



ASX ANNOUNCEMENT

26 September 2023

CAPITAL RAISING AND LEADERSHIP UPDATE

ORBITAL UAV TO RAISE \$4.0 MILLION AT A PREMIUM FUNDS TO ADVANCE ENGINE DEVELOPMENT CORNERSTONED BY NEW INVESTOR

HIGHLIGHTS

- Orbital UAV to raise A\$4 million at an issue price of A\$0.14 per share representing a 16.7% premium to the current market price
- The Placement has been cornerstoned by new investor, Mr Gordon Martin, who provided a commitment for A\$3 million at A\$0.14 per share in Tranche 1
- Orbital UAV's largest shareholder, London listed investment company UIL Limited (LSE: UTL), has committed A\$1 million at \$0.14 per share in Tranche 2, subject to shareholder approval
- Following completion of the placement, Mr Martin will hold ~14.0% ownership in Orbital UAV, with UIL Limited maintaining its ~30% interest in Orbital UAV
- The proceeds from the placement will be utilised to accelerate Orbital UAV engine development programs and for general working capital
- Mr Todd Alder has stepped down as Managing Director & CEO. Mr Andrew Mills, Orbital UAV's General Manager Operations has been appointed Interim CEO.

PERTH, AUSTRALIA: Orbital Corporation Ltd ACN 009 344 058 ('Orbital UAV' or 'Company') is pleased to announce that it has received firm commitments for a capital raising of A\$4 million (before costs), to be completed via the issue of ~28.6 million new fully paid ordinary shares in Orbital UAV ('New Shares') at an issue price of A\$0.14 per New Share (the 'Placement'). The issue price of A\$0.14 per New Share represents a 16.7% premium to the most recent closing price for Orbital UAV shares.

Placement overview

The Placement involves the issue of 28,571,429 New Shares in total, which will rank equally with existing fully paid ordinary shares of the Company and which are proposed to settle in two tranches.

The first tranche, to raise A\$3 million before costs, comprises 20,000,000 New Shares to be issued to Mr Gordon Martin and 1,428,572 New Shares in aggregate to be issued to Mr Tim Martin and Dr Grant Lukey. The first tranche will be completed under the Company's existing placement capacity pursuant to ASX



Listing Rule 7.1 (17,318,531 of the New Shares) and 7.1A (4,110,041 of the New Shares). The first tranche is anticipated to settle on or around 27 September 2023.

Mr Gordon Martin is the majority shareholder and current Executive Director of Coogee Chemicals Pty Ltd ("Coogee") and has a long history of championing Western Australian operated businesses. Mr Tim Martin is the Executive Chairman of Coogee and Dr Grant Lukey is the Chief Executive Officer & Managing Director of Coogee. The Company welcomes Mr Martin to the register.

Orbital UAV's largest shareholder, UIL Limited ('UIL'), has committed to subscribe for \$1.0 million in New Shares pursuant to the second tranche of the Placement, via the issue of 7,142,857 New Shares, subject to shareholder approval. UIL, an investment company listed on the London Stock Exchange and managed by global asset manager the ICM Group, will accordingly, if approved by the Company's shareholders, approximately maintain its current stake in the company of ~30%.

UIL's participation in the second tranche of the Placement is subject to Orbital UAV shareholder approval, which will be sought at the Company's AGM scheduled to be held in November 2023.

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 a number of exciting engine development programs underway and is aiming to secure large UAV defence contracts once these engine programs are mature.

The Placement is intended to support the Company's existing engine development programs, with approximately \$3.0 million allocated to contribute towards funding the development of a larger engine platform, a high-volume low-cost engine as well as further hybrid and power management system development.

A portion of the funds raised (approximately \$1.0 million) is proposed to be allocated as general working capital, which will support Orbital UAV's current 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.

Leadership Changes

After six years as Managing Director and CEO, Mr Todd Alder has stepped down from the role.

Orbital UAV's General Manager Operations, Mr Andrew Mills, has been appointed as Interim Chief Executive Officer pending a new permanent appointment. Mr Mills will be supported in the role by the Company's executive team and the Board. The leadership change has not resulted in any immediate change to existing remuneration arrangements for the Company's senior executive team.

Comments from the Chairman, Mr John Welborn

"We are delighted to welcome Gordon Martin, one of Western Australia's most successful business entrepreneurs, to the register of Orbital UAV. We also greatly appreciate the continued strong support of our major shareholder, UIL Limited and their investment manager, Mr Duncan Saville of ICM Limited."

"The funds raised will be applied towards achieving Orbital's desired engine development outcomes and provide appropriate working capital support as we work with our UAV partners aim to win the large upcoming UAV defence contracts that, if successful, will secure long term production contracts for Orbital UAV."

"On behalf of the Board and Shareholders, I thank Todd Alder for his commitment to the Company over the past six years. Todd has built a highly capable executive and operational team at Orbital UAV and has been instrumental in assisting the Board to restructure the business to align with our focus on developing world class UAV engines and securing new customers for our products. We wish Todd all the best as he embarks on a new chapter in his career."



For further details of the Company's operations, please refer to the Company's website and to 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-

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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.

Future performance and forward looking statements

This announcement contains certain forward looking statements including but not limited to projections, estimates, the outcome and effects of the Placement and the use of proceeds and the future performance of Orbital UAV. 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 and certain plans, strategies and objectives of management. 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.

Lead Manager

Poynton Stavrianou Pty Ltd (ACN 609 851 587) ('Poynton Stavrianou') acted as the Company's corporate advisor. Subject to the completion of the first tranche of the Placement, Poynton Stavrianou shall be paid a cash fee of A\$175,000 (plus GST).

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.

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