

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 30 June 2024.

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

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Fourth Quarter FY24 UPDATE

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

SUMMARY (Unaudited)

- Q4 Sales \$25.6m, down 4% on the same period in FY23.
- Full Year Sales \$99m, up 5% on FY23.
- Full Year Underlying EBITDA \$3m.
- Q4 Operating Cashflow -\$0.5m.
- Full Year Operating Cashflow \$2.2m.

FINANCIAL UPDATE

Whilst Sales for Q4 were 4% down on the same period last year, this reflected a more consistent production volume profile versus Q4 FY23. (As noted in the Q3 update, during the second half of FY23 the business was in a volume recovery phase following previously reported equipment downtime). Q4 Sales in the business growth segments of Services and Development Engineering (drone production) were up 50% and 17% respectively.

FY24 Sales were up 5% on the prior year. Within this, Structures sales were down 1% on the prior year while Services were up 94% and Development Engineering (drone production) up 57%. The more stable core production volumes alongside improved performance in the growth business segments delivered positive underlying EBITDA and favourable Operating Cashflow for the Full Year.

Related party transactions of \$0.2m for Q4 are the payment of Directors costs and expenses.

OPERATIONAL UPDATE

F35 and C130-related production has stabilised through the second half of FY24 after moving out of the post pandemic recovery phase. Whilst this resulted in marginally lower volume year on year, it enabled an improvement of 5% in gross margin due to improved productivity measures. Services volume also stabilised in Q4 following a lower volume period over the Christmas period. Record drone production volumes were achieved in Q4 as demand from existing customers grew significantly.

During the quarter, customer schedules for the new contract periods were locked in with pricing being progressively finalised, as referenced in previous announcements. This enabled a cost-out restructuring activity which has recently been completed in both the Structures business unit and the corporate support functions.

BUSINESS DEVELOPMENT UPDATE

Guided weapons and drone opportunities continue to be the focus of our engagement with major customers and Governments in Australia and the USA. Our planned US market entry strategy continues to evolve as customer and program requirements crystalise. As requirements are clarified, we are factoring this into the designs and capabilities we intend to expand in Australia and potentially activate in the US. Global events continue to influence strategic changes of thinking around future customer requirements and Quickstep is well placed to adapt given our market reputation, flexibility and strong technical capabilities.

Expanding onshore Australian capability in aircraft Maintenance, Repair and Overhaul continues to provide tailwinds to Quickstep's Services business unit. We are actively engaged with commercial airline customers and have seen an uplift in engagement from the defence segment in recent months. Our partnership with ST Engineering continues to strengthen, enabling us to deliver strong local capability with support from one of the global leaders in the industry.

OUTLOOK

Our recent business update on 23 July 2024, provided detail on the outlook for FY25 and beyond. As we step into the new contract periods for our Structures business, all team members are focused on executing against our plans to improve efficiency and productivity whilst delivering sustainable growth and profitability.

-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. 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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

QUICKSTEP HOLDINGS LIMITED

ABN

55 096 268 156

Quarter ended ("current quarter")

30 JUNE 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	22,521	106,480
1.2 Payments for		
(a) research and development	(493)	(1,890)
(b) product manufacturing and operating costs	(12,950)	(57,926)
(c) advertising and marketing	(45)	(57)
(d) leased assets	(722)	(2,869)
(e) staff costs	(7,822)	(35,255)
(f) administration and corporate costs	(1,556)	(6,602)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	60
1.5 Interest and other costs of finance paid	(241)	(964)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	797	1,237
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(495)	2,214
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(454)	(864)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	13
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(454)	(851)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(300)	(1,200)
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)	(1,200)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,941	5,611
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(495)	2,214
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(454)	(851)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(300)	(1,200)
4.5	Effect of movement in exchange rates on cash held	161	79
4.6	Cash and cash equivalents at end of period	5,853	5,853

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	5,960	6,941
5.2	Call deposits	-	-
5.3	Bank overdrafts	(107)	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,853	6,941

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	199
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

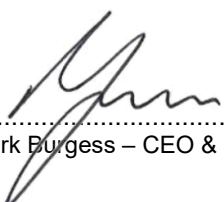
7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	12,100	12,100
7.2	Credit standby arrangements	2,300	107
7.3	Other (please specify)	1,000	0
7.4	Total financing facilities	15,400	12,207
7.5	Unused financing facilities available at quarter end		3,193
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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%		2,100
	3) Asset Financing Facility (Secured) - Interest rate N/A		nil
	4) Overdraft facility (Secured) – interest rate 17.55%		\$107

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(495)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,853
8.3	Unused finance facilities available at quarter end (item 7.5)	3,193
8.4	Total available funding (item 8.2 + item 8.3)	9,046
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	18
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

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.

Date: 30th July 2024

Authorised by: 

(Mark Burgess – CEO & Managing Director)