



ASX ANNOUNCEMENT

25 February 2021

2021 HALF-YEAR FINANCIAL RESULTS

- Consolidated revenue of \$19M (up 67%)
- Operational profit of \$0.6M
- Cash, term deposits and receivables of \$12.4M
- Two engine model production lines in operation under Insitu Long Term Agreement
- FY21 full-year revenue guidance \$30M-\$40M

PERTH, AUSTRALIA: Orbital Corporation Ltd (“Orbital UAV”, “the Company”) is pleased to present the Company’s audited half-year financial report for the six months ended 31 December 2020.

Financial review

The Company’s reported consolidated revenue for the six-month period has increased by 67% to \$19,046,000 (2019: \$11,405,000). Operational profit¹ improved to \$569,000 (2019: Loss of \$1,925,000).

Various accounting treatments, including an unrealised inter-company foreign exchange loss of \$2,366,000 and a write down in the Company’s Deferred Tax Asset in the United States of \$1,285,000, resulted in a reported net loss from continuing operations after tax for the period of \$3,888,000 (2019: loss of \$2,518,000).

Orbital UAV’s cash, term deposits and receivables at 31 December 2020 totalled \$12,385,000 (2019: \$13,556,000). Net cash used in operating activities for the period was \$4,988,000 (2019: \$2,865,000).

Operational review

Orbital UAV continues to focus on being a world leader in tactical unmanned aerial vehicle propulsion systems.

Revenue of \$19 million was underpinned by the Company’s deliverables under the Long Term Agreement (“the Agreement”) with key customer Insitu Inc., a wholly owned subsidiary of The Boeing Company.

During the period, Orbital UAV manufactured and shipped engine models from two production lines currently in operation under the Agreement with Boeing-Insitu.

A third engine model production line is in development, with production scheduled to commence in the final quarter of the 2021 financial year.

¹Operational Profit/Loss excludes Depreciation & Amortisation, Other Income, Unrealised FX, Finance & Tax expenses.



The Company also progressed new engine development programs with Northrop Grumman Corporation and one of Singapore's largest defence companies.

Revenue guidance

Orbital UAV has previously revised full-year revenue guidance to a range of A\$30 million to A\$40 million (see ASX announcement 1 February 2021).

Outlook

Orbital UAV's Agreement with Boeing-Insitu continues to support the Company's near-term revenue targets and provide further opportunities for future growth.

The scope of the Agreement covers the manufacture of five different engine model types which will be applied across Insitu's entire fleet of tactical unmanned aerial vehicles. As mentioned above, two engine production lines are currently in operation with the third scheduled to commence production during the current financial year.

The Company's additional engine development programs with Northrop Grumman Corporation and a leading Singapore defence company provide additional growth potential and demonstrate a commitment to expand Orbital UAV's existing customer base.

Orbital UAV's Managing Director and CEO, Mr Todd Alder, was pleased with the half-year financial results:

"We continue to expand our product offering and deliver on our customers' requirements for globally leading spark ignited, heavy fuel propulsion systems for tactical UAVs. Prevailing conditions in the international tactical UAV market, and in the general aviation and aerospace industry, remain challenging and competitive.

"Our position as primary UAV engine supplier to Boeing-Insitu, as well as the additional engine development partnerships and programs we continue to secure, provide an exciting pathway for continued improvement in our financial results."

-ENDS-

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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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