ORBITAL | ENGINEERED TO WIN

ASX ANNOUNCEMENT
QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C
Period Ending 30 June 2026

31 July 2026 **Orbital Corporation Limited | ASX: OEC**

Orbital Corporation Limited (ASX: OEC) presents its Quarterly Activities Report for the period ended 30 June 2026.

1. Overview

Orbital designs and manufactures integrated heavy-fuel propulsion systems (IPS) and flight-critical components for Group 2 and Group 3 tactical unmanned aerial vehicles (UAVs) in both the global defence and commercial sectors.

The June quarter represented another period of strategic execution as Orbital continued to diversify its customer base, expand its addressable markets and strengthen its long-term growth platform. During the quarter, the Company

- secured new customer orders in the United States and India and opened up new markets in the Middle East,
- advanced opportunities within the rapidly expanding US commercial UAV sector,
- continued development of its recurring Power by the Hour (PBH) service model, and
- progressed broader strategic initiatives to expand into the emerging Attritable defence systems market.

These initiatives support Orbital's strategy of evolving from a specialist UAV propulsion supplier into a diversified propulsion technology company serving defence, commercial and next-generation autonomous aviation markets.

Quarterly Cash Flow Report key metrics are:

- Cash receipts from customers of $1.3 million
- Net operating cash outflow of $0.8 million
- Closing cash balance of $1.7 million, with a further $1.5 million of undrawn working capital facilities available

As at the date of this release, Orbital has orders of $3.7 million scheduled for delivery in Q1 of FY2027.

2. Business Update

Orbital continues to execute its strategy to diversify its customer base, expand into new addressable markets and build multiple long-term revenue streams across the defence and commercial unmanned aviation sectors.

During the quarter, the Company strengthened its position in the United States and India, advanced opportunities for recurring revenue through its Power by the Hour (PBH) model and progressed broader strategic initiatives to expand into the emerging Attritable defence systems market.

US Commercial Market

Orbital secured new orders from AATI for its 150HFE propulsion system during the quarter, and has now secured orders for eight engines, associated propulsion hardware and engineering services to support a long-endurance Group 3 unmanned aircraft operating in the commercial Beyond Visual Line of Sight (BVLOS) market.

The order establishes a new customer relationship in one of Orbital's key strategic growth markets and provides a potential pathway to the Company's PBH service model. Under a PBH arrangement, Orbital generates recurring revenue through engine maintenance, overhaul, performance support and replacement over the operational life of an aircraft, significantly extending the lifetime value of each propulsion system beyond the initial hardware sale.

As commercial BVLOS regulations continue to evolve in the United States, Orbital believes increasing adoption of larger autonomous aircraft has the potential to create additional opportunities for propulsion system supply and long-term aftermarket support.

On 29 July 2026, the Company’s announced securing a second customer in this market sector receiving an initial order from MightyFly, a San Francisco Bay Area aerospace company developing autonomous hybrid eVTOL cargo aircraft to enable resilient middle-mile logistics for commercial, government, and defence applications.

International Defence Programs

Orbital continued expanding its international defence customer base during the quarter, securing an additional propulsion system order from long-term strategic partner Dynamatic Technologies to support development of the Cheel tactical UAV program in India.

The additional order expanded Orbital's participation across the Cheel UAV family, with the Company's 150HFE and 350HFE propulsion systems now supporting multiple aircraft variants. As the program progresses toward potential defence procurement opportunities, Orbital believes successful platform adoption could create follow-on opportunities for production engine supply, spare parts and ongoing in-service support.

The Company also continued business development activities across North America, Europe, the Middle East, Asia and Australia as it seeks to further diversify its international customer base and program portfolio.

Middle East programs

Orbital continued preparations for deliveries under its previously announced long-term UAE distribution agreement, with the first twenty 50HFE propulsion systems to be delivered during Q1 of FY2027.

Strategic Market Expansion

During the quarter, Orbital progressed broader strategic initiatives to expand its propulsion technology into the emerging Attritable defence systems market.

Attritable systems are designed to deliver advanced military capability at substantially lower cost than traditional defence platforms, enabling them to be manufactured at scale, deployed in significantly greater numbers and, where required, accepted as expendable during high-intensity operations. This shift is reshaping defence procurement globally as armed forces increasingly invest in autonomous systems that provide greater operational flexibility, resilience and force mass.

Unlike traditional defence programs, which are often characterised by relatively low production volumes and long procurement cycles, Attritable platforms are expected to be produced at significantly greater scale to support larger operational fleets. Orbital believes this creates an attractive long-term market opportunity, with the potential for higher production volumes, repeat propulsion system orders and ongoing demand as autonomous fleets are expanded, replenished and upgraded over time.

Orbital believes this structural shift has the potential to materially expand its addressable market by applying its proven heavy-fuel propulsion technologies beyond traditional Group 2 and Group 3 UAV applications into a broader range of autonomous defence systems. By leveraging its existing engineering capability, manufacturing expertise and proprietary technology platform across a larger and faster-growing market, the Company aims to build a broader, more diversified and higher-quality revenue base over the long term.

3. Product Development Activities

The Company continues to invest in the development of next-generation propulsion products to extend its addressable market across Group 2 & Group 3 UAV's in both the military and commercial sectors. In-development programs include:

- **ICE-Electric Hybrid Propulsion System:** A weight-optimised powertrain capable of operating in maximum-power, stealth, and long-duration modes. Based on both the 150HFE and 350HFE platforms, the systems deliver electrical power to support fixed-wing, hybrid VTOL, mono-copter and multi-copter configurations.
- **Generation 2 Power Management System (PMS):** The enhanced PMS provides increased customer output power (1,000W, 12 - 48V configurable), battery charging up to 1,000W, and remote-start capability for engines up to 350cc. The new PMS unit will be available to Orbital customers from Q2 of FY2027.

4. Outlook

Orbital enters FY2027 with an expanding international customer base, exposure to multiple structural growth markets and a diversified pipeline of opportunities across defence, commercial and autonomous aviation applications.

The Company's immediate focus remains on converting its active business development pipeline into production contracts while supporting the successful execution of existing customer programs.

As customer platforms progress from development into production and operational deployment, Orbital expects to increase revenue opportunities through follow-on engine orders, spare parts, in-service support and its Power by the Hour (PBH) recurring revenue model.

This strategy is designed to increase the lifetime value of each customer relationship by expanding revenue beyond the initial propulsion system sale. By generating recurring aftermarket revenue throughout the operational life of a platform, Orbital aims to improve revenue visibility, strengthen earnings quality and build a more resilient long-term business.

The Company believes the commercial BVLOS sector and the emerging Attritable defence systems market represent significant long-term growth opportunities that materially expand its addressable market.

The commercial adoption of larger autonomous aircraft is expected to accelerate as Beyond Visual Line of Sight (BVLOS) regulations continue to evolve globally, creating increasing demand for reliable, heavy-fuel propulsion systems and long-term operational support.

At the same time, Orbital believes the global shift towards Attritable defence systems has the potential to create an attractive long-term opportunity.

Unlike many traditional defence programs, which are typically characterised by relatively low production volumes and extended procurement cycles, Attritable platforms are expected to be manufactured at significantly greater scale to support larger autonomous fleets.

This structural shift has the potential to drive higher propulsion system volumes, repeat production orders and ongoing aftermarket support opportunities over time.

By combining exposure to established defence programs, commercial autonomous aviation and the emerging Attritable defence market, Orbital is building a more diversified business with multiple customer relationships, revenue streams and end markets.

The Board believes this strategy provides a strong foundation for sustainable long-term growth and positions the Company to create increasing shareholder value as customer programs mature and commercial opportunities continue to expand.

5. Appendix 4C Quarterly Cash Flow Report

The Company's quarterly cash flow report for entities subject to Listing Rule 4.7B is attached.

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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	**Quarter ended ("current quarter")**
32 009 344 058	June 2026

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		1,292	8,280
1.2	Payments for			
	(a)	research and development	0	0
	(b)	product manufacturing and operating costs	(878)	(4,110)
	(c)	advertising and marketing	(46)	(151)
	(d)	leased assets		
	(e)	staff costs	(952)	(6,175)
	(f)	administration and corporate costs	(246)	(2,297)
1.3	Dividends received (see note 3)			
1.4	Interest received		16	144
1.5	Interest and other costs of finance paid		(34)	(143)
1.6	Income taxes paid			
1.7	Government grants and tax incentives		0	4,121
1.8	Other (provide details if material)			
	Cost recharge		59	181
1.9	**Net cash from / (used in) operating activities**		**(789)**	**(150)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities		
	(b)	businesses		
	(c)	property, plant and equipment	(55)	(235)
	(d)	investments		
	(e)	intellectual property	(1,316)	(3,191)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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**	**(1,371)**	**(3,426)**

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		
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	2,000	2,000
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	(257)	(1,085)
	(b) principal elements of sublease payments	75	512
3.10	**Net cash from / (used in) financing activities**	**1,818**	**4,185**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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	2,002	1,080
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(789)	(150)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,371)	(3,426)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,818	4,185
4.5	Effect of movement in exchange rates on cash held	20	(9)
4.6	**Cash and cash equivalents at end of period**	**1,680**	**1,680**

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	1,680	2,002
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)**	**1,680**	**2,002**

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)*	(60)
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** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,500	2,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	**3,500**	**2,000**

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.

Unsecured working capital loan facility provided by shareholders. The lenders are UIL Limited and Boneyard Investments Pty Ltd.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(788)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,680
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)	3,180
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.0

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.

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

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.

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: 31 July 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.