

Structures Business Unit Restructuring

26 June 2024: Quickstep Holdings Ltd (ASX: QHL) (Quickstep or the Company) is announcing a significant restructuring of the Structures Business Unit and associated support functions at its Bankstown facility.

SUMMARY

- Previously announced reductions in customer demand for F35 components through the FY25/FY26 period provides the Company with an opportunity to optimise the operating model of its largest Business Unit.
- The establishment of a medium term 'level loaded' production plan enables the Structures Business Unit to transition from operating 3 shifts 6-days a week to 2 shifts 5-days a week.
- Significant changes are also being made to Structures operational leadership and corporate support functions to deliver a more streamlined operating model.
- These changes are expected to deliver annualised cost savings of circa \$5m.
- Quickstep will continue to invest in technology to further optimise the operating environment.
- Engineering Development, which is focused on UAS development and other new business initiatives is not impacted by this restructure.
- Services Business Unit is also not affected by this restructure.

Structures Business Unit

Changes announced today will see a reduction in direct production headcount of approximately 20% and a reduction in operational support headcount of a similar amount.

A reduction in customer demand, driven by de-stocking and aircraft build rates, along with a carefully designed 'level loaded' production plan, provides Quickstep with the opportunity to transition from operating 3 shifts 6-days a week to 2 shifts 5-days a week. This change will drive increased consistency and therefore a higher level of productivity throughout the operating environment, while continuing to meet customers' requirements for on time delivery and high quality.

The leaner production environment then enables a rationalisation of the operations support headcount. The smaller Operations Leadership, Quality, Procurement and Engineering teams will be supported by enhanced and new investment in technology. Detailed planning continues and will be finalised over the next 7-10 days.

Corporate Support Functions

A detailed review of the corporate support functions has been conducted in conjunction with the review of the operational functions to identify further opportunities to streamline the Company. A reduction of approximately 35% of the headcount will be implemented across all support teams. Improvements in systems and processes will support these changes without significant impact to the Company's ability to service its customers and partners.

Engineering Development & Services Business Units

As announced recently, Quickstep's Engineering Development business unit, which is currently focused on the design and production of UAS products for a range of customers, continues to make progress in this emerging market segment. As such this business unit is not impacted by the restructuring plan announced today.

Quickstep Services, based out of the Company's Tullamarine facility in Melbourne, is also unaffected by the restructuring plan announced today. Whilst this business unit continues to have a growth focus it is also subject to ongoing strategic scrutiny in conjunction with key partners and customers.

Overview

Quickstep remains focused on delivering high quality, innovative solutions to our customers. Having a sustainably profitable Australian core business is the foundation of enabling the Company to pursue its international growth opportunities, which remain a key strategic objective for the Company and one that we continue to pursue aggressively.

The above changes impact on a number of valued team members and the Company will be entering into consultation with those affected in due course, as well as providing them with appropriate support.

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

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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. 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 is 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.