



ASX ANNOUNCEMENT

28 February 2025

FY25 HALF-YEAR FINANCIAL RESULTS

- Consolidated sales revenue of \$4.8 million
- Other income of \$4.3 million
- EBITDA of \$1,083,000
- Net profit after tax of \$314,000
- Cash, term deposits and short-term receivables of \$6.9 million
- Debt free
- \$2 million standby working capital facility established with the two major shareholders

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') presents the Company's audited half-year financial results for the six months ended 31 December 2024.

About Orbital UAV

Orbital UAV is a world leader in the design and manufacture of integrated engine systems for military drones and is uniquely placed to meet the performance requirements of unmanned aerial vehicles (UAVs) through its revolutionary technology and proven operational experience.

Our world leading propulsion solutions exceed the competition benchmark for reliability, power and system durability and have the scalability to meet future customer power requirements.

Our patented fuel injection system enables advanced spark ignition using heavy fuel – a requirement for military applications due to fuel, logistics, defence policy and operational safety.

Orbital UAV is also a class leader in the supply of real time propulsion system diagnostics.

With over 30 years of proven experience dedicated to engine design, we have built a superior supply chain network with the ability to source the highest precision components for our propulsion systems.

Orbital UAV customers are typically Government agencies or Tier 1 suppliers to the global defence industry. Current geographic segments include the United States of America, South-East Asia and Indian markets.

Orbital UAV is now producing integrated engine packages for 4 major clients utilising core 75cc and 150cc engines and continues in-house development of an expanded product range to meet the needs of future UAV programs.

Financial Review

Group revenue comprises sales income from both established and new engine production models, and engineering services income from development programs across Orbital UAV's growing customer portfolio.

The Group's consolidated revenue for the period was \$4.8 million, down 43% from the corresponding period in 2023. The reduction in revenue compared to the prior period is largely attributable to delays in DSO National Laboratories ('DSO') production orders (a timing issue which will be recovered in the 2nd half of the financial year) and the end of production of the Boeing Insitu V3 program in late 2023.

EBITDA of \$1,083,000 represents a 263% increase on the December 2023 EBITA of \$298,000.

Net profit after tax of \$314,000 is a substantial improvement on the December 2023 loss of \$425,000.

At 31 December 2024, cash, term deposits and receivables were \$6.9 million and the Company had no debt following the retirement of the WA Government loan facility balance of \$2,486,000 during the period.

Operational highlights

The Company continues to deliver against programs with existing customers, including:

- The successful delivery of pre-production engine packages to Textron Systems for the upcoming FTUAS program, with final flight testing now underway. FTUAS is the US Army Future Tactical Unmanned Aircraft System program for the deployment of unmanned drones into military operations. A decision on the FTUAS program is now expected in Q3 of calendar 2025.
- A \$3.5 million contract extension with DSO National Laboratories (the centre of R&D for the Singapore Armed Forces) for the supply of additional engine packages. The order book currently runs to mid-2026 and DSO has also placed initial orders for the delivery of larger prototype engine systems in support their next generation UAV platform.
- A new contract with Dynamatic Technologies Limited to integrate an Orbital 150 Heavy Fuel Engine (HFE) into a new UAV platform for the Indian military. Dynamatic designs and builds highly engineered products for Automotive, Aeronautic, Hydraulic and Security applications with design, engineering and manufacturing facilities in Europe and India, and has a market capitalisation of A\$1 billion.

Capital Management

Orbital UAV's growth and capital requirements saw the Company complete a fully underwritten \$2 million renounceable rights issue in December 2024. Funds raised will be directed towards customer engine development programs, Orbital UAV engine development programs, plant & equipment and general working capital.

During the period, Orbital UAV successfully completed the required project milestones to enable the offset the full value of the WA Government loan and as a result is now debt-free.

As a result of the above, Net Assets at 31 December 2024 were \$13.1 million.

To facilitate further growth, a \$2 million standby working capital facility was established in February 2025 with the Company's two major shareholders (refer to separate ASX Announcement lodged today).

Outlook

The repayment of the Company's WA Government loan, the successful completion of the capital raising and the establishment of the standby working capital facility has strengthened Orbital UAV's balance sheet and provides the financial capacity to progress the Company's growth aspirations and new product development programs.

Textron Aerosonde® drones containing the Company's 150HFE system are currently undergoing trials and field testing by the United States Department of Defence as part of the FTUAS program, and a final contract decision is expected in Q3 of 2025. This represents a six-month delay on the previously expected project timetable.

Orbital will continue the internally funded development of a new higher capacity engine package along with the commercialisation of advanced power management and ECU systems to deliver increased revenue through an expanded product range.

-ENDS-

CONTACTS

Announcement authorised by:

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Non-Executive Chairman

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Company Secretary & CFO

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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.



ORBITAL CORPORATION LIMITED APPENDIX 4D

Company Details

Name of Entity:	Orbital Corporation Limited
ABN:	32 009 344 058
Reporting period:	Half Year ended 31 December 2024
Previous corresponding period:	Half Year ended 31 December 2023

Results for announcement to the market

				A\$'000
Total revenue from continuing operations	Down	-43%	to	4,806
Net profit from continuing operations after tax	Up	174%	to	314
Net profit for the period attributable to members	Up	174%	to	314

Net tangible assets per share

	31 Dec 2024	30 June 2024
Net tangible assets per share (cents)	5.66	5.15

Dividends

There is no proposal to pay dividends for the half year ended 31 December 2024

CORPORATE INFORMATION

ABN 32 009 344 058

REGISTERED AND PRINCIPAL OFFICE

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Balcatta, Western Australia 6021
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CONTACT DETAILS

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DIRECTORS

F.K. Abbott, Chairman
S.B. Gallagher
G.C. Lukey
A.G. Mills

COMPANY SECRETARY

M.C. Wege

SHARE REGISTRY

MUFG Corporate Markets (AU) Limited

Level 4, Central Park
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Perth, Western Australia 6000
Telephone: 61 (08) 9211 6670

SHARE TRADING FACILITIES

Australian Stock Exchange Limited (Code "OEC")

AUDITORS

Nexia Perth Audit Services Pty Ltd

Level 3, Williams Street
Perth, Western Australia 6000

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 | Orbital UAV



**Condensed Consolidated
Financial Statements**
for the Half-Year ended 31 December 2024

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

Your Directors submit their report for the half-year ended 31 December 2024

DIRECTORS

The following persons were Directors of Orbital Corporation Limited ("Orbital UAV" or "the Company") and its controlled entities ("the Group") during the half-year ended 31 December 2024 and up to the date of this report, unless stated otherwise.

Name	Information on Directors
Kyle Abbott	Chairman (Non-executive) (appointed 17 December 2024)
Steve Gallagher	Non-Executive Director
Grant Lukey	Non-Executive Director
Andrew Mills	Executive Director (appointed 9 January 2025)
John Welborn	Chairman (Non-executive) (resigned 17 December 2024)

REVIEW AND RESULTS OF PRINCIPAL ACTIVITIES

Orbital UAV operates within the tactical unmanned aerial vehicle ('UAV') market. The Group provides world leading propulsion system solutions and flight critical components that deliver customers flight endurance, reliability and power-to-weight advantages.

Financial Review

The Group's consolidated revenue for the half-year was \$4,806,000 (2023: \$8,497,000) with a profit before income tax from continuing operations of \$314,000 (2023: loss of \$425,000).

At 31 December 2024, cash, term deposits and receivables were \$6,902,000 (June 2024: \$6,109,000).

Operational Review

The Group's operational revenue of \$4,763,000 for the half-year ended 31 December 2024 comprises \$3,693,000 from the sale of engines systems for and ongoing in-service support. Engineering services income of \$1,070,000 from development programs across Orbital UAV's customer portfolio comprises services to enable the transition and integration of design, verification and testing to bring engine systems into production readiness.

Orbital UAV continues to progress its internally funded engineering studies and pre-production prototyping activities for a larger engine platform and a range of ancillary equipment.

Customer Programs

The Group continues to deliver against long standing programs with existing customers Textron Systems, DSO National Laboratories ("DSO") and Finance International PL and has successfully established a new engagement with Dynamatic Technology Limited ("Dynamatic") to integrate an Orbital 150 Heavy Fuel Engine (HFE) into a Dynamatic designed UAV platform.

The recently announced \$3.5 million contract extension with DSO in October 2024 validates the effectiveness of the design & development and first engine delivery activities. The order book for the DSO engine platform currently runs to mid-2026 and DSO has also placed initial orders for the delivery of larger prototype engine systems in support of their next generation UAV platform.

Orbital UAV continues to support Boeing Insitu with fleet maintenance and technical support.

Capital Management

During the half-year Orbital UAV retired the balance of the long-standing WA Government loan that was provided in 2010. The repayment of the final balance of \$2,486,000 means that Orbital UAV is now debt free. In December 2024 the Company completed a capital raising via a Renounceable Rights Issue to raise \$2 million before costs. Funds raised are to be directed towards new engine development programs and general working capital.

Subsequent Events

In February 2025 the Group established a \$2 million standby working capital loan facility with its two largest shareholders to provide further financial capacity to continue the Group's new product development activities. As at the date of this report, the loan facility was undrawn.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

Outlook

The Group has a growing portfolio of contracted and globally recognised customers. With an increasing pipeline of opportunities within the defence industry, Orbital UAV continues to build its revenue growth potential and enhance its reputation as a world leader in the design and delivery of UAV engines.

The Group is well positioned and well funded to progress with its capability expansion plans, specifically the development of larger engine platforms for additional power and payload delivery, as well as further hybrid and power management system developments.

Significant changes in the state of affairs

For the half-year period, there have been no significant changes in the state of affairs of the Group that have not been otherwise disclosed in the condensed consolidated financial statements.

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2024.

Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in the half-year financial report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors.



Kyle Abbott
Chairman
Perth, 28 February 2025

To the Board of Directors of Orbital Corporation Limited,

Auditor's independence declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the review of the condensed consolidated financial statements of Orbital Corporation Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen
Director

Perth, Western Australia
28 February 2025

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Notes	2024 \$'000	2023 \$'000
Continuing operations			
Sale of goods		3,693	6,709
Engineering services income		1,070	1,778
Royalty and licence income		3	-
Interest income		40	10
Total revenue		4,806	8,497
Other income	8	4,332	542
Materials and consumables expenses		(2,320)	(3,664)
Write down of obsolete inventory		(4)	(1)
Employee benefits expenses		(3,903)	(4,346)
Depreciation expenses		(283)	(488)
Amortisation of intangibles	4	(325)	(100)
Engineering consumables and contractors expenses		(528)	(318)
Occupancy expenses		(453)	(227)
Travel and accommodation expenses		(41)	(62)
Communications and computing expenses		(328)	(349)
Patent expenses		(109)	(115)
Insurance expenses		(308)	(347)
Audit, compliance and listing expenses		(196)	(137)
Finance costs		(161)	(135)
Warranty expenses		185	1,208
Other expenses		(70)	(99)
Foreign exchange gains/(losses)		20	(284)
Profit/(loss) before income tax		314	(425)
Income tax expense		-	-
Profit/(loss) for the period		314	(425)

Other comprehensive income (loss)

Items that will not be reclassified to profit or loss:

Exchange differences on translation of foreign operations	(2)	(1)
Total comprehensive profit/(loss) for the period	312	(426)

Earnings per share

Basic profit (loss) for the period attributable to ordinary equity holders of the parent (cents)	0.21	(0.33)
Diluted profit/(loss) for the year attributable to ordinary equity holders of the parent (cents)	0.21	(0.33)

The accompanying notes form part of the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		31 Dec 2024	30 Jun 2024
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		2,599	4,784
Other financial assets		747	748
Trade and other receivables		3,556	577
Contract assets		202	890
Inventories	3	2,349	4,020
Prepayments		485	322
Finance lease receivable		581	433
Total current assets		10,519	11,774
Non-current assets			
Intangibles	4	3,783	3,312
Plant and equipment		1,054	1,138
Inventories	3	3,320	2,896
Right-of-use asset		2,207	2,758
Finance lease receivable		394	332
Other receivables		74	21
Total non-current assets		10,832	10,457
Total assets		21,351	22,231
LIABILITIES			
Current liabilities			
Trade payables and other liabilities		2,048	1,660
Deferred revenue		478	1,330
Borrowings	7	-	2,438
Lease liabilities		831	690
Provisions		2,190	2,265
Total current liabilities		5,547	8,383
Non-current liabilities			
Lease liabilities		2,590	2,945
Provisions		128	73
Total non-current liabilities		2,718	3,018
Total liabilities		8,265	11,401
Net assets		13,086	10,830
Equity			
Share capital	5	47,144	45,203
Options reserve	6	1,036	1,033
Reserves		2,594	2,596
Accumulated losses		(37,688)	(38,002)
Total equity		13,086	10,830

The accompanying notes form part of the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Share capital	(Accumulated losses)	Employee equity benefits reserve	Foreign currency translation reserve	Option Reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2024	45,203	(38,002)	2,652	(56)	1,033	10,830
Profit for the period	-	314	-	-	-	314
Foreign currency translation	-	-	-	(2)	-	(2)
Total comprehensive income for the period	-	314	-	(2)	-	312
Issue of ordinary shares, net of costs	1,941	-	-	-	-	1,941
Share based payments	-	-	-	-	3	3
At 31 December 2024	47,144	(37,688)	2,652	(58)	1,036	13,086
At 1 July 2023	41,380	(38,069)	2,652	(58)	1,033	6,938
Loss for the period	-	(425)	-	-	-	(425)
Foreign currency translation	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	(425)	-	(1)	-	(426)
Issue of ordinary shares	3,787	-	-	-	-	3,787
Share based payments	-	-	-	-	-	-
At 31 December 2023	45,167	(38,494)	2,652	(59)	1,033	10,299

The accompanying notes form part of the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	2024	2023
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	4,459	6,502
Cash paid to suppliers and employees	(7,369)	(7,677)
Interest received	40	10
Interest paid	(31)	(16)
Net cash used in operating activities	(2,901)	(1,181)
Cash flows from investing activities		
Purchase of plant and equipment	(85)	(22)
Payments for intangible asset	(982)	(459)
Net cash used in investing activities	(1,067)	(481)
Cash flows from financing activities		
Proceeds from issues of shares and options	2,008	4,000
Share issue transaction costs	(67)	(213)
Principal elements of lease payments	(174)	(293)
Net cash from financing activities	1,767	3,494
Net increase/(decrease) in cash and cash equivalents	(2,201)	1,832
Cash and cash equivalents at 1 July	4,784	2,292
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	16	2
Cash and cash equivalents at 31 December	2,599	4,126

The accompanying notes form part of the condensed financial statements.

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES

(a) Reporting Entity

The condensed consolidated financial statements for the half-year ended 31 December 2024 of Orbital Corporation Limited ("the Company" or "the Parent") and its subsidiaries (collectively, "the Group") were authorised for issue by the Company's Directors on 28 February 2025.

The Company is a for-profit company limited by shares domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange ("ASX"). The registered office of the Group is 4 Whipple Street, Balcatta, Western Australia.

The Group is principally engaged in revolutionary design, proven manufacturing processes and rigorous testing to deliver superiority in UAV propulsion systems and flight critical components. The Group drives its UAV-focused strategy from its dedicated production facilities in WA, Australia and Oregon, USA.

(b) Basis of preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2024, has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year condensed consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2024 and considered together with any public announcements made by the Company during the half-year ended 31 December 2024 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half-year condensed consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the AASB.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in the half-year condensed consolidated financial report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise indicated.

(c) New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(d) Going concern assumption

The half-year condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Group will continue its operations and be able to meet its obligations as and when they become due and payable. This assumption is based on the Group's ability to meet its future cash flow requirements given the cash flow projection, and existing cash reserves held as at 31 December 2024.

For the half-year ended 31 December 2024, the Group recorded an after tax profit of \$314,000 and had operating cash outflows of \$2,901,000. As at 31 December 2024 the Group had net assets of \$13,086,000 and net current assets of \$4,972,000.

The Group also had cash outflows from investing activities of \$1,067,000 and cash inflows from financing activities of \$1,767,000 leading to net cash outflows for the half-year ended 31 December 2024 of \$2,201,000.

The going concern assumption is based on the Group's cash flow projections and existing cash reserves as at 31 December 2024 and covers a period of at least twelve months from the date of this report.

The projections show that the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent upon a number of factors including:

- achieving forecasted operational performance and positive operating cash flows from the existing engine production and engineering programs;
- continued success in developing and commercialising new engines;
- reducing overheads through cost saving initiatives; and
- securing funding above and beyond the Group's existing committed facilities if required.

As a result of these matters, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors consider that the Group will be successful in the above matters and have therefore prepared the financial report on a going concern basis.

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

2. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Segment performance is evaluated based on Revenue and Earnings Before Interest and Tax ("EBIT") which is allocated to the reportable segments according to the geographic location in which the item arose or relates to.

As of the half-year ended 31 December 2024, the Group operates and generates revenue from a single geographic location. As a result, reporting segmentation is no longer considered relevant. Accordingly, the Group has only one reportable operating segment, which is Australia.

3. INVENTORIES

	31 Dec 2024	30 June 2024
	\$'000	\$'000
Raw materials	6,061	6,304
Provision for obsolescence	(1,662)	(1,664)
Work in progress	1,270	2,171
Finished goods	-	105
	5,669	6,916
Current	2,349	4,020
Non Current	3,320	2,896
	5,669	6,916

Recognition and measurement

Inventories are carried at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials:** weighted average cost
- **Finished goods and work in progress:** weighted average cost of direct materials and direct manufacturing labour and a proportion of manufacturing overhead costs

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4. INTANGIBLES

	31 Dec 2024	30 June 2024
	\$'000	\$'000
Cost	8,358	7,376
Accumulated amortisation and impairment	(1,880)	(1,555)
R&D tax offset recognised	(2,695)	(2,509)
Net carrying amount	3,783	3,312
Movement		
Net carrying amount at the beginning of the period	3,312	3,238
Additions	982	846
Amortisation for the year	(325)	(408)
R&D tax offset recognised	(186)	(364)
Net carrying amount at the end of the period	3,783	3,312

The Intangible assets comprise of capitalised development costs for the advancement of the modular propulsion systems. The intangible assets will be amortised using the straight-line method over a finite period of 5 years.

5. SHARE CAPITAL

	31 Dec 2024	30 June 2024
	\$'000	\$'000
Ordinary shares issued and fully paid	47,144	45,203
Movement in ordinary shares	Number	\$000's
At 1 January 2024	145,806,733	45,167
Employee share plan	250,182	36
Issue of ordinary shares	-	-
Share issue transaction costs	-	-
At 30 June 2024	146,056,915	45,203
At 1 July 2024	146,056,915	45,203
Issue of ordinary shares	18,258,896	2,008
Share issue transaction costs	-	(67)
At 31 December 2024	164,315,811	47,144

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

6. OPTIONS RESERVE

	31 Dec 2024 \$'000	30 June 2024 \$'000
Issued Options	1,036	1,033
Movement in options	Number	\$000's
At 1 January 2024	17,500,000	1,033
Issue of options	-	-
At 30 June 2024	17,500,000	1,033
At 1 July 2024	17,500,000	1,033
Issue of options	1,500,000	3
At 31 December 2024	19,000,000	1,036

As part of the new options issue during the half-year:

- 500,000 new Options were issued for nil cash consideration and were valued at \$52,500 using the Black Scholes method of calculation at acceptance date 11 December 2024. A volatility rate of 99.11% and a risk-free rate of 4.01% was used in the calculation. The options are exercisable at nil price on or before the expiry date that is 5 years after the date of issue.
- 500,000 new Options were issued for nil cash consideration and were valued at \$37,819 using the Black Scholes method of calculation at acceptance date 11 December 2024. A volatility rate of 101.28% and a risk-free rate of 4.01% was used in the calculation. The options are exercisable at \$0.14 on or before the expiry date that is 5 years after the date of issue.
- 500,000 new Options were issued for nil cash consideration and were valued at \$50,000 using the Black Scholes method of calculation at acceptance date 24 December 2024. A volatility rate of 101.51% and a risk-free rate of 4.01% was used in the calculation. The options are exercisable at nil price on or before the expiry date that is 5 years after the date of issue.

The options value is amortised over the vesting period.

7. BORROWINGS

	31 Dec 2024 \$'000	30 June 2024 \$'000
Current	-	2,438
Non-current	-	-
	-	2,438

Changes in borrowings arising from financing activities are as follows:

Movement in borrowings	31 Dec 2024 \$'000	30 June 2024 \$'000
Net borrowings at the beginning	2,438	3,796
Loan forgiveness grant income	(2,486)	(1,500)
Interest expenses	48	142
Net borrowings at the end	-	2,438

On 25 January 2010, the Department of Jobs, Tourism, Science and Innovation ("JTSI") provided the Group with an interest-free loan of \$14,346,000 under the terms of a Deed (Acknowledgment of Debt) ("the Deed"). As of 31 December 2024, the Group realised loan offsets and the loan has been repaid in full.

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

8. OTHER INCOME

	2024 \$'000	2023 \$'000
Grant income	2,486	500
R&D grant income	1,710	-
Rental income	126	44
Other income	10	(2)
	4,332	542

• Grant income

During the half-year, the Group achieved the relevant milestones and realised loan offsets. The benefit of the loan reduction is recognised as grant income, in accordance with AASB 120 Accounting for Government Grants.

• Research and development grant

In December 2024, the Group received \$1,896,000 Research and development grant offset, of which \$186,000 was related to assets and \$1,710,000 was related to expense items.

In accordance with research and development tax legislation the Group is entitled to a refundable R&D tax offset accounted for as research and development grant. Government grants are recognised when it is probable that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as a reduction in the related asset. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

9. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2024 and 30 June 2024.

10. SUBSEQUENT EVENTS

In February 2025 the Group established a \$2 million standby working capital loan facility with its two largest shareholders to provide further financial capacity to continue the Group's new product development activities. As at the date of this report, the loan facility was undrawn.

Other than the above, there are no material subsequent events that require disclosure in the half-year condensed consolidated financial report.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Orbital Corporation Limited, I state that:

In the opinion of the Directors:

- (a) The condensed consolidated financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2024 and the performance for the half-year ended on that date of the Group; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Kyle Abbott
Chairman

Perth, Western Australia
Dated: 28 February 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orbital Corporation Limited

nexia.com.au

Report on the Condensed Consolidated Financial Statements

Conclusion

We have reviewed the accompanying condensed consolidated financial statements of Orbital Corporation Limited ("the Company") and its controlled entities ("the Group"), which comprises the Condensed Consolidated Statement of Financial Position as at 31 December 2024, the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed consolidated financial statements of Orbital Corporation Limited does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) in the condensed consolidated financial statements, which indicates that the Group recorded an after tax profit of \$314,000 and had operating cash outflows of \$2,901,000. As at 31 December 2024, the Group had net assets of \$13,086,000 and net current assets of \$4,972,000. The Group also had cash outflows from investing activities of \$1,067,000 and cash inflows from financing activities of \$1,767,000 leading to net cash outflows for the half-year ended 31 December 2024 of \$2,201,000. As stated in Note 1(d), these events or conditions, along with other matters as set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Advisory. Tax. Audit.

ACN 145 447 105

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Responsibility of the Directors for the Condensed Consolidated Financial Statements

The directors of the Group are responsible for the preparation of the condensed consolidated financial statements that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the condensed consolidated financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Condensed Consolidated Financial Statements

Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the condensed consolidated financial statements are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a condensed consolidated financial statement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen

Director

Perth, Western Australia
28 February 2025