



## ASX ANNOUNCEMENT

28 February 2023

# FY23 HALF-YEAR FINANCIAL RESULTS

- Consolidated revenue of \$12.7M
- Other income of \$0.8M
- Operational loss of \$1.8M
- Cash, term deposits and receivables of \$6.5M

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') presents the Company's audited half-year financial results for the six months ended 31 December 2022.

### Financial Review

The Group's consolidated revenue for the period was \$12.7M, up 42% from the same period in 2021.

Group revenue comprises sales income from established engine production lines, engineering services income from development programs across Orbital UAV's growing customer portfolio and a \$2.4M settlement claim with the Company's largest customer Insitu, a wholly owned subsidiary of the Boeing Company.

The settlement was previously reported to be \$1.2M within preliminary results but has since been updated to recognise an additional \$1.2M of supplier cost reimbursement related to the claim.

Operational losses before income tax are reported at \$1.8M.

At 31 December 2022, cash, term deposits and receivables were \$6.5M, an improvement of 66% from June 2022 and reflects the success of the first tranche of the Placement completed in December 2022.

### Operational highlights

During the period the Company achieved a number of significant milestones, in line with its customer diversification strategy and strong engine development pipeline. Highlights include:

- Contract to supply AeroVironment Inc with an Orbital UAV heavy fuel engine for testing;
- Contract with Anduril Industries supporting engine development for the company's latest UAV program;
- MoU with UK customer Animal Dynamics and delivery of initial engine concepts;
- A \$3.5M contract signed with the Company's Singapore customer for the next phase of the development program;
- Engine shipments commencing to Insitu Pacific for Australian Army program; and
- \$5M capital raise to support existing development programs and R&D projects.

## New share issue

Orbital UAV's growth and capital requirements saw the Company launch a \$5M share placement in November 2022. Conducted in two tranches, the placement was successfully completed on 1 February 2023. Funds raised are being directed towards customer engine development programs, Orbital UAV engine development programs, plant and equipment and general working capital.

## WA government loan milestones

Subsequent to the \$5M capital raise, the Company's improved balance sheet will further benefit from the adjusted terms of its legacy loan with the Western Australian Government – agreed in January 2023. Under the new agreement, Orbital UAV has a pathway to offset the full value of the loan (~\$8.6M) over the next two years.

## Outlook

The restructure of the Company's WA Government loan and the successful completion of the Placement has strengthened Orbital UAV's balance sheet and provides funds to progress the Company's growth aspirations – specifically the near-term expansion of its engine production lines in Balcatta, Australia.

The Company has a number of operational deliverables for the second half of financial year 2023. These include:

- Continued production and maintenance of Boeing Insitu engine models (x2);
- Textron Systems engine development programs (x2) through to Critical Design Release
- Singapore defence customer engine development program (x1) through to Critical Design Release
- Delivery of Orbital UAV heavy fuel test engine to AeroVironment;
- Delivery of production intent engine to Skyways

In addition, the Company is targeting on or before 30 June 2023:

- Initial engine production orders from Textron Systems;
- Initial engine production orders from Singapore defence customer;
- Engine development contracts with Animal Dynamics, Anduril and AeroVironment; and
- Anticipated WA Government loan offsets to the value of ~\$5M.

-ENDS-

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#### About Orbital UAV

Orbital UAV provides integrated propulsion systems and flight critical components for tactical uncrewed aerial vehicles (UAVs). Our design thinking and patented technology enable us to meet the long endurance and high reliability requirements of the UAV market. We have offices in Australia and the United States to serve our prestigious client base.

#### Forward-looking statements

*This release includes forward-looking statements that involve risks and uncertainties. These forward-looking statements are based upon management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company that could cause actual results to differ materially from such statements. Actual results and events may differ significantly from those projected in the forward-looking statements as a result of a number of factors including, but not limited to, those detailed from time to time in the Company's Annual Reports. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.*

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