

# ASX ANNOUNCEMENT

31 January 2022

## FY22 H1 PRELIMINARY RESULTS

Orbital UAV announces unaudited half-year revenue and other income of \$11M for the six months ended 31 December 2021 and an update on current engine development programs

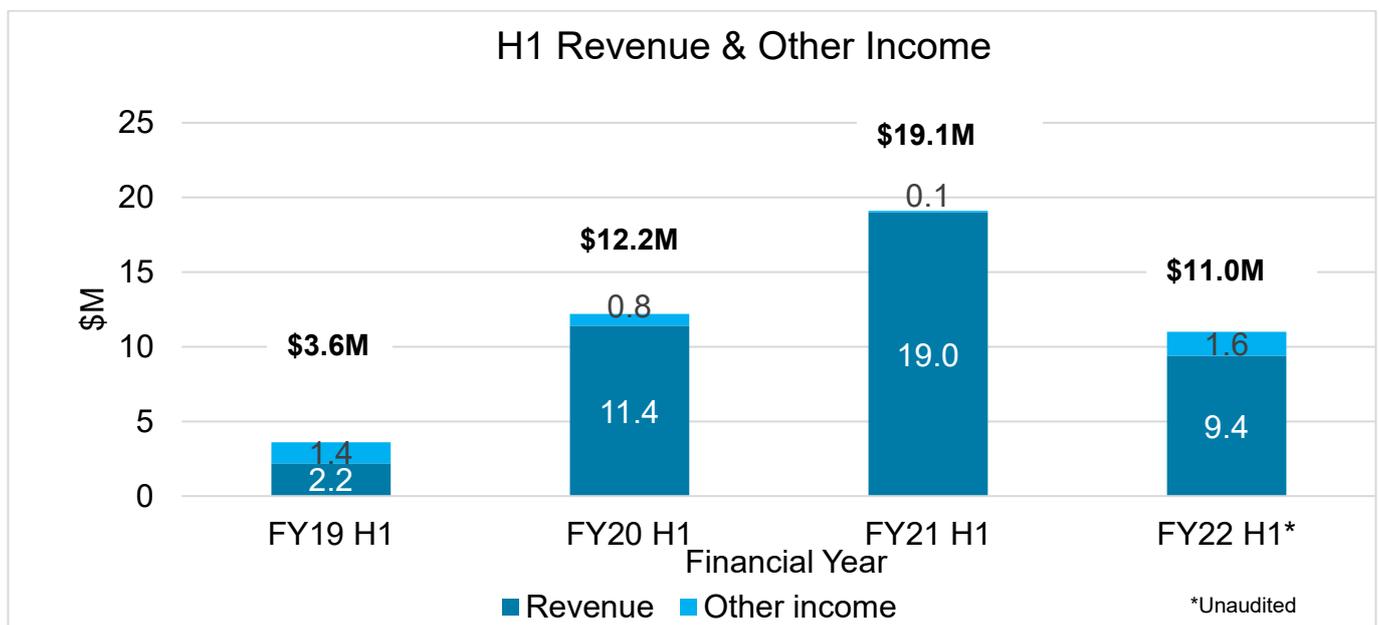
PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') announces unaudited preliminary revenue of \$9.4M and other income of \$1.6M (\$11M in total) for the first six months of financial year 2022 ('FY22').

Revenue in the first half was impacted by:

- reduced demand of tactical unmanned aircraft systems by U.S. military troops since the country's withdrawal from Afghanistan in 2021;
- delayed production of the third engine model for Insitu Inc., a wholly owned subsidiary of The Boeing Company; and
- the implementation of cost reduction initiatives including the migration of the second engine production line from Hood River (USA) to Balcatta (Western Australia).

Orbital UAV remains on track to deliver revenue and other income of circa \$30M and be net profitable at the full year.

"We are responding to the challenges of the first half and remain focused on our existing revenue-generating, Boeing-Insitu engine model production lines as well as the exciting future growth opportunities represented by our various development programs. We remain on track to deliver revenue and other income of circa \$30 million for the full year and expect to be net profitable for FY22," said Todd Alder, CEO and Managing Director of Orbital UAV.



## Boeing-Insitu – Primary Customer

Orbital UAV has two engine models currently in production for Insitu. In addition, the Company has been preparing to commence production of a third engine model for the Boeing subsidiary.

Boeing-Insitu has advised they are undertaking an economic review of this third engine program and have requested a suspension of works related to this engine while Boeing-Insitu determine the future direction of the program.

The review does not impact demand of the two existing engine models Orbital UAV has in production for Boeing-Insitu. Should the third engine program be terminated, Orbital UAV is permitted to seek reimbursement of the full costs of the program to date, including any inventory supporting production activities.

“The suspension of activities on this mature program is regrettable. However, we remain committed to supporting Boeing-Insitu as a tier one market participant in their current and future requirements,” said Mr Alder.

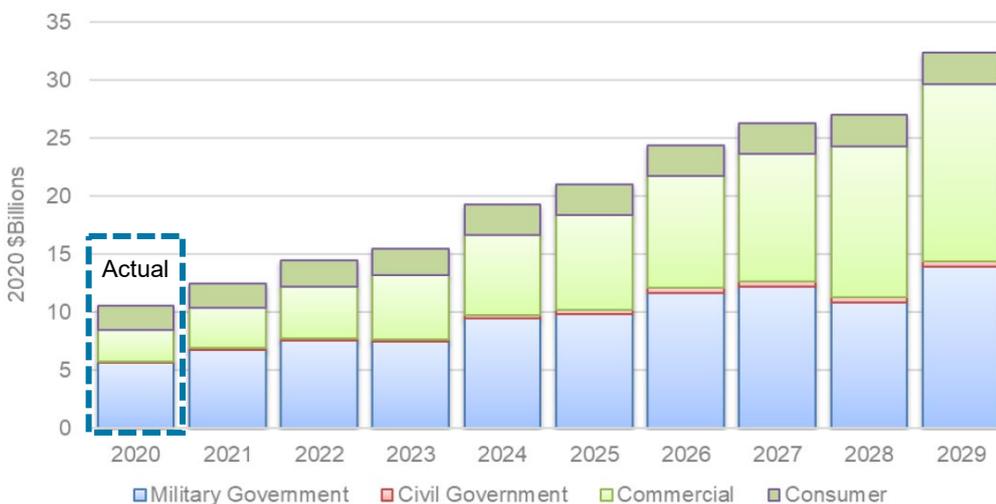
## New customer development programs

In addition to Orbital UAV’s existing production programs with Boeing-Insitu, the Company is progressing four new engine development programs with globally leading UAV customers: Textron Systems, one of Singapore’s largest defence companies and US-based autonomous logistics start-up Skyways.

Program	Application
Textron Systems	Engine development program to support Textron Systems’ bid for the U.S. Army’s Future Tactical Unmanned Systems Program
Textron Systems	Engine upgrade program for Textron Systems’ established Aerosonde UAV fleet
Singapore	Engine development program for Singapore’s domestic UAV application
Skyways	Engine development program for U.S. Navy logistics applications

Orbital UAV is also responding to enquiries from a growing commercial market, which includes both maritime and logistics sectors where UAV production is forecast to grow considerably over the coming decade.

## World Unmanned Aerial System Production Value Forecast<sup>1</sup>



<sup>1</sup> Source: Teal Group Corporation, World Military Unmanned Aerial Systems Market Profile & Forecast 2020/2021 (forecast shown in USD)



“In a growing tactical UAV market with new players and applications coming to the fore, the addressable market and revenue growth opportunities for Orbital UAV is increasing. With our proven technology, the Company’s established position as a world leader in the delivery of UAV engines is attracting positive interest from market leaders and industry disruptors alike,” said Mr Alder.

## Strengthened position in 2022

With the restructure of the Company’s WA Government loan in August 2021 and successful completion of a \$6.5M Non-Renounceable Entitlement Offer in November 2021, Orbital UAV’s strengthened balance sheet provides the necessary support for the Company’s contracted engine development programs, enhancing its Australian production facility capabilities and driving product research and development.

Orbital UAV’s partnership with Boeing-Insitu, its growing portfolio of contracted and globally recognised customers and the increasing pipeline of opportunities within both defence and commercial markets continue to build on the Company’s revenue growth potential and reputation as a world leader in the design and delivery of UAV engines.

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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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