

# ASX ANNOUNCEMENT

31 October 2023

## QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Period Ending 30 September 2023

### HEADLINES

- \$3.92m **revenue** recorded in the first quarter in line with forecast.
- **Production and shipping** of Boeing Insitu engine recommenced after temporary pause in prior financial year.
- **Engineering Programs** for Textron and Singapore Customer are progressing well toward low-rate initial production in the current year.
- Successful close of Tranche 1 of equities **Placement** for \$3m, improving **Cash Position** to \$4.8m at quarter end.
- Introduction of Andrew Mills as Interim CEO

Orbital Corporation Ltd ('Orbital UAV', 'the Company') presents its quarterly activities report for the period ended 30 September 2023.

### PLACEMENT

On 27 September 2023 the Company announced the successful first tranche Placement of 21,428,572 new shares raising A\$3 million before costs pursuant to ASX Listing Rule 7.1 (17,318,531 new shares) and 7.1A (4,110,041 of new shares).

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 which will be sought at the Company's AGM scheduled to be held in November 2023.

The Placement funds are 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 as well as further hybrid and power management system development. Approximately \$1.0 million is proposed to be allocated as general working capital, which will support Orbital UAV's current product and service offerings.

Cash at bank at the end of the quarter is \$4.8m.

### ENGINEERING & PRODUCTION

The Company continues to deliver against long standing engineering development programs with existing customers and has successfully expanded engagements with Textron and one of Singapore's largest defence companies for production of two new lines of engines commencing in the second half the financial year. The contracts have matured from integration design, verification and testing into production readiness activities.

The recently announced \$3.5 million contract extension with the Singapore Customer (after quarter end, October 25) validates the effectiveness of the design and development activities delivered to date and now transitions the Company toward Production of the new engine designs. First shipment is scheduled to occur in April 2024, with partial completion of the initial order in FY24 and the balance within the subsequent financial year.

Shipping of engines for Boeing Insitu recommenced in the first quarter of FY24 and is expected to be fully delivered by March 2024, at which point Orbital UAV envisages a transition to In-Service-Support relationship to assist with fleet maintenance and technical support.

Gross revenues for Production and Engineering activities realised in Q1'FY24 is \$3.92m and in line with internal forecasts.

## MANAGEMENT

As announced on September 26, Orbital UAV's General Manager Operations, Mr Andrew Mills, was appointed as Interim Chief Executive Officer pending a new permanent appointment. Mr Mills is supported in the role by the Company's executive team and the Board of directors.

## FINANCIAL RESULTS (UNAUDITED)

For the quarter ending 30 September 2023

|                            | Q4'FY23<br>A\$M | Q1'FY24<br>A\$M |
|----------------------------|-----------------|-----------------|
| Revenue                    | 1.6             | 3.9             |
| Underlying EBITDA          | 1.0             | (0.9)           |
| Underlying EBIT            | 0.7             | (1.3)           |
| NPAT                       | (1.3)           | (1.3)           |
| Cash & Cash<br>Equivalents | 2.8             | 4.8             |
| Loans                      | (4.0)           | (4.0)           |
| Net Assets                 | 6.9             | 8.5             |

### Financial Commentary (prior quarter comparison)

#### Revenue

- Underpinned by Production lines for 2 existing engines and engineering development of 2 further engine models.
- Underlying EBITDA in line with forecasts for the financial year
- Prior quarter EBIT benefited from Loan repayment grant and Other Income

#### Cash Position

- Cash position improved through successful completion of Tranche 1 Placement
- Conversion of Inventory into sales expected to further improve cash position in subsequent quarters.

#### Net Assets

- WA Government debt milestones are on target for full repayment by December 2024.

-ENDS-

## CONTACTS

Announcement authorised by:

**Andrew Mills**

**Interim CEO**

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For further information, contact:

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**CFO & Company Secretary**

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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 report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

ORBITAL CORPORATION LIMITED

**ABN**

32 009 344 058

**Quarter ended ("current quarter")**

September 2023

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 3,587                              | 3,587  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | (354)                              | (354)  |
| (b) product manufacturing and operating costs             | (703)                              | (703)  |
| (c) advertising and marketing                             | (113)                              | (113)  |
| (d) leased assets   |                                    |  |
| (e) staff costs   | (2,232)                            | (2,232)  |
| (f) administration and corporate costs                    | (862)                              | (862)  |
| 1.3 Dividends received (see note 3)                       |                                    |  |
| 1.4 Interest received                                     | 2                                  | 2  |
| 1.5 Interest and other costs of finance paid              | (7)                                | (7)  |
| 1.6 Income taxes paid                                     |                                    |  |
| 1.7 Government grants and tax incentives                  |                                    |  |
| 1.8 Other (provide details if material)                   | 104                                | 104  |
| <i>Cost recharge</i>                                      |                                    |  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(579)</b>                       | <b>(579)</b>                                   |

|  |      |      |
|--|------|------|
| <b>2. Cash flows from investing activities</b> |      |      |
| 2.1 Payments to acquire:                       |      |      |
| (a) property, plant and equipment              | (17) | (17) |
| (b) businesses (see item 10)                   |      |      |

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| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| (c) investments   |                            |                                       |
| (d) intellectual property                                 | (30)                       | (30)                                  |
| (e) other non-current assets                              |                            |                                       |
| 2.2 Proceeds from disposal of:                            |                            |                                       |
| (a) property, plant and equipment                         |                            |                                       |
| (b) businesses (see item 10)                              |                            |                                       |
| (c) investments   |                            |                                       |
| (d) intellectual property                                 |                            |                                       |
| (e) 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)                   |                            |                                       |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(47)</b>                | <b>(47)</b>                           |

|   |              |              |
|---|--------------|--------------|
| <b>3. Cash flows from financing activities</b>                                  |              |              |
| 3.1 Proceeds from issues of shares  | 3,000        | 3,000        |
| 3.2 Proceeds from issue of convertible notes                                    |              |              |
| 3.3 Proceeds from exercise of share options                                     |              |              |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (193)        | (193)        |
| 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>                                 | (436)        | (436)        |
| (b) <i>principal elements of sublease payments</i>                              | 181          | 181          |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>2,553</b> | <b>2,553</b> |

|   |       |       |
|---|-------|-------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 2,292 | 2,292 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (579) | (579) |

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| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)  | (47)                               | (47)   |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 2,553                              | 2,553  |
| 4.5   | Effect of movement in exchange rates on cash held                | 74                                 | 74   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b>               | <b>4,293</b>                       | <b>4,293</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 4,195                              | 2,194                               |
| 5.2        | Call deposits   |                                    |                                     |
| 5.3        | Bank overdrafts   |                                    |                                     |
| 5.4        | Other (provide details)<br><i>Security deposits</i>   | 99                                 | 98                                  |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>4,293</b>                       | <b>2,292</b>                        |

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter  
\$A'000**

(41)

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' fees (Chairman & non-executive directors)

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| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   |                                    |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       |                                    |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i> | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  |   |  |
| 8.2 Credit standby arrangements  |   |  |
| 8.3 Other (please specify)   | (3,796)   | (3,796)  |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

8.4 WA government legacy loan, fully secured and interest-free


| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Research and development                       | (325)          |
| 9.2 Product manufacturing and operating costs      | (1,211)        |
| 9.3 Advertising and marketing                      | (79)           |
| 9.4 Leased assets                                  |                |
| 9.5 Staff costs                                    | (1,959)        |
| 9.6 Administration and corporate costs             | (741)          |
| 9.7 Other (provide details if material)            |                |
| <b>9.8 Total estimated cash outflows</b>           | <b>(4,315)</b> |

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| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|---|--------------|-----------|
| 10.1 Name of entity   |              |           |
| 10.2 Place of incorporation or registration   |              |           |
| 10.3 Consideration for acquisition or disposal                                      |              |           |
| 10.4 Total net assets   |              |           |
| 10.5 Nature of business   |              |           |

### 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.

Sign here:  ..... Date: 27 October 2023  
 (Director/Company secretary)

Print name: Thomas Spencer .....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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