



## ASX ANNOUNCEMENT

16 November 2021

# CHAIRMAN'S ADDRESS TO AGM

## Mr John Welborn's address to Orbital Corporation Limited's Annual General Meeting – 16 November 2021

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV, 'the Company') Before I hand over to our Managing Director and CEO for an update, I'd like to provide my own comments on the performance of our Company and the progress we are making in a sector that continues to evolve domestically and globally.

During the year, the Orbital UAV Executive Team has continued to deliver on its customer diversification strategy. Having added Northrop Grumman and one of Singapore's largest defence companies to our portfolio in 2020, this year the team has captured two new engine development programs with Textron Systems and announced an exciting new MoU with Skyways, an emerging leader in UAV cargo transport.

These additional programs of work demonstrate the continued demand for Orbital UAV's unique technology and capability and build on the foundational, long term agreement that the Company has in place with Boeing subsidiary Insitu.

The Company's broadening customer portfolio is incredibly encouraging, particularly as we witness a more competitive landscape within the tactical UAV sector. In the coming months and years, our goal is for our new business opportunities to mitigate the risk associated with the Company's current revenue concentration – a risk that came to bear in February, when Boeing-Insitu reduced volume requirements on one of our engine production lines.

The Company's subsequent revenue downgrade, while disappointing, was handled swiftly and effectively by Management – repositioning the business for potential profitability while continuing to chase down and capture growth opportunities.

That growth path was highlighted in October when we launched a pro-rata renounceable entitlement offer to shareholders on the back of an additional new engine upgrade contract with Textron Systems.

This second engine contract signed with Textron in the space of seven months is testament to the positive work Management and the entire Orbital UAV team has continued to deliver during 2021. The latest Textron engine development program sets the Company a target of seeking to have six engine production lines, across three different customers, operational in financial year 2023.

With this in mind, Orbital UAV's production pipeline opportunity has never been stronger.

In order to backstop this growth Orbital launched an Entitlement Offer to raise circa \$6.5 million. These funds will support contracted engine development programs, enhance the Company's Australian production facility and drive product research and development.

I was delighted that the full \$6.5m rights issue was completed through the support of our retail and institutional shareholders.



Orbital has also established deep relationships with both State and Federal governments, a deliberate strategy as Australia commits to building its sovereign defence industry capability.

Investment in these relationships has already delivered positive outcomes by way of the restructure of a legacy Western Australia State Government loan and the receipt of a number of Federal defence grants for new capital equipment and employee training.

There is no doubt Orbital is a very different company to what it was four years ago when CEO Todd Alder was appointed. Under his guidance, Orbital has transitioned from an engineering consulting company to an established aerospace and defence manufacturer.

This work continues and having been re-elected as Chair, I am looking forward to working with Todd and the rest of the Board to further grow our business within the aerospace and defence market.

Finally, and most importantly, I would like to thank the entire Orbital UAV team for their efforts and performance during 2021. With the uncertainty of the Coronavirus pandemic and a changing commercial environment, they have continued to demonstrate their commitment to ensuring Orbital UAV delivers globally recognised and industry leading products and services.

-ENDS-

## CONTACTS

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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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