

Quickstep H1 FY25 Interim Results

24 February 2025: Quickstep Holdings Limited (ASX:QHL) (Quickstep or the Company) today announced its interim results for the 6 months ended 31 December 2024 (H1 FY25):

- The pragmatic sharpening of the Company's strategy to refocus on the core Structures business and the closure of the loss-making Services business has delivered a significantly improved group performance.
- The restructure of the Structures business combined with the implementation of productivity measures across the business, has delivered a significant increase in gross profit margins.

Continuing Business Headline Financial Metrics

Millions	H1 FY25 Actual	H1 FY24 Actual	% change
Revenue	37.9	45.9	(17%)
Gross Profit Margin	21.7%	14.2%	53%
EBIT	0.9	0.4	125%
Underlying EBITDA	3.1	2.6	19%

EBITDA Adjustments:

H1 FY25 excludes employee restructuring costs of \$0.23M

H1 FY24 excludes employee restructuring costs of \$0.25M

Revenues declined in the half year compared to the same period last year reflecting a level-loaded, more stable and consistent volume profile for the Structures business relative to H1 FY24, the closure of the Services Business and, reduced volumes in Development Engineering (Drone production).

Underlying EBITDA from continuing operations improved by 19% vs pcp and EBIT improved from \$0.4M to \$0.9M.

A strong net cash inflow from operating activities of \$4.9M (174% increase on pcp) was underpinned by consistent customer receipts and disciplined management of operating costs across the business. This was an improvement of \$1.8M on H1 FY24. The company ended the half year with a cash balance of \$8.9M (62% increase on pcp).

Group Net Debt as at 31 December 2024 was \$2.8 million (down from \$6.2 million at 30 June 2024). This balance is made up of cash held \$8.9 million (up from \$5.9 million at 30 June 2024) and debt of 11.8 million (down from \$12.1 million at 30 June 2024).

During H1 FY25, Quickstep implemented a number of improvement measures that have delivered significantly improved underlying performance results of the business noted above.

These measures included:

- **The restructure of the Structures business unit during late June and early July 2024.** This resulted in a reduction in direct production headcount of approximately 20% and a reduction in operational support headcount of a similar amount. The implementation of a 'level loaded' production plan, then provided Quickstep with the opportunity to transition from operating 3 shifts 6- days a week to 2 shifts 5-days a week bringing increased consistency and a higher level of productivity.
- **The finalisation of updated terms for the ongoing major contracts** with Lockheed Martin and Marand in November 2024 resulting in pricing adjustments and firming production volume for C-130 and Vertical Tail Programs.
- **The closure of the loss-making Quickstep Aerospace Services business.** Following a period of engagement and due diligence, and despite interest from several parties in a sale process, no offers were received for this business and it was closed in October 2024.
- **A refocus of the business on those few business development opportunities that further built on the profitability of the core business** including the development of a strong leading position in the manufacture of composite products and engineering solutions for the rapidly growing Guided Weapons and Explosive Ordnance (GWEO) sector. To this end, on the 9 December 2024, Quickstep signed a Deed with Defence that is expected to lead to future contracts.

Performance by Continuing and Discontinued Businesses

Business Unit (AUD Millions)	H1 FY25 Revenue \$	H1 FY24 to H1 FY25 % Movement	H1 FY25 Gross Profit \$	H1 FY24 to H1 FY25 % Movement
Continuing Business	38.0	(17%)	8.2	26%
Discontinued Business	1.9	(70)%	(3.2)	(240%)

We expect this stronger performance to continue over the remainder of the 2025 financial year. Whilst Q2 FY25 was, as communicated at the November 2024 AGM, weaker than the first quarter due to a slow scheduled delivery month in November and the seasonal Christmas effect in December, we expect that profitability will increase appreciably in the second half of the year as our new operating system settles down and the price increases take effect.

Our Services business, based at a facility in Tullamarine, Melbourne, has been closed and the write off of all remaining assets has been completed within this financial reporting cycle. In February 2025, the company signed a deed for the exit of the Tullamarine lease and relinquishes all lease liabilities on vacating the site, which is due at the end of February 2025.

Quickstep continues to engage with its major customers and is well positioned to secure new business opportunities supported by its strong market reputation. The significantly improved financial outcomes from the recent strategic change process have created a stronger ongoing financial position from which to execute these future growth opportunities.

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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. 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.