

ASX ANNOUNCEMENT

30 April 2024

QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Period Ending 31 March 2024

HEADLINES

- **\$3.5m revenue** recorded in the quarter in line with forecast.
- **Production and shipping** deliveries remain on target for FY24.
- **Engineering Programs** for Textron Systems and DSO National Laboratories continue to progress ahead of first production in FY24.

Orbital Corporation Ltd ('Orbital UAV', 'the Company') presents its quarterly activities report for the period ended 31 March 2024.

REVENUE

Orbital UAV's production lines have maintained build and delivery schedules on time and on budget for the financial year ending 30 June 2024 (FY24). The March quarter saw the completion of two production lines for Boeing Insitu. The Company commenced the production phase for Textron Systems with first engines due for delivery during the current quarter. Orbital UAV also commenced the pre-production phase for DSO National Laboratories ('DSO'). The two new production lines are expected to span multiple years of production supply and maintenance.

In addition to in-house research and development initiatives, engineering services continue to complete integration works of core systems into customer platforms. These programs have realised financial year to date revenues of \$3.0m on a consolidated basis and continue to form an important part of the business.

PRODUCTION AND SHIPPING

Gross revenues for Production activities during the quarter were \$2.2m in line with forecast. A total of 78 production units have been built and shipped to order on schedule and on budget for the financial year to date. Significant work in establishing new engine lines for production capability was completed to support the Textron Systems' Aerosonde HQ and DSO's Veloce 60 UAV systems. Low-rate initial orders have been received for both programs with production schedules commencing in FY24 and extending into subsequent years.

ENGINEERING PROGRAMS

Orbital UAV is engaged in three separate client development programs for engine integration across two different engines classes. All programs are progressing well, with Textron Systems having approved production readiness and DSO qualification of systems having reached 75% completion. In addition to the client delivery programs, Orbital UAV is also progressing with Research and Development programs to achieve larger payload delivery and enhanced power to weight specifications to address unmet market demands. It is expected that prototype versions of the new engine class will be available for trials during 2024 and that funding of the new development will continue to be supported through the Australian Tax Office Research and Development tax incentive program.

FINANCIAL RESULTS (UNAUDITED)

For the quarter ending 31 March 2024:

	Q1'FY24 A\$M	Q2'FY24 A\$M	Q3'FY24 A\$M
Revenue	3.9	4.6	3.5
Underlying EBITDA	(0.9)	0.9	(0.6)
Underlying EBIT	(1.3)	1.0	(0.9)
NPAT	(1.3)	0.8	(0.8)
Cash & Cash Equivalents	4.8	4.6	3.3
Receivables	2.8	3.9	3.8
Loans	(4.0)	(3.4)	(3.4)
Net Assets	8.5	10.2	9.4

Financial Commentary (prior quarter comparison)

Revenue

- Two production lines delivered on target for the financial year to date and are now complete. Engineering development revenues are driven by two further engine models entering production within the current quarter.
- Underlying EBITDA is in line with budget YTD.
- EBIT is behind forecast by \$0.4m due to timing of R&D rebate now expected in subsequent quarter

Cash and debtors Position

- Cash position dropped in Q3 in line with operational EBIT. R&D rebate expected to improve the Q4 final position next quarter.
- Debtors have remained at \$3.8m with completion of production line deliveries and is expected to reduce in Q4 payments received.

Net Assets

- WA Government debt milestones remain on target for full repayment by December 2024. Currently holding \$1.6m in credits against future repayment milestones.

-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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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ORBITAL CORPORATION LIMITED

ABN

32 009 344 058

Quarter ended ("current quarter")

March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities	3,506	9,952
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	459	0
(b) product manufacturing and operating costs	(1,766)	(3,037)
(c) advertising and marketing	(43)	(213)
(d) leased assets		
(e) staff costs	(2,568)	(6,936)
(f) administration and corporate costs	(221)	(2,031)
1.3 Dividends received (see note 3)		
1.4 Interest received	40	50
1.5 Interest and other costs of finance paid	(12)	(26)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<i>Cost recharge</i>	31	84
1.9 Net cash from / (used in) operating activities	(636)	(2,156)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(117)	(133)
(d) investments		
(e) intellectual property	(446)	(560)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments	4	4
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(559)	(689)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	4,000
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	15	(213)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
(a) <i>principal elements of lease payments</i>	(187)	(878)
(b) <i>principal elements of sublease payments</i>	136	472
3.10 Net cash from / (used in) financing activities	(36)	3,381

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,126	2,292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(636)	(2,156)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(559)	(689)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(36)	3,381
4.5	Effect of movement in exchange rates on cash held	(37)	30
4.6	Cash and cash equivalents at end of period	2,858	2,858

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,858	4,050
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) <i>Security deposits</i>	0	76
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,858	4,126

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	(3,371)	(3,371)
7.4 Total financing facilities	(3,371)	(3,371)
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.3 WA government legacy loan, fully secured and interest-free		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(636)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,858
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	2,858
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.49
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024

Authorised by: AUDIT & RISK COMMITTEE.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.