sufficient to maintain future development in accordance with the business strategy. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's focus has been to raise sufficient funds through equity and borrowings to fund its working capital, business growth and commercialisation of technology as outlined in note A Going concern (p.23). There were no changes in the Group's approach to capital management during the year.

Movements in Share Capital

	2023 Shares	2022 Shares	2023 \$000	2022 \$000
Opening balance	71,726,214	716,269,344	120,785	120,785
Consolidation of Issued Shares	-	(644,641,340)	-	-
Shares issued under share based payments arrangements	-	-	-	-
Shares issued to Quickstep Employee Exempt Share Plan	-	98,210	-	-
Closing balance	71,726,214	71,726,214	120,785	120,785

During the year, the Company issued NIL (2022: NIL) shares pursuant to share-based payment arrangements with certain key management personnel and issued NIL (2022: 98,201) shares to its employees under Exempt Share Plan.

The Company consolidated its issued share capital (in the ratio of one share for every 10 shares held) at its 2021 Annual General Meeting of Shareholders on 18 November 2021.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

There are Nil (2022: Nil) unissued ordinary shares of Quickstep Holdings Limited under option at the date of this report. No options were granted during the year and since the end of the financial year.

Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Share based payments reserve

The reserve for share-based payments comprises the fair value of equity instruments granted by the Group based on market prices taking into account the terms and conditions upon which the instruments were granted.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

C. Capital and Financial Risk Management

C.7 Capital and Other Commitments

Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 \$000	2022 \$000
Property, plant and equipment	72	52

Other Commitments – Pledged as Collateral against Secured Bank Loan

On 17 February 2023 Quickstep Holdings Limited (the Company) executed a loan agreement with Commonwealth Bank Limited (CBA) to refinance the existing ANZ and EFA facilities. The Company has provided CBA with a Corporate Guarantee and Indemnity as well as a security interest over the Group's assets by way of a General Security Agreement (GSA).

	2023 \$000	2022 \$000
Cash and cash equivalents	5,611	3,021
Trade and other receivables	12,297	9,043
Inventories	12,902	14,910
Property, plant and equipment	11,819	13,998

Under the agreement with CBA, Quickstep Holdings Limited and the other Group companies party to the GSA have agreed to the following restricted dealings. Without the consent of CBA they may not:

- Create or allow another interest in any Collateral other than and Permitted Encumbrance,
- Dispose, or part with possession, of any Collateral.

Nature of Liability	Term of Liability	Currency	Nature of Beneficiary	Balance	Facility Limit
To issue rental bonds to support the lease arrangement of the Borrower	Subject to annual review	AUD	CBA	\$891,481	\$900,000

C.8 Provisions

	Restructuring costs \$000	Make good provision \$000	Total \$000
Balance at 1 July 2022	-	3,448	3,448
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Balance at 30 June 2023	-	3,448	3,448

Quickstep is required to restore all leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the term of the lease.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

D. Operating Assets and Liabilities

This section provides information relating to the operating assets and liabilities of the Group. Quickstep has a strong focus on maintaining a strong balance sheet through continued focus on cash conversion. The Group's strategy also considers expenditure, growth and acquisition requirements.

- D.1 Trade and Other Receivables**
- D.2 Inventories**
- D.3 Contract Assets**
- D.4 Property, Plant and Equipment and Software**
- D.5 Investments**
- D.6 Goodwill**

D.1 Trade and Other Receivables

	2023 \$000	2022 \$000
Current assets		
Trade receivables	12,224	8,973
Other receivables	73	70
	12,297	9,043

All trade receivables are current.

Recognition and Measurement

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

D. Operating Assets and Liabilities

D.2 Inventories

	2023 \$000	2022 \$000
Current assets		
Raw materials and consumables	12,533	14,733
Work in progress	369	177
	12,902	14,910

Recognition and Measurement

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

D.3 Contract Assets and Liabilities

	2023 \$000	2022 \$000
Contract Assets - Current	11,158	10,294

Contract assets primarily relate to the Group's rights to consideration for work performed but not billed at the reporting date. Under AASB 15 the Group has determined that for made-to-order parts, the customer controls all the work in progress as the products are being manufactured. This is because under those contracts, parts are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Therefore, revenue from these contracts and the associated costs are recognised over time – i.e., before the goods are delivered to the customers' premises. Invoices are issued according to contractual terms. Uninvoiced amounts are presented as contract assets.

	2023 \$000	2022 \$000
Contract Liabilities - Current	8,868	1,500

Contract Liabilities primarily relate to advance consideration received from customers for revenue which is recognised over time. The performance obligations in respect of these amounts are expected to be completed in the 2024 financial year. The amount of \$8,868,000 at 30 June 2023 will be recognised as revenue in 2024.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

D. Operating Assets and Liabilities

D.4 Property, Plant and Equipment and Software

	Plant and equipment \$000	Assets under construction \$000	Office furniture & equipment \$000	Software \$000	Total \$000
June 2023					
Opening net book amount	12,328	245	1,103	323	13,998
Additions	-	890	-	-	890
Acquired through business combination	-	-	-	-	-
Government funding received	(400)	-	-	-	(400)
Transfers from assets under construction	900	(1,007)	107	-	-
Disposals	(45)	-	-	-	(45)
Amortisation of grant	226	-	-	-	226
Depreciation charge	(2,453)	-	(239)	(159)	(2,851)
Closing net book amount	10,556	128	971	164	11,819
<i>Cost</i>	<i>43,738</i>	<i>129</i>	<i>2,272</i>	<i>2,028</i>	<i>48,167</i>
<i>Accumulated depreciation</i>	<i>(33,182)</i>	<i>-</i>	<i>(1,301)</i>	<i>(1,864)</i>	<i>(36,347)</i>
June 2022					
Opening net book amount	12,997	1,602	396	382	15,378
Additions	-	1,280	-	-	1,280
Customer and government funding received	(104)	-	-	-	(104)
Transfers from assets under construction	1,660	(2,638)	884	94	-
Disposals	(5)	-	-	-	(5)
Amortisation of grant	309	-	-	-	309
Depreciation charge	(2,530)	-	(176)	(153)	(2,859)
Closing net book amount	12,328	245	1,103	323	13,999
<i>Cost</i>	<i>43,057</i>	<i>245</i>	<i>2,165</i>	<i>2,028</i>	<i>47,495</i>
<i>Accumulated depreciation</i>	<i>(30,729)</i>	<i>-</i>	<i>(1,062)</i>	<i>(1,705)</i>	<i>(33,496)</i>

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

D. Operating Assets and Liabilities

D.4 Property, Plant and Equipment and Software

Recognition and Measurement

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expense in profit or loss.

Government grants that compensate the Group for the cost of an asset are recognised as a deduction in arriving at the carrying value of the asset.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately. Depreciation is recognised in profit and loss on a reducing balance basis over the estimated useful lives of each component of an item of property plant and equipment.

The depreciation rates used for each class of depreciable asset for the current and prior years are:

Class of Asset	Depreciation Rates
Plant and factory equipment	4% to 51%
Office equipment	3% to 52%

Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in the statement of comprehensive income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

D. Operating Assets and Liabilities

D.5 Investments

	June 2023 \$000	June 2022 \$000
Non-current Investments	3,044	3,044

In FY22 Quickstep made a \$1.0m investment in a minority stake in Carbonix, an Australian private company with strong capability in the design, development, manufacture and operation of next generation unmanned solutions for commercial and military applications, under Quickstep Technologies Pty Ltd (a wholly owned subsidiary of Quickstep). Quickstep will recognise subsequent changes in the fair value of the Carbonix investment in Other Comprehensive Income.

An additional \$2.0m investment was made in ordinary shares of Swoop Aero Pty Ltd (Swoop) an Australian company with strong capability in the design, development, manufacture and operation of next generation unmanned solutions for commercial cargo applications. Quickstep has paid \$0.5m in cash in respect of this investment in Swoop and the remaining \$1.5m obligation is covered under a Strategic Supply Agreement (SSA), which requires Quickstep to supply engineering, manufacturing services, tooling and an initial production run of aircraft for Swoop's recently launched KITE™ unmanned cargo aircraft. The delivery under the Strategic Supply Agreement. The \$1.5m obligation under the SSA is recorded in Contract Liabilities.

The fair value of these Level 3 Investments is based on latest available share sales of the investee.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

D. Operating Assets and Liabilities

D.6 Goodwill Impairment

Assessing for impairment to Goodwill

Goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. An assessment of impairment indicators, including both internal and external factors, has been performed.

I. Impairment of Goodwill

The Group had initially recognised goodwill of \$2,287,000 in relation to its investment in Quickstep Aerospace Services Pty Ltd ("QAS"), following its acquisition on 18 February 2021. The QAS operation is based in Tullamarine, Victoria, Australia and represents the Group's Aftermarket business segment. The Group has recognised a Goodwill impairment of \$2,287,000 (2022: \$nil) in respect of this Goodwill during the half year ended 31 December 2022.

II. Events and Circumstances that contribute to the impairment.

During the year the Board has reassessed its short and medium forecasts for the Aftermarket business segment. During FY2023, Aftermarket revenue and profitability has been impacted by a combination of factors including supply chain constraints, availability of skilled staff and lower work volume inductions. Whilst broad industry representations remain supportive of on-shore MRO capability establishment, the timing of uplift in induction volumes is inherently uncertain.

III. Methodology used for recoverable amount of impairment.

The recoverable amount of the Aftermarket CGU has been based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount and an impairment loss of \$2,287,000 was recognised. The impairment loss was fully allocated to goodwill. The fair value less cost of disposal of the CGU was not considered to be more than its value in use.

Key assumptions used in the determination of the recoverable amount were as follows:

Cashflow projections: Management cashflow forecasts for the CGU for the next 5 years, with a terminal growth rate of 3.35% thereafter.

Forecast sales growth rates: Forecast sales growth rates based on experience adjusted for the strategic direction and near-term investment priorities within each CGU.

Discounted Rate: Discount rate is the weighted average cost of capital used to determine the present value of future cash flows in a discounted cash flow (DCF) analysis. The discount rate used was 11.54% post tax (FY22:10.32% post tax).

Following the impairment loss recognised in the Group's Aftermarket CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption may lead to further impairment of other non-current assets allocated to the CGU. Following the recognition of the impairment loss at the half year ended 31 December 2022, the Group announced the signing of a Memorandum of Understanding (MoU) with its key customer in the Aftermarket segment. This MoU provides a customer commitment to increased purchases from the Aftermarket segment and as a consequence there is no indicator of impairment for the remaining non-current assets within this CGU.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

E. Employee Benefits

This section provides a breakdown of the various programs Quickstep uses to reward and recognise employees and Key Management Personnel (KMP). Quickstep believes that these programs reinforce the value of ownership and incentives and drive performance both individually and collectively to deliver better returns to shareholders.

- E.1 Employee Benefit Obligations**
- E.2 Employee Benefit Expense**
- E.3 Related Party Transactions**
- E.4 Quickstep Incentive Rights Plan (IRP)**
- E.5 Equity Settled Short Term Incentive**

E.1 Employee Benefit Obligations

	2023 \$000	2022 \$000
Employee benefit obligation		
- Annual leave (current)	2,046	1,990
- Long service leave (non-current)	1,702	1,515
	3,748	3,505

Recognition and Measurement

Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to future wages and salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

E.2 Employee Benefit Expense

	2023 \$000	2022 \$000
Wages and salaries	28,483	26,916
Defined superannuation contribution expense	2,666	2,289
Increase in leave liabilities	242	197
Share based payments expense	253	166
	31,644	29,568

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

E. Employee Benefits

E.2 Employee Benefit Expense

Recognition and Measurement

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Share-based payment transactions

An expense is recognised for all equity-based remuneration including shares, rights and options issued to employees and Directors. The fair value of equity instruments granted is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The amount recognised is adjusted to reflect the actual number of shares and options that vest, except for those that fail to vest due to market conditions not being met. The fair value of equity instruments granted is measured using a generally accepted valuation model, taking into account the terms and conditions upon which the equity instruments were granted. The fair value of shares, options and rights granted is measured based on relevant market prices at the grant date.

E.3 Related Party Transactions

Key Management Personnel Compensation

The key management personnel compensation included in "Employee benefit expense" in Note E.2 is as follows:

	2023 \$000	2022 \$000
Short-term employee benefits (including STI)	1,398	1,222
Long term benefits (SGC)	80	62
LTI	183	154
	1,661	1,438

The total value of the rights is allocated to remuneration over the vesting period.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

E. Employee Benefits

E.4 Quickstep Incentive Rights Plan (IRP)

During the 2014 financial year the Company established the Quickstep Incentive Rights Plan (IRP). The IRP was designed to facilitate the Company moving towards best practice remuneration structures for executives. The Board reviews the Rights Plan from time to time and adjusts the Rules to ensure the IRP continues to reflect market practice and remained appropriate for the Company. These Revised Rules were approved by shareholders at the Company's 2019 Annual General Meeting on 18 November 2021.

The IRP authorises the granting of Rights to executives of the Company, in the form of Performance Rights (PRs) and/or Deferred Rights (DRs) (together, Rights). These rights represent an entitlement on vesting to fully paid ordinary shares in the issued capital of the Company (Shares) with the total value of Shares being equal to the value of vested Rights (number of vested Rights x market value of a Share). PRs may vest if Performance Conditions are satisfied. DRs may vest if service conditions are satisfied. Further details regarding the IRP are set out in the Remuneration Report.

During 2023 an expense of \$253,000 (2022: \$98,000) has been recognised in the financial statements in respect of the portion of the fair value of rights attributable to the current financial year as required by accounting standards.

A Monte-Carlo model was used to value the rights. The model's key assumptions were as follows:

In Relation to Performance Rights

Tranche	FY19	FY20	FY21	FY22 Director Rights	FY22 Management Rights	FY23 Director Rights
Grant date	1/09/2018	1/09/2019	15/01/2021	18/11/2021	16/12/2021	1/01/2023
First testing date	31/08/2021	31/08/2022	31/08/2023	1/09/2024	1/09/2024	1/09/2025
Expiry date	31/08/2023	31/08/2024	31/08/2025	1/09/2024	1/09/2024	1/09/2025
Share price at grant date	\$0.09	\$0.12	\$0.09	\$0.52	\$0.45	\$0.54
Expected life (years)	3.3	3.3	3	2.8	2.7	2.9
Risk free factor	2.03%	1.04%	0.11%	0.97%	1.00%	3.51%
Volatility of QHL	40%	50%	55%	55%	55%	55%
Volatility of AOAI*	12%	12%	20%	-	-	-
Volatility of XSO^	-	-	-	21%	21%	20%
Dividend yield	0%	0%	0%	0%	0%	0%

*AOAI – All ordinaries total shareholder return index

^ XSO – ASX small ordinaries index

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

E. Employee Benefits

E.4 Quickstep Incentive Rights Plan (IRP)

Rights

Movements in unissued shares under rights:

	2023 No of rights	2022 No of rights
Opening balance	2,776,827	34,577,143
Consolidation of Rights Granted	-	(31,119,429)
Granted during the year	951,940	927,515
Rights vested	-	-
Rights forfeited/lapsed	(279,999)	(1,608,402)
Closing balance	3,448,768	2,776,827

The rights are issued pursuant to:

- Executive services agreements, which rights vest at various times in the future according to years of service completed.
- Offers under the Incentive Rights Plan (IRP), which vests at various future dates upon satisfaction of performance conditions and service criteria.
- The exercise price of the rights is Nil and the rights are lapsed if employment is terminated prior to the vesting date.

E.5 Equity Settled Short Term Incentive

In 2023, Employees are eligible to receive short term incentives (STI) in cash or shares based on achievement of key performance indicators (KPIs). Each year the RN&D Committee considers the appropriate targets and KPIs and the alignment of individual rewards to the Group's performance. These targets may include measures related to the annual performance of the Group and/or specified parts of the Group and are measured against actual outcomes.

In 2023 NIL (2022: NIL) shares were issued to employees in relation to Short Term Incentive.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

F. Other Disclosures

This section provides details on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements.

- F.1 Group Entities**
- F.2 Parent Entity Financial Information**
- F.3 Deed of Cross Guarantee**
- F.4 Auditors' Remuneration**
- F.5 Business Combinations**
- F.6 Subsequent Events**
- F.7 New Accounting Standards Not Yet Adopted**

F.1 Group Entities

Name of entity	Country of Incorporation	Ownership Interest	
		2023 %	2022 %
Parent entity			
Quickstep Holdings Limited	Australia		
Controlled entities			
Quickstep Technologies Pty Limited *	Australia	100	100
Quickstep Systems Pty Limited *	Australia	100	100
Quickstep GmbH	Germany	100	100
Quickstep Automotive Pty Limited *	Australia	100	100
Quickstep Aerospace Pty Limited *	Australia	100	100
Quickstep USA Inc.	USA	100	100
Quickstep Aerospace Services Pty Limited*	Australia	100	100

* Companies entered into deed of cross guarantee with Quickstep Holdings Limited.

F.2 Parent Entity Financial Information

As at, and throughout, the financial year ending 30 June 2023 the parent entity of the Group was Quickstep Holdings Limited.

	2023 \$000	2022 \$000
Results of the parent entity		
(Loss) for the year	(6,423)	(3,055)
Other comprehensive income	253	-
Total Comprehensive (loss)	(6,170)	(3,055)
Financial position of the parent entity at year end*		
Total assets	61,979	54,443
Total liabilities	(17,109)	(3,403)
Net assets / (liabilities)	44,870	51,040
Total equity of the parent entity comprises*		
Share capital	120,785	120,785
Share based payments reserve	7,822	7,569
Accumulated losses	(83,737)	(77,314)
Total equity	44,870	51,040

The parent entity has entered into a Deed of Cross Guarantee with the effect that the company guarantees debts in respect of certain subsidiaries. Further details are disclosed in Note F.3.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

*Note: The comparative information has been restated to account for a reclassification of \$43,091k to the Intercompany balance from equity to Total Assets.

F. Other Disclosures

F.3 Deed of Cross Guarantee

Under the terms of ASIC Corporations (Wholly owned Companies) Instrument 2016/785, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. Quickstep Holdings Limited has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities in Note F.1.

The following consolidated Statement of Comprehensive Income and Balance Sheet comprise Quickstep Holdings Limited and its controlled entities which are party to the Deed of Cross Guarantee (refer Note F.1), after eliminating all transactions between parties to the Deed.

	2023 \$000	2022 \$000
Statement of Profit and other Comprehensive Income		
Revenue	94,379	86,675
Cost of goods sold	(84,473)	(73,192)
Gross Profit	9,906	13,484
Other expenses	(12,871)	(12,585)
Profit from operating activities	(2,965)	898
Net financing costs	(2,924)	(1,979)
Profit / (loss) before income tax	(5,889)	(1,081)
Income tax benefit	478	951
Profit/(Loss) for the year	(5,411)	(130)
Cash flow hedges	745	(575)
Total comprehensive income for the year	(4,666)	(705)
Balance Sheet		
Assets		
Current assets		
Cash and cash equivalents	5,535	2,949
Term deposits	-	891
Trade and other receivables	12,295	9,040
Contract asset	11,158	10,294
Prepayments and other assets	1,716	1,640
Inventories	12,902	14,910
Total current assets	43,606	39,725
Non-current assets		
Property, plant and equipment and software	11,656	13,675
Right-of-use asset	13,649	15,551
Goodwill	164	2,610
Investments	3,044	3,044
Deferred tax asset	5,530	5,052
Total non-current assets	34,043	39,932
Total assets	77,649	79,657
Liabilities		
Current liabilities		
Trade and other payables	20,179	20,781
Deferred Income	2,041	-
Financial instruments	101	593
Loans and borrowings	1,200	2,564
Lease liabilities	1,856	1,628
Employee benefit obligations	2,046	1,990
Total current liabilities	27,423	27,556
Non-current liabilities		
Loans and borrowings	4,530	180
Lease liabilities	15,697	17,443
Provisions	3,448	3,448
Employee benefit obligations	1,702	1,515
Total non-current liabilities	25,377	22,586

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

F. Other Disclosures

F.3 Deed of Cross Guarantee

	2023 \$000	2022 \$000
Total liabilities	52,800	50,142
Net assets	24,849	29,515
Equity		
Share capital	120,785	120,785
Reserves	7,721	6,976
Accumulated losses	(103,657)	(98,246)
Total equity	24,849	29,515

F.4 Auditor's Remuneration

Amounts received or due and receivable by the auditor KPMG for:

	2023 \$	2022 \$
Audit services	288,130	245,000
Other services		
Accounting and tax services	-	-
Total non-audit fee	-	-
	288,130	245,000

F.5 Subsequent Events

Management have considered the matters or circumstances that have arisen since 30 June 2023 up to the date of this report that would significantly affect:

- the operations of the Consolidated Entity;
- the results of those operations; and
- the state of affairs of the Consolidated Entity.

No matter or circumstance has arisen since 30 June 2023 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

F.6 New Accounting Standards Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods

Directors' Declaration

for the year ended 30 June 2023

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 17 to 55 and the Remuneration report on pages 9 to 16 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2022.

The directors confirm that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

There are reasonable grounds to believe that the Company and the Group entities identified in Note F.1 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

This declaration is made in accordance with a resolution of Directors.



Mr. M H Burgess

Director

25 August 2023

Sydney, New South Wales



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Quickstep Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Quickstep Holdings Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contravention of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Cameron Slapp

Partner

Sydney

25 August 2023

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Independent Auditor's Report

To the shareholders of Quickstep Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Quickstep Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Balance Sheet as at 30 June 2023;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note A, "Going Concern" in the Financial Report. The events or conditions disclosed in Note A, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to manage business performance and working capital to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the recent history of loss making operations;
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the **Key Audit Matters**:

- Revenue recognition;
- Recognition of deferred tax assets relating to tax losses.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (\$94,379,000)

Refer to Note B.1 'Revenue and Other Income' to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group generates revenue through sale of goods to customers under contractual arrangements and the Group's policy is that revenue is recognised over time, based on performance completed to date for each individual customer's made to order parts.</p> <p>Revenue recognition was a key audit matter due to the quantum of the balance, and the significant audit effort and judgment we have applied in assessing the Group's recognition</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Group's accounting policies related to revenue recognition against the requirements of the accounting standard and our understanding of the business and industry practice; • Reading a sample of executed customer contracts to understand the key terms of the arrangements and the performance obligations;

<p>and measurement of revenue. This was the result of the:</p> <ul style="list-style-type: none"> • High volume of transactions within revenue recognised from the sale of parts. • Complexity and judgements involved in applying the requirements of AASB15 <i>Revenue from Contracts with Customers</i>. • Judgements made by the Group in the recognition and measurement of revenue over time, based on performance completed to date for each individual customer's made to order parts. 	<ul style="list-style-type: none"> • Comparing the relevant features of a sample of executed customer contracts to the criteria in the accounting standard, those in the Group's policies, and against the Group's identified performance obligations; • Obtaining an understanding of and testing key internal controls over the Group's accounting for revenue from contracts with customers; • Testing a sample of revenue transactions recognised for customer orders completed during the year to customer purchase orders, customer invoices, certificates of conformity and customer signed dispatch dockets or other signed evidence of delivery; • Selecting a sample of pre and post year end revenue transactions and assessing the recognition of revenue in the period to underlying certificates of conformity, customer signed dispatch dockets, or other signed evidence of delivery; • Selecting a sample of transactions of customer purchase orders in progress from the Group's Work in Progress Report and checked the labour and materials performance completed to date to underlying documentation, such as invoices and timesheets, to assess the recognition of revenue and the associated contract asset including the allocated margin in accordance with the Group's revenue recognition policy; • Evaluating the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of Australian Accounting Standards.
Recognition of deferred tax assets relating to tax losses \$1,414,000	
Refer to Note A 'About this report' and B.6 'Income Tax Benefit' to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The recoverability of deferred tax assets (DTA) related to tax losses is dependent on the ability of the Group to generate sufficient taxable income in the future to which the historical tax losses can be applied.</p> <p>This is a key audit matter due to the significant judgement required by us to evaluate the</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Involving our tax specialists in assessing the Group's continuity of ownership assessment and the tax loss availability for consistency with regulatory parameters and legislation;

<p>Group's assessment of their probability of generating sufficient taxable profits, in light of the tax losses recorded in the current and previous financial years.</p>	<ul style="list-style-type: none"> • Comparing forecast taxable income to historical trends and performance to inform our evaluation of the current taxable profit forecasts; • Comparing the forecasts included in the Group's estimate of future taxable income used in the tax loss utilisation model underpinning the DTA recoverability assessment to those used in the Group's assessment of the going concern assumption for consistency. We challenged the differences between forecast cash flows used in the Group's assessment of the going concern and taxable profits, by evaluating the adjustment of cash flows for differences between accounting profits and taxable profits, against Australian tax law; • Understanding the timing of future taxable income and considering the consistency of the timeframes of expected recovery to our knowledge of the business and its plans; • Evaluating the Group's tax disclosures in the financial report by comparing them to our understanding of the tax matters affecting the Group, and accounting standard requirements.
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Other Information

Other Information is financial and non-financial information in Quickstep Holdings Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. The Chair's Report, CEO's Report and other sections of the Annual Report before the Directors' Report are expected to be made available to us after the date of the Auditors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.ausab.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Quickstep Holdings Limited for the year ended 30 June 2023, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 9 to 16 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Cameron Slapp

Partner

Sydney

25 August 2023

Shareholder Information

for the year ended 30 June 2023

The shareholder information set out below was applicable as at 08 August 2023.

A. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options do not carry any voting rights.

B. Substantial holders

The sole substantial shareholder in the Company is Australian Super with 7,288,259 shares based on latest available information.

C. On Market buy back

There is no current on-market buy back.

D. Distribution schedules

Distribution of each class of security as at 08 August 2023:

Ordinary fully paid shares

Range	Holders	Units	%
1 - 1,000	1,114	650,535	0.91
1,001 - 5,000	1,905	4,973,709	6.93
5,001 - 10,000	602	4,612,726	6.43
10,001 - 100,000	835	25,596,304	35.69
100,001 - Over	78	35,892,940	50.04
Total	4,534	71,726,214	100.00

Performance Rights

Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - Over	4	3,012,202	100.00
Total	4	3,012,202	100.00

E. Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being \$500 parcel at \$0.32 per share):

Holders	Units
1,565	1,223,546

Shareholder Information

for the year ended 30 June 2023

F. Top holders

The 20 largest registered holders of each class of quoted security as at 08 August 2023 were:

Rank	Holder Name	Securities	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,394,799	10.31
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,546,706	4.94
3	DEAKIN UNIVERSITY	3,333,334	4.65
4	CARRIER INTERNATIONAL PTY LIMITED <SUPER FUND A/C>	3,000,000	4.18
5	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	1,721,210	2.40
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,547,925	2.16
7	EXWERE INVESTMENTS PTY LTD <EXWERE SUPER FUND A/C>	840,000	1.17
8	VCM INVESTMENTS PTY LTD	700,146	0.98
9	CITICORP NOMINEES PTY LIMITED	672,965	0.94
10	MR RENE ENJOLRAS	526,158	0.73
11	MR ANDREW JAMES VERCETTI	515,000	0.72
12	HOBSON COVE PTY LTD <ELDER HEIGHTS EIGHTH A/C>	500,000	0.70
13	EQUITY PLAN SERVICES PTY LTD	387,815	0.54
14	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	350,994	0.49
15	MR RONALD SMIT + MRS JULIE MARIE SMIT <LUCKY JAR SUPERFUND A/C>	325,000	0.45
16	MR JAMES WINSTON HUNTER + MRS ELIZABETH JOAN HENDERSON-HUNTER <H&H SUPERANNUATION FND A/C>	307,785	0.43
17	MR WERN CHIAN TYE	305,000	0.43
18	MR DAVID CREIGHTON GELLATLY	300,000	0.42
19	REIGRAL PTY LTD	300,000	0.42
20	MR STEPHEN BROWN	278,200	0.39
Total		26,853,037	37.44

Corporate Directory

for the year ended 30 June 2023

Directors

Mr. P Largier
Chair

Mr. M H Burgess
CEO and Managing Director

Mrs. L Heywood
Non-Executive Director

Mrs. E Mannes
Non-Executive Director

AVM K Osley (Ret'd)
Non-Executive Director

Secretary
Mr. C Roelofsz

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Auditor

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Chartered Accountants
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Share registry

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452 Johnston Street
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Telephone +61 3 9415 5000

Stock Exchange

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20 Bridge Street
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New South Wales 2000

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