



ASX ANNOUNCEMENT

16 November 2022

ORBITAL UAV TO RAISE \$5 MILLION

FUNDS TO ADVANCE NEW BUSINESS OPPORTUNITIES
RAISING CORNERSTONED BY MAJOR SHAREHOLDERS

HIGHLIGHTS

- Orbital UAV has received firm commitments to raise \$5 million at \$0.20 per share, with strong support from major shareholders and new investors
- London listed investment company UIL Limited (LSE: UTL), Orbital UAV's largest shareholder, has committed to subscribe for \$1.5 million in shares in the placement and will continue to hold 30% of Orbital UAV upon completion of the placement subject to shareholder approval and any approval required by the Foreign Investment Review Board (FIRB)
- Orbital UAV Directors have committed to subscribe for 1.2 million shares in the placement with their investment of \$240,000 subject to shareholder approval
- The placement includes, subject to shareholder approval, one free attaching option for every two shares issued under the placement, with each option having an exercise price of \$0.35 and expiring three years from the date of issue
- The proceeds from the placement will be utilised in Orbital UAV engine development programs targeting new engine production opportunities with global defence industry customers and for general working capital to support the Company's growth strategies

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV' or 'the Company') is pleased to announce that it has received firm commitments from existing shareholders and new institutional and sophisticated investors for a capital raising of \$5 million (before costs), to be completed via the issue of 25 million new fully paid ordinary shares in Orbital UAV ('New Shares') at an issue price of \$0.20 per New Share (the 'Placement'). For every two new shares issued in the Placement, subscribers will receive, subject to shareholder approval, one free attaching option to subscribe for shares in the Company for an exercise price of \$0.35 per share and expiring 3 years from issue ('New Options').

Major Shareholders and Director Participation

Orbital UAV's existing major shareholder UIL Limited ('UIL'), has committed to subscribe for \$1.5 million in New Shares pursuant to the second tranche of the Placement, via the issue of ~7.5 million New Shares ('UIL Participation'), subject to shareholder and FIRB approval. UIL, an investment company listed on the



London Stock Exchange and managed by global asset manager the ICM Group, would accordingly maintain its current stake in the Company of 30%.

The Company's Directors have subscribed for 1.2 million New Shares¹ in the Placement for an investment of \$240,000 subject to shareholder approval ('Director Participation').

Placement overview

The issue price of \$0.20 per New Share represents an 18% discount to the last closing price of \$0.245 on 11 November 2022.

The Placement will result in the issue of 25,000,000 New Shares which will rank equally with existing fully paid ordinary shares of the Company which will settle in two tranches. The first tranche of 12,500,000 New Shares will be issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1. The first tranche is anticipated to settle Tuesday 22nd November 2022.

The second tranche of 12,500,000 New Shares, along with all the 12,500,000 attaching New Options pertaining to tranche one and tranche two, will be settled subject to shareholder approval to be sought at a shareholder meeting expected to be held prior to the end of January 2023. Orbital UAV intends to seek ASX quotation of the New Options issued, subject to satisfaction of ASX's prerequisites for quotation.

Motivation and indicative use of funds

Orbital UAV is a world leader in the design and manufacture of integrated engine systems for military drones. The Company has two established engine model production lines in operation for customer Insitu Inc., a wholly owned subsidiary of the Boeing Company. The Placement is intended to support the Company's ability to address the increasing demands of the tactical UAV market and expand the Company's customer base by accelerating investment in engine development programs.

Orbital UAV is progressing engine development programs with Textron Systems (x 2), a major Singapore Defence customer, Anduril Industries and Skyways. These production lines and development programs support the Company's revenue forecast of \$20-\$25 million in financial year 2023 ('FY23'). The majority of the funds raised in the Placement, approximately \$3 million, will be used to support these existing Orbital UAV engine development programs. The additional investment is expected to enable the transition of engine development programs into engine production opportunities under long-term supply contracts with Textron Systems and the Company's Singapore customer (if any such agreements can be negotiated).

Orbital UAV's near-term ambition is to convert existing development contracts and secure new customer contracts such that the Company captures 20 per cent of the relevant UAV engine market – representing ~\$60 million in annual revenue – by financial year 2027. No forecast is made of whether this aspiration will be achieved.

The balance of the funds raised in the Placement, approximately \$2 million, are proposed to be allocated as general working capital, expected to be deployed to support increasing Orbital UAV's existing product and service offering. The Company's Board reserves the right to reallocate funds for alternative purposes, as may be deemed necessary by the Board.

Comment from Management

¹ The Director Participation is indicatively allocated as follows, or to the directors' respective nominees, (subject to shareholder approval):

- (i) John Welborn: 1,000,000 New Shares and 500,000 New Options;
- (ii) Todd Alder: 50,000 New Shares and 25,000 New Options;
- (iii) Kyle Abbott: 50,000 New Shares and 25,000 New Options; and
- (iv) Steve Gallagher: 100,000 New Shares and 50,000 New Options.



Managing Director and CEO of Orbital UAV, Mr Todd Alder, commented:

"We are delighted to have received such strong enthusiastic support from our largest shareholders and new strategic investors. This is a very exciting period for Orbital UAV as we work to convert UAV engines under development into long-term revenue producing UAV engine production supply contracts with a range of globally significant defence companies. The continued support from UIL Limited and First Sentier, along with strong support from existing and new investors, echoes the belief and commitment of the Directors in the outlook for Orbital UAV's business."

"Following completion of the Placement, the Company is in an excellent position to build on our established market reputation and convert our strong opportunity pipeline. The additional funding is expected to enable Orbital UAV to secure new, long term customer opportunities within the rapidly expanding global tactical UAV market."

Lead Manager

Evolution Capital Pty Ltd (ACN 652 397 263) ('Evolution') acted as Sole Lead Manager to the Placement. Subject to the completion of the Placement, Evolution shall be:

- paid a cash fee of 6.0% of the amount raised from the issue of New Shares pursuant to the Placement (excluding New Shares issued pursuant to UIL Participation and Director Participation); and
- subject to shareholder approval to be sought at the upcoming extraordinary general meeting of the Company, issued five million options on the same terms as the New Options ('Lead Manager Options').²

For further details of the company's operations, please refer to the company presentation released on the ASX platform on 17 October 2022 and to the Company's previous ASX announcements.

This announcement is intended to lift the trading halt over the shares in the Company and is authorised for release by the board of Orbital Corporation Limited.

-ENDS-

CONTACTS

Todd Alder

CEO & Managing Director

Tel: +61 8 9441 2311

Email: contact@orbitalcorp.com.au

Ian Donabie

Communications Manager

Tel: +61 8 9441 2165

Email: idonabie@orbitalcorp.com.au

About Orbital UAV

Orbital UAV provides integrated propulsion systems and flight critical components for tactical unmanned aerial vehicles (UAVs).

² In the event Company shareholders do not vote in favour of the resolution to issue the Lead Manager Options, Evolution will be compensated with the monetary equivalent of the Lead Manager Options based on a Black Scholes Model calculated on the following assumptions: (i) 80% volatility, (ii) Risk free rate of 2.00% (iii) no dividends (iv) issue date equal to the date of issue of the Placement Shares (v) exercise at any time for three years (American Style).



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.

Future performance and forward looking statements

This announcement contains certain forward looking statements including but not limited to projections, estimates, guidance on future revenues, earnings, the outcome and effects of the Placement and the use of proceeds and the future performance of Orbital UAV. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may" "intends", "guidance", "project", "forecast", "target", "likely", "continue", "objectives" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Placement and the use of proceeds, certain plans, strategies and objectives of management and expected financial performance. Any forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Orbital UAV and its officers, employees, agents, associates and advisers. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied in such statements. Except as required by law or regulation, Orbital UAV undertakes no obligation to update these forward-looking statements whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, Orbital UAV and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied as to the currency, accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence). There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The forward looking statements are based on information available to Orbital UAV as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), Orbital UAV undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Not of an offer of securities

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

Follow us:

