

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES UPDATE AND APPENDIX 4C

Period Ending 31 December 2025

29 January 2026

Orbital Corporation Ltd ('Orbital UAV', 'the Company') presents its quarterly activities report for the period ended 31 December 2025.

ABOUT ORBITAL UAV:

The Company continues to position itself as a leader in Integrated Propulsion Systems (IPS) for the unmanned aerial vehicle (UAV) market. With a clear focus on the design, manufacture, and support of high-performance, reliable, mission-ready engine systems, the company's strategy is centred on expanding its customer base, leveraging its proprietary technology, and maintaining strong alignment with both the evolving global defence industry and the emerging commercial market.

The Company's Heavy Fuel Engines (HFE) are designed for Group 2 & 3 Tactical UAV's, which are characterised by maximum take-off weights (MTOW) in the range of 20kg to 250kg and are typically employed in surveillance and logistics operations.

Quarterly Cash Flow Report

- Cash inflows from operations of \$0.5 million (Q2 2024: outflow of \$1.1 million)
- Net cash outflow of \$0.2 million (Q2 2024: net cash outflow of \$1.8 million before capital raising of \$2.0 million)
- Closing cash balance of \$3.5 million
- The Company has undrawn loan facility of \$2.0 million and anticipates further R&D Grant proceeds of \$0.8 million in the March 2026 quarter.

Strategic Re-cap

- Orbital is the pre-eminent global UAV heavy fuel engine manufacturer to the fastest growing section of the market. It has over 40 years of engine manufacture, componentry rendering & the provision of bespoke solutions to the automotive and defence sectors.
- Orbital's patented 'Flex DI' technology provides superior heavy fuel performance when compared to gasoline and electric alternatives. Orbital's engines have proven reliability with over 1.2 million hours of in-field service with multiple Tier 1 defence customers.

- Orbital is the sole supplier of single cylinder heavy fuel engines that provide a proven lightweight high-performance solution for Group 2 & 3 Tactical UAV's.
- UAV's are emerging as a staple of advanced military force posture. Recent conflicts have reinforced interest in their capability to provide tactical reconnaissance & broader strategic engagement.
- Commercial applications of UAV technology, particularly mid-sized units are emerging as a highly efficient solution for infrastructure asset management in the immediate term, primarily as helicopter replacement. This is a major opportunity for Orbital with historically 90%+ of engines provided to military customers.
- Orbital's existing product line is well positioned to benefit from expanded UAV use-cases in military and commercial applications, with an ability to supply engine capacities ranging from 50cc to 350cc.
- Orbital's presence in Western Australia and Oregon, United States provides it with a unique strategic advantage to service regions that are forecast to experience the most significant demand.

Sales Activities

The following outcomes have been achieved during the period:

- The on-going delivery of 150HFE engines to DSO.
- The completion of the engineering development program and initial delivery of upgraded engines for a power upgrade to support the Textron Aerosonde 4.7 UAV platform that utilises an Orbital designed 75cc HFE.
- Continued flight trials in India with the 150cc HFE engine and the Dynamatics Cheel UAV platform with the delivery of a further engine package now completed. The Company anticipates that further engine orders will be received in the next quarter.

New 350HFE propulsion system for increased payload requirements

Global demand for larger capacity engines continues to rise, driven by increased payload requirements, more complex mission profiles, in-flight battery charging capability, and regulatory changes - particularly those relating to long-range commercial flights with Beyond Visual Line of Sight (BVLOS) mission profiles.

The Company has received strong interest for the new 350cc HFE from both existing and new customers and have commence the manufacture of 10 engines to support the anticipated initial customer demand for integration and evaluation systems for both the defence and commercial segments.



During the quarter the Company secured a new customer for the 350HFE engine, receiving an initial order from US based Skyfront Corporation. This marks a strategic expansion of our customer base into the heavy-lift UAV segment.

Skyfront will integrate the 350HFE as an electrical power generator to sustain its heavy-lift multirotor UAV platform, enabling high payload capacity and extended mission endurance through hybrid onboard power generation.

-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.

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”)

December 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,190	5,424
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(1,108)	(1,407)
(c) advertising and marketing	(36)	(67)
(d) leased assets		
(e) staff costs	(2,148)	(4,641)
(f) administration and corporate costs	(707)	(1,467)
1.3 Dividends received (see note 3)		
1.4 Interest received	20	31
1.5 Interest and other costs of finance paid	(74)	(92)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	3,294	3,294
1.8 Other (provide details if material)		
<i>Cost recharge</i>	56	116
1.9 Net cash from / (used in) operating activities	487	1,191

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(81)	(88)
(d) investments		
(e) intellectual property	(442)	(1,148)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(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	(522)	(1,236)
 3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	3,000
3.2 Proceeds from issue of convertible debt securities	0	(242)
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	0	(242)
3.5 Proceeds from borrowings		
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) <i>principal elements of lease payments</i>	(277)	(553)
(b) <i>principal elements of sublease payments</i>	148	294
3.10 Net cash from / (used in) financing activities	(129)	2,499

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	3,685	1,080
4.2	Net cash from / (used in) operating activities (item 1.9 above)	487	1,191
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(522)	(1,236)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(129)	2,499
4.5	Effect of movement in exchange rates on cash held	(9)	(22)
4.6	Cash and cash equivalents at end of period	3,512	3,512
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	3,512	3,685
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)	3,512	3,685
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		(60)
6.2	Aggregate amount of payments to related parties and their associates included in item 2		0
<i>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.</i>			

<p>7. Financing facilities</p> <p><i>Note: the term 'facility' includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p> <p>7.1 Loan facilities</p> <p>7.2 Credit standby arrangements</p> <p>7.3 Other (please specify)</p> <p>7.4 Total financing facilities</p>	<p>Total facility amount at quarter end \$A'000</p> <p>2,000</p>	<p>Amount drawn at quarter end \$A'000</p> <p>0</p>										
<p>7.5 Unused financing facilities available at quarter end</p>		<p>2,000</p>										
<p>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.</p> <p>Unsecured working capital loan facility provided by shareholders, with interest accruing at a rate equal to the aggregate of 3-month bank bill rate plus a 2% margin. The lenders are UIL Limited and Boneyard Investments Pty Ltd.</p>												
<p>8. Estimated cash available for future operating activities \$A'000</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">8.1 Net cash from / (used in) operating activities (item 1.9)</td> <td style="width: 20%; text-align: right;">487</td> </tr> <tr> <td>8.2 Cash and cash equivalents at quarter end (item 4.6)</td> <td style="text-align: right;">3,512</td> </tr> <tr> <td>8.3 Unused finance facilities available at quarter end (item 7.5)</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>8.4 Total available funding (item 8.2 + item 8.3)</td> <td style="text-align: right;">5,512</td> </tr> <tr> <td>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</td> <td style="text-align: right;">N/A</td> </tr> </table> <p><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></p> <p>8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>N/A</p> <p>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?</p> <p>N/A</p> <p>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?</p> <p>N/A</p> <p><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></p>			8.1 Net cash from / (used in) operating activities (item 1.9)	487	8.2 Cash and cash equivalents at quarter end (item 4.6)	3,512	8.3 Unused finance facilities available at quarter end (item 7.5)	2,000	8.4 Total available funding (item 8.2 + item 8.3)	5,512	8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
8.1 Net cash from / (used in) operating activities (item 1.9)	487											
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,512											
8.3 Unused finance facilities available at quarter end (item 7.5)	2,000											
8.4 Total available funding (item 8.2 + item 8.3)	5,512											
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A											

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: 29 January 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.