

ASX ANNOUNCEMENT

23 October 2026

Orbital Corporation Limited | ASX: OEC

QUARTERLY ACTIVITIES REPORT

Period ended 30 September 2026

HIGHLIGHTS

- Orbital expanded its customer base to 16 across commercial and defence UAV programs.
- Recorded Q1 revenue of \$3.4 million.
- AATI completed its first flight with Orbital's 150HFE propulsion system.
- Secured a three-system MightyFly order for commercial cargo operations in the US.
- Completed the delivery of twenty 50HFE systems to the UAE.
- Further Textron orders have increased the cumulative 75HFE upgrade kit orders to 62 at the date of this announcement, valued at US\$673,000.
- Order book of \$2.0 million, with a significant pipeline of opportunities across propulsion supply, fleet upgrades and ongoing in-service support.

Subsequent to quarter end:

- Larsen & Tubro (L&T) ordered three 350HFE propulsion systems, becoming Orbital's second Indian customer and the first defense customer to order the new Gen II Power Management System;
- The Company received an initial propulsion system testing and integration order from Taiwan UAV; and
- Orbital secured AATI as its first Power by the Hour customer with contract revenue of US\$2.6 million (A\$3.7 million) through to December 2027.

Orbital Corporation Limited (ASX:OEC) ("**Orbital**" or the "**Company**") is pleased to present its Quarterly Activities Report for the period ended 30 September 2026.

Orbital continued building operational momentum, expanding its customer base and progressing programs across engine evaluation, aircraft integration, flight testing and fleet upgrades.

These activities supported the Company's strategy to diversify its customer relationships and build repeat production and recurring service revenue alongside initial propulsion system sales.

CUSTOMER PROGRAMS ADVANCE

AATI - FROM FIRST FLIGHT TO RECURRING REVENUE

Orbital's 150HFE propulsion system completed its first successful flight aboard American Aerospace Technologies Inc.'s (AATI) AiRanger unmanned aircraft during the quarter.

AATI subsequently ordered three additional 150HFE propulsion systems, taking cumulative orders to eight systems and associated engineering integration services valued at more than US\$750,000. The additional systems supported AATI's continuing flight test and fleet development program.

AATI holds commercial Beyond Visual Line of Sight (BVLOS) operating approvals in the United States and pursues government and commercial opportunities for long-endurance aerial operations.

After quarter end, AATI became Orbital's first Power by the Hour customer, creating a monthly revenue stream with US\$2.6 million (A\$3.7 million) of contract revenue through to December 2027.

This agreement establishes a recurring monthly revenue stream derived through engine operations and associated maintenance, overhaul, replacement and performance support.

This marks a progression from supplying propulsion systems to supporting customer flight operations. Two of the engines previously ordered and not yet delivered will now be converted to the Power by the Hour fleet.

Future fleet expansion and increased aircraft utilisation could create opportunities to grow this revenue stream over time.

MIGHTYFLY - EXPANDING INTO AUTONOMOUS CARGO AVIATION

Orbital secured an initial order from US autonomous cargo aircraft developer MightyFly for three HFE propulsion systems to support aircraft development and testing.

MightyFly develops autonomous hybrid electric vertical take-off and landing cargo aircraft for commercial, government and defence logistics applications. The order expanded Orbital's participation in commercial autonomous aviation into cargo transport.

As MightyFly advances its aircraft towards commercial deployment, Orbital sees potential for follow-on propulsion system orders and ongoing support.

TEXTRON - REPEAT ORDERS FOR UAV FLEET ENGINE UPGRADES

Textron Systems placed further orders for 75HFE upgrade kits, taking cumulative orders to 62 kits with the potential for further orders during the balance of FY 2027.

The upgrade program is generating additional business from Orbital's installed engine base and demonstrates how product improvements can extend established customer relationships.

Orbital continues to pursue upgrade, replacement component and engineering support opportunities across all engines already in service.

HYBRID PROPULSION DEVELOPMENT

Orbital progressed negotiations to develop and supply a 350HFE hybrid propulsion package for a potential retrofit program involving an existing fleet of battery-powered UAVs in active US military service.

The parties continued discussing technical requirements and commercial terms and as at the date of this announcement have not finalised the formal supply contract.

L&T - SECOND INDIAN CUSTOMER AND FIRST GEN II PMS ORDER

Subsequent to quarter end, Orbital announced an order from Larsen & Toubro (L&T) for three 350HFE propulsion systems incorporating its proprietary Gen II Power Management System (PMS).

L&T selected Orbital following extensive technical evaluation. Its team visited Orbital's Western Australian facility and conducted bench testing before choosing the propulsion system for aircraft integration and further testing.

The order established L&T as Orbital's second Indian customer and the first defense customer to order the Gen II PMS.

The Gen II PMS doubles available onboard electrical power to 1kW and adds remote engine start, propeller stop and in-flight battery charging. It enables Orbital to supply a matched propulsion and electrical power solution for increasingly demanding UAV applications.

Successful integration and testing could lead to further propulsion system orders if L&T advances the platform into military production.

OTHER NEW CUSTOMER PROGRAMS

Taiwan UAV has placed an initial order for a 150HFE propulsion system for a testing and integration program. The Company is currently awaiting formal export licence approval which is standard for all new customers.

ORDER BOOK AND OUTLOOK

Orbital reported an order book of \$2.0 million, separate from the AATI PBH agreement outlined above, and continued pursuing a significant pipeline of opportunities across commercial and defence aviation.

The Company's immediate priorities are to fulfil scheduled production, support customer testing and integration, and convert the pipeline into new production orders.

A broader portfolio gives Orbital more opportunities to generate production and support revenue as customer programs mature. The Company aims to translate this activity into sustained deliveries and improved cash generation, while customer funding, technical outcomes and procurement decisions will influence the timing and scale of future orders.

CORPORATE

As at the end of the quarter the company had cash and undrawn facilities of \$2.4 million.

In addition, Orbital has successfully registered its FY2026 R&D claim and expects to receive funds of \$2.1 million during November 2026.

The Company paid \$70,000 in non-executive director fees during the quarter, comprising the related-party payments disclosed in item 6.1 of the accompanying Appendix 4C. The Company also secured new working capital facilities of \$3 million from major shareholders during the quarter.

The Company's quarterly cash flow report is attached.

ABOUT ORBITAL CORPORATION LIMITED (ASX: OEC)

Orbital Corporation Limited (ASX: OEC) is a Perth, Western Australia-based designer and manufacturer of integrated heavy fuel propulsion systems for Group 2 and Group 3 unmanned aerial vehicles (UAVs).

With over 40 years of engineering heritage and more than 1.2 million proven in-field service hours across multiple Tier 1 defence customers including Boeing and Textron Systems, OEC is a recognised global leader in UAV heavy fuel engine technology that services both defence applications as well as the rapidly evolving commercial sector.

The Company's in-production engine range spans 50cc to 350cc HFE and complementary Power Management Systems, covering the full Group 2/3 UAV spectrum.

AUTHORISATION

This announcement has been authorised for release to the ASX by the Board of Directors of Orbital Corporation Limited.

For further information, please contact:

Stephen Pearce
Chief Executive Officer
Orbital Corporation Limited
T: +61 8 9441 2233

Mark Wege
CFO & Company Secretary
Orbital Corporation Limited
T: +61 8 9441 2135

E: investors@orbitalcorp.com.au

W: www.orbitалуav.com

<https://investors.orbitалуav.com/link/PB5blr>

Follow us on LinkedIn



FORWARD-LOOKING STATEMENT DISCLAIMER

This announcement contains certain forward-looking statements and information. Forward-looking statements are inherently subject to significant uncertainties, risks and contingencies, many of which are outside the control of OEC. Actual outcomes may differ materially from those forecast. OEC undertakes no obligation to update or revise forward-looking statements after the date of this announcement except to the extent required by applicable law or the ASX Listing Rules. Nothing in this announcement constitutes investment advice.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ORBITAL CORPORATION LIMITED

ABN

32 009 344 058

Quarter ended ("current quarter")

September 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,902	1,902
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(953)	(953)
(c) advertising and marketing	(52)	(52)
(d) leased assets		
(e) staff costs	(1249)	(1249)
(f) administration and corporate costs	(570)	(570)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(96)	(96)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)		
<i>Cost recharge</i>	41	41
1.9 Net cash from / (used in) operating activities	(970)	(970)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(80)	(80)
(d) investments		
(e) intellectual property	(1,114)	(1,114)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(f) other non-current assets		
	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
2.3	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,194)	(1,194)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	1,500	1,500
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
	(a) principal elements of lease payments	(261)	(261)
	(b) principal elements of sublease payments	131	131
3.10	Net cash from / (used in) financing activities	1,370	1,370

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,680	1,680
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(970)	(970)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,194)	(1,194)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,370	1,370
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	884	884

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	884	1,680
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	884	1,680

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (a) Board fees (non-executive directors)	(70)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,000	3,500
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	5,000	3,500
7.5	Unused financing facilities available at quarter end		1,500
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	A new \$3 million unsecured working capital loan facility has been provided by UIL Limited and Boneyard Investments Pty Ltd for the amount of \$1.5 million each. These have been entered into on commercial terms with a 12-month maturity term. The expiry dates are Boneyard (July 2027) and UIL (October 2027) and the interest rate is 15% per annum. An amount of \$500,000 was drawn down during October 2026.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(970)
8.2	Cash and cash equivalents at quarter end (item 4.6)	884
8.3	Unused finance facilities available at quarter end (item 7.5)	1,500
8.4	Total available funding (item 8.2 + item 8.3)	2,384
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: n/a	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: n/a	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: n/a	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 October 2026

Authorised by: BOARD OF DIRECTORS.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.