



ORBITAL[®]
UAV

Investor Presentation

FY22 Half-Year Financial Results

25 February 2022

Cautionary statement



This presentation includes statements looking-forward that involve risks and uncertainties. These 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. Orbital UAV makes no undertaking to subsequently update or revise the forward-looking statements made in this presentation to reflect events or circumstances after the date of this release.



**World leader in the
design and manufacture
of integrated engine systems
for military drones***

H1 in review

Key outcomes July-December 2021



Revenue of \$8.9M underpinned by existing engine production lines & development programs

Other income of \$2.3M driven by delivery of operational milestones aligned to WA Government loan repayment offsets

Completion of \$6.4M Renounceable Entitlement Offer

New engine development programs announced with Textron Systems and Skyways

Transition of engine production activities to Australia to leverage efficiencies & support loan repayment offset milestones

Further evaluation engines delivered to Singapore defence customer & Phase 2 of the program scoped

FY22 Half-Year Financials

Profit & Loss

For the half-year ended 31 December 2021



Commentary

Underlying Profit & Loss	FY22 H1	FY21 H1
Revenue	\$8.9M	\$19.0M
Gross Profit	\$3.5M	\$7.6M
GM %	40%	40%
Overheads	(\$5.8M)	(\$7.0M)
Other Income	\$2.3M	\$0.2M
Underlying EBITDA	\$0.0M	\$0.8M
EBITDA %	0.0%	4.0%
Statutory Profit & Loss	FY22 H1	FY21 H1
Reported EBITDA	(\$0.2M)	(\$1.2M)
Reported EBIT	(\$0.8M)	(\$2.2M)
Reported NPAT	(\$5.1M)	(\$3.9M)

- H1 revenue of \$8.9M, impacted by Boeing-Insitu volume downgrades and delays in production of engine models 2 & 3
- Gross margin of 40%, in line with corresponding period
- Overheads reduction of \$1.2M during the period due to the prior year restructure
- Other income of \$2.3M includes WA Government loan milestone offset of \$1.5M and a favourable present value loan adjustment of \$0.5M
- Underlying EBITDA is breakeven, adjusted for:
 - FX gain of \$0.6M on the conversion of US intercompany loan to AUD
 - Restructure cost of \$0.1M
 - Obsolete inventory write down of \$0.6M
- H1 Reported Net Loss of (\$5.1M) includes:
 - Tax expense of \$4.1M due to the Australian DTA write off
 - WA Government Loan notional interest expense of \$0.2M
 - Depreciation & amortisation expense of \$0.6M

Balance sheet

For the half-year ended 31 December 2021



	31 Dec 2021	30 Jun 2021
Inventory	\$14.1M	\$12.8M
Trade & other receivables	\$3.4M	\$4.8M
Trade & other payables	(\$2.3M)	(\$1.7M)
Deferred revenue	(\$3.8M)	(\$4.3M)
Provisions & Lease liabilities	(\$5.4M)	(\$6.4M)
Net working capital	\$6.0M	\$5.1M
Property, plant and equipment (PPE)	\$1.9M	\$1.6M
Intangibles	\$2.7M	\$2.0M
Deferred Tax Assets (DTA)	\$0.0M	\$4.1M
Financial assets	\$0.6M	\$0.8M
Provisions	(\$0.1M)	(\$0.1M)
Capital employed	\$5.1M	\$8.5M
Cash & cash equivalents	\$5.1M	\$3.7M
Borrowings – WA Government loan	(\$8.0M)	(\$10.0M)
Total net assets	\$8.2M	\$7.3M

Commentary

- Inventory increase of \$1.3M due to materials purchased for Boeing-Insitu 3rd engine model production of \$1M
- Deferred revenue includes an advance payment for 3rd engine model of \$2.4M
- Provision & lease liability decrease of \$0.9M due to lease commitments reduction of \$0.5M and employee leave entitlements reduction of \$0.4M
- Intangibles increase of \$0.7M from the continued investment in in-house designed engines to support Textron and Singapore customer programs
- DTA decrease of \$4.1M due to Australian DTA write off
- WA Government loan of \$10.0M reduced by \$2M due to \$1.5M offset repayments on achievement of operational milestones and present value adjustment of \$0.5M

Cash flows

For the half-year ended 31 December 2021



Commentary

	FY22 H1	FY21 H1
Net cash from operating activities	(\$3.2M)	(\$5.0M)
Net cash from investing activities	(\$1.3M)	(\$1.0M)
Net cash in financing activities	\$5.9M	(\$0.7M)
Net increase in cash	\$1.3M	(\$6.6M)
Cash & cash equivalents	\$4.6M	\$1.5M

- H1 net cash outflows from operating activities of \$3.2M includes:
 - Inventory purchases increase to support production volumes; and
 - supplier payments
- H1 net investment activities includes in-house engine development of \$0.8M and plant & equipment of \$0.5M
- Financing activities include a capital raise of \$6.4M

Corporate overview



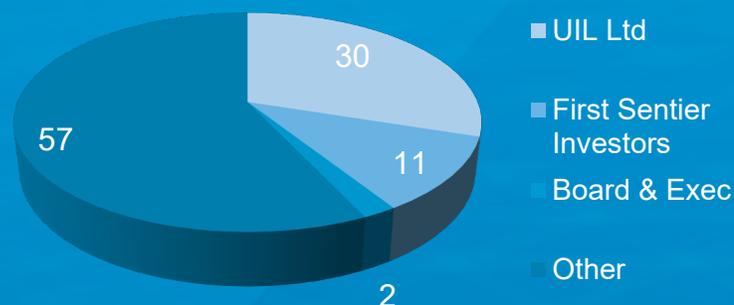
Share Capital *As at 24 February 2022*

Fully Paid Ordinary Shares	90.9M
Closing share price	\$0.21
Market Capitalisation	\$19.1M

Our FY22 Focus

- Continue to diversify our customer base
- Boeing-Insitu 3rd engine program recovery
- WA Government loan offset milestones
- Deliver ongoing cash flow efficiencies
- Targeting 2nd half net profitability

Top Shareholders



John Welbom
Chairman
Non-Executive Director



- Appointed Chairman March 2015
- Accomplished director and senior executive with a track record of leading strategic growth strategies

Todd Alder
Managing Director
& CEO



- Appointed CEO & MD in 2017
- Focusing on: financial discipline; strategy alignment; and operational efficiency

Steve Gallagher
Non-Executive
Director



- Board member since 2017
- 30 years experience as a CEO and director of global businesses

Kyle Abbott
Non-Executive
Director

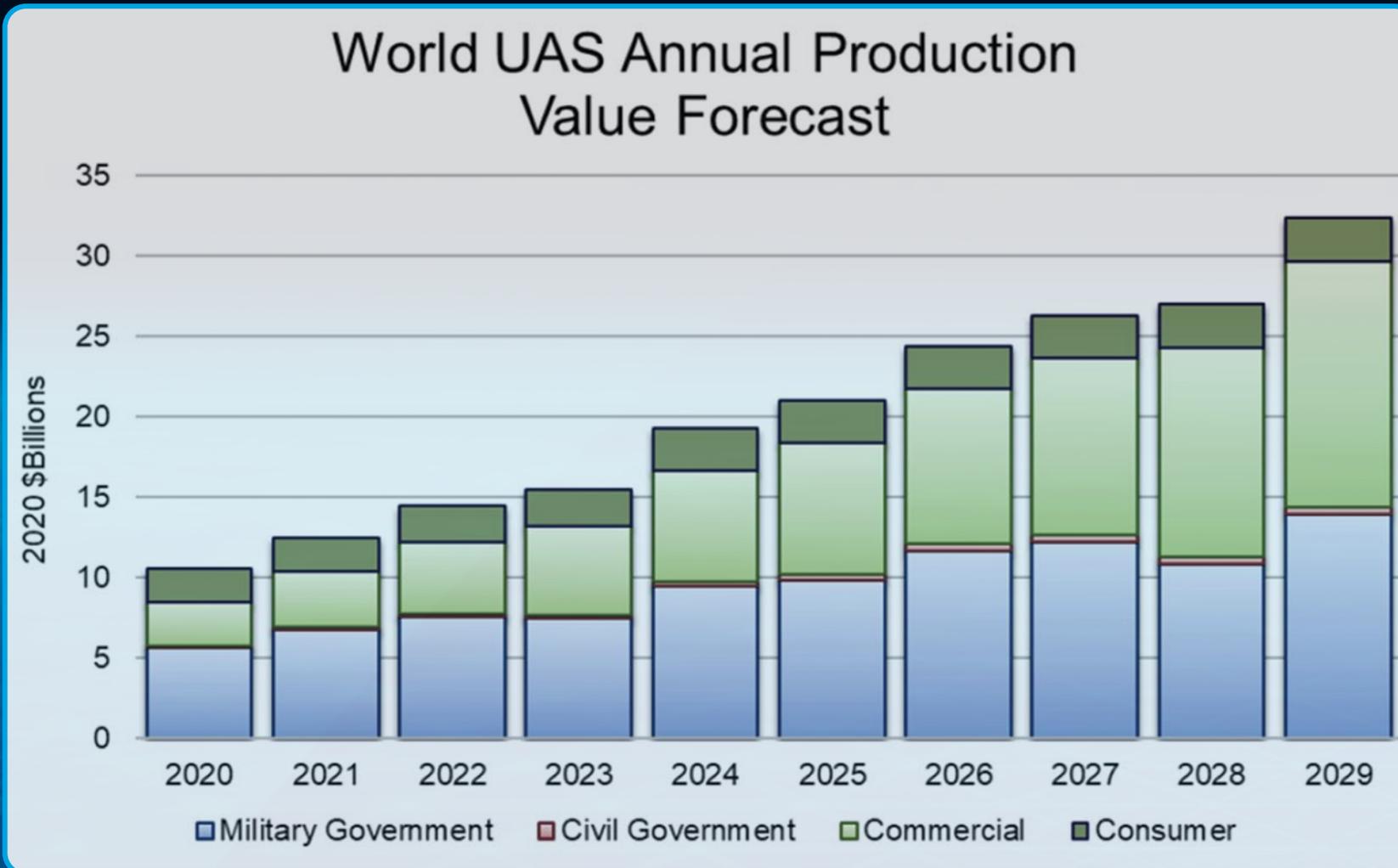


- Experienced aerospace and defence industry executive
- MD of WA Specialty Alloys 1996-2015

Outlook & Growth Strategy

Market forecast

Continued growth



- World UAS production forecast to be over US\$32B by 2029
- World military UAS production in 2022 forecast to be ~US\$7.5B
- Civil government and commercial drone markets continue to show rapid growth

Tactical UAV market

Established Primes & disruptors



Worldwide tactical UAV production 2020 – 2029¹
US\$15.7B

Worldwide tactical UAV production in 2020¹
US\$1.4B

INSITU
A Boeing Company

The image shows the logo for INSITU, a Boeing Company, featuring a stylized red and blue bird-like icon. Below the logo is a photograph of a grey tactical UAV with long, slender wings and a V-shaped tail.

TEXTRON Systems

The image shows the logo for TEXTRON Systems, with the word "TEXTRON" in blue and "Systems" in black. Below the logo is a photograph of a grey tactical UAV with a high-wing configuration and a tail boom.

NORTHROP GRUMMAN

The image shows the logo for Northrop Grumman, consisting of the company name in blue and a stylized blue and white square icon. Below the logo is a photograph of a grey tactical UAV with a delta-wing configuration and a canards.

Addressable Propulsion System Market estimated at ~15%
US\$210M p.a.

L3HARRIS™

The image shows the logo for L3HARRIS, featuring a red wireframe cube icon and the company name in black. Below the logo is a photograph of a grey tactical UAV with a high-wing configuration and a tail boom.

MARTINUAV

The image shows the logo for MARTINUAV, featuring a blue stylized arrow icon and the company name in blue. Below the logo is a photograph of a grey tactical UAV with a high-wing configuration and a tail boom.

AV
AeroVironment™

The image shows the logo for AV AeroVironment, with the letters "AV" in large, bold black font and "AeroVironment" in a smaller black font below it. Below the logo is a photograph of a grey tactical UAV with a high-wing configuration and a tail boom.

Key market players

¹ Source: World Military UAV Profile & Forecast 2020-21, Teal Group Corporation

Customer portfolio

Defence Primes & new entrants



- Long Term Agreement Signed in **2016**
- Expanded in **2018**
- Primary Supplier in **2020**



March 2020
Engine design & development contract with one of Singapore's largest defence companies



- Flight critical components since **2013**
- New engine development program **2021**
- Engine upgrade program **2021**



October 2021
MoU to supply a heavy fuel engine for US Navy unmanned cargo transport

Boeing-Insitu

Status of the Long Term Agreement



IN PRODUCTION

Engine 1

- Volumes confirmed through to end of calendar year

Engine 2

- Engine build activities transferred to Australia during H1
- Volumes confirmed through to end of calendar year

Engine 3

- Development program terminated in February 2022
- Orbital UAV to receive full reimbursement of all costs incurred

2.



IN PRODUCTION

Engine 4

- Orbital UAV designed engine proposal under review by Insitu

Engine 5

- Development timeframe TBD

Customer programs

2022 status & milestones



	Status	2022 milestone
 <p>INSITU A Boeing Company</p>	<p>2 x engine models in production</p>	<p>Continuous production of engines 1 & 2; Outcome of 4th engine model proposal</p>
<p>TEXTRON Systems</p>	<p>Program 1: On track Prototype delivered for evaluation and flight testing in 2021</p>	<p>Delivery of pre-production engine models</p>
<p>TEXTRON Systems</p>	<p>Program 2: On track</p>	<p>Delivery of first upgraded prototype engines</p>
 <p>SINGAPORE DEFENCE COMPANY</p>	<p>Delivered third engine system for evaluation in Dec '21 Finalising scope of Phase 2</p>	<p>Launch Phase 2 of program</p>
	<p>Delivered prototype engine for evaluation in Feb '22</p>	<p>Support evaluation process and scope out next steps</p>

Future market opportunities

Major tactical UAV programs



United States Army Future Tactical UAS Program

TEXTRON Systems



AeroVironment™



MARTIN UAV

L3HARRIS™

- Replacement of RQ-7B Shadow
- Requirements to include:
 - Vertical take-off and landing
 - Runway-independent
 - Reduced acoustic signature
 - Transport system organically within units



Australian Army LAND129 Phase 3

INSITU PACIFIC
A Boeing Company



TEXTRON Systems

AUSTRALIA



Royal Australian Navy SEA129 Phase 5

INSITU PACIFIC
A Boeing Company

TEXTRON Systems

AUSTRALIA

NORTHROP GRUMMAN

Raytheon
Australia

BAE SYSTEMS

- FTUAS program remains largest global Defence opportunity to develop Heavy Fuel Engines for Group 3 UAVs (~250lbs)
- Australia-based Defence programs progressing – Land129 Phase 3 announcement expected in FY22 H2

Our unique service offering

Heavy fuel engine capability an objective requirement

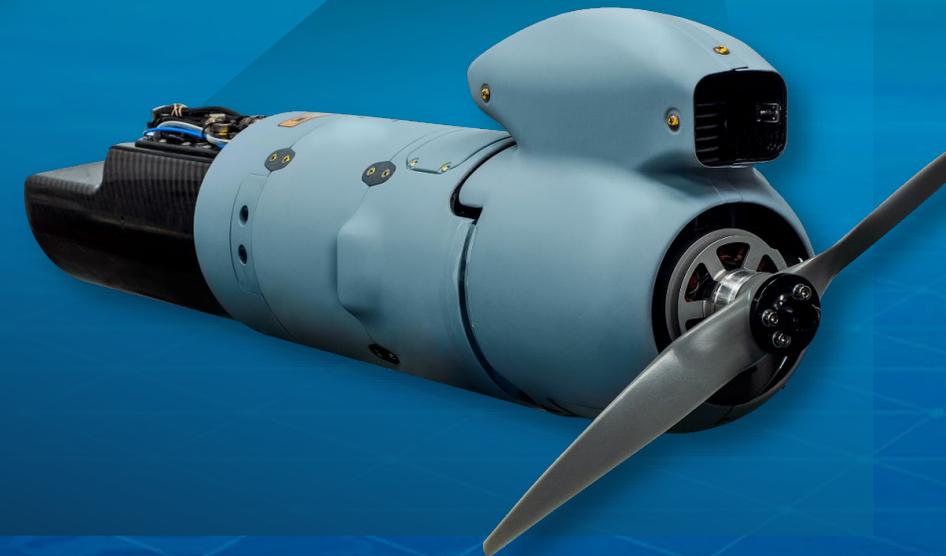


Tactical UAV

Fully assembled and mission ready propulsion systems

	Orbital UAV	Others
Time between overhaul	500 hrs	~50 hrs
Cold start to launch	2 min	>20 min
x3 U.S. FAR33.49 endurance test	Yes	No

Image: ScanEagle3, courtesy Insitu Inc.



FY22 January - June

Objectives



Achieving production targets for Boeing-Insitu engine models 1 & 2

Meeting program development milestones for Textron Systems, Singapore & Skyways

Targeting additional national & global customer contracts

Realise WA Government loan offset milestones

Deliver 2nd half net profitability



Growth outlook

Orbital UAV's unique differentiators

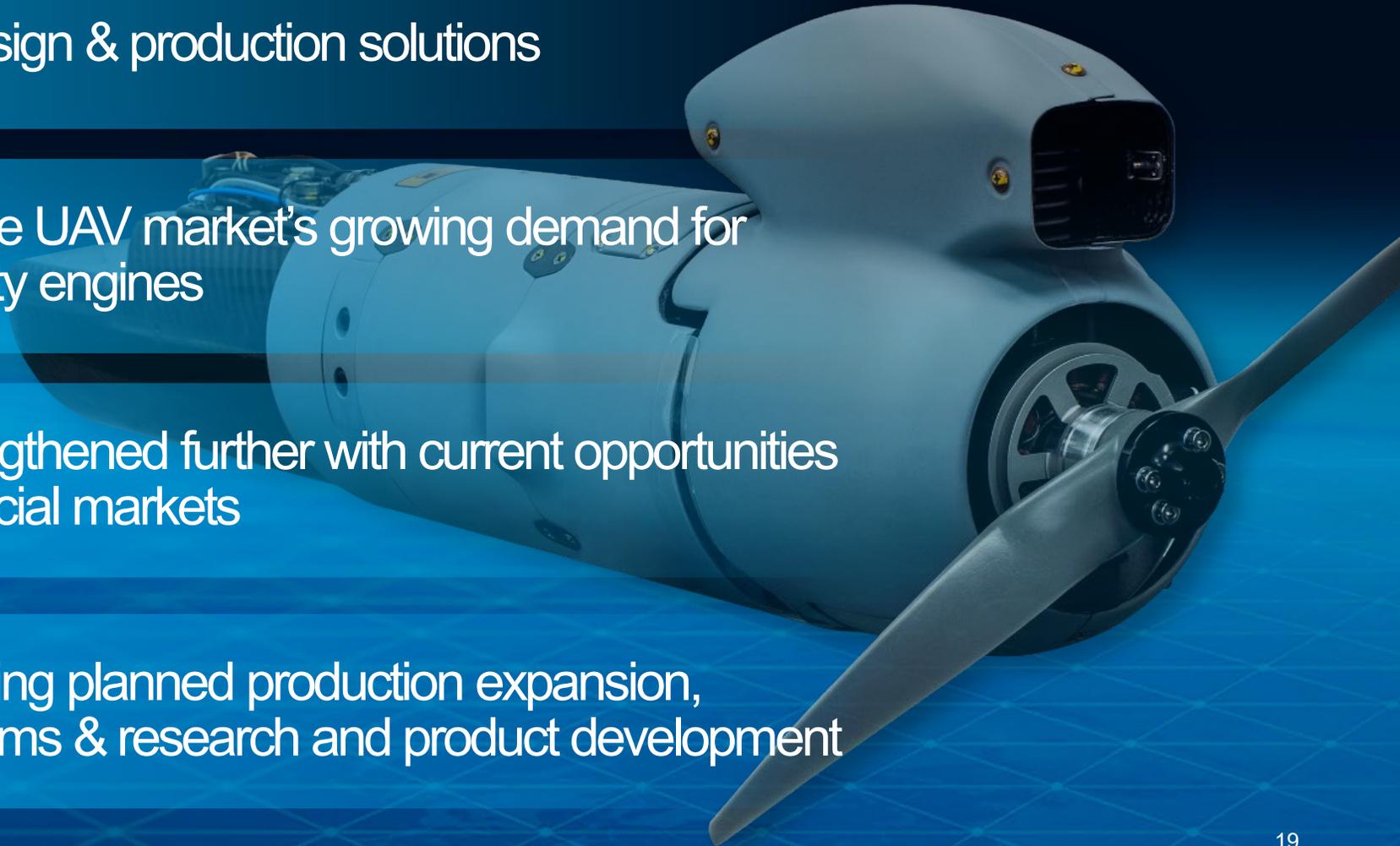


Superior engine technology, design & production solutions

Technology highly relevant to the UAV market's growing demand for longer duration & higher reliability engines

Expanding portfolio will be strengthened further with current opportunities across defence, civil & commercial markets

Balance sheet strength supporting planned production expansion, contracted development programs & research and product development





ORBITAL[®]
UAV

*Ready to fly...*TM

Todd Alder

Managing Director / CEO

+61 8 9441 2311

contact@orbitalcorp.com.au

www.orbitaluav.com



Ian Donabie

Corporate Communications Manager

+61 8 9441 2165

idonabie@orbitalcorp.com.au