

ASX ANNOUNCEMENT

7 May 2026

Orbital Corporation Limited | ASX: OEC

NEW CUSTOMER PLACES PURCHASE ORDER FOR FIVE 150HFE ENGINES AND ASSOCIATED ENGINEERING SERVICES

Strategic precursor to potential Power by the Hour opportunity

HIGHLIGHTS

- Orbital Corporation Limited (ASX: OEC) has received a Purchase Order from a US-based unmanned aircraft systems company, for five 150HFE heavy fuel engines, a FlexDT™ Diagnostic and ECU Management Tool, a Power Management System and Non-Recurring Engineering (NRE) services totalling USD \$392,420 (approximately A\$600,000).
- These engines are for a Group 3 long-endurance UAS that achieved a demonstrated 24-hour continuous flight in March 2025 and holds a commercially approved Beyond Visual Line of Sight (BVLOS) clearance in the US National Airspace System.
- The US Coast Guard has issued an RFI for a Contractor Owned Contractor Operated (COCO) UAS ISR Services program with both shore-based and ship-board persistent maritime Intelligence, Surveillance and Reconnaissance (ISR) services under a Basic Ordering Agreement (BOA) with a 5-year term plus a 5-year option.
- Based on the RFI, Orbital estimates that the program could require up to 80 UAS systems and represents one of the largest sustained COCO UAS ISR opportunities in the US Department of Homeland Security procurement portfolio.
- This purchase order is a strategic precursor to an Orbital Power by the Hour (PBH) revenue model as described in Orbital's recent Quarterly Review of Operations Outlook (released to ASX on 29 April 2026).
- Under a PBH arrangement, total revenue per engine over the life of a service contract is based on operating flight hours and will create a substantially more valuable, recurring revenue stream for Orbital.
- Delivery of all five engines and completion of NRE is scheduled across a structured milestone payment programme concluding in October 2026, with the first NRE milestone commencing immediately.

At this time the Company is unable to accurately quantify the future revenue stream arising from supply of PBH services under this UAS ISR Services Program.

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CONNECTION TO POWER BY THE HOUR STRATEGY

As previously outlined, the Company offers a Power by the Hour (PBH) service revenue model as a complement to its direct engine sales business.

Under a PBH arrangement, Orbital supply and support engines powering UAS operating under service contracts, generating recurring revenue over multi-year operational periods. The Company estimates that total revenue per engine over the life of a PBH service contract is approximately 3x the equivalent direct hardware sale price.

Should the US customer be successful in securing work under the BOA, Orbital anticipates the opportunity to transition from a hardware supply relationship to an ongoing PBH service contract covering engine maintenance, overhaul, performance support and replacement across the operational fleet by Q3 of FY2027.

The 150HFE engine is an air-cooled opposed twin-cylinder heavy fuel engine delivering 11.9hp (8.8kW) at 20,000 ft AMSL with a 750-hour Time Between Overhaul. The engine is purpose-matched to the demanding endurance and reliability requirements of persistent maritime ISR operations. Orbital's heavy fuel engines have logged more than 1 million hours of operational flight time with the US Navy.

CEO COMMENT

"This order marks an important milestone for Orbital. It is both a validation of our 150HFE engine's capability in a demanding long-endurance BVLOS application and the beginning of what we anticipate could be a substantial, long-term customer relationship.

Our customer has built a highly regarded platform and is well positioned for this COCO ISR programme. For Orbital, the real strategic prize is the Power by the Hour opportunity that follows with a multi-year, recurring revenue stream that could be worth multiples of the initial hardware sale.

We look forward to supporting this important strategic partner as they advance through the procurement process and scale their fleet."

Stephen Pearce, CEO, Orbital Corporation Limited

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 Insitu and Textron Systems, OEC is a recognised global leader in UAV heavy fuel engine technology.

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OEC's patented Flex DI™ direct injection technology delivers up to 40% greater fuel efficiency than conventional injection systems, multi-fuel capability (JP-5/8, Jet-A, gasoline), a 750-hour Time Between Overhaul, and cold-start capability within two minutes. The Company's in-production engine range spans 50cc to 350cc HFE, 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

E: investors@orbitalcorp.com.au

W: www.orbitaluav.com

Mark Wege

CFO & Company Secretary

Orbital Corporation Limited

T: +61 8 9441 2135

Follow us on LinkedIn



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