



ASX ANNOUNCEMENT

31 August 2022

FY22 FULL YEAR AUDITED FINANCIAL RESULTS

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') today announces its full year audited financial results and publication of its Annual Report for the financial year ending 30 June 2022 ('FY22').

FY22 OVERVIEW

- Delivery of \$18.3M revenue and other income
- Secured second engine development program with Textron Systems
- Successful Renounceable Entitlement Offer to raise A\$6.5 million and support new customer programs
- Completion of initial engineering contract for Singapore customer with 2nd phase contract worth \$3.5M now underway
- New customers Skyways and Anduril Industries announced
- Confirmation of involvement in Australian Army's Land129 Phase 3 program
- Facility reviews conducted by Prime Minister the Hon Scott Morrison and Minister for Defence the Hon Peter Dutton
- Restructured for profitability in FY23

Financial results

The Company reported financial results for the year ended 30 June 2022, with revenue from continuing operations of \$15.7M (2021: \$31.2M) and a net loss after tax of \$11.1M (2021: loss of \$11.5M).

Operational net loss of \$4.1M has been adjusted for the following one-off items:

- One off inventory provision of \$3M due to Boeing Insitu first engine volumes downgrade and third engine model cost reimbursement settlement;
- One off third engine labour and facility expense of \$0.6M;
- Restructure cost of \$0.2M;
- FX Gain (net) of \$0.7M
- Australian Deferred Tax Asset of \$4.1M relating to tax losses available for use against future Australian taxable income was written off in the first half of FY22. The tax losses remain available for utilisation but are not recognised as an asset on the balance sheet.

The Company reports a balance sheet with cash and receivables of \$4M (2021: \$7.7M) and net current liabilities of \$5M (2021: \$0.5M).

Net cash outflow from operating activities during the period was \$4.1M (2021: net cash outflow \$1.6M).



Boeing Insitu cost reimbursement claim

Orbital UAV and Boeing Insitu announced a settlement agreement on 30 August 2022 for the third engine model cost reimbursement dispute.

The settlement includes:

- an immediate payment to Orbital UAV of \$1.8M to be offset against future Orbital UAV engine production;
- agreement both parties will not seek to recover outstanding cost; and
- a good faith agreement to negotiate an extension to the Long Term Agreement through a five-year maintenance, repair and overhaul and support contract.

WA Government loan

In August 2021, the Company agreed a Deed of Variation to its legacy WA Government Loan, replacing the previous repayment schedule with one that allows for repayments to be offset in accordance with specified clauses being met by certain dates/milestones. As such, the repayment amounts cease to be a portion of the debt if Orbital UAV demonstrates, to the satisfaction of the Minister, that the relevant milestones set out in the Deed of Variation have been met by the Company on or before the repayment dates.

During FY22 H1, operational milestones valued at \$1.5M were achieved and repayments were offset, reducing the outstanding loan value to \$8.5M. With the cancellation of the third engine development program for Boeing Insitu, the FY22 H2 operational milestones were not achieved. The WA Government agreed to defer the loan repayments for the first half of the new financial year to provide time to establish a revised loan repayment schedule and loan offset operational milestones.

Outlook

Continued investment in new product development has supported Orbital's successful customer diversification strategy over the past two years. Adding the likes of Textron Systems, one of Singapore's largest defence companies, Skyways and Anduril Industries to the Company's customer portfolio during this period demonstrates the progress made and the growing global reputation of Orbital UAV's technology and capabilities.

In Australia, the Company's capabilities are now being applied within the Australian Defence Force via the supply of engines to Insitu Pacific Pty Ltd for Army's LAND129 Phase 3 Program. Involvement in this program gives prominence to the Company's unique technology and capabilities and will support Orbital UAV's objective to identify further opportunities within the domestic defence market.

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

"During FY22, the Company was faced with several material challenges related to our existing engine production and development programs for Boeing Insitu," said Todd Alder, CEO and Managing Director of Orbital UAV. "With the strong support of shareholders and the unwavering commitment of the Orbital team we have resolved these matters, maintained our relationship with a key customer, materially progressed other engineering programs and continued to diversify our customer portfolio.

"Having taken the necessary actions to repair our balance sheet, the Company is positioned to deliver improved revenues in FY23," said Mr Alder.

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



-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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