



Quarterly Activity Report and Appendix 4C

Quickstep Holdings Limited (ASX:QHL) attaches its Quarterly Activity Report and Appendix 4C (Quarterly Cash Flow Report) for the quarter ended 31 March 2024.

The Quarterly Activity Report and Appendix 4C (Quarterly Cash Flow Report) have been authorised for release by the QHL Board.

For further information:

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Third Quarter FY24 UPDATE

30 April 2024: Quickstep Holdings Ltd (ASX: QHL) (Quickstep or the Company) today released its quarterly update for the third quarter of FY24.

SUMMARY (Unaudited)

- Q3 Sales \$21.6m, down 3% on the same period in FY23
- YTD Sales \$73.8m, up 9% on the same period in FY23
- Q3 Operating Cashflow \$1.9m
- YTD Operating Cashflow \$2.7m

FINANCIAL UPDATE

Sales for Q3 were 3% down on the same period last year due to a more consistent production volume profile versus Q3 FY23 where the business was in volume recovery, following previously reported equipment downtime. Q3 Sales in the new business growth segments of Services and Development Engineering (Drone production) were up 98% and 128% respectively. Year to date, Structures business sales are up 1% on the prior year while Services are up 112% and Development Engineering (Drone production) up 98%. The more stable core production volumes alongside improved performance in our newer growth businesses has delivered a favourable Operating Cashflow for Q3 and YTD.

OPERATIONAL UPDATE

F35 and C130 production has been stable and consistent throughout the year, although Q3 was softer than the run rate for H1 FY24 due to the scheduled maintenance downtime during January. Services continues to deliver year on year growth with some softening realised over the Christmas period as customer assets are highly utilised in their busiest period. Drone volumes increased during Q3 in line with the previously announced demand from Carbonix and this business is now delivering strong year on year growth for Development Engineering. The more stable post pandemic environment has enabled the business to deliver increased productivity through continuous improvement initiatives.

BUSINESS DEVELOPMENT UPDATE

Engagement with major customers on new programs for both our Australian operations and in support of the establishment of the Quickstep Wichita operation in the US, are progressing well. These discussions, which are currently focused on guided weapons and drones, are aligned with our customers' strategic needs and with the evolution of defence procurement initiatives globally.

In the Services business we continue to see a strong desire by customers to continue to build onshore Australian capability in both the commercial airline and defence segments. This is driven by cost and delivery efficiency as well as the need to reduce the carbon footprint of transporting large components to offshore facilities.

Looking forward to FY25 we are positive about the opportunities in guided weapons and drones materialising in a more meaningful way for the business which will utilise our engineering and development capabilities in the short term ahead of further production opportunities in both Australia and the USA.

OUTLOOK

We expect the more stable trading environment to continue for the remainder of FY24. This enables us to progress further productivity initiatives and continue to deliver on priority growth initiatives.

Despite the strong year on year growth in our new business segments, we do expect a softening in Services demand through H2 versus our previous expectation.

Revenue for the full year is expected to be in the range of \$94m to \$96m and underlying EBITDA to be positive.

As our core production programs in Structures transition into the new contract periods (3 years for F35 and 5 years for C130) we have been advised of temporary forward volume reductions that will likely require an adjustment to our operational structure in the short to medium term. The business is in negotiation with customers regarding total forward volume, production rate and contract pricing.

-END-

This announcement was approved for release by the Quickstep Board of Directors.

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 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

QUICKSTEP HOLDINGS LIMITED

ABN

55 096 268 156

Quarter ended ("current quarter")

31 MARCH 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	28,169	83,959
1.2 Payments for		
(a) research and development	(614)	(1,397)
(b) product manufacturing and operating costs	(14,088)	(44,976)
(c) advertising and marketing	(4)	(12)
(d) leased assets	(728)	(2,147)
(e) staff costs	(9,056)	(27,433)
(f) administration and corporate costs	(1,549)	(5,046)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	44
1.5 Interest and other costs of finance paid	(233)	(723)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	440
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,908	2,709
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(204)	(410)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	13
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(204)	(397)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(300)	(900)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(300)	(900)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,483	5,611
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,908	2,709
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(204)	(397)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(300)	(900)
4.5 Effect of movement in exchange rates on cash held	54	(82)
4.6 Cash and cash equivalents at end of quarter	6,941	6,941

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,941	5,483
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,941	5,483

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

202

-

- Directors' remuneration (Item 1.24)

\$A'000

202

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	12,400	12,400
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	1,000	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Lender: Commonwealth Bank of Australia (CBA)	\$A'000
1) Working Capital Facility (Secured) – Interest rate 7.39%	10,000
2) Secured Loan Facility (Secured) - Interest rate 7.39%	2,400
3) Asset Financing Facility (Secured) - Interest rate N/A	nil

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(504)
9.2 Product manufacturing and operating costs	(14,218)
9.3 Advertising and marketing	(13)
9.4 Leased assets	(715)
9.5 Staff costs	(9,328)
9.6 Administration and corporate costs	(1,549)
9.7 Other (provide details if material)	(258)
9.8 Total estimated cash outflows	(26,585)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	NIL	NIL
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/~~Company secretary~~)

Date: 30th April 2024

Print name: Mark Burgess