



ASX ANNOUNCEMENT

27 August 2021

FY21 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 2021 ('FY21').

FY21 HIGHLIGHTS

- Delivery of \$31.2M revenue;
- Underlying EBITDA of \$1.2M and net loss of \$1.3M before abnormals;
- Renegotiated WA Government Loan to support near-term engine production line expansion;
- New engine development program and supply agreement signed with Textron subsidiary Lycoming Engines;
- Engine prototypes delivered to Textron-Lycoming and Singapore defence customer;
- Facility review by Minister for Defence Industry, Hon Melissa Price MP;
- Named SME of the Year at the 2020 Australian Defence Industry Awards; and
- Restructured for profitability in FY22.

Financial results

The Company reported financial results for the year ended 30 June 2021 ('FY21'), with revenue from continuing operations of \$31.2M (2020: \$33.8M) and a net loss after tax of \$11.4M (2020: profit of \$1.9M).

Underlying net loss of \$1.3M adjusted for the following abnormal items:

- US asset impairment of \$2.5M - US facility remains operational and a critical part of Orbital UAV's long-term growth objectives;
- One off engine rework cost of \$2.4M and FY22 rework provision of \$1.7M;
- Restructure cost of \$0.6M;
- FX loss (net) of \$1M on the conversion of USD intercompany loan to AUD;
- Write off US Deferred Tax Asset of \$1.2M; and
- WA Government Loan imputed interest expense of \$0.6M (see details below on Deed of Variation).

The Company reports a balance sheet with cash and receivables of \$7.7M (2020: \$14.7M) and total net assets of \$7.3M (2020: \$18.1M).

Net cash outflow from operating activities during the period was \$1.6M (2020: net cash inflow \$3.7M).



The actions taken by the Company in the second half of FY21 will support the Company's targeted return to profitability in financial year 2022 ('FY22').

WA Government Loan Deed of Variation

In early 2021 Orbital UAV commenced renegotiations of its \$9.9M WA Government Loan and received formal confirmation of a Deed of Variation on 12 August 2021.

As loan negotiations were concluded after the 30 June 2021 financial year end, compliance with accounting standards required the full value of the WA Government Loan to be recorded as a current liability in the FY21 audited balance sheet. As a result, an amount of \$0.6M, relating to the present value of implied interest charges was recognised as an expense in the audited FY21 profit and loss statement.

The Deed of Variation includes an extended repayment schedule over the next four years and repayment offset options. It also confirms the loan will remain as interest free.

The repayment offset options provide the potential to forgive the entire value of the loan. The offset provisions are contingent on the Company achieving operational milestones aligned with its increasing engine business in Australia over the four-year period.

This revised agreement restores balance sheet strength and supports the Company's growth aspirations, specifically the near-term expansion of engine production lines in Balcatta, Western Australia.

Orbital is delighted with the terms of the Deed of Variation and greatly appreciates the strong support of the WA Government for the Company's growth strategy.

In FY22, \$4M of the \$9.9M loan is expected to be offset due to achievement of operational milestones.

Outlook

Revenue in FY22 is expected to be in line with FY21 results, targeting EBIT and net profitability.

During FY22, the Company plans to have three Boeing-Insitu engine production lines in operation and to significantly progress in early financial year 2023 ('FY23') production readiness for both the Textron-Lycoming engine and Singapore customer engine. Further tier one defence customer and product development contracts are targeted in both H1 and H2 of FY22.

With a growing portfolio of global defence customers, Orbital UAV's engine development programs represent significant long-term revenue opportunities. Increasing market demand for the Company's unique technologies and product capabilities will continue to create new customer opportunities.

The Company is targeting profitability on stable revenue in FY22 and expects revenue growth and profitability to accelerate in FY23 with additional engine models entering production.

-ENDS-

Note

Orbital UAV Managing Director and CEO, Mr Todd Alder and Chief Financial Officer and Company Secretary, Mr David Bonomini will host a conference call and presentation webcast for investors, analysts and media on Friday 27 August 2021 at 11.00am AWST, Perth (1.00pm AEST, Sydney), to discuss the Company's financial results for the full-year ending 30 June 2021.

To pre-register, please follow this link: <https://s1.c-conf.com/diamondpass/10015851-suw9ms.HTML>

A presentation will be shared at the same time via webcast at: <https://webcast.openbriefing.com/7762/>

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About Orbital UAV

Orbital UAV provides integrated propulsion systems and flight critical components for tactical unmanned 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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