

ASX ANNOUNCEMENT

24 July 2024

QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Period Ending 30 June 2024

Orbital Corporation Ltd ('Orbital UAV', 'the Company') presents its quarterly activities report for the period ended 30 June 2024.

PRODUCTION AND SHIPPING

Orbital UAV entered a period of pre-production activities during the final quarter of FY24, specifically in support of the Textron Systems' Aerosonde® HQ and DSO National Laboratory's Veloce 60 UAV systems. Low-rate initial orders have been received for both programs with initial sub-assembly build processes commencing in FY24. It is expected that final build processes and the first shipment of both customer engines will occur in the first quarter of FY25. The initial orders are multi-year build programs which extend beyond FY25. Completion of the small batch order for a Southeast Asian client, originally planned for FY24 is now scheduled for the first quarter of FY25.

ENGINEERING PROGRAMS



In conjunction with the transition of new engines lines into production and shipment, Orbital UAV is finalising the system integration validation works. These programs have progressed well and have tracked closely against revenue forecasts for the year.

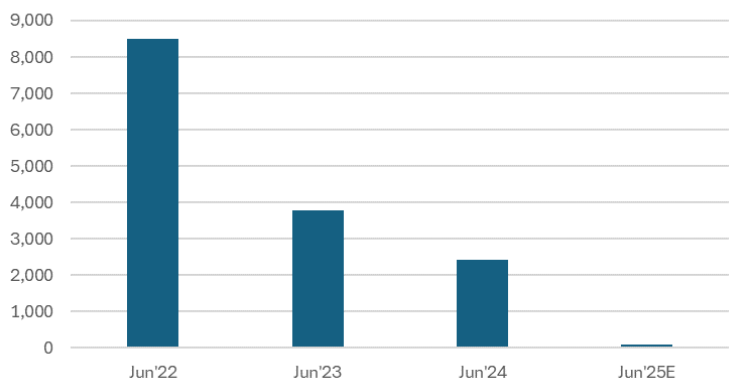
In addition to the client delivery programs, Orbital UAV is also undertaking further Research and Development programs to achieve larger payload delivery and enhanced power to weight specifications to address unmet market demands. As announced on 24 June 2024, the Company received its first order from existing customer DSO National Laboratories for a

larger engine type that is currently in its final phase of design. The expected delivery date for first prototype engines is scheduled for early 2025.

OTHER INCOMES & DEBT

The fourth quarter of FY24 saw significant other income events realised with \$1.8m in R&D Incentives received in May and then \$1.0m in WA Government Loan grant conversions in June. The current balance of the WA Government Loan is now \$2.4m, having successfully achieved repayment milestones of over \$6.5m in the last two financial years. Orbital UAV has confirmed \$1.6m in additional milestone achievements to carry forward into FY25, meaning a high level of confidence for full repayment by December 2024.

WA Government Loan Balance



FINANCIAL RESULTS (UNAUDITED)

For the quarter ending 30 June 2024 (AUD\$m):

	Q1'24	Q2'24	Q3'24	Q4'24	FY24
Revenue	3.9	4.6	3.5	0.6	12.6
Underlying EBITDA	(0.9)	0.9	(0.6)	(1.1)	(1.7)
Underlying EBIT	(1.3)	1.0	(0.9)	1.0	(0.2)
NPAT	(1.3)	0.8	(0.8)	0.9	(0.4)
Cash & Cash Equivalents	4.8	4.6	3.3	4.7	4.7
Receivables	2.8	3.9	3.8	1.4	1.4
Loans	(4.0)	(3.4)	(3.4)	(2.4)	(2.4)
Net Assets	8.5	10.2	9.4	10.3	10.3

-ENDS-

Financial Commentary (prior quarter comparison)

Earnings

- Quarterly EBITDA at -\$1.1m is offset by the realisation of other revenue in the period
- Positive NPAT for the quarter to maintain earnings near budget (-\$0.4m)

Cash and Receivables Position

- Cash position improved in the final quarter with collection of the R&D rebate (\$1.8m)
- Debtors have greatly reduced with collection of aged receivables in the final quarter.

Debts

- WA Government repayments were achieved in accordance with milestone schedules and remain on target for full repayment by December 2024. Currently holding \$1.6m in credits against future milestones.

Net Assets

- Net Assets position has improved throughout the year and closed at \$10.3m

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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.

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")

June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities	3,469	13,422
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(674)	(3,710)
(c) advertising and marketing	(30)	(242)
(d) leased assets		
(e) staff costs	(1,558)	(8,494)
(f) administration and corporate costs	(611)	(2,641)
1.3 Dividends received (see note 3)		
1.4 Interest received	48	98
1.5 Interest and other costs of finance paid	(4)	(30)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	1,442	1,442
1.8 Other (provide details if material)		
<i>Cost recharge</i>	10	94
1.9 Net cash from / (used in) operating activities	2,093	(63)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(110)	(243)
(d) investments		
(e) intellectual property	(287)	(847)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments	(21)	(18)
	(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)	364	364
2.6	Net cash from / (used in) investing activities	(54)	(743)
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) principal elements of lease payments	(230)	(1,108)
	(b) principal elements of sublease payments	134	606
3.10	Net cash from / (used in) financing activities	(96)	3,285

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	2,858	2,292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,093	(63)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(743)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(96)	3,285
4.5	Effect of movement in exchange rates on cash held	(16)	13
4.6	Cash and cash equivalents at end of period	4,784	4,784

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	4,708	2,782
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) <i>Security deposits</i>	76	76
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,784	2,858

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>		

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	(2,438)	(2,438)
7.4 Total financing facilities	(2,438)	(2,438)
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)	2,093
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,784
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	4,784
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	n/a
<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: 24 July 2024

Authorised by: BOARD OF DIRECTORS.....
(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.