Investor Presentation

14 November 2024

Not for release to the US wire services or distribution in the United States

Disclaimer

You must read the following notices before reading or making any use of this document or any information contained in this document. By continuing to read, use or otherwise act on this document, you agree to be bound by the following terms and conditions, including any modifications to them.

This presentation (**"Presentation"**) has been prepared by ***Orbital Corporation Limited (ACN 009 344 058) (ASX:OEC) ("Orbital"** or **"Orbital UAV"** or **"OEC"** or the **"Company")***. Orbital will be conducting a one for eight renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**"New Shares"**) at an issue price of A$0.11 per New Share (**"Offer Price"**) to raise gross proceeds of up to approximately A$2.0 million (**"Entitlement Offer"**). Under the Entitlement Offer, eligible shareholders (as detailed in the Entitlement Offer Booklet to be dispatched by Orbital) are entitled to acquire one New Share for every eight existing fully paid ordinary shares in the Company (**"Shares"**) held on the record date, being 4:00pm (Perth time) on 19 November 2024. New Shares issued under the Entitlement Offer will rank equally with existing Shares. Refer to the summary of the Entitlement Offer in Orbital's ASX announcement dated 14 November 2024 and the accompanying Entitlement Offer Booklet for further details on the Entitlement Offer.

Summary of information: This Presentation contains general and background information about Orbital's activities current as at the date of the Presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. The information in this Presentation should be read in conjunction with OEC's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, available at www.asx.com.au. The information in this Presentation is based on OEC's own information and estimates and has not been independently verified. OEC is not responsible for providing updated information and assumes no responsibility to do so, except to the extent required by applicable laws.

Not an offer: This Presentation is not a prospectus, product disclosure document or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and should not be considered as an offer, solicitation, inducement recommendation or an invitation to acquire securities in OEC or any other financial products and neither this document nor any of its contents will form the basis of any contract or commitment. Offers of securities in OEC will only be made in places in which, or to persons to whom, it would be lawful to make such offers. This Presentation must not be disclosed to any other person and does not carry any right of publication. This Presentation does not constitute an offer of Shares in any jurisdiction in which it would be unlawful***. In particular, this Presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted under "International Offer Restrictions" in Appendix B of this Presentation.*** This Presentation may not be released to U.S. wire services or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Not financial advice: This Presentation is not financial product advice, investment advice, legal, tax or other advice or a recommendation to acquire, hold or sell OEC securities. This Presentation has been prepared without taking into account the objectives, financial situation or needs of any particular recipient. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including, but not limited to, the assumptions, uncertainties, risks and contingencies which may affect future operations of OEC and the impact that different future outcomes may have on OEC. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. OEC is not licensed to provide financial product advice in respect of its securities or any other financial products. Cooling off rights do not apply to the acquisition of OEC securities. Each investor must make its own independent assessment of OEC before acquiring any securities in the Company.

Disclaimer

Investment Risk: An investment in OEC is subject to known and unknown risks, some of which are beyond the control of OEC, including possible loss of principal invested. OEC does not guarantee any return on investment, any particular rate of return or the performance of OEC, nor does it guarantee any particular tax treatment. ***Investors should have regard (amongst other things) to the risk factors outlined in this Presentation when making their investment decision. See the “Key Risks" in the Appendix A of this Presentation for certain risks relating to an investment in OEC.***

Forward looking statements: This Presentation contains certain forward looking statements including but not limited to projections, estimates, guidance on future revenues, earnings, the outcome and effects of the Entitlement Offer and the use of proceeds and the future performance of Orbital UAV. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", “will", "plan", "could", "may" "intends", "guidance", "project", "forecast", "target", "likely", “continue”, “objectives” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds, certain plans, strategies and objectives of management and expected financial performance. Any forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Orbital UAV and its officers, employees, agents, associates and advisers. This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Orbital believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied in such statements.

To the maximum extent permitted by law, Orbital UAV and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied as to the currency, accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence). Refer to ***the “Key Risks" in the Appendix A of this Presentation for certain risks relating to an investment in OEC***. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The forward looking statements are based on information available to Orbital UAV as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), Orbital UAV undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance: Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

ORBITAL® UAV

World leader in the design and manufacture of integrated engine systems for military drones*

(* Tactical Unmanned Aerial Vehicles ‘UAVs’)

At a glance

FY24 revenue $12.6M

Now producing 4 different engine models for 4 major clients

Orbital UAV's production expansion expected to double over the next 24 months

Primary Engine supplier to Textron Systems (Aerosonde 4.8 HQ) for supply to FTUAS program

DSO National Laboratories recent upgrade of initial orders now totals $7m in first 24 months of production cycle

Revenue forecast in line with previous financial year and on track to be debt free from January 2025

Orbital UAV export revenues

Sovereign capability and export revenue

Exporting

~$15m p.a[1]

To customers including:

[1] Average export revenue over last 3 years

FTUAS Program

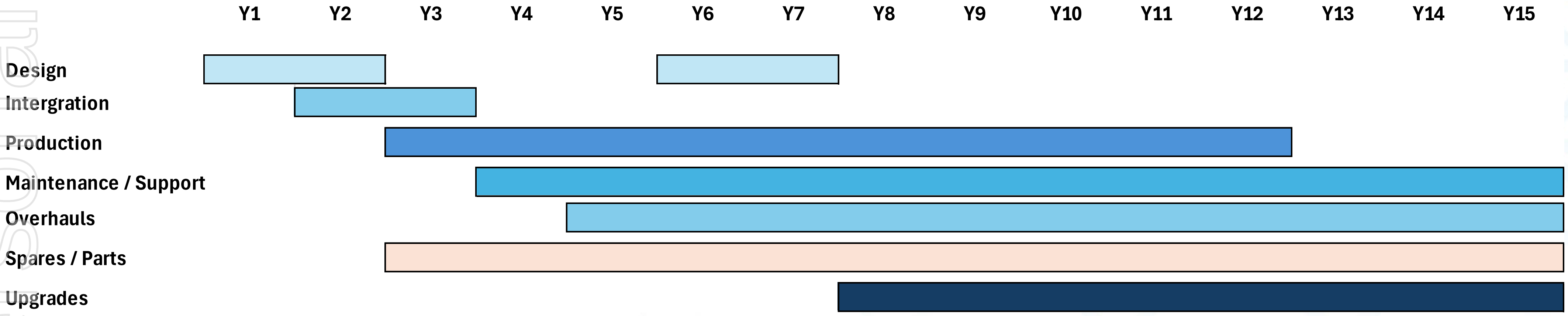
The US Army is replacing its tactical drone (Textron ‘Shadow’). The Shadow has been in operation over the last 15 years. The replacement is being evaluated under the Future Tactical Unmanned Air System program (FTUAS) and sees a transition from fixed wing systems to runway independent VTOL systems.

After 4 years of review and testing, two bidders remain. Orbital’s 150cc engine is the only heavy fuel solution available from the two remaining bidders and Textron is the incumbent supplier for UAS technology, parts, maintenance and upgrades. Orbital’s 150 HFE has successfully completed production readiness and the first 10 engines have been built and shipped to the client to demonstrate the advanced solution to the US Army.

The final contract award is due in Q4’FY25
Orbital expects pre-funding of volume orders by April 2025.
Initial volumes expected at 64 units pa before expansion into full rate production of up to 165 units pa

Size of the FTUAS Opportunity

- FTUAS represents annual engine sales & service support of between $15 - $25m p.a expanding the total contract value as more units enter service
- Service life of the Aerosonde HQ will be in the order of 10 to 15 years, leveraging Orbital’s support, maintenance and overhaul capabilities.
- Annual Overhauls, Support and Parts revenues expected to grow from $1.8m pa to $5.5m p.a in Y5 of the long-term contract



Propulsion Capabilities

Orbital has over 40 years experience in developing advance combustion engine solutions, and over 15 years experience in heavy fuel systems. Our technology has been proven in theatre with over 800,000 hours flight times recorded. After successfully producing two smaller engine models for Boeing Insitu for the previous 8 years, orbital now has an additional three Commercial Off the Shelf (COTS) engines available to address power output requirements ranging from 3hp to 250hp+.

New Engine development on the Orbital 350cc model has already garnered interest from DSO (Singapore) who have placed orders for 2 prototype units. There is also solid interest in a propulsion system of this size from other existing and prospective clients.

There is currently an unmet need in this UAV engine capacity across the globe. MTOW of up to 180kg enters a different class of system better suited to logistics solutions in both military and commercial settings. Orbital plans on being first to market with a multi-fuel, hybrid integrated and modular design to continue to lead the market in aerospace efficiency and durability.

CERTIFICATIONS & AWARDS

- ISO9001:2015
- ITAR compliant
- 52 global UAV patents
- Australian Defence Industry Awards 2020 – SME of the Year Award

Defence & UAV market

Expanding investments

Rising global Defence budgets

- In 2024, global defence spending is expected to reach record highs, with the United States leading the way at around US$967 billion (increase 5.5%)

Increased UAV adoption

- Worldwide UAV production forecast to increase at 9.9% CAGR
- UAVs becoming an increasingly strategic component within global defence forces Technological advancements has led to increased deployment in the field

Technological advancements require upgraded power train systems

- UAV manufacturers require advanced propulsion systems for increased payload delivery and extended durability
- European market is poised to assign considerable resources to security in region with ongoing conflicts

Strong Defence spending globally presents longer term growth opportunities

[1] Source: UAV Market Profile, Teal Group Corporation

Corporate overview

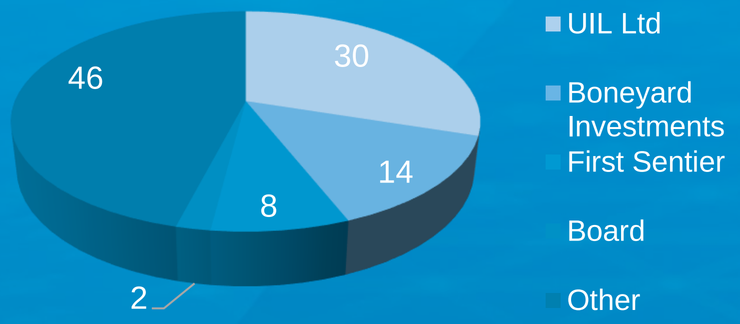
Share Capital *As at 12 November 2024*

Fully Paid Ordinary Shares	146.0M
Closing share price	$0.09
Market Capitalisation	$13.14m

Our FY25 Objectives

- Expand production
- Generate positive operational cashflows
- Investment in new engine development
- Repatriate key supply chain components

Top Shareholders



John Welborn
Chairman

- Appointed Chairman March 2015
- MD & CEO of Fenix Resources

Steve Gallagher
Non-Executive Director

- Board member since 2017
- 30 years experience as a CEO and director of global businesses

Kyle Abbott
Non-Executive Director

- Experienced aerospace and defence industry executive
- MD of WA Specialty Alloys 1996-2015

Grant Lukey
Non-Executive Director

- Experienced industry executive with PhD in minerals processing
- CEO & MD of Coogee Chemicals

Entitlement Offer Details

Entitlement Offer Structure	A one for eight renounceable pro rata entitlement offer of New Shares at an issue price of A$0.11 per New Share to raise gross proceeds of up to approximately A$2.0 million (before costs). The Entitlement Offer is underwritten and is available to eligible shareholders as detailed in, and subject to the terms and conditions of, the Entitlement Offer Booklet.
Offer Price	All Shares under the Entitlement Offer will be issued at $0.11, representing a 6% discount to the Company's 30 day VWAP.
Ranking	New Shares issued under the Entitlement Offer will rank pari passu with existing Shares
Underwriters	UIL Ltd Boneyard Investments
Director Participation	All Directors intend taking up their full entitlements
Record Date	19 November 2024
Indicative use of Proceeds[1]	• Working capital to reinforce balance sheet during production ramp-up period • 350cc Engine Development Program. New engine model designed to meet the market demand of 180kg MTOW. Orders for Prototypes already in hand. • Supply chain management. Reduce dependence on international suppliers (sovereign risk) and transition select components to internal supply and manufacture.
Further information	Refer to the Entitlement Offer Booklet and Orbital's other ASX announcements.

1. The above proposed use of net proceeds is indicative only and will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities and other factors relevant to the Board's discretion as to usage of funding. Due to market conditions and the development of new opportunities or any number of other factors (including the "Key Risks" in the Appendix A of this Presentation, actual use of net proceeds may differ significantly to the above estimates.

Appendices

(* Tactical Unmanned Aerial Vehicles 'UAVs')

Appendix A: Key Risks (1 of 7)

INTRODUCTION

This section discusses some of the risks associated with an investment in Orbital. Orbital's business is subject to a number of risk factors both specific to its business and of a general nature which may impact on its future performance. Before subscribing for New Shares, prospective investors should carefully consider and evaluate Orbital and its business and whether the New Shares are suitable to acquire having regard to their investment objectives and financial circumstances and taking into consideration material risk factors. The below list of risk factors ought not to be taken as exhaustive of the risks faced by Orbital or by investors in Orbital. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Orbital and the value of Shares. Please refer also to Orbital's previous ASX announcements.

Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares (including the New Shares). Potential investors should consider the investment carefully and should consult their professional advisers before deciding whether to apply for New Shares, or to otherwise trade in Shares.

RISKS SPECIFIC TO THE COMPANY:

Reliance on key contracts and relationships: The Company’s business relies on business relationships, including its relationships with its suppliers and key customers. For the Company’s financial year ended 30 June 2024, the Company’s long term agreement (**LTA**) with Boeing Insitu accounted for approximately 70% of the Company’s revenue. The LTA has now been completed and current year relationships anticipate that DSO National Laboratories and Textron Systems will become the key clients. Clients may terminate contracts the for convenience, default or force majeure. If any key contract is terminated, varied or not renewed, this may have a material adverse effect on the financial performance, financial position and/or reputation of the Company.

As at the date of this Presentation, other than as detailed in this document and in Orbital's other ASX announcements, Orbital is currently unaware of any reason for existing clients terminating their respective or indicative orders. There is a risk that clients may not request follow-on orders in future periods or existing agreement may not be renewed or replaced.

Reliance on key suppliers: The Company depends on key suppliers for the supply of critical and unique components for use in engines and engine management systems sold by the Company to its customers. There are also certain components for which Orbital has a single or limited source of supply. Accordingly, there is a risk that, if any of the Company’s key suppliers cease or reduce supply (or if a supplier fails to meet commercial and operational requirements), this could cause a disruption to the Company’s ability to deliver its products and consequently cause the Company to default on scheduled timing and obligations to provide engines and engine management systems. Key suppliers may become insolvent or cease operating for various other reasons. Supply chain interruptions have the capacity to adversely impact upon production forecasts and shipments and the Company's financial performance.

Moreover, the Company may have difficulty in sourcing alternative suppliers for certain components which are only available from a single source. The Company has undertaken supply chain initiatives to seek to de-risk supply interruptions. However, supply chain interruptions remain a risk item for the Company.

Further to this, there is a risk that, if any of the Company’s key suppliers increase prices, this could cause a disruption to the Company’s ability to deliver its products or adversely impact on the Company's financial results. The Company is seeking to manage this risk through, continuous cost control, alternative part sourcing where possible, price locks in critical supplier agreements, inventory (stock on hand), and annual sale price negotiation with key clients.

Appendix A: Key Risks (2 of 7)

Manufacturing facilities: The Company operates from aerospace manufacturing facilities. The Company is reliant on third parties in relation to the supply of parts and the ongoing maintenance, repair and calibration of such facilities or their replacement in case of catastrophic failure. If the Company is unable to source suitable equipment and parts, or is unable to procure parts and services within the required lead times, its ability to perform existing contracts or commence new contracts may be adversely affected. The performance of contractual obligations is dependent on the continued availability of facilities in working order with sufficient capacity to meet demand and design specifications.

Industry cycle: The Company currently operates predominantly in the aerospace sector. The level of activity in this sector will be influenced by external factors including supply and demand, exchange rates, competitiveness of manufacturing operations and technology and availability and cost of key resources including people, equipment and critical consumables (among other things). Variations in such factors, which are beyond the control of the Company, may have an adverse effect on future operating results of the Company.

Future Performance: There is no guarantee that the Company will receive future revenues in line with its forecasts. Further, the Company gives no guarantee of whether it will become profitable, including following the Entitlement Offer.

Occupational Health and Safety Risks: Manufacturing activities may expose the Company's staff to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Company's employees suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Company's business and reputation

Organisational Capability Risks: The Company must effectively manage the Company's skills, knowledge and resources to provide quality products to its customers. The Company has taken measures to address these threats to seek to mitigate risks to organisational capability, such as a focus on technological innovation, in house and external training, succession planning and employee incentive plans for the grant of performance rights, options and/or Shares to eligible employees that meet pre-determined benchmarks.

Uncertainty of market acceptance: The Company develops technology for use by customers in the aerospace and defence sectors. It is not yet known whether the Company's technology and products (including engines, and engine management systems, for tactical UAVs) will be widely accepted in the market or the rate of any market acceptance. The degree of market acceptance will depend on a number of factors, including the establishment and demonstration of the need, safety, efficacy and cost-effectiveness of the Company's technology and products, and the technology's advantages over existing technologies. The Company cannot be certain that current levels of spending by its key customers will be maintained, that its existing customer contract will be renewed or that the Company will win contracts from other customers. For example, Orbital cannot confirm whether it will ultimately receive contracts for the sale of its products to Textron Systems, to DSO National Laboratories or to Dynamatic Technologoies mentioned in Orbital's ASX announcements.

Product faults and research and development: There is a risk of the engines and engine management systems sold by the Company being faulty or otherwise breaching product specification requirements and contractual obligations. These matters could adversely affect the Company's financial performance, financial position and reputation. Orbital's business activities and operations involve research and development, which has inherent risk, such as infringing third party intellectual property, non-compliance with laws and potentially wasted resources.

Insurance: The Company has taken out insurance to seek to cover its current business operations. However, the Company's insurance policies, in some circumstances may not provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Disputes: The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, competitors, regulators, partners, distributors, customers, suppliers, directors, officers and employees, and service providers. The Company may incur substantial costs in connection with such disputes.

Reliance on key personnel: The Company's success depends to a significant extent upon key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could materially adversely affect the Company and its activities.

Appendix A: Key Risks (3 of 7)

Intellectual property protection: The Company principally relies upon patents, trade secrets, copyright and contract law to protect its intellectual property in its proprietary technology. The protective measures taken by the Company may not be adequate to protect its intellectual property in its proprietary technology. Many of the laws of foreign countries treat the protection of proprietary rights differently from, and may not protect proprietary rights to the same extent as do, laws in Australia. In addition, the laws of many countries, including Australia, provide governments with the ability to control or restrict the export of defence-related technologies and products developed from such technologies. Patent matters involve complex legal and factual questions. Accordingly, the Company cannot predict the availability and breadth of claims sought in relation to patents applied for. Statutory differences in patentable subject matter between countries may limit the protection the Company can obtain for some of its inventions, or prevent it from obtaining patent protection, in some countries. Additionally, the enforceability of a patent is dependent on a number of factors, which may vary between jurisdictions. These factors may include the novelty of the invention, the requirement that the invention not be obvious, the utility of the invention, the extent to which the patent clearly describes the best method of working the invention, and whether the patent's claims are fairly based on its specification.

The Company has obtained and continues to seek patent protection for its technology. Furthermore, the Company cannot be certain that patents held by third parties will not prevent the commercialisation of products incorporating its technology or that third parties will not challenge or seek to narrow, invalidate or circumvent any of its issued, pending, or future patents. The Company may need to litigate to enforce patents, or to determine the scope and validity of third party proprietary rights. It is possible that the Company could incur substantial costs and be diverted from its efforts to commercialise products. The Company relies on unpatented trade secrets, know-how and proprietary technological innovation and expertise, which are protected, in part, by confidentiality. There is a risk of the loss of that confidentiality or of other events occurring which may compromise the Company's competitive position.

Development timeline: In specialised fields such as engine development, unanticipated issues may arise for which it is not possible to expediently solve the issue or obtain the appropriate expertise. Design and construction of the Company's engine models may be slower than expected, due to the novelty of the design, lack of experience in its construction, or other factors. However, the Company has established processes for the control and traceability of all products and consumables to mitigate this risk.

Competing technologies: The aerospace industry market is highly competitive and can be subject to significant technological change. Large, well-established aerospace companies are engaged in research and development and have considerably greater resources than the Company to develop applications for aerial surveillance technology. The aerospace industry market is characterised by changing technology, evolving industry standards, introductions and enhancements and changing customer demands. Normal business risks associated with the current state of market conditions for the aerospace industry and possible change in customer requirements which cannot reasonably be foreseen are a significant risk for the Company. Accordingly, the Company's success may depend on its ability to adapt to change.

The Company's commercial success depends in part upon whether its products can compete successfully against both existing and new engine technologies, including new technologies that are similar to the Company's technologies. The Company's products may not be able to compete in the market and they may become obsolete.

Adverse events involving facilities, technology or products: Any technology that involves tactical UAVs presents a risk of catastrophic failure and other adverse events occurring. Any accident or failure involving the Company's technology, products or facilities, whether during manufacture or in use by the Company or its customers, and whether being used in the correct manner or not, could damage the Company's reputation and marketing ability and expose the Company to the risk of litigation, legal penalties and other adverse impacts, such as in relation to loss of life, property damage, spillage of toxic substances and other environmental pollution.

Appendix A: Key Risks (4 of 7)

Government regulation: The Company develops products for use in the aerospace and defence sectors, which are subject to extensive regulation. Products manufactured using the Company's technology may also be subject to government regulation, including regulations governing use, specification, manufacture, handling, disposal, packaging, labelling, transport and import/export in Australia and in each of the countries into which such products are exported. Failure to comply with government regulations could result in the Company being unable to sell its products in those jurisdictions. Further, the withdrawal of any regulatory permits or exemptions currently enjoyed by the Company could have a material adverse effect on the Company and its activities.

Contract negotiation: The Company depends on contracts and memoranda of understanding (MOU) to grow its business. A failure to negotiate contracts and MOUs effectively could threaten the Company's success. Poor negotiations by the Company may mean that contractual obligations are not achieved due to onerous terms and conditions imposed by customers and contractual obligations not being adequately controlled with suppliers. To mitigate this risk, all significant contracts and agreements are reviewed and approved by multiple senior executives of the Company. Additionally, executives are empowered to engage external legal counsel to assist in the review and negotiation of complex / high-value agreements.

Obtaining sufficient funding: The Company requires significant capital amounts to conduct its business. In the past, these costs have been paid with a combination of operating revenues, equity injections, debt and other financing. However, there can be no assurance that the Company will have sufficient operating revenues to fund future costs or that outside financing will be available at affordable prices, or at all. A failure to obtain sufficient financing for ongoing costs could prevent the Company from carrying out business plans on time and give an advantage to competitors with greater financial resources. A shortage of financing may cause long delays in, or prevent, the further development and commercialisation of the Company's technology, and customers could choose to use competing technologies. This could have a material adverse effect on the Company's business, results of operations and financial position.

Foreign currency: Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate as a result of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to the Company's operating activities, in which sales and purchases are denominated in foreign currencies. Orbital is specifically exposed to currency risk on financial assets and liabilities held in the United States of America. Orbital's expenditure obligations in America are primarily in the United States Dollar and as a result Orbital is exposed to fluctuations between the United States Dollar and the Australian dollar. Orbital is also exposed to foreign exchange risk arising from the translation of its operations in the United States. The Company manages its exposure to foreign currency risk by regularly monitoring and performing sensitivity analysis on the Company's financial position and performance as a result of movements in foreign exchange rates. The Company holds bank accounts in foreign denominated currencies which are converted to Australian dollars through rate orders for targeted exchange rates. The Company has foreign currency hedging facilities available as part of its bank facilities. Currently the Company does not directly hedge against its foreign currency exchange risk to a material extent. There is a risk that the Company's financial performance and financial position may be adversely impacted by fluctuations in currency exchange rates.

Orbital is also exposed to variability in foreign exchange rates due to the material value of sales revenue invoicing being denominated in USD, whilst the Australian operating entity represents a material cost base denominated in AUD with obligations such as payroll, inventory purchases and operating overheads. The operating risk is a loss in AUD due to exchange rate fluctuations (USD:AUD), with an adverse impact on cash flow.

Appendix A: Key Risks (5 of 7)

Liquidity risk management: Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay financial liabilities as and when they fall due. The liquidity position of the Company is managed to seek to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost effective manner. The Company's liquidity position is managed by the Board of Directors who regularly review cash flow forecasts prepared by management, which includes the Company's short and long-term obligations, cash position and forecast liability position to maintain appropriate liquidity levels. A reduction in the Company's working capital threatens the Company's ability to manufacture and develop its products and its financial position. The Company aims to address this risk through optimised supplier delivery and payments, effective inventory management, seeking to ensuring customer receipts are returned on time and oversight of the effect of delays in project deliverables (although there are no guarantees such efforts will succeed).

Interest rate risk management: Interest rate risk is the risk that the Group's financial position will fluctuate due to changes in the market interest rates. The Company's exposure to market interest rates relates primarily to the Company's cash and term deposits with financial institutions. The primary goal of the Company is to maximise returns on surplus cash, using deposits with maturities of 90 days or less. Management continually monitors the returns on funds invested.

Credit risk management: Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating and investing activities, including trade receivables and short-term deposits with financial institutions. The significant concentration of credit risk within the Company relates to receivable balances from the Company's major customer, Insitu.

It is Company policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

Key individual customer receivable balances are monitored on an ongoing basis. The significant concentrations of credit risk within the Company relate to receivable balances from the Company's major customer and cash held with investment grade financial institutions. The investment of surplus cash in short-term deposits is only invested with a major financial institution to minimise the risk of default of counterparties.

Capital risk management: When managing capital, management's objective is to ensure the entity continues as a going concern. In order to maintain or adjust the Company's capital structure from time to time, the Company may issue new shares (in addition to the Entitlement Offer) or other securities or borrow funds.

Product liability exposure: There is no assurance that unforeseen adverse events or manufacturing defects will not arise in the Company's products. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages and other remedies being awarded against the Company. There is also a risk of the Company failing to deliver on customer contract technical requirements. In such events, the Company's liability may exceed the Company's insurance coverage, if any.

Cyber Security: The Company relies heavily on its information technology systems including its networks, equipment, hardware, software, telecommunications and other information technology, including in the engines and engine management systems sold by the Company, (collectively, (IT systems), and the IT systems of third-party service providers, to operate its business as a whole. The Company's operations depend on the timely maintenance, upgrade and replacement of its IT systems, as well as pre-emptive efforts to mitigate cybersecurity risks and other IT system disruptions. IT systems are subject to an increasing threat of continually evolving cybersecurity risks from sources including computer viruses, cyber-attacks, natural disasters, power loss, defects in design, security breaches and other manipulation or improper use of the Company's systems and networks, resulting in, among other things, unauthorized access, disruption, damage or failure of the Company's IT systems (collectively, IT Disruptions). Although to date the Company has not experienced any material data losses or financial impost relating to such IT disruptions, there can be no assurance that it will not incur such losses in the future. The occurrence of one or more IT Disruptions could have effects such as damage to the Company's products and equipment, manufacturing downtimes, operational delays, destruction or corruption of data, increases in capital and operating expenditures, loss of assets, expensive remediation efforts, distraction of management, damage to the Company's reputation or events of noncompliance which could lead to regulatory fines or penalties or ransom payments. Any of the foregoing could have a material adverse effect on the Company's results of operations and financial performance.

Appendix A: Key Risks (6 of 7)

Climate change risk: Climate change is a risk the Company has considered, particularly related to its operations in the aerospace industry. The emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation may adversely impact the Company and its business. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company and its operations will not be impacted by these occurrences. Climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industries in which the Company operates and materially adversely affect the value of Shares. Insurance cover availability against the risks of climate change is subject to the similar conditions and restraints noted above.

Control risks: UIL Limited and its associates (together the **UIL Parties**) currently hold voting power in approximately 30.0% of the Shares in the Company.

The potential consequences of the effect which the issue of New Shares pursuant to the Entitlement Offer may have on the control of the Company is that the UIL Parties may increase their abilities to influence the composition of the Company's board and the Company's management and strategic direction and to impact the outcome of resolutions of shareholders of the Company. The UIL Parties' interests may not align with those of all other OEC shareholders. The UIL Parties hold voting power in more than 25% of the Shares in the Company. This means that they have the ability to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution).

Additional requirements for capital: The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts proposed to be raised under the Entitlement Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

If Orbital is unable to successfully complete the Entitlement Offer, the Company may have to consider alternative funding options for the purpose of funding the Company's ongoing operations, which may or may not be available on acceptable terms or may result in dilution to OEC shareholders.

GENERAL RISKS:

Economic Risks and Market Conditions: Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of the Company's shares regardless of the Company's operating performance. Factors that may contribute to that general economic climate include, but are not limited to:

- the level of direct and indirect competition against the Company and demand for the Company's products;
- general economic conditions;
- uncertainty in the Australian, US (and global) economies or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- increases in expenses (including the cost of goods and services used by the Company and general commodity prices);

Appendix A: Key Risks (7 of 7)

- changes in government policies, taxation and other laws (including variations to existing taxes and the introduction of new taxes;
- the strength of, and fluctuations in, the equity and share markets in Australia and throughout the world;
- movement in, or outlook on, exchange rates, interest rates and inflation rates;
- industrial disputes in Australia and overseas;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- natural disasters, social upheaval, terrorism or war.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor its Directors warrant the future performance of the Company or any return to OEC shareholders.

Litigation Risks: The participation by the Company in the aerospace industry may expose the Company to possible litigation risks, including (without limitation) customer claims, environmental claims, occupational health and safety claims and employee claims. The Company may also be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not presently involved in material litigation and the Company's Directors are not aware of any basis on which any material litigation against the Company may arise.

Taxation and government regulations: Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

Risks associated with an investment in shares: As with all stock market investments, there are risks associated with an investment in Orbital. Securities listed on the ASX have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Orbital shares regardless of Orbital's performance. There is no assurance that the price of Shares will increase in the future. The price of Shares might trade below or above $0.11, being the offer price for the New Shares.

Unforeseen Expenses: While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Broader General Risks: There are also a number of broader general risks which may impact the Company's performance. These include (without limitation):

- abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, terrorism, infrastructure failure or industrial disruption; and
- higher than budgeted costs associated with the provision of product and service offerings.

Accounting standards: Australian accounting standards are set by the Australian Accounting Board and are outside of Orbital's control. Changes to accounting standards could materially adversely affect the financial performance and position reported in Orbital's financial statements.

Appendix B: International Offer Restrictions (1 of 1)

This document does not constitute an offer of Entitlements and New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Bermuda: No offer or invitation to subscribe for Entitlements and New Shares may be made to the public in Bermuda. The Entitlements and New Shares will be offered in Bermuda only to existing shareholders of the Company. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for Entitlements and New Shares.

Malaysia: No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to the offer of Entitlements and New Shares. The Entitlements and New Shares may not be offered, sold or issued in Malaysia except to existing shareholders of the Company. Any Entitlements and New Shares not taken up under the entitlement offer may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, pursuant to Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act 2007.

New Zealand: The Entitlements and New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021. The Entitlements are renounceable in favour of members of the public.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Germany: This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Entitlements and New Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Entitlements and New Shares in Germany is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.