



## ASX ANNOUNCEMENT

1 August 2022

# FY22 PRELIMINARY RESULTS

Orbital UAV announces unaudited revenue and other income of  
A\$18.3M for FY22

### FY22 FINANCIAL HIGHLIGHTS (UNAUDITED)

- A\$15.7M revenue
- A\$2.9M underlying EBITDA loss
- A\$2.6M other income
- A\$8.9M net loss after tax (includes A\$4.1M Australian Deferred Tax Asset write off)
- A\$4.0M in cash & cash equivalents

### OVERVIEW

- Established engine production lines for Boeing Insitu underpin FY22 revenue.
- Other income driven by WA Government loan repayment offsets.
- Revenue impacted by Boeing Insitu demand downgrades and order cancellations.
- Inventory build-up due to production downgrades to be run down over 18 months.
- Pursuing reimbursement claim from Boeing Insitu.
- Customer engineering programs with Textron Systems, Singapore and Anduril Industries represent a positive outlook for new, long term revenue streams for the Company.

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') announces unaudited preliminary results for the Financial Year ending 30 June 2022 ('FY22').

### FY22 financial performance

Orbital UAV's unaudited revenue and other income of A\$18.3M for FY22 was impacted by Insitu Inc. – a wholly owned subsidiary of The Boeing Company ('Boeing Insitu') – engine demand downgrades and order cancellations.

Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') was (A\$2.9M), with a net loss of A\$8.9M – including the previously confirmed A\$4.1M Australian Deferred Tax Asset write off (see ASX announcement 25 February 2022).

Cash and cash equivalents as at 30 June 2022, was A\$4.0M, with A\$14.8M of inventory on hand.

The Company is currently holding excess inventory, driven by:

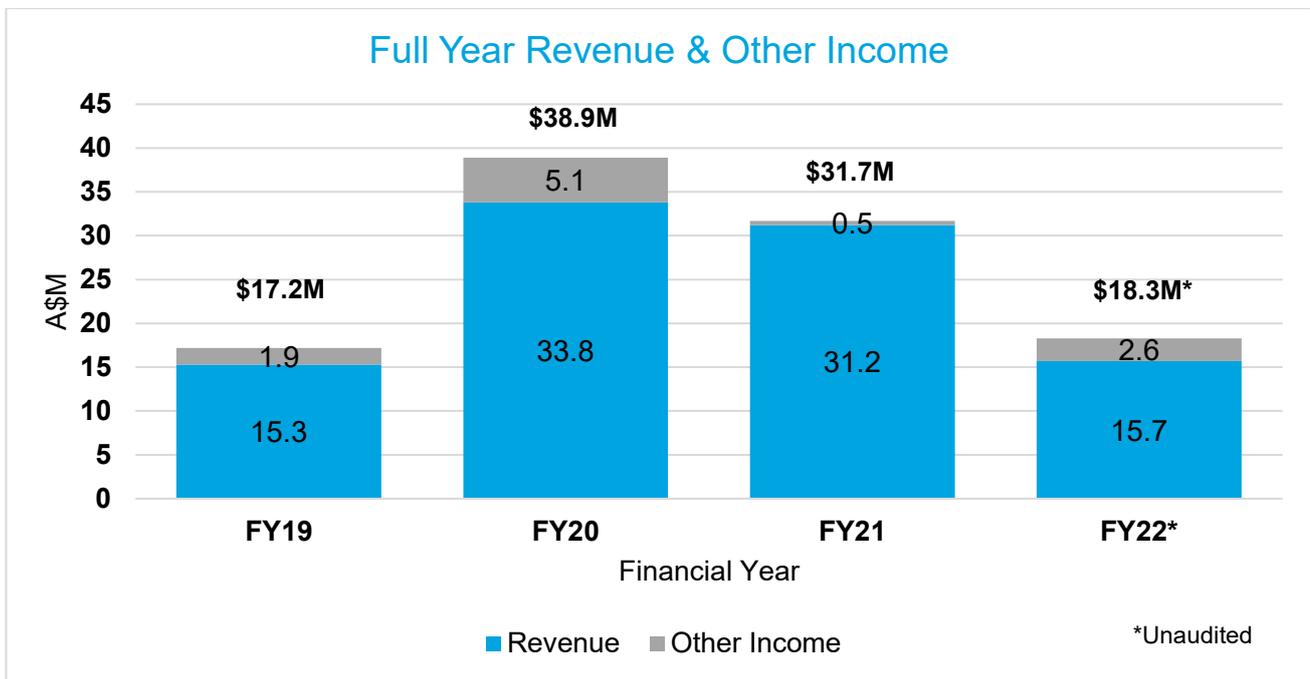
- Boeing Insitu's engine demand downgrade in 2021 (see ASX announcement 1 February 2021);
- the transition of engine production from USA to Australia, (part of Orbital UAV's cost reduction initiatives: see ASX presentation 19 October 2021 & ASX announcement 31 January 2022); and

- termination of the third Boeing Insitu engine development contract (see ASX announcement 14 February 2022)

The Company expects this excess inventory to be run down over the next 18 months.

“Due to the challenging conditions presented by Boeing Insitu over the past 18 months we have implemented a number of measures to assist cash flow in the immediate term. These include the business removing A\$3M in overhead and remuneration costs and the securing of a A\$1M standby credit facility with our largest shareholder,” said Mr Todd Alder, CEO and Managing Director of Orbital UAV.

The Company continues to pursue its reimbursement claim with Boeing Insitu for the terminated third engine development program (see ASX announcement 1 July 2022).



### FY23 outlook

Entering financial year 2023 ('FY23'), production from the two established Boeing Insitu engine model lines will be complimented by a strong pipeline of engineering programs from our additional customers, Textron, Anduril Industries, Skyways and one of the Singapore’s largest defence companies. Each of these engine development programs will transition into revenue generating production lines over the next 18-24 months.

Revenue for FY23 is forecast at A\$20M-\$25M and the Company is targeting net profitability.

“Over the past two years we have continued to invest in new product development which has supported our successful customer diversification strategy. Adding the likes of Textron Systems, Singapore, Anduril Industries and Skyways to our customer portfolio during this period demonstrates the progress we have made and the growing reputation of our technology and capabilities. Working with this expanded group of customers represents a pathway back to improved FY23 revenue and a sustainable and profitable business,” said Mr Alder.

## Financial highlights (unaudited)

For the financial year ending 30 June 2022

	FY22 A\$M	FY21 A\$M
<b>Revenue</b>	15.7	31.2
<b>Other Income</b>	2.6	0.5
<b>Underlying EBITDA</b>	(2.9)	1.2
<b>Underlying EBIT</b>	(4.2)	(0.6)
<b>NPAT</b>	(8.9)	(11.5)
<b>Cash &amp; Cash Equivalents</b>	4.0	7.1
<b>Trade &amp; Other Payables</b>	(2.8)	(1.7)
<b>Inventory</b>	14.8	12.8

### FY22 Commentary

#### Revenue & Other Income

- Underpinned by two engine model production lines
- Impacted by factors relating to Boeing Insitu production downgrades and order cancellations
- Other income impacted by repayment offset milestones not achieved due to the termination of the third Boeing Insitu engine development program

#### Underlying Trading Performance

- Underlying EBIT of (A\$4.2M) before the write down of A\$4.1M Australian deferred tax asset, inventory write down of A\$0.5M, finance costs of A\$0.7M and FX gain of A\$0.7M

#### Cash & Inventory

- Cash flow impacted by termination of third engine development program
- \$1M standby credit facility secured with UIL Ltd to support short-term working capital requirements
- Excess inventory to be run down over the next 18 months

-ENDS-

## CONTACTS

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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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