



ASX ANNOUNCEMENT

22 March 2023

ORBITAL UAV ACHIEVES PERFORMANCE MILESTONES TO SECURE \$3M FUNDING

Orbital UAV has strengthened its balance sheet with the conversion of \$3 million of government debt into a grant

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') is pleased to advise it has received confirmation from the State of Western Australia, acting by and through the Department of Jobs, Tourism, Science & Innovation (the Department), that \$3 million of the Company's legacy government loan has been converted to a grant, following the delivery of agreed performance milestones during the six months ending 31 December 2022.

The \$3 million grant reduces Orbital UAV's legacy loan balance with the Western Australia government and improves the Company's Net Asset position.

"We are grateful to the WA government for its ongoing support as we continue to strengthen Orbital UAV's position as a global leader in the design and manufacture of propulsion systems for military UAVs," said Todd Alder, CEO and Managing Director of Orbital UAV.

"The performance milestones that have been agreed by the WA government incentivise us to continue on our growth path, enhance and expand our product, services and technical capabilities and support the identification and development of talent looking to enter the defence industry," said Mr Alder.

WA Government Legacy Loan

The interest free loan was established in January 2010 with a term through to 30 May 2025 and represents the Company's only current borrowings.

Under a Deed of Variation agreed in January 2023, the Department agreed to amend the Repayment Schedule to allow the Company to offset its debt to the State through the achievement of various performance milestones.

The amended Repayment Schedule provides a potential pathway for the Company to offset the entire value of the remaining loan by December 2024.

"Delivery of the performance milestones provides a significant opportunity to further strengthen the Company's balance sheet and position Orbital UAV for future growth." said Mr Alder.

UAV Business Update

Orbital UAV supplies its industry leading propulsion solutions for unmanned aerial vehicles ('UAVs') to multiple tier 1 defence Prime contractors.

The Company currently has two engine models in production for Boeing subsidiary Insitu Inc., as part of a long-term supply agreement. Orbital UAV's engine production supports Boeing Insitu's fleet of UAVs, including ScanEagle, deployed by the U.S. and multiple allied defence forces, and the Integrator, recently selected by the Australian Defence Force to provide Army with its next generation of tactical Intelligence, Surveillance and Reconnaissance ('ISR') capability.



Following advice from Boeing Insitu, agreed shipments of the two engine models planned for the remainder of Financial Year 2023 ('FY23') are now anticipated to be shipped in the first half of Financial Year 2024 ('FY24').

Assemblies for the two engine models will continue in FY23, in preparation for shipment in FY24.

Total full year revenue and other income for FY23 is still expected to be between \$20-\$25 million. Due to the uncertainty on the actual timing of engine shipments Orbital UAV withdraws the previously provided FY23 operating revenue guidance.

Orbital UAV's engine development programs with Textron Systems and a major Singapore defence client are progressing as planned, with initial production runs slated for the first half of FY24. These new production streams, combined with engine development opportunities with AeroVironment, Anduril, Animal Dynamics and Skyways continue the Company's strategy of growing and diversifying customer revenue.

-ENDS-

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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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