ORBITAL UAV

Orbital Corporation Limited Business Overview

August 2025

Executive Summary

- Orbital supply Group 2 & 3 UAV propulsion systems – <u>not</u> Drones
- These UAV's have take-off weights up to 600kg and wing spans up to 10 metres
- Mission profiles are usually surveillance & reconnaissance – flight & loiter time of up to 12 hours @ 20,000 feet
- Proprietary & patented technology for 2-stroke heavy fuel direct air injection and associated engine management system
- 30 patents with an average remaining life of 12 years
- The global UAV market is evolving:
    - Increased payload demands requiring higher powered propulsion systems
    - VTOL configurations requiring in-flight charging of VTOL batteries
    - BVLOS regulations driving increased requirements for system safety & reliability (both FAA in US & CASA in Australia)
    - US Army desire to invert the current 90% crewed / 10% uncrewed aircraft ratio

Executive Summary (cont…)

- Orbital product range includes multiple engine capacities from 50cc through to 350cc plus engine management and electrical power management systems to meet the evolving market needs
- Orbital heavy fuel technology outperforms gasoline engine performance at high altitudes – more reliable engine systems with better performance and fuel efficiency
- Military operations mandate the use of heavy fuel (single fuel policy)
- Orbital heavy fuel engines have accumulated over 1.2 million hours of flight time in military operations with Tier 1 OEM's including Boeing subsidiary Insitu and Textron Systems
- Group 2 & 3 UAV mission profiles cannot be supported by battery powered engines
- Existing "mothballed" US facility can be re-activated as required to meet any further US regulatory changes on local content
- FY24 revenues of $8.2 million and 56 employees. Current order book of $6.2 million.
- Customer base in the US, South-East Asia, Asia Pacific Region, India & Europe.
- New management team to lead business transformation

Key Executive Team

Stephen Pearce
Chief Executive Officer

Stephen is an internationally renowned aviation expert with over 35 years of experience in commercial and military aircraft design and production.

In the past 15 years, he has held executive positions at multiple global aerospace companies, managing and delivering major airframe projects.

Mark Wege – CFO & Company Secretary

Mark is a highly experienced senior executive with a strong background and 35 years of experience across global manufacturing, engineering, research & development and automotive industries.

Mark is skilled in strategic planning, financial management & analysis, contract negotiation and stakeholder management.

Steve Osborne
BD Manager US & Europe

Steve is a highly experienced aerospace executive with over 30 years in global defence

Steve has held senior leadership roles with BAE Systems, leading major international campaigns for the Eurofighter Typhoon and Hawk fighter aircraft.

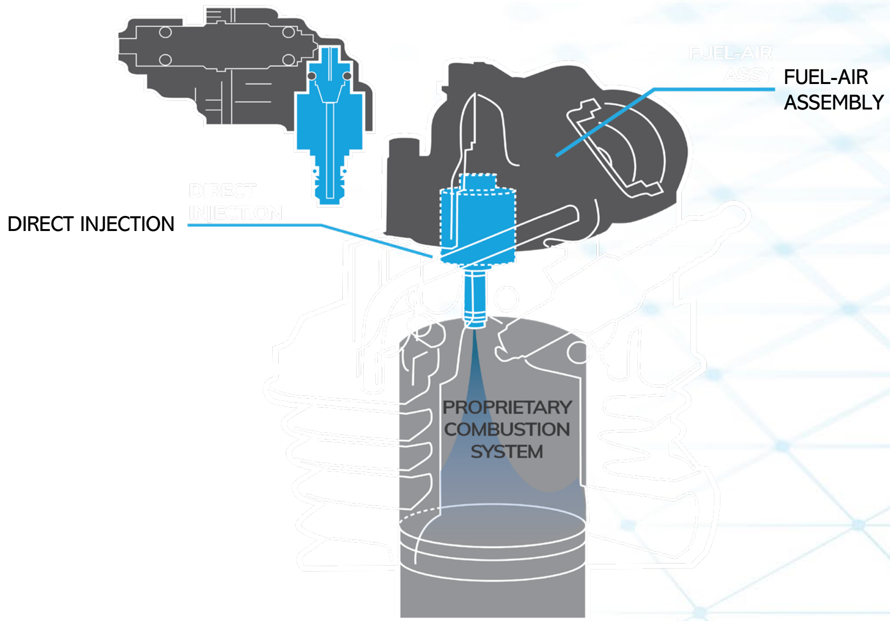
Steve is based in Dallas, Texas

Rob Sharples
Head of Engineering

Rob is a Chartered Engineer and accomplished business executive with over 30 years of international experience in automotive engineering, manufacturing and program delivery.

He has deep expertise in powertrain design and product development processes for global markets.

Patented Technology



Air-assist Direct Injection System:

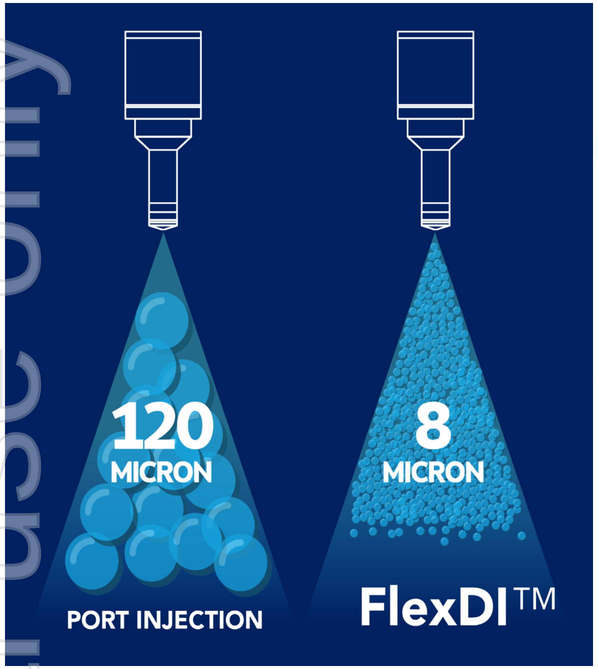
- Spray-guided direct fuel injection system
- Independent fuel metering & direct injection events
- Injected air atomizes fuel

Advanced Engine Management System:

- Intelligent electronic propulsion management system
- Hardware designed and validated for aero applications
- Black-box logging
- Fault monitoring and "return to base" logic
- Advanced control strategies for UAV applications:
  - Anti-stall
  - Power management
  - Speed control
  - Engine protection

➢ **Delivers extremely efficient performance in fuel delivery and engine control**

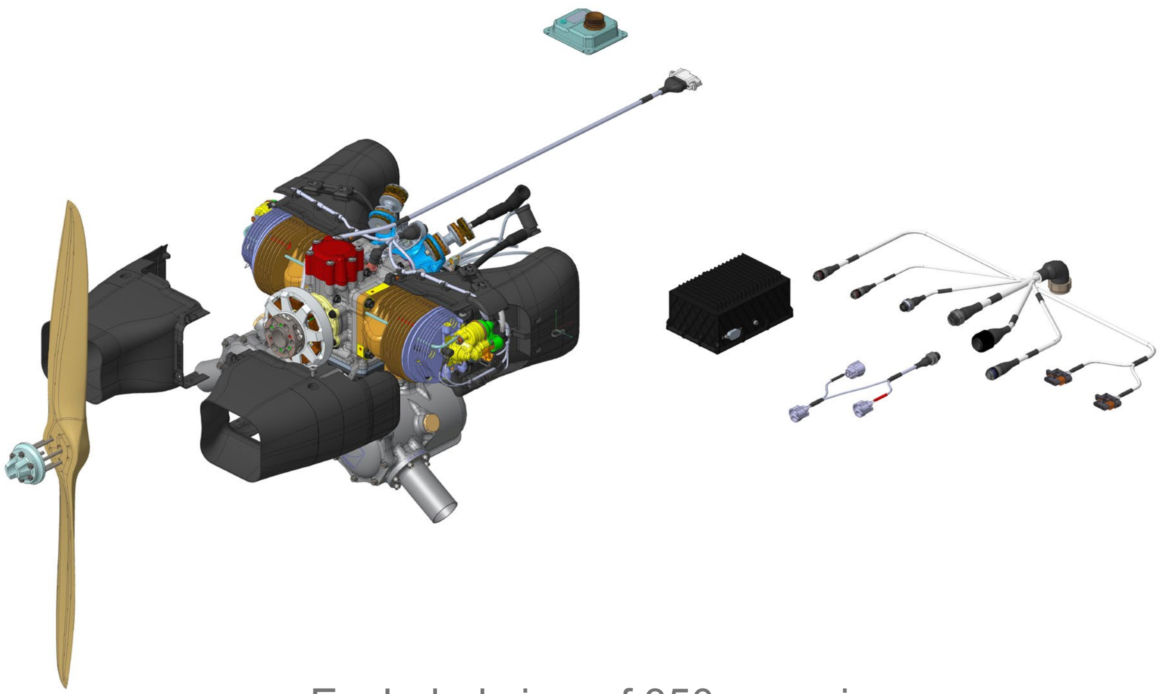
Orbital’s technical differentiator



- Lean/stratified operation for highly tolerant combustion system
- Highly atomized fuel spray for best in the world fuel preparation promoting efficient and clean combustion
- Advanced control strategies for automatic compensation for altitude & other operating environmental variables
- Multi-fuel capable: Gasoline, JP5, JP8, Jet A
- Up to 40% more fuel efficient than direct fuel injection
- Battery power systems are not scaleable for Group 2 & 3 UAV’s with long mission profiles
- 30 patents covering engine hardware (17) and engine control systems (13) with an average remaining patent life of 12.5 years
- Integrated engine management and electrical power management systems available

Scope of Supply – Full System

- The Integrated Propulsion System (IPS) comprises:
  - 2 Cylinder boxer engine, multi fuel capable
  - Direct injection compressor
  - Direct injection fuel rail
  - Engine Mufflers tuned for performance and noise attenuation
  - Propellor hub and propellor selection for optimised aircraft performance
  - Cooling shrouds for thermal management in flight
  - Electrical System, EMC/EMI compatible
  - Engine Control Unit
  - PMU stator/rotor and associated control unit
  - Engine and airframe wiring harness
  - Fuel and oil delivery system



Exploded view of 350cc engine

New US Drone Dominance Policy

ORBITAL UAV

U.S. Drone Dominance Policy Executive Order 14307 (June 2025)

- Mandates domestic UAV production, Commercial UAV BVLOS expansion (FAA rules by Dec 2025), and secure supply chains (ban on adversary-state vendors by Sept 2025) — backed by USD 150 Billion in U.S. UAV funding through to 2032
- Market Impact: Unlocks demand across defence and commercial drones — USD 47 Billion combat replaceable UAV's (2025-32), USD 107 Billion commercial UAVs (rule-driven growth post-2025) & USD 10 billion logistics in hostile environments (by 2030)
- Orbital Advantage:
  - U.S. manufacturing capability is in place
  - Aligned to Blue UAS compliance (list updates start Sept 2025, monthly thereafter)
  - Existing Tier 1 OEM military customers and proven track-record position Orbital for early contracts and long-term growth

The UAV Years

ORBITAL UAV

A demonstratable acceleration of momentum over the past 2 years:

2011 – Design of engine for Lycoming for the Textron Aerosonde 4.7 (75cc)

2016 – Commenced engine supply for Boeing Insitu Scan Eagle (50cc)

2020 – Supply of engines for HiTaco UAV platform in Vietnam (75cc)

2021 – Commenced development program for Textron Aerosonde 4.8 (150cc)

2022 – Commenced development program for DSO Singapore (150cc)

2024 – Commenced development program for Dynamatic Cheel UAV India (150cc)

2025
- Commenced development program for Textron Aerosonde 4.7 power upgrade (75cc)
- Signed MOU with Pretorian (Australia) for supply & testing of 350cc engine
- Delivery of prototype engine for DSO Veloce 150 UAV (350cc)
- Delivery of test engine for Callen-Lenz (subsidiary of BAE Systems)

2016: 1 customer and 1 engine → 2025: 7 customers and 4 engines

Go To Market Strategy

- **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.
- Mission-Ready Engines **(New for 2025)** – 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.
- In-Service Support Expansion **(New for 2025)** – 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 are aspirations of the Company, not forward-looking statements. The Company does not yet have reasonable grounds to believe this strategy can be achieved 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.*

Facilities Overview

Australian Facility (Perth)

- 55 Employees
- 16x Engine Test cells
- Production capacity of 600+ engines per annum
- Metrology laboratory
- Highly Accelerated Stress Screening (HASS)
- Internal Machine shop (prototyping & internal manufacture)

USA Facility (Hood River, Oregon)

- Currently mothballed
- 2x Engine Test cells (pre delivery acceptance)
- Production capacity of 240+ engines per annum
- Metrology laboratory
- Leased (with options) to 2033
- Currently sub-leased (full cost pass-through)

Use of Funds

Business Development

Additional BD resource for the US & Europe markets, including updated website and marketing materials (including fully built engine samples) and attendance at key global trade shows to **increase exposure to the Company's technology and product range**

Internal Manufacture & Supply Chain

Investment to increase our internal manufacturing capability in Perth or offshore (noting that there are Defence Industry grants available to offset up to 50% of the investment in Australia) with a focus is on **de-risking the supply chain and reducing both lead time and component costs**

Facility & Equipment Upgrades

Upgrades to exiting test cells and production facilities (noting that there are Defence Industry grants available to offset up to 50% of the investment in Australia) to reduce set-up & change over times to **reduce cost and expand R&D capability & increase production capacity**

FY25 Results Guidance (Unaudited)

ORBITAL UAV

	30 June 2024 ($000 audited)	30 June 2025 ($000 unaudited)
Revenue – production	8,653	5,521
Revenue – engineering services	3,456	1,321
Revenue – spares & service	457	1,388
Total Revenue	**12,566**	**8,230**
EBITDA (excluding non-cash write-downs) [1]	(484)	(2,462)
Net Profit After Tax	67	(4,297)

[1] Non IFRS measurement which includes non-cash amortisation and re-statement of provisions against inventory and future product warranty obligations. The Financial statements are in the process on being audited.

- The reduction in revenue from FY24 to FY25 was a result of the reduction in deliveries to Boeing Insitu
- In FY24 a total of 78 engines were delivered to Boeing Insitu (nil in FY25)
- In FY25 a total of 53 engines were delivered for new programs for DSO (Singapore) & FIPL (Vietnam)
- FY24 engineering services revenue included the DSO Singapore 150cc integration program which converted to production in FY25
- Due to the uncertainty of the US Department Defence decision timetable on future UAV orders per the US Drone Dominance Policy (EO 14307), the Company is unable to provide guidance on FY26 financial forecasts

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Appendices

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 Placement.

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 Technologies 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)

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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 Placement) 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 33% of the Shares in 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 Placement. 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 Placement, 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);
- 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;

Appendix A: Key Risks (7 of 7)

- 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.

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.

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