

ASX ANNOUNCEMENT

15 August 2025

UAV MARKET & STRATEGIC UPDATE

Orbital UAV (ASX: OEC) (“the Company”) continues to position itself as a leader in Integrated Propulsion Systems (IPS) for the tactical uncrewed aerial vehicle (UAV) market. With a clear focus on the design, manufacture, and support of high-performance, reliable, and mission-ready engines, the company’s strategy is centred on expanding its customer base, leveraging its proprietary technology, and maintaining strong alignment with emerging global defence and commercial market trends.

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) between 25 and 150kg and are typically employed in surveillance operations.

Product Portfolio Expansion & Growth Opportunities

Orbital has a geographically diverse spread of customers in key markets including South-East Asia, USA and the UK with opportunities emerging in the Middle East, reducing the risk of single customer or market exposure.

Orbital’s product range includes multiple engine sizes - 50cc, 75cc & 150cc units that are currently in service, plus a new larger capacity 350cc engine that is currently in development.

Orbital heavy fuel engines have over 1.2 million flight hours in service with multiple Tier 1 defence customers. These engine systems, sold through the ‘Partnership Program’ are high margin products designed and built in-house to specific customer requirements and are client funded.

The company is currently expanding its engine offerings to address emerging markets including Tier 2 military customers in the Middle East, South-East Asia and the Pacific Region and Tier 1 Commercial customers in the cargo delivery and linear infrastructure surveying markets.

These ‘Mission Ready’ engines are a premium product when compared to other commercial offerings, however, they are built and calibrated to a standardised performance profile without any customisation.

The Company is also developing a new Power Management Unit which will integrate electrical power generated by the engines and enable seamless power distribution to other systems on board the customer’s UAV.

Orbital has 30 patents covering engine hardware and engine control systems, with the core technology being the Flex-DI fuel injection system and associated engine management system.

Strategic Direction to Address Growth Opportunities

Orbital is targeting three main growth avenues:

1. Partnership Program (**Current business model**) – Deepening relationships with Tier 1 defence OEMs to deliver customised Integrated Propulsion Systems (IPS) fully integrated into their platforms.
2. Mission-Ready Engines (**New for 2025**)¹ – Expanding sales of standardised IPS configurations to Tier 2 military and Tier 1 commercial UAV manufacturers at a lower price point via direct, distributor, and online channels.
3. In-Service Support Expansion (**New for 2025**)¹ – Offering flexible service packages tailored to different market segments, including spares and repairs, in-service support and engine overhaul.

¹ *these growth objectives are in early stage of concept development and as such the Company is presently unable to quantify any future impact on revenues and profitability and accordingly no forecast is made of whether it may be achieved in the future*

Market Trends and Positioning

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.

In the tactical UAV market between 25 kg and 150 kg weight category we are seeing strong growth driven by increased conflict on multiple fronts and the global increase in government-sponsored sovereign UAV capability which Orbital is well positioned to capture.

In the US, a dramatic transformation is underway as the Army seeks to reverse its current 90% crewed to 10% uncrewed aircraft ratio, with the stated goal of deploying 1,000 UAVs per division within two years. In parallel, the Department of Defence is overhauling its procurement process to enable shorter acquisition cycles, supporting rapid technological advancements and increased lethality.

This transition has resulted in some programs being paused until the new process is in place, including a decision on a major contract with Textron for the Aerosonde HQ 4.8 for FTUAS, which had been well positioned to secure a significant award with Orbital as the sole engine supplier.

By maintaining our focus on MIL-SPEC reliability, integration support, heavy fuel technology and rapid delivery capability, Orbital is well-positioned to capitalise on upcoming platform development cycles and fleet upgrade programs, and the potential increase in global defence spending.²

² *it is not possible to quantify the financial benefit (if any) that may be derived by the Company from any changes in market conditions and accordingly no forecast is made of whether it may be achieved in the future*



Recent New Business Activity

The Company is also pleased to announce the following “business as usual” outcomes have been achieved this week:

- The despatch of a single 50cc engine to Callen-Lenz (a new UK based customer) for initial performance testing and evaluation;
- The signing of an MOU on 14 August with Praetorian Aeronautics (an Australian based UAV manufacturer) for an on-site demonstration of the new 350cc engine for potential application for the Praetorian Venator UAV currently being developed; and
- The despatch today of the first 350cc prototype engine for initial performance testing and evaluation in Singapore.

-ENDS-

CONTACTS

Announcement authorised by:

Kyle Abbott

Non-Executive Chairman

Tel: +61 8 9441 2311

Email: contact@orbitalcorp.com.au

For further information, contact:

Mark Wege

CFO & Company Secretary

Tel: +61 8 9441 2315

Email: mwege@orbitalcorp.com.au

About Orbital UAV:

Orbital UAV provides integrated propulsion systems and flight critical components for tactical uncrewed 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.