

TRADING UPDATE FY21

22 July 2021: Quickstep Holdings Limited (ASX: QHL) (Quickstep or the Company) today releases a trading update for the financial year ended 30 June 2021.

FY21 SUMMARY (Unaudited)

- ▶ **Sales \$85.1 million, up 3.4% on prior year**
- ▶ **Underlying group NPBT (including modest QAS loss) comparable to FY20**
- ▶ **FY21 operating cash flow \$7.8 million, compared to \$0.2 million in FY20**
- ▶ **Net bank debt down \$1.8 million to \$4.6 million since 30 June 2020**

Sales growth of 3.4% (\$2.8 million) versus the prior comparative period (pcp) is attributable to the F-35 program, including a growing share of F-35 Vertical Tails global production, and Quickstep Aerospace Services (QAS) revenue \$0.8 million since the business was purchased in February 2021. Appreciation of the USD against the AUD dampened the year on year revenue increase with an average USD / AUD exchange rate of 67.2c in FY20 compared to 74.8c in FY21.

As announced in March, we were unsuccessful with regards a proposal submission to supply MJU-68B flare housings in the FY21/FY22 period to Chemring Australia (CHA). Given the low probability of securing flare housings revenue in the foreseeable future the Company has taken a prudent decision and an impairment charge may be recorded against the value of the flare housings facility as at 30 June 2021 of an estimated \$2.8 million to reflect the expected recoverable amount. In the event a relevant supply contract is secured in the future, a full or partial reversal of the impairment charge could be booked to reflect the revised recoverable amount.

Underlying base business (excluding QAS) profit before tax is expected to increase materially compared to the pcp. Despite QAS generating a modest loss since acquisition we expect total QHL group underlying profit before tax and impairment to be comparable to prior year.

Cash from operating activities of \$7.8 million for FY21 was a \$7.6 million improvement on the pcp. The strong cash result has been achieved through much tighter inventory control and cash management and is after funding \$0.5 million of restructure costs (provided for in FY20), and a modest QAS trading loss. Capital expenditure of \$2.3 million (\$2.0 million, net of grants) has been invested to provide new capability, increase capacity and improve operational efficiency. The Company's net bank debt has decreased by \$1.8 million since 30 June 2020 to \$4.6 million, despite investing \$3.1m to purchase the QAS business, as a consequence of better working capital management and ongoing profitability.

The FY21 financial results shown in this release have not been audited and may be subject to change once the audit has been completed.

Authorised by the Board of Quickstep Holdings Limited.

For further information:

Mark Burgess – Managing Director
Quickstep Holdings Limited
Telephone: +61 2 9774 0300
E: mburgess@quickstep.com.au

Alan Tilley – Chief Financial Officer
Quickstep Holdings Limited
Telephone: +61 2 9774 0300
E: atilley@quickstep.com.au

About Quickstep Holdings

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

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.

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