



## **ORBITAL CORPORATION LIMITED**

**ACN 009 344 058**

### **RENOUNCEABLE ENTITLEMENT OFFER BOOKLET**

**For a renounceable pro-rata entitlement offer on the basis of one New Share for every six Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.50 per New Share, to raise up to approximately \$6.5 million (before costs).**

**THE ENTITLEMENT OFFER OPENS ON WEDNESDAY, 27 OCTOBER 2021 AND CLOSSES AT 2:00PM (PERTH TIME) ON FRIDAY, 5 NOVEMBER 2021. VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**PLEASE READ THE INSTRUCTIONS IN THIS ENTITLEMENT OFFER BOOKLET AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE ENTITLEMENT OFFER.**

**THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER.**

**THIS ENTITLEMENT OFFER BOOKLET IS NOT A PROSPECTUS. IT DOES NOT CONTAIN ALL OF THE INFORMATION THAT AN INVESTOR WOULD FIND IN A PROSPECTUS OR WHICH MAY BE REQUIRED IN ORDER TO MAKE AN INFORMED INVESTMENT DECISION REGARDING, OR ABOUT THE RIGHTS ATTACHING TO, THE NEW SHARES OFFERED BY THIS ENTITLEMENT OFFER BOOKLET.**

**AN INVESTMENT IN THE SECURITIES OFFERED UNDER THIS ENTITLEMENT OFFER BOOKLET SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE.**

*This Entitlement Offer Booklet may not be released to U.S. wire services or distributed in the United States. Outside Australia, this Entitlement Offer Booklet may be distributed only to existing shareholders with registered addresses in Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore and the United Kingdom.*

## IMPORTANT NOTICES

### General

The Entitlement Offer is being made pursuant to provisions of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows entitlement offers to be made without a prospectus. This Entitlement Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to carefully read and understand the information on Orbital Corporation Limited ACN 009 344 058 (**Orbital** or **Company**) and the Entitlement Offer made publicly available, prior to accepting all or part of your Entitlement, applying for Shortfall Shares, trading in all or part of your Entitlement or doing nothing in respect of your Entitlement. In particular, please refer to this Entitlement Offer Booklet, Orbital's half year and annual reports, Appendices 4D and 4E and other announcements lodged with the Australian Securities Exchange (**ASX**) (including announcements which may be made by Orbital after publication of this Entitlement Offer Booklet).

By receiving this Entitlement Offer Booklet, you will be taken to have acknowledged and agreed that:

- determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Orbital;
- Orbital and each of its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law; and
- the information in this Entitlement Offer Booklet remains subject to change without notice.

### Future performance and forward looking statements

This Entitlement Offer Booklet contains certain forward looking statements including but not limited to projections, guidance on future revenues, earnings, estimates, the outcome and effects of the Entitlement Offer and the use of proceeds and the future performance of Orbital. 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, expected financial performance and Orbital's debt arrangements. Any forward looking statements, opinions and estimates provided in this Entitlement Offer Booklet 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 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 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. Except as required by law or regulation, Orbital undertakes no obligation to update these forward-looking statements whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, Orbital 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" section of the Investor Presentation in Section 4 of this Entitlement Offer Booklet for a summary of certain risk factors that may affect Orbital. 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 as at the date of this Entitlement Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), Orbital undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

## **Financial information**

All financial information in this Entitlement Offer Booklet is in Australian dollars (\$) or A\$) unless otherwise stated. For more detail, please refer to this Entitlement Offer Booklet, Orbital's half year and annual reports, Appendices 4D and 4E and other announcements lodged with the Australian Securities Exchange (**ASX**) (including announcements which may be made by Orbital after publication of this Entitlement Offer Booklet).

## **Past performance**

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future Orbital performance including future share price performance.

## **Foreign Acquisitions and Takeovers Act**

For the purposes of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), the Company is a "national security business". As such, any proposed investment in the Company by an applicant for New Shares who is a "foreign person" or a "foreign government investor" for the purposes of the FATA may have additional compliance requirements under the FATA. Please refer to Section 6.1 for further information. It is the responsibility of each applicant to confirm whether the FATA applies to them before accepting the Entitlement Offer, acquiring additional Entitlements (given the Entitlement Offer is renounceable) and/or applying for Shortfall Shares and to comply with the FATA.

## **Foreign Jurisdictions**

The information in this Entitlement Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia.

The distribution of this Entitlement Offer Booklet (including an electronic copy) outside of Australia may be restricted by law. If you come into possession of this Entitlement Offer Booklet, you should observe such restrictions, including those set forth in Section 6.17 and in the "International Offer Restrictions" section of the Investor Presentation that is included in this Entitlement Offer Booklet.

Because of legal restrictions, you must not send copies of this Entitlement Offer Booklet or any material in relation to the Entitlement Offer to any person outside Australia. Failure to comply with these restrictions may result in violations of applicable securities laws.

See Section 6.17 for further information.

## **No offer in the United States**

This Entitlement Offer Booklet, any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares may only be offered and sold outside the United States in "offshore transactions" in reliance on Regulation S under the US Securities Act. None of the Entitlement Offer Booklet, any accompanying ASX announcements or the Entitlement and Acceptance Form may be distributed in the United States.

## **Speculative investment**

An investment in New Shares should be considered highly speculative. You should read this Entitlement Offer Booklet and the Company's ASX announcements (including announcements which may be made by Orbital after publication of this Entitlement Offer Booklet) carefully before deciding whether to invest.

This Entitlement Offer Booklet does not take into account the investment objectives, financial or taxation or particular needs of any applicant. Before making any investment in the Company, each applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

### **Website**

No document or information included on the Company's website is incorporated by reference into this Entitlement Offer Booklet.

### **Times and dates**

Times and dates in this Entitlement Offer Booklet are indicative only and subject to change. All times and dates refer to Perth, Australia time. Refer to Section 1 "Indicative Timetable" of this Entitlement Offer Booklet for more details.

### **Currency**

Unless otherwise stated, all dollar values in this Entitlement Offer Booklet are in Australian dollars (\$ or A\$).

### **Rounding**

Any discrepancies between totals and sums and components in tables contained in this Entitlement Offer Booklet are due to rounding.

### **Glossary**

Defined terms and abbreviations used in this Entitlement Offer Booklet are detailed in the glossary of terms in Section 7.

### **Trading New Shares**

Orbital will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Orbital or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional adviser.

Refer to the "Section 6 "Important Information" for details.

### **Is this booklet relevant to you?**

This Entitlement Offer Booklet is relevant to you if you are an Eligible Shareholder.

In this Entitlement Offer Booklet, references to "you" are references to Eligible Shareholders and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders.

Eligible Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 4:00pm (Perth time) on Friday, 22 October 2021;
- have a registered address, on the Orbital share register, in Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or disclosure document to be lodged or registered.

Refer to Section 6 "Important Information" for further details.

## CORPORATE DIRECTORY

### Directors

Mr John Welborn – Non-Executive Chairman

Mr Todd Alder – Managing Director and Chief Executive Officer

Mr Steve Gallagher – Non-Executive Director

Mr Kyle Abbott — Non-Executive Director

### Chief Financial Officer & Company Secretary

Mr David Bonomini

### Registered Office

4 Whipple Street Balcatta  
Balcatta WA 6021  
Telephone: +61 (08) 9441 2311  
Website: [www.orbitaluav.com](http://www.orbitaluav.com)

### Auditor\*

PricewaterhouseCoopers  
Level 15, 125 St Georges Terrace  
Perth WA 6000

**ASX Code:** OEC

### Share Registry\*

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Phone (within Australia): 1300 853 816  
Phone (outside Australia): +61 1300 853 816

### Website

[www.orbitaluav.com](http://www.orbitaluav.com)

Corporate information and the Orbital Annual Report can be found via the Orbital website at [www.orbitaluav.com](http://www.orbitaluav.com)

**\*This party is named for informational purposes only and was not involved in the preparation of this Entitlement Offer Booklet.**

## CHAIRMAN'S LETTER

19 October 2021

Dear Shareholder,

On behalf of the Board of Orbital, I am delighted to invite you to participate in a one for six renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of A\$0.50 per New Share (**Offer Price**) to raise gross proceeds of up to approximately A\$6.5 million (**Entitlement Offer**).

Under the Entitlement Offer, Eligible Shareholders are entitled to acquire one New Share for every six existing fully paid ordinary shares in the Company (**Shares**) held on the record date, being 4:00pm (Perth time) on Friday, 22 October 2021 (**Record Date**). New Shares issued under the Entitlement Offer will rank equally with existing Shares.

The Entitlement Offer may raise up to approximately A\$6.5 million million (before costs).

Refer to Section 4 for the Offer Launch Announcement and Investor Presentation which contain further details regarding the Entitlement Offer.

### Shareholder support

The Entitlement Offer is not underwritten, but major Shareholders UIL Limited and First Sentier (and the Directors of Orbital) have committed to taking up their Entitlements under the Entitlement Offer.

### Entitlement Offer details

Eligible Shareholders who take up their entitlements to subscribe for New Shares pursuant to the Entitlement Offer (being their Entitlements) in full may also apply for additional New Shares in excess of their Entitlements at the Offer Price (subject to compliance with applicable laws and to the terms set out in this Entitlement Offer Booklet) (**Top Up Facility**). The availability of additional New Shares under the Top Up Facility will be limited to the Entitlements which are not taken up for the issue of New Shares and will be subject to the Board's discretion in relation to the allocation of the Shortfall Shares. Any Shortfall Shares not allocated to Eligible Shareholders will be allotted at the Board's discretion, such as potentially to new sophisticated or professional investors. Refer to Section 6.4 for further information.

The Entitlement Offer to which this Entitlement Offer Booklet relates closes at 2:00pm (Perth time) on Friday, 5 November 2021 (unless extended).

Accompanying this Entitlement Offer Booklet is your personalised entitlement and acceptance form (**Entitlement and Acceptance Form**). It details your Entitlement and can be completed in accordance with the instructions provided on the form and the instructions in this Entitlement Offer Booklet under "How to Apply".

To participate, you must ensure that you have completed your application by paying application monies by BPAY®, or alternatively for Eligible Shareholders registered outside of Australia by paying via Electronic Funds Transfer (**EFT**), so that it is received by Link Market Services (Orbital's registry provider) before 2:00pm (Perth time) on Friday, 5 November 2021.

If you do not wish to take up any of your Entitlement, you do not have to take any action. Entitlements are renounceable, which means that Eligible Shareholders may sell or transfer all or any part of their Entitlement in order to seek to realise the value which may attach to their Entitlement. Entitlement trading is expected to commence on Thursday, 21 October 2021 and conclude on Friday, 29 October 2021. If you do not take up your full Entitlement and do not trade the Entitlements which you do not take up, those Entitlements that you do not take up or trade will lapse and you will not receive any payment or value for them.

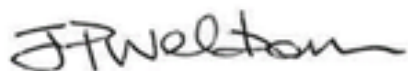
Further information and application instructions for the Entitlement Offer, as well as key risks associated with investing in the Entitlement Offer are set out in this Entitlement Offer Booklet (including in the Investor

Presentation in the “Key Risks” section) which you should read carefully and in its entirety, along with Orbital's other ASX announcements.

If you have any questions in relation to the Entitlement Offer, please contact the Orbital Shareholder Information Line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) from 5:30am to 2:30pm (Perth time), Monday to Friday during the Entitlement Offer Period. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

On behalf of the Board of Orbital, I invite you to consider this investment opportunity.

Yours faithfully,

A handwritten signature in black ink, appearing to read "J Welborn". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Welborn

Non-Executive Chairman



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## 1. INDICATIVE TIMETABLE

Event	Date
Announcement of the Entitlement Offer	19 October 2021
Shares quoted on an “ex” basis and trading of Entitlements starts on a deferred settlement basis	21 October 2021
Entitlement Offer Record Date (4:00pm Perth time)	22 October 2021
Dispatch of Entitlement Offer Booklet and Entitlement and Acceptance Form to Eligible Shareholders	27 October 2021
Entitlement Offer opens	27 October 2021
Entitlements trading ends	29 October 2021
New Shares under the Entitlement Offer commence trading on ASX on a deferred settlement basis	1 November 2021
Entitlement Offer closes (2:00pm Perth time)	5 November 2021
Notification of shortfall of Entitlement Offer	9 November 2021
Anticipated date for the issue of New Shares under the Entitlement Offer	10 November 2021
New Shares under the Entitlement Offer expected to commence trading on ASX on a normal settlement basis	11 November 2021
Despatch of holding statements for New Shares under the Entitlement Offer	11 November 2021

Note: This timetable is indicative only and subject to change. Orbital reserves the right to amend the timetable for the Entitlement Offer without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Orbital reserves the right to extend the closing date of the Entitlement Offer at any time, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares under the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to pay their application monies by BPAY® or EFT as soon as possible after the Entitlement Offer opens.

### Enquiries

If you have any questions, please contact the Orbital Shareholder Information Line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) from 5:30am to 2:30pm (Perth time), Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

## 2. KEY DETAILS OF THE ENTITLEMENT OFFER

### 2.1 Overview of the Entitlement Offer

The Entitlement Offer is a renounceable pro rata entitlement offer on the basis of one New Share for every six Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.50 per New Share (being the Offer Price) to raise up to approximately \$6.5 million.

The Offer Price represents a discount of approximately 23.1% to the Company's closing price of Shares on 14 October 2021 of \$0.65, prior to the Company entering into a trading halt on that day.

Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Shares.

Shareholders who:

- are registered as a holder of Shares as at the Record Date, being 4:00pm (Perth time) on Friday, 22 October 2021;
- have a registered address, on the Orbital share register, in Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or disclosure document to be lodged or registered,

are eligible to participate in the Entitlement Offer (**Eligible Shareholders**).

Please refer to the Investor Presentation accompanying the Entitlement Offer Booklet for further information regarding the purpose of the Entitlement Offer and proposed use of net proceeds, as well as the key risks associated with an investment in Orbital. You should also consider the ASX announcements and other publically available information about Orbital at [www.asx.com.au](http://www.asx.com.au) and [www.orbitaluav.com/](http://www.orbitaluav.com/).

### 2.2 Eligibility to participate in the Entitlement Offer

Eligible Shareholders (as defined in Section 2.1) are being invited to subscribe for one New Share for every six existing Shares held as at the Record Date of 4:00pm (Perth time) on Friday, 22 October 2021, at the Offer Price of \$0.50 per New Share.

You should note that not all Shareholders will be eligible to participate in the Entitlement Offer of New Shares. Please read Section 6 for further information.

The Entitlement Offer opens on Wednesday, 27 October 2021 and will close at 2:00pm (Perth time) on Friday, 5 November 2021 (unless extended).

## **3. HOW TO APPLY**

### **3.1 Your Entitlement**

Your Entitlement is set out on the accompanying personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) and has been calculated as one New Share for every six Shares held by you as at the Record Date of 4:00pm (Perth time) on Friday, 22 October 2021. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Shares on issue.

The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up (see definition of Eligible Shareholder in Section 2.1).

#### **Nominees**

The Entitlement Offer is being made to all Eligible Shareholders (as defined in Section 2.1). Orbital does not undertake to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. See Section 6.10 for further information.

### **3.2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances**

The Entitlement Offer is being made pursuant to provisions of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allow entitlement offers to be made without a prospectus. This Entitlement Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to carefully read and understand the information on Orbital and the Entitlement Offer made publicly available and other Orbital ASX announcements, prior to accepting or trading all or part of your Entitlement or doing nothing in respect of your Entitlement. In particular, please refer to this Entitlement Offer Booklet, Orbital's half year and annual reports, Appendices 4D and 4E and other announcements lodged with ASX (including announcements which may be made by Orbital after publication of this Entitlement Offer Booklet).

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the "Key Risks" section in the Investor Presentation released to ASX on Tuesday, 19 October 2021 which is included in Section 4 of this Entitlement Offer Booklet.

### **3.3 Options available to you**

If you are an Eligible Shareholder, you may do any one of the following:

- take up all of your Entitlement and apply for additional New Shares, in excess of your Entitlement, under the Top Up Facility;
- take up all of your Entitlement but not apply for additional New Shares under the Top Up Facility;
- sell all or a proportion of your Entitlement on ASX (or other than on ASX) and allow any balance to lapse;

- take up a proportion of your Entitlement and sell the balance on ASX (or sell the balance other than on ASX);
- take up a proportion of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

(a) **If you wish to take up all of your Entitlement and also apply for additional New Shares in the Top Up Facility or if you wish to take up all of your Entitlement only**

If you decide to take up all of your Entitlement, or take up all of your Entitlement and participate in the Top Up Facility, please either:

- pay your application monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form; or
- if you are a Shareholder registered outside of Australia, you can pay your application monies via EFT to the Offer Bank Account detailed on your personalised Entitlement and Acceptance Form,

so that your application monies are received by the Share Registry by no later than 2:00pm (Perth time) on Friday, 5 November 2021.

If you apply to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility (subject to compliance with applicable laws and to the terms set out in this Entitlement Offer Booklet). Amounts received by Orbital in excess of the Offer Price multiplied by your Entitlement may be treated as an application to apply for as many additional New Shares as your application monies will pay for in full.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Customer Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Customer Reference Number specific to the Entitlement on that Entitlement and Acceptance Form.

If you take up all of your Entitlement (and if you apply for additional New Shares under the Top Up Facility) and if your application is successful (in whole or in part) you will be issued your New Shares on or about Wednesday, 10 November 2021. Orbital's decision on the number of New Shares to be issued to you will be final. The Directors will seek to ensure that no person will be issued Shortfall Shares if such issue will result in that person's voting power in the Company exceeding 19.9% or increasing at all, if they already hold voting power in the Company above 19.9%.

If you apply for additional New Shares under the Top Up Facility, there is no guarantee that you will be allocated any additional New Shares. You may alternatively be allocated zero additional New Shares or less additional New Shares than you applied for. Refer to Section 6.4 for details in respect to the Top Up Facility allocation policy)

Any New Shares not taken up by 2:00pm (Perth time) on Friday, 5 November 2021 (the Closing Date) may be made available (in whole or in part) to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top Up Facility (or may be made available to other investors at the Board's discretion). There is no guarantee that such Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. Additional New Shares under the Top Up Facility will only be allocated to Eligible Shareholders if available and to the extent that the Board so determines, in its absolute discretion.

The Board also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders,

if the Board believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Board's satisfaction.

**(b) If you wish to take up part of your Entitlement**

If you decide to take up part of your Entitlement, please either:

- pay your application monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form; or
- if you are a Shareholder registered outside of Australia you can pay your application monies via EFT to the Offer Bank Account detailed on your personalised Entitlement and Acceptance Form,

so that it is received by the Share Registry by no later than 2:00pm (Perth time) on Friday, 5 November 2021.

Orbital will treat you as applying for as many New Shares as your payment will pay for in full. If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Customer Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Customer Reference Number specific to the Entitlement on that Entitlement and Acceptance Form.

If you take up and pay for part of your Entitlement before the close of the Entitlement Offer you will be issued your New Shares on or about Wednesday, 10 November 2021. Orbital's decision on the number of New Shares to be issued to you will be final.

The Board also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if the Board believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Board's satisfaction.

Eligible Shareholders who do not participate fully in the Entitlement Offer may have their percentage holding in Orbital reduced by the Entitlement Offer.

**(c) Selling all or a proportion of your Entitlement on ASX**

The Entitlements under the Entitlement Offer are renounceable which means that all or part of an Eligible Shareholder's Entitlements under the Entitlement Offer may be traded on ASX. If you wish to sell part or all of your Entitlement on ASX, you should provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on Thursday, 21 October 2021 and will cease on Friday, 29 October 2021.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for any Entitlements sold on ASX.

**(d) Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry), and make the applicable EFT payment for the New Shares for which they wish to

subscribe (refer to Section 3.4), to the Share Registry by delivery or by post at any time after the issue of this Entitlement Offer Booklet and on or before the Closing Date (provided it is received by no later than 2:00pm (Perth time) on the Closing Date) at the following address:

Orbital Corporation Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

To obtain the EFT payment details please email  
[capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au).

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf by no later than 2:00pm (Perth time) on the Closing Date.

**(e) Allow all or part of your Entitlement to lapse**

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enables Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement as detailed above.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, your Entitlement will lapse and you will not receive any value for your Entitlement.

Eligible Shareholders who do not participate fully in the Entitlement Offer may have their percentage holding in Orbital reduced by the Entitlement Offer.

### **3.4 Payment**

The method of acceptance of the Entitlement Offer will depend on your method of payment being:

- by BPAY® (all Eligible Shareholders); or
- by EFT (for Eligible Shareholders registered outside of Australia).

Cheque or cash payments will not be accepted. Receipts for payment will not be issued.

Orbital will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement plus (if applicable) additional New Shares under the Top Up Facility.

Any application monies (greater than A\$2.00) received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any application monies received or refunded.

#### **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that personalised Entitlement and Acceptance Form and in this Section 3 and Section 6 of this Entitlement Offer Booklet; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 2:00pm (Perth time) on Friday, 5 November 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

Please make sure you use the specific Biller Code and your unique Customer Reference Number on your personalised Entitlement and Acceptance Form. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Customer Reference Number specific to the Entitlement on that Entitlement and Acceptance Form.

Any application monies (greater than A\$2.00) received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid on any application monies received or refunded.

### **Payment by Electronic Funds Transfer (EFT)**

For payment by EFT, you should make your payment in accordance with the instructions on the personalised Entitlement and Acceptance Form and complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and email it to [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au).

Your EFT payment must be:

- for an amount equal to A\$0.50 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars, nor in other foreign currencies. Shareholders must arrange for payment to be made in Australian dollars. Shareholders should also consider any fees that may be deducted in making an EFT payment from overseas.

If the amount of your EFT payment received is insufficient to pay for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form in full, you will be taken to have applied for such lower number of whole New Shares as your cleared application monies will pay for (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted. Whilst not emailing your Entitlement and Acceptance Form to [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au) may not necessarily render your application invalid, any EFT application monies that cannot be identified and reconciled due to not emailing your Entitlement and Acceptance Form to [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au) may be considered an incomplete application with your application monies returned to you after the Entitlement Offer has been completed. Please note that if you pay application monies by EFT but do not submit your personalised Entitlement and Acceptance Form you are still taken to have made the declarations, representations and warranties on that personalised Entitlement and Acceptance Form and in this Section 3 and Section 6 of this Entitlement Offer Booklet.

Any application monies (greater than A\$2.00) received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid on any application monies received or refunded.



### 3.5 Representations by acceptance

By making a payment by BPAY® or EFT payment, you will be deemed to have represented to Orbital that you are an Eligible Shareholder and:

- acknowledge that you have read and understand this Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Entitlement Offer, the provisions of this Entitlement Offer Booklet, and Orbital's constitution;
- authorise Orbital to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once Orbital receives your payment of application monies via BPAY® or EFT, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY® or EFT, at the Offer Price per New Share;
- authorise Orbital the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- acknowledge and agree that the determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Orbital;
- acknowledge and agree that Orbital and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Entitlement Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Orbital and is given in the context of Orbital's past and ongoing continuous disclosure announcements to ASX;

- acknowledge the statement of risks in the “Key Risks” section of the Investor Presentation included in Section 4 of this Entitlement Offer Booklet, and that investments in Orbital are subject to risk;
- acknowledge that none of Orbital, its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Orbital, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- authorise Orbital to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant that you are resident in Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom; and
- represent and warrant that the law of any place does not prohibit you from being given this Entitlement Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer.

By making a payment by BPAY® or EFT, you will also be deemed to have acknowledged, represented and warranted personally, and on behalf of each person on whose account you are acting (if any), that:

- you and each person on whose account you are acting are not in the United States;
- you and each person on whose account you are acting understand and acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and accordingly that such securities may not be offered, sold or otherwise transferred to, persons in the United States except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- you are subscribing for or purchasing New Shares outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act;
- you have not and will not send this Entitlement Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States or any person acting for the account or benefit of a person in the United States or any other country outside Australia except nominees and custodians may forward such documents as provided below; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are making an application is resident in Australia, Bermuda, Malaysia, New Zealand or Singapore or such other country as the Company may agree in compliance with applicable securities laws.

Acceptance of any applications for New Shares by the Company is subject to compliance with the Corporations Act, FATA and other applicable laws.

### **3.6 Enquiries**

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Orbital Shareholder Information Line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) from 5:30am to 2:30pm (Perth time), Monday to Friday. Alternatively, you can access information about the Entitlement Offer online at <https://www.orbitaluav.com>. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

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#### **4. ASX OFFER ANNOUNCEMENTS**

**Offer Launch Announcement dated Tuesday, 19 October 2021**



## ASX ANNOUNCEMENT

19 October 2021

# ORBITAL UAV LAUNCHES RENOUNCEABLE ENTITLEMENT ISSUE TO RAISE UP TO A\$6.5M

Funding to support new engine development programs,  
enhance the Company's Australian production facility  
capabilities and drive product research and development

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

### KEY HIGHLIGHTS

- Renounceable Entitlement Offer of one new share for every six shares held at an issue price of A\$0.50 per new share to raise up to ~A\$6.5M.
- Major shareholders, UIL Limited, First Sentier Investors, and the Directors of Orbital UAV have provided commitments to take up their Entitlements in full for a combined amount of approximately A\$2.8M.
- Funds are proposed to be directed towards new and existing contracted engine development programs, enhancing facility production capabilities, driving new product development and working capital.

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company' or 'OEC') is pleased to announce a one for six renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company ('New Shares') at an issue price of A\$0.50 per New Share ('Offer Price') to raise gross proceeds of up to approximately A\$6.5 million before costs ('Entitlement Offer').

Under the Entitlement Offer, eligible shareholders (as detailed in the Entitlement Offer Booklet to be dispatched by OEC) are entitled to acquire one New Share for every six existing fully paid ordinary shares in the Company ('Shares') held on the record date, being 4:00pm (Perth time) on 22 October 2021.

Major shareholders, UIL Limited and First Sentier Investors, and the Directors of Orbital UAV, have committed to take up their entitlements under the Entitlement Offer.

The Entitlement Offer is not underwritten and the Company may place any shortfall at the discretion of the OEC Directors, including with the assistance of PAC Partners Securities Pty Limited.

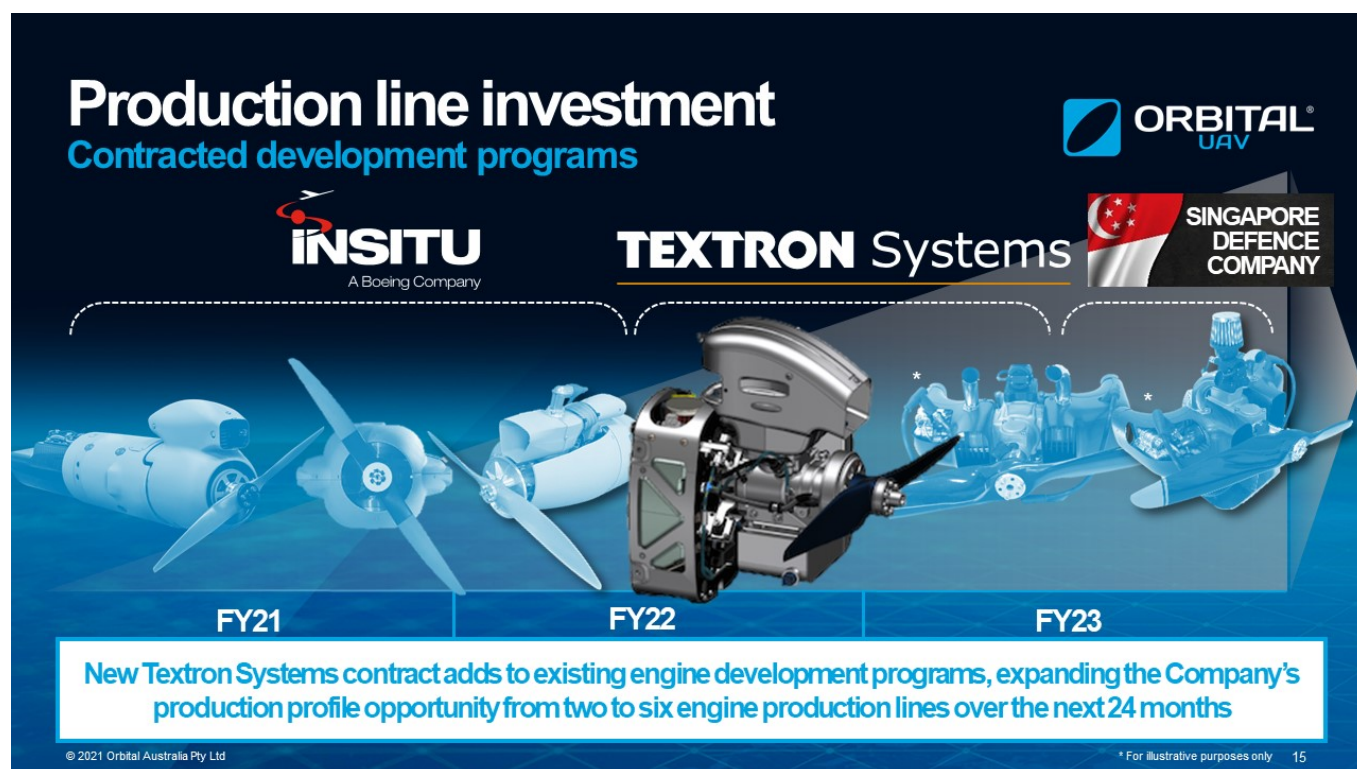
## Use of proceeds from the Entitlement Offer

Orbital UAV supplies unmanned aerial vehicle ('UAV') propulsion systems and flight critical components to world leading tactical UAV suppliers. The Company has continued to invest in a customer diversification strategy resulting in a customer portfolio of Tier 1 Defence prime contractors, including:

- Insitu Inc., a wholly owned subsidiary of The Boeing Company;
- Textron Systems, a wholly owned subsidiary of Textron Inc.;
- one of Singapore's largest defence companies; and
- Northrop Grumman.

Orbital UAV's customer and product diversification strategy continues in 2021 with an additional engine development program contract with Textron Systems Corporation, as OEC announced on 18 October 2021. Textron Systems is a subsidiary of Textron Inc. and one of the world's largest suppliers of tactical UAVs.

That contract represents an additional engine development program with Textron Systems. The new program adds to the Company's existing engine development programs, expanding the Company's production profile opportunity from two to six engine production lines over the next 24 months.



## Funds raised from the Entitlement Offer are proposed to be directed towards:

- contracted engine development programs;
- enhancing the Company's Australian production facility capabilities;
- driving product research and development; and
- general working capital.

The Orbital UAV directors reserve the right to reallocate funds for different purposes, as they consider prudent or as required.



## Boeing-Insitu engine demand

Orbital UAV is the primary engine supplier to, and has a Long Term Supplier Agreement ('LTA') with, cornerstone customer Insitu Inc., a wholly owned subsidiary of The Boeing Company ('Boeing-Insitu'). Under the LTA, minimum order quantities exist for Orbital UAV-designed engines. Following the production downgrade (ASX announcement 1 February 2021), a conservative volume outlook remains for Boeing-Insitu engines over the financial year ending 30 June 2022 ('FY22'). This is due to increasing competition within the tactical UAV market and a reduction in Intelligence, Surveillance and Reconnaissance ('ISR') missions following the U.S. military withdrawal from Afghanistan.

Under these market conditions Boeing-Insitu has requested a review of the minimum order quantity terms contained within the LTA and the Company is in ongoing discussions with Boeing-Insitu in relation to potential amendments to the LTA. The review and negotiations are not expected to impact on FY22 revenue. Beyond FY22, the minimum engine order quantities may be adjusted or removed. OEC will keep the market informed of any material outcomes.

## Other development programs & outlook

Orbital UAV is progressing its engine development programs with its major Singapore customer and Northrop Grumman. The Company has supplied two engine systems to its Singapore customer for evaluation, with a third engine currently scheduled for delivery later this year.

The Company's research and development engine program with Northrop Grumman continues as planned.

Orbital UAV continues to target revenue in FY22 in line with the financial year ended 30 June 2021. The Company remains on track to return to profitability for the full year ending 30 June 2022.

## Key Terms of the Entitlement Offer

Key terms of the Entitlement Offer are set out in the following table.

<b>Nature of Entitlement Offer</b>	Renounceable pro rata entitlement offer of New Shares
<b>New Share issue price</b>	A\$0.50
<b>Offer ratio</b>	1 New Share for every 6 Shares
<b>Estimated maximum number of New Shares to be issued (subject to rounding)</b>	Approximately 12,983,172 New Shares
<b>Estimated maximum amount to be raised under the Entitlement Offer (subject to rounding)</b>	Approximately A\$6.5 million

The Entitlement Offer will be made to persons registered as shareholders of Orbital UAV at 4:00pm (Perth time) on the record date who have a registered address in Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom and are determined to be eligible in accordance with the Offer Booklet for the Entitlement Offer (which is being announced to the ASX with this announcement).

Under the Entitlement Offer, Orbital UAV will issue a maximum of up to approximately 12,983,172 New Shares (subject to rounding of entitlements), resulting in the total share capital of Orbital UAV after the completion of the Entitlement Offer increasing to up to approximately 90,882,199 Shares. New Shares issued under the Entitlement Offer will rank equally with Shares already on issue.

Please refer to the Offer Booklet for the Entitlement Offer for further information.

Whilst the Entitlement Offer is not underwritten, Orbital UAV's cornerstone investor UIL Limited has confirmed that it intends to take up its full entitlement under the Entitlement Offer, but capped (if applicable)



at the limit by which its total voting power does not breach the Corporations Act. This means that the maximum voting power in the Company which UIL Limited may hold at the time of completion of the Entitlement Offer is 33.33%.

First Sentier has also confirmed it intends to take up its full entitlement under the Entitlement Offer.

Additionally, each of the Directors of the Company have indicated they will take up all their entitlements under the Entitlement Offer in full.

In aggregate, the commitments of the Directors of Orbital UAV and of the major shareholders above represent approximately 43.4% (or ~A\$2.8 million) of the maximum approximate Entitlement Offer raising of A\$6.5 million that is being sought under the Entitlement Offer.

Eligible shareholders who do not take up their entitlements will have their proportional interest in Orbital UAV diluted.

Further, eligible shareholders who take up all of their entitlements under the Entitlement Offer will also be afforded the opportunity to apply for New Shares in excess of their entitlement under a top up facility, for the Board of Orbital UAV to consider when allocating the shortfall of the Entitlement Offer (refer to the Offer Booklet for the terms and conditions of the top up facility). The allocation of the shortfall will be at the Board's discretion, and the Company may receive assistance from PAC Partners Securities Pty Limited in order to place shortfall shares. The Company has agreed to pay PAC Partners certain fees totalling 2.5% of the aggregated value of those shortfall shares.

### Key Dates

Key dates for the Entitlement Offer are set out in the following table. The dates are indicative only and Orbital UAV reserves the right to vary them, subject to the Corporations Act and ASX Listing Rules.

Action	Date
Announcement of the Entitlement Offer	Tuesday, 19 October 2021
Shares quoted on an "ex" basis and entitlements trading starts on a deferred settlement basis	Thursday, 21 October 2021
Record Date to determine entitlements to participate in the Entitlement Offer	Friday, 22 October 2021 (4:00pm Perth time)
Offer Document and Entitlement and Acceptance Form dispatched	Wednesday, 27 October 2021
Entitlement Offer opens	Wednesday, 27 October 2021
Entitlements trading ends	Friday, 29 October 2021
Entitlement Offer closes	Friday, 5 November 2021 (2pm Perth time)
Announcement of outcome of the Entitlement Offer	Tuesday, 9 November 2021
Anticipated date for the issue of New Shares under the Entitlement Offer	Wednesday, 10 November 2021



## Indicative capital structure on completion of the Entitlement Offer

The exact number of New Shares to be issued may vary and will be dependent on the level of acceptances under the Entitlement Offer, the rounding of entitlements and the degree to which the shortfall is taken up by existing or new investors.

If the Company completes the Entitlement Offer and issues the estimated maximum number of New Shares, the Company's capital structure will be as follows (subject to rounding and subject to no further issues having occurred, for example from the conversion of Performance Rights into Shares):

	Number of Shares (subject to rounding)	Number of Options	Number of Performance Rights
<b>Balance as at the date of this announcement</b>	77,899,027	-	1,990,170
<b>Entitlement Offer</b>	12,983,172	-	-
<b>Total upon completion of the Entitlement Offer</b>	90,882,199	-	1,990,170

Note: For the avoidance of doubt, the Company reserves the right to issue further securities from time to time.

## Additional Information

Additional information regarding the Entitlement Offer is detailed in the Investor Presentation and Offer Booklet to be released to the ASX today. The Investor Presentation and Offer Booklet detail important information including key risks and Australian and foreign legal restrictions with respect to the Entitlement Offer.

-ENDS-

## CONTACTS

Announcement authorised by:

**Todd Alder**

**CEO & Managing Director**

**Tel:** +61 8 9441 2311

**Email:** [contact@orbitalcorp.com.au](mailto:contact@orbitalcorp.com.au)

For further information, contact:

**Ian Donabie**

**Communications Manager**

**Tel:** +61 8 9441 2165

**Email:** [idonabie@orbitalcorp.com.au](mailto:idonabie@orbitalcorp.com.au)

### About Orbital UAV

Orbital UAV provides integrated propulsion systems and flight critical components for tactical unmanned aerial vehicles (UAVs). Our design thinking and patented technology enable us to meet the long endurance and high reliability requirements of the UAV market. We have offices in Australia and the United States to serve our prestigious client base.

### Future performance and forward looking statements

This announcement 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 announcement 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" section of the Investor Presentation accompanying this announcement for a summary of certain risk factors that may affect Orbital UAV. 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 announcement. 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.

#### 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 the "Key Risks" section of the Investor Presentation accompanying this announcement for certain risks relating to an investment in OEC.

#### Not an offer of securities

This announcement 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 announcement 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 announcement must not be disclosed to any other person and does not carry any right of publication. This announcement does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this announcement 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 the Investor Presentation accompanying this announcement. This announcement may not be released to U.S. wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

The release, publication or distribution of this announcement (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this announcement, 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 announcement is not financial product advice, investment advice, legal, tax or other advice or a recommendation to acquire, hold or sell OEC securities. This announcement has been prepared without taking into account the objectives, financial situation or needs of any particular recipient. Each recipient of this announcement should make its own enquiries and investigations regarding all information in this announcement 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.



#### Past performance

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

#### Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this announcement may be subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this announcement.

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**Investor Presentation dated Tuesday, 19 October 2021**



**ORBITAL<sup>®</sup>**  
**UAV**

# Investor Presentation

19 October 2021

*Not for release to 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 six renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (“**New Shares**”) at an issue price of A\$0.50 per New Share (“**Offer Price**”) to raise gross proceeds of up to approximately A\$6.5 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 six existing fully paid ordinary shares in the Company (“**Shares**”) held on the record date, being 4:00pm (Perth time) on 22 October 2021. 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 19 October 2021 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](http://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.

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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.

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

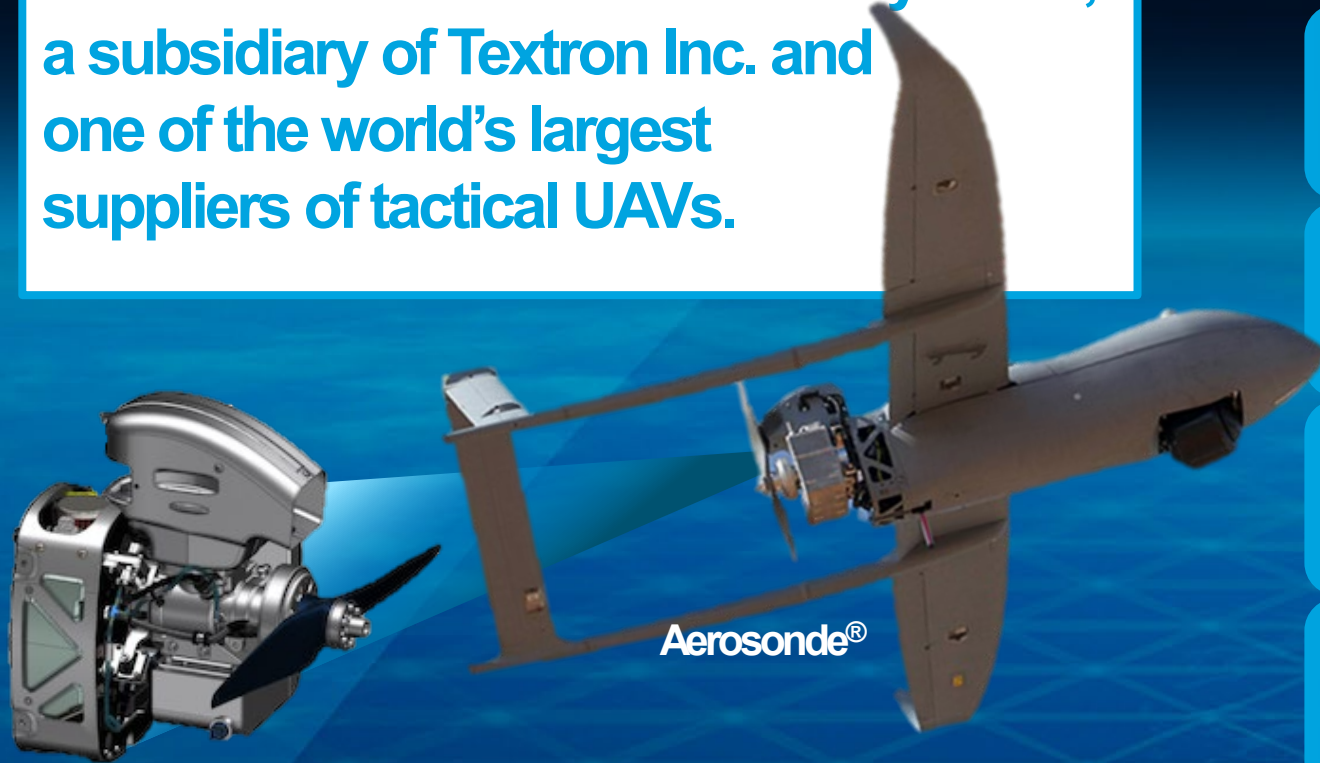


# Textron Systems

## Additional engine program awarded



**New contract announced on 18 October 2021<sup>1</sup> with Textron Systems, a subsidiary of Textron Inc. and one of the world's largest suppliers of tactical UAVs.**



Second engine program with Textron Systems

Development of Orbital UAV upgrades to Textron Systems' current UAV engines

Targeting increased take-off power and improved real-time engine health monitoring

Subject to successful completion of the development program, upgraded engines available in calendar year 2022

Upgraded engine order volumes dependent on customer demand at that time

# At a glance



FY21 revenue \$31.2M

Additional contract with Textron Systems adds to existing engine development programs

Orbital UAV's production profile opportunity expands from two to six engine production lines over the next 24 months

Tracking UAV market opportunities both globally and domestically (e.g. FTUAS Program, Land129-3)

Primary engine supplier to Insitu Inc. (a Boeing Company)

Revenue in line with previous financial year and on track for year ending 30 June 2022 profitability

# Tactical UAV market

Dominated by Defence prime contractors



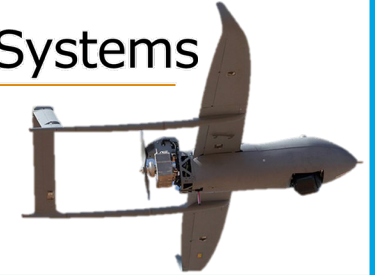
Worldwide  
tactical UAV production  
2020 – 2029<sup>1</sup>  
**US\$15.7B**

Worldwide  
tactical UAV production  
in 2020<sup>1</sup>  
**US\$1.4B**

**INSITU**  
A Boeing Company



**TEXTRON** Systems



**NORTHROP  
GRUMMAN**



**MARTIN**UAV

Addressable  
Propulsion  
System Market  
estimated at ~15%  
**US\$210M** p.a.



**L3HARRIS**™



**AV**  
AeroVironment™



Key market players

<sup>1</sup> Source: World Military UAV Profile & Forecast 2020-21, Teal Group Corporation



# What is a tactical UAV?

## Intelligence, Surveillance, Reconnaissance



Tactical UAVs are used by global defence forces for intelligence, surveillance and reconnaissance (ISR) missions and have increasing strategic and commercial significance

- Field operated by military units
- US\$1.5 - US\$4 million per system<sup>1</sup>
- State-of-the-art electronic payloads  
(e.g. day/night cameras)
- Wingspan up to 5 m
- Flies at up to 20,000 ft
- Endurance up to 24 hours



Naval vessel-based



Launch & capture



Runway dependent



Vertical take-off & landing

<sup>1</sup>World Military UAV Profile & Forecast 2020-21, Teal Group Corporation: Represents cost of the aircraft plus a portion of the system cost, e.g. ground control station, remote video terminal, launch system and recovery system.

# Our unique product offering

## Industry leading performance



Orbital UAV's heavy fuel propulsion systems have the world's best performance and meet the U.S. Dept. of Defense's 'one fuel' policy

	Orbital UAV	Others
Time between overhaul	500 hrs	~50 hrs
Cold start to launch	2 min	>20 min
x3 U.S. FAR33.49 endurance test	Yes	No



Image: ScanEagle3, courtesy Insitu Inc.

# Increasing customer diversification

New contracts and customers



## Tier 1 Defence Prime Contractors



Primary engine supplier to power Insitu's entire fleet of tactical UAVs

### **TEXTRON** Systems

Engine development program and supply agreement for up to 10 years



**New engine upgrade program**



Engine design and development contract with one of Singapore's largest defence companies

### **NORTHROP GRUMMAN**

R&D contract to design and develop a hybrid propulsion system for VTOL application

**Continued investment in customer diversification strategy aims to reduce one customer risk**



# Boeing-Insitu

## Outlook for Boeing-Insitu's engine demand



### Market

1. Increasing competition within tactical UAV market



2. U.S. military withdrawal from Afghanistan impacting near-term Intelligence, Surveillance & Reconnaissance missions

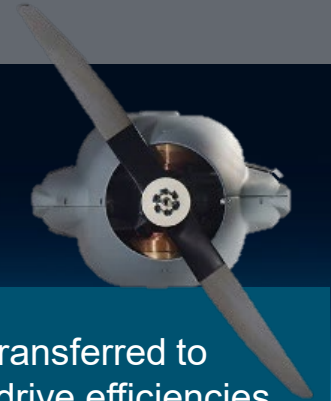
### Status of Boeing-Insitu LTA

1.



Production volumes downgraded in February 2021

2.



Production transferred to Australia to drive efficiencies

3.



Start of production delayed due to customer design changes

Development timeframes of engines 4 & 5 identified within the LTA remain TBD

**A conservative volume outlook remains for engines 1, 2 & 3  
over financial year ending 30 June 2022**

# Textron Systems

## Two engine programs awarded



### 1. Engine development program & supply agreement<sup>1</sup>

- Integration of the Orbital UAV 150cc engine and engine control system into Textron Systems' Aerosonde program
- First engine prototype delivered for flight testing in May 2021
- Subject to satisfactory completion of the engine development program, the Agreement transitions to an engine supply contract for a minimum of five years



### 2. Program to develop upgrades for existing fleet of UAV engines

- Upgraded engines are targeting increased take-off power and improved real-time engine health monitoring and diagnostics capability
- Subject to successful completion of the development program, upgraded engines available in calendar year 2022
- Upgraded engine order volumes dependent on customer demand at that time

**TEXTRON** Systems





# Singapore & Northrop Grumman

Progressing additional development programs



## Design, development & initial low rate production of multi-fuel engine<sup>1</sup>

- Multi-phase program with large Singapore Defence company
- Integration and customization of Orbital UAV engine
- Two engine systems supplied to customer for evaluation requirements



<sup>1</sup>See ASX announcement 19 March 2020 'Orbital UAV to work with one of Singapore's largest defence companies'

## NORTHROP GRUMMAN

## R&D contract to design and develop a hybrid propulsion system for vertical take-off & landing application<sup>2</sup>

### Hybrid solution includes:

- Combined thrust power of electric motor and heavy fuel engine
- Remote starting / re-starting engine
- Electric power generation during flight

<sup>2</sup>See ASX announcement 23 April 2020 'Orbital UAV to work with Northrop Grumman to develop new hybrid UAV propulsion system'

# Production line investment

## Contracted development programs



## TEXTRON Systems



New Textron Systems contract adds to existing engine development programs, expanding the Company's production profile opportunity from two to six engine production lines over the next 24 months

# Future market opportunities

## Major tactical UAV programs



### United States Army Future Tactical UAS Program<sup>1</sup>

**TEXTRON** Systems



**AV**  
AeroVironment™



- FTUAS requirements approved by Army Oversight Council in August 2021
- Increment 1 white papers submitted in September 2021
- Industry product pitches due by September 2022
- Initial fielding expected in the 2023 fiscal year



### Australian Army LAND129 Phase 3

**INSITU**PACIFIC  
A Boeing Company



**TEXTRON** Systems  
AUSTRALIA



### Royal Australian Navy SEA129 Phase 5

**INSITU**PACIFIC  
A Boeing Company

**TEXTRON** Systems  
AUSTRALIA

**NORTHROP GRUMMAN**

**Raytheon**  
Australia

**BAE SYSTEMS**



### US Navy Mi2 Technology Demonstration<sup>2</sup>

**MARTINUAV**



Continuing to build relationships  
and target opportunities with  
existing and emerging parties  
at the forefront of global  
tactical UAV opportunities.



# Defence & UAV market

## Rising budgets



### Rising global Defence budgets

- Global defence spending reached US\$1.83 trillion in 2020 – a 3.9% annual uplift in real terms<sup>1</sup>
- North America is the largest contributor, accounting for ~41% of the total spend and growing by 6.3% in 2020 real terms<sup>1</sup>

### Increased UAV adoption

- Worldwide UAV production forecast at US\$95.5 billion 2020 – 2029<sup>2</sup>
- UAVs becoming an increasingly strategic component within global defence forces  
Technological advancements has led to increased deployment in the field

### Australian sovereign industrial capability

- Defence Budget will grow over the current decade to A\$73.7 billion in 2029-30<sup>3</sup>
- ~A\$270 billion of investment in Defence capability over the next decade<sup>3</sup>
- Commitment to a strong, sustainable and secure defence industry supporting leading edge innovation

**Strong Defence spending globally and domestically presents longer term growth opportunities**

# Corporate overview



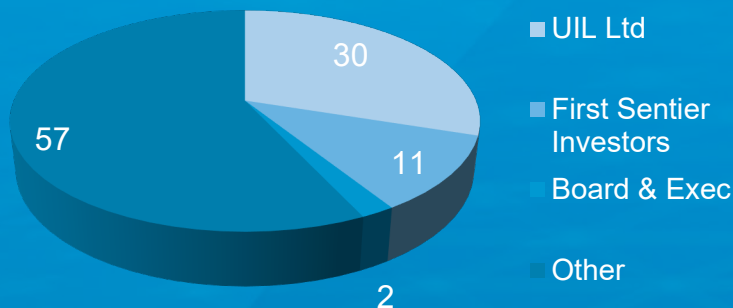
## Share Capital *As at 14 October 2021 (Trading Halt Announced)*

Fully Paid Ordinary Shares	77.9M
Closing share price	\$0.65
Market Capitalisation	\$50.6

## Our FY22 Objectives

- Return to profitability
- Investment in new production lines
- Generating positive operational cash flows
- Deliver shareholder value

## Top Shareholders



### John Welborn

Chairman  
Non-Executive Director



- Appointed Chairman March 2015
- MD & CEO of Equatorial Resources Ltd

### Todd Alder

Managing Director  
& CEO



- Appointed CEO & MD in 2017
- Focusing on: financial discipline; strategy alignment; and operational efficiency

### 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

# Entitlement Offer Details



Entitlement Offer Structure	A one for six renounceable pro rata entitlement offer of New Shares at an issue price of A\$0.50 per New Share to raise gross proceeds of up to approximately A\$6.5 million (before costs). The Entitlement Offer is not 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 \$0.50, representing a ~23% discount to the Company's closing price of shares on 14 October 2021 of \$0.65, prior to the Company entering into a trading halt on that day.
Ranking	New Shares issued under the Entitlement Offer will rank pari passu with existing Shares
Major shareholder participation	UIL First Sentier
Director Participation	All Directors taking up their full entitlements
Record Date	22 October 2021
Indicative use of Proceeds <sup>1</sup>	<ul style="list-style-type: none"><li>• Contracted engine development programs;</li><li>• Enhancing the Company's Australian production facility capabilities;</li><li>• Driving product research and development; and</li><li>• General working capital.</li></ul>
Further information	Refer to the Entitlement Offer Booklet and Orbital's other ASX announcements.

1. The Orbital directors reserve the right to reallocate funds for different purposes, as they consider prudent or as required.

# 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 customer, Insitu. For the Company's financial year ended 30 June 2021, the Company's long term agreement (**LTA**) with Insitu accounted for approximately 90% of the Company's revenue. Insitu may terminate the LTA 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.

Under the LTA, minimum order quantities exist for Orbital UAV-designed engines. A conservative volume outlook remains for Boeing-Insitu engines over the financial year ending 30 June 2022 (**FY22**) due to increasing competition within the tactical UAV market and a reduction in Intelligence, Surveillance and Reconnaissance ('ISR') missions following the U.S. military withdrawal from Afghanistan.

Under these market conditions Boeing-Insitu has requested a review of the minimum order quantity terms contained within the LTA and the Company is in ongoing discussions with Boeing-Insitu in relation to potential amendments to the LTA. The review and negotiations are not expected to impact on FY22 revenue. Beyond FY22 the minimum engine order quantities may be adjusted or removed which could result in heightened engine production volatility.

Given the LTA has accounted for a significant proportion of the Company's revenue, the Company is exposed to any interruption to, or reduction in, Insitu's demand for engine orders. This lack of customer diversity is a key risk for 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 Insitu terminating the LTA. The LTA expires and will terminate on 30 September 2023 and there is a risk that it 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.



# Appendix A: Key Risks (2 of 7)



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. For example, a key risk to the Company is the ability to maintain the budgeted gross margin on the N20C production as some key suppliers have increased prices with further increases possible. 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 Insitu.

**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 customer 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-Lycoming, to Northrop Grumman or to the Singapore defence customer mentioned in Orbital's ASX announcements.

# Appendix A: Key Risks (3 of 7)



**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.

**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.

**COVID-19 pandemic risk:** Like many businesses in Australia, the USA and around the world, the Company has closely monitored – and continues to monitor – the business risks presented by the Coronavirus (COVID-19) pandemic. The physical wellbeing and mental health of all our people is a priority and the Company implemented a COVID-19 Response Plan to seek to minimise the risk of contracting or spreading the virus. Throughout the pandemic our sites in Australia and the USA have remained fully operational and continue to manufacture as normal. In the USA, the Company operates within the Defense Industrial Base and is therefore considered part of the Critical Infrastructure Sector as defined by the US Department of Homeland Security. As an advanced aerospace manufacturer supplying global defence prime contractors, our product demand remained unaffected by the COVID-19 outbreak. The Company continued to deliver on our production commitments and strengthened our global supply chain where necessary. Delivery of our products continued through our established logistics providers, and contingency plans were put in place should existing channels of delivery be impacted. Notwithstanding the above, there is a risk that the COVID-19 pandemic, and any future pandemics or other natural disasters, may adversely affect the Company's financial position and financial performance. The Company will continue to support the public health effort to minimise the spread of COVID-19.

**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 30.33% of the Shares in the Company.

UIL Limited has agreed to subscribe for New Shares pursuant to the Entitlement Offer, but capped (if applicable) at the limit by which its total voting power in Orbital does not breach Chapter 6 of that Act. This means that the maximum voting power which the UIL Parties will hold in the Company upon completion of the Entitlement Offer could be up to 33.33%.

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 \$0.50, 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 New Shares in any jurisdiction in which it would be unlawful. In particular, this document 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 below.**

**Bermuda:** No offer or invitation to subscribe for entitlements to participate in the Entitlement Offer (**Entitlements**) or New Shares may be made to the public in Bermuda. The Entitlements and the 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 New Shares.

**Hong Kong:** WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**Japan:** The Entitlements and the New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to a small number of investors. This document is for the exclusive use of existing shareholders of the Company in connection with the Entitlement Offer. This document is confidential to the person to whom it is addressed and must not be distributed, reproduced or disclosed (in whole or in part) to any other person in Japan other than by the Company to its shareholders.

**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 the New Shares may not be offered, sold or issued in Malaysia except to existing shareholders of the Company. Any 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, Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act.

**New Zealand:** The Entitlement and the 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 2016. The offer of New Shares is 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.

**Singapore:** This document and any other materials relating to the Entitlements or the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document relating to the such securities may not be issued, circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. If you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

**United Kingdom:** Neither this document nor any other document relating to the Entitlement Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The Entitlements and the New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.





*Ready to fly...*<sup>TM</sup>

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## 5. ADDITIONAL INFORMATION

### 5.1 Substantial holders and Directors' interests in Securities

As at the date of this Entitlement Offer Booklet, the Company has the following substantial holders (based on the substantial holder notices that have been provided to the Company and released to the ASX and information from the Share Registry):

Substantial holders of the Company	Number of Shares	Voting Power
UIL Limited, Bermuda Commercial Bank Limited and ICM Limited	23,627,904	30.33%
Mitsubishi UFJ Financial Group, Inc. and First Sentier Investors Holdings Pty Limited and its related bodies corporate listed in its latest substantial holder notice	11,117,853	14.27%

As at the date of this Entitlement Offer Booklet, the Directors' interests in the Company are detailed below:

Director	Shares	Performance Rights
Mr John Welborn	850,000	-
Mr Todd Alder	327,333	1,361,650 <sup>1</sup>
Mr Frederick (Kyle) Abbott	30,000	-
Mr Steve Gallagher	100,000	-

**Notes:**

1. Mr Alder's Performance Rights consist of:
  - a. 987,250 Vested Performance Rights.
  - b. 374,400 Unvested Performance Rights.

The Directors have confirmed that they intend to take up their full Entitlements under the Entitlement Offer (comprising, in total 217,890 New Shares for the Directors).

### 5.2 Effect on Control

The potential effect that the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including investor demand and existing shareholdings.

Whilst the Entitlement Offer is not underwritten, the Company's cornerstone investor, UIL Limited, has confirmed that it intends to take up its full Entitlement in the Entitlement Offer, but capped at a 3% increase in voting power as compared with its voting power in the Company six months prior to receiving New Shares under the Entitlement Offer. Refer to the information below concerning the UIL Parties for further detail.

Cornerstone investor First Sentier has also confirmed that it intends to take up its full Entitlement in the Entitlement Offer.

In aggregate, the commitments of the major Shareholders above (and of the Directors detailed in Section 5.1) represent approximately 43.4% (or ~A\$2.8 million) of the maximum approximate Entitlement Offer raising of A\$6.5 million.

Based on these confirmations the potential effect which the issue of New Shares pursuant to the Entitlement Offer will have on the control of the Company is as follows:

- if all Eligible Shareholders take up their entitlements under the Entitlement Offer, the New Shares issued under the Entitlement Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Entitlement Offer;
- in the more likely event that there is a shortfall in the Entitlement Offer, Eligible Shareholders who do not subscribe for their full Entitlement of New Shares under the Entitlement Offer (such as those who sell their Entitlements) will be diluted relative to those Eligible Shareholders who subscribe for some or all of their Entitlement, and will be diluted by any take up of Shortfall Shares;
- the voting power in the Company held by UIL Limited and its associates (together the **UIL Parties**) could increase from the current level of 30.33% to up to a maximum of 33.33%.

Consequently, 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 Board and the Company's management and strategic direction and to impact the outcome of resolutions of shareholders of the Company.

Control will ultimately be affected by the level of applications under the Entitlement Offer. The final percentage interests held by Shareholders of the Company is dependent on the extent to which other Eligible Shareholders take up their Entitlements.

No Shortfall Shares will be issued to an Eligible Shareholder if, in the view of the Directors, to do so would increase that Eligible Shareholder's voting power in the Company above 19.9% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

The information in this Section 5.2 is the Company's estimates only, based on the information available to it. Actual outcomes may vary.

### 5.3 Potential Dilution Effect

If you do not participate in the Entitlement Offer, your holdings in the Company will be diluted as a result of the Entitlement Offer (compared with your position before the Entitlement Offer), after the issue of New Shares under the Entitlement Offer.

The following are examples of how any dilution may impact you if you do not participate in the Entitlement Offer, assuming the maximum number of New Shares are issued:

Example Shareholder	Holdings as at Record Date	% as at Record Date	Entitlements Under the Entitlement Offer (subject to rounding)	Holdings if Entitlement not taken up	% if the maximum number of New Shares is issued pursuant to the Entitlement Offer (subject to rounding) <sup>1</sup>
Shareholder 1	10,000,000	12.84%	1,666,667	10,000,000	11.00%
Shareholder 2	5,000,000	6.42%	833,334	5,000,000	5.50%
Shareholder 3	1,000,000	1.28%	166,667	1,000,000	1.10%
Shareholder 4	100,000	0.128%	16,667	100,000	0.11%

Shareholder 5	10,000	0.0128%	1,667	10,000	0.011%
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**Notes:**

1. The dilutionary effect shown in the table assumes that any Entitlements not taken up are dealt with as Shortfall Shares and are placed by the Company.

## 5.4 Capital structure on completion of the Entitlement Offer

On the basis that the Company completes the Entitlement Offer and issues the estimated maximum number of New Shares, the Company's capital structure will be as follows (subject to rounding and subject to no further issues having occurred, for example from the conversion of Performance Rights into Shares):

	Number of Shares (subject to rounding)	Number of Options	Number of Performance Rights
<b>Balance as at the date of this Entitlement Offer Booklet</b>	77,899,027	-	1,990,170 <sup>1</sup>
<b>Entitlement Offer</b>	12,983,172	-	-
<b>Total upon completion of the Entitlement Offer<sup>2</sup></b>	90,882,199	-	1,990,170

**Notes:**

1. Consists of:
  - a. 614,706 Tranche A Performance Rights (ASX security code OECPERF5).
  - b. 368,823 Tranche B Performance Rights (ASX security code OECPERF5).
  - c. 359,391 Vested Performance Rights (ASX security code OECPERF3).
  - d. 647,250 Vested Performance Rights (ASX security code OECPERF4).
2. For the avoidance of doubt, the Company reserves the right to issue further securities from time to time.

## 6. IMPORTANT INFORMATION

This Entitlement Offer Booklet and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by Orbital. This Information is current as of Tuesday, 19 October 2021. This Information remains subject to change without notice and Orbital is not responsible for updating this Information.

There may be additional announcements made by Orbital after the date of this Entitlement Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Orbital (by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au)) before submitting your application to take up your Entitlement.

No party other than Orbital has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

**This Information is important and requires your immediate attention.**

You should read this Information and Orbital's other ASX announcements carefully and in their entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the "Key Risks" section of the Investor Presentation (a copy of which is included in this Entitlement Offer Booklet) any of which could affect the operating and financial performance of Orbital or the value of an investment in Orbital.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

### Trading of New Shares

It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving written confirmation of their holding will do so at their own risk.

Orbital disclaims all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statement, whether on the basis of confirmation of the allocation provided by Orbital or the Share Registry.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other independent professional adviser.

### 6.1 Eligible Shareholders and Ineligible Shareholders

This Information contains an offer of New Shares to Eligible Shareholders and has been prepared in accordance with section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Accordingly, neither this Entitlement Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating a possible investment in Orbital. They do not and are not required to contain all of the information which would be required to be disclosed in a prospectus.

If you are a Shareholder who does not satisfy each of the criteria to be an Eligible Shareholder (as defined in Section 2.1), you are an **"Ineligible Shareholder"**. Where the Entitlement Offer Booklet has been despatched to Ineligible Shareholders, the Entitlement Offer Booklet is provided for information purposes only. Orbital reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By making a payment by BPAY® or EFT, you will be taken to have represented and warranted that you satisfy each of the criteria listed in Section 2.1 to be an Eligible Shareholder. Nominees,

trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Orbital has decided that it is unreasonable to make offers under the Entitlement Offer to Ineligible Shareholders, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. In considering compliance with applicable securities laws, Orbital may (in its absolute discretion) extend the Entitlement Offer to Shareholders who have registered addresses outside Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom.

### **Foreign Shareholders and Ineligible Shareholder nominee**

This Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such offers.

The Company has appointed PAC Partners to act as nominee (**Ineligible Holder Nominee**) for the Ineligible Shareholders, to arrange for the sale of the Entitlements which would have been offered to them had they been eligible to participate in the Entitlement Offer.

If there is a viable market for those Entitlements and a premium over the expenses of their sale can be made, the Ineligible Holder Nominee's role is to arrange the sale of the Entitlements which would have been attributable to Ineligible Shareholders. The Ineligible Holder Nominee will distribute to the Share Registry or to the Company directly the net proceeds (if any) of the sale of Entitlements of Ineligible Shareholders (after deducting costs and expenses), to be distributed to the Ineligible Shareholders in proportion to their respective Entitlements at the Record Date. The Ineligible Holder Nominee will charge the Company a fee of 2.5% (plus GST) of the proceeds from the sale of Entitlements in its capacity as nominee of Ineligible Shareholders and the Company may reimburse to the Ineligible Holder Nominee the expenses of the Ineligible Holder Nominee.

The Ineligible Holder Nominee will have absolute and sole discretion to determine the price for which the Entitlements of Ineligible Shareholders may be sold, as well as the timing and manner of such sale (if any). Neither the Company nor the Ineligible Holder Nominee will be subject to any liability to Ineligible Shareholders (or any other party) for failure to sell the Entitlements of Ineligible Shareholders or for failure to sell them at a particular price.

If, as a result of the Ineligible Holder Nominee offering to sell or being invited to sell the Entitlements of Ineligible Shareholders, the Ineligible Holder Nominee forms the reasonable opinion that there is not a viable market for the Entitlements or a surplus of sale proceeds over expenses from the sale cannot be obtained for the Entitlements that would otherwise have been offered to the Ineligible Shareholders then those Entitlements will be allowed to lapse. In such circumstances, no money will be payable to Ineligible Shareholders.

To the extent that any Entitlements that would have been offered under the Entitlement Offer to Ineligible Shareholders (had they been entitled to participate in the Entitlement Offer) are not taken up for the issue of New Shares (including pursuant to the Ineligible Holder Nominee process above) (**Ineligible Shares**), those Ineligible Shares will be Shortfall Shares which are subject to the shortfall allocation policy detailed in Section 6.4. The price at which those Ineligible Shares would be issued is the same as the Offer Price. Accordingly there will be no net proceeds from those issues in excess of the Offer Price under the Entitlement Offer and Ineligible Shareholders will not receive any payment or value in connection with those Ineligible Shares.

### **Foreign Acquisitions and Takeovers Act 1975 (Cth) and Australian Government Foreign Investment Policy**

For the purposes of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), the Company is a "national security business".

Generally, the FATA applies to acquisitions of a "direct interest" in an Australian national security business by a "foreign person" and its associates (or by a "foreign government investor" and its

associates), irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor is in a position to influence or participate in the management and control or policy of the entity.

Where the FATA requires notification of the proposed acquisition (i.e. an exemption does not apply), the acquisition may not occur unless notice of it has been given to the Federal Treasurer (via the Foreign Investment Review Board (**FIRB**)) and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting. An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a no objection notification or expiry of a statutory period without objection, has occurred.

There are exemptions or different criteria which can apply to certain acquisitions, such as the rights issue exemption for an Eligible Shareholder participating in this Entitlement Offer by taking up their Entitlements (but such rights issue exemption does not apply to the acquisition of additional Entitlements or Shortfall Shares). Where an investor relies upon that rights issue exemption to acquire a "direct interest" in a "national security business" without notification under the FATA, the Federal Treasurer retains the right to "call-in" that acquisition for review at any time until 10 years after the acquisition occurs, if the Federal Treasurer considers that the acquisition raises a national security concern. As noted above, for the purposes of the FATA, the Company is a "national security business".

If an investor voluntarily notifies the Federal Treasurer (via FIRB) of the proposed acquisition of a "direct interest" in a "national security business" (instead of relying on an exemption), then the "call-in" power is extinguished. However, even if the Federal Treasurer confirms that there is no objection to the proposed acquisition (with or without conditions), the Federal Treasurer retains a "last resort power" under the FATA to review the acquisition again in certain limited situations.

It is the responsibility of each applicant for New Shares to confirm whether the FATA applies to them before accepting the Entitlement Offer, acquiring additional Entitlements and/or applying for Shortfall Shares and to comply with the FATA. Failure to comply with the FATA may result in civil and/or criminal penalties.

For completeness, if a sufficient proportion of the Company's issued securities are held by "foreign persons" (or "foreign government investors"), then the Company itself (and its subsidiaries) will become a "foreign person" (or a "foreign government investor") for the purposes of the FATA and the Company and its corporate group would then be subject to regulatory compliance requirements under the FATA.

## **6.2 Ranking of New Shares**

New Shares issued under the Entitlement Offer will rank equally with existing Shares. New Shares will be entitled to any dividends on ordinary shares with a record date after the issue of the New Shares (although no forecast is made of whether, or when, any dividends may be declared). The rights and liabilities attaching to the New Shares are set out in Orbital's constitution, a copy of which is available at [www.asx.com.au](http://www.asx.com.au).

## **6.3 Minimum Subscription**

There is no minimum subscription for the Entitlement Offer.

## **6.4 Shortfall allocation policy**

Unless otherwise determined by the Company, to the extent of any New Shares (including Ineligible Shares as detailed in Section 6.1) for Entitlements not taken up under the Entitlement Offer



(together the **Shortfall Shares**) the Company proposes to allocate Shortfall Shares according to the following priority (subject to the Board's discretion detailed below):

- (a) to each Eligible Shareholder who has applied for Shortfall Shares through the Top Up Facility (subject to compliance with applicable laws and to the terms set out in this Entitlement Offer Booklet); and
- (b) if following the allocation in paragraph (a) there remains unallocated Shortfall Shares, the Shortfall Shares will be allocated to sophisticated or professional investors, at the Board's discretion (including as may be introduced to the Company by one or more stockbrokers).

This shortfall allocation policy has been structured to allow each Eligible Shareholder to apply to participate in priority to third parties and to seek to disperse the Shortfall Shares across a potentially broad number of Eligible Shareholders (if Shortfall Shares are applied for through the Top Up Facility). The Company reserves the right to issue, at its sole discretion, to an Eligible Shareholder who has applied for Shortfall Shares a lesser number of Shortfall Shares than the number applied for (or no Shortfall Shares), issue part or all of the Shortfall Shares to new investors, reject an application or not proceed with the issuing of the Shortfall Shares or part thereof.

In the event it is necessary to scale back applications for Shortfall Shares by Eligible Shareholders, then the scale back will be on a pro rata basis, based on the Entitlements of Eligible Shareholders.

The Directors also reserve, subject to compliance with applicable laws and the ASX Listing Rules, the right to place any or all of the Shortfall Shares to one or more investors within three months of the Closing Date at a price not less than the Offer Price. Such investors may include professional or sophisticated investors, or other investors identified by the Company (or potentially identified by stockbrokers for a fee).

The Company may receive assistance from PAC Partners to place Shortfall Shares, in which case the Company has agreed to pay PAC Partners certain fees totalling 2.5% of the proceeds raised from those Shortfall Shares (at the Offer Price).

The Directors reserve the right to issue the Shortfall Shares at their discretion and to pay fees to stockbrokers and others as part of that issue, at the Directors' discretion.

The Directors are not entitled to participate in the Top Up Facility.

The Directors will seek to ensure that no person will be issued Shortfall Shares if such issue will result in that person's voting power in the Company exceeding 19.9% or increasing at all, if they already hold voting power in the Company above 19.9%.

## **6.5 Reconciliation and the rights of Orbital**

The Entitlement Offer is a complex process and in some instances investors may believe that they own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Orbital may need to issue additional New Shares to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these additional New Shares would be issued would be the Offer Price.

Orbital also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if Orbital believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Orbital may, in its discretion, require the relevant Shareholder to transfer excess New Shares to a third party, such as a stock broker, at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by Orbital in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Orbital to require any of the actions set out above.

## **6.6 Taxation**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Entitlement Offer. The implications associated with participation in the Entitlement Offer will vary depending upon the individual circumstances of individual Eligible Shareholders.

Orbital, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under the Entitlement Offer.

## **6.7 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw an application once it has been accepted.

## **6.8 Entitlements Trading**

The Entitlements under the Entitlement Offer are renounceable. Accordingly, there will be trading of Entitlements (including on ASX) and you may dispose of your rights to subscribe for New Shares comprising part or all of your Entitlement to any other party (subject to compliance with applicable laws). Entitlement trading is expected to commence on Thursday, 21 October 2021 and conclude on Friday, 29 October 2021. If you do not take up your full Entitlement and do not trade the Entitlements which you do not take up, those Entitlements that you do not take up or trade will lapse and you will not receive any payment or value for them. See Section 3 for further details.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlements on ASX and the price you may be able to achieve.

## **6.9 Risks**

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Orbital and an investment in Shares (including New Shares). Please refer to the "Key Risks" section of the Investor Presentation for details. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

## **6.10 Notice to nominees and custodians**

Nominees and custodians may not distribute any part of this Entitlement Offer Booklet in any other country outside Australia except (i) nominees in Australia and New Zealand may send this Entitlement Offer Booklet and related offer documents to beneficial Shareholders who are resident in Bermuda, Malaysia, New Zealand or Singapore and (ii) to beneficial Shareholders in other countries where Orbital may determine it is lawful and practical to make the Entitlement Offer.

Orbital is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws and complies with the terms of this Entitlement Offer Booklet.

## **6.11 Continuous Disclosure**

Orbital is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Orbital is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock market conducted by ASX. In particular, Orbital has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of Shares. That information is available to the public from ASX.

## **6.12 Not investment advice**

This Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Orbital is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Orbital's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

Prospective investors should conduct their own independent investigation and assessment of the Entitlement Offer and the information contained in, or referred to in, this Entitlement Offer Booklet. An investment in Orbital is subject to investment risk such as possible loss of principal invested. Before deciding whether to apply for New Shares, you should consider all materials sent to you in relation to the Entitlement Offer and all relevant materials lodged with ASX, and whether the New Shares are a suitable investment for you in light of your own investment objectives, financial circumstances and investment needs (including financial and taxation issues) and having regard to the merits or risks involved (including the "Key Risks" set out in the Investor Presentation). If, after reading the Information, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser or call the Orbital Shareholder Information Line on 1800 853 816 (within Australia) or +61 1800 853 816 (outside Australia) from 5:30am to 2:30pm (Perth time), Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser during the Entitlement Offer period.

## **6.13 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

## **6.14 Quotation and trading**

Orbital will apply to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rules requirements. Application money will be held on trust in a subscription account until allotment. No interest earned on application monies will be paid by Orbital, irrespective of whether allotment takes place.

If ASX does not grant quotation of the New Shares, Orbital will repay all application monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Entitlement Offer will commence on or around Thursday, 11 November 2021.

## **6.15 Information availability**

Eligible Shareholders can obtain a copy of this Information during the period of the Entitlement Offer on the Orbital website at <https://www.orbitaluav.com> or by calling Orbital. Eligible Shareholders who access the electronic version of this Information should ensure that they download and read the entire Information. The electronic version of this Information on the Orbital website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be obtained by downloading a copy from <https://orbitaluav.com/investors/> during the period of the Entitlement Offer or by calling the Orbital Shareholder Information Line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) from 5:30am to 2:30pm (Perth time), Monday to Friday during the Entitlement Offer period. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

## **6.16 Governing law**

This Information, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer (including pursuant to the personalised Entitlement and Acceptance Forms) are governed by the laws applicable in Western Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia.

## **6.17 Foreign jurisdictions**

This Entitlement Offer Booklet does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Entitlement Offer Booklet may not be distributed to any person, and the Entitlements and the 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 or New Shares may be made to the public in Bermuda. The Entitlements and the 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 New Shares.

### **Hong Kong**

**WARNING:** The contents of this Entitlement Offer Booklet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Entitlement Offer Booklet, you should obtain independent professional advice.

### **Japan**

The Entitlements and the New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to a small number of investors. This Entitlement Offer Booklet is for the exclusive use of existing shareholders of the Company in connection with the Entitlement Offer. This Entitlement Offer Booklet is confidential to the person to whom it is addressed and must not be distributed, reproduced or disclosed (in whole or in part) to any other person in Japan other than by the Company to its shareholders.

### **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 the New Shares may not be offered, sold or issued in Malaysia except to existing shareholders of the Company. Any 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.

### **New Zealand**

The Entitlement and the 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 2016. The offer of New Shares is renounceable in favour of members of the public.

This Entitlement Offer Booklet 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 Entitlement Offer Booklet 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.

### **Singapore**

This Entitlement Offer Booklet and any other materials relating to the Entitlements or the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Entitlement Offer Booklet and any other document relating to the such securities may not be issued, circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Entitlement Offer Booklet has been given to you on the basis that you are an existing holder of the Company's shares. If you are not such a shareholder, please return this Entitlement Offer Booklet immediately. You may not forward or circulate this Entitlement Offer Booklet to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **United Kingdom**

Neither this Entitlement Offer Booklet nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (the **FSMA**)) has been published or is intended to be published in respect of the New Shares.

The Entitlements and the New Shares may not be offered or sold in the United Kingdom by means of this Entitlement Offer Booklet or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Entitlement Offer Booklet is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This Entitlement Offer Booklet may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.



In the United Kingdom, this Entitlement Offer Booklet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Entitlement Offer Booklet relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Entitlement Offer Booklet.

## **6.18 Privacy**

As a Shareholder, Orbital and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Orbital and the Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Orbital and the Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise permitted under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Orbital or the Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning the Share Registry on +61 1800 502 355.

## **6.19 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by Orbital, or its related bodies corporate in connection with the Entitlement Offer. None of Orbital, or any other person, warrants or guarantees the future performance of Orbital or any return on any investment made pursuant to this Information or its content.

## **6.20 Withdrawal of the Entitlement Offer**

Orbital reserves the right to withdraw all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case Orbital will refund application monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any application monies paid by you to Orbital will not entitle you to receive any interest and that any interest earned in respect of application monies will belong to Orbital.

## 7. GLOSSARY

In this Entitlement Offer Booklet, unless the context requires otherwise:

**\$ or A\$** means the lawful currency of Australia.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 or where the context requires, the financial market operated by it known as the Australian Securities Exchange.

**ASX Listing Rules** or **Listing Rules** means the listing rules of the ASX as amended from time to time.

**Board** means the board of Directors of the Company.

**Closing Date** means 2:00pm (Perth time) on 5 November 2021.

**Company** or **Orbital** means Orbital Corporation Limited ACN 009 344 058.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**EFT** means Electronic Funds Transfer.

**Eligible Shareholder** has the meaning given to that term in Section 2.1.

**Entitlement** means an Eligible Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

**Entitlement and Acceptance Form** has the meaning given to that term in the Chairman's Letter in this Entitlement Offer Booklet.

**Entitlement Offer** has the meaning given to that term in the Chairman's Letter in this Entitlement Offer Booklet.

**Entitlement Offer Booklet** means this Entitlement Offer Booklet.

**FATA** has the meaning given to that term in Section 6.1.

**FIEL** has the meaning given to that term in Section 6.17.

**FIRB** has the meaning given to that term in Section 6.1.

**FPO** has the meaning given to that term in Section 6.17.

**FSMA** has the meaning given to that term in Section 6.17.

**Ineligible Holder Nominee** means PAC Partners.

**Ineligible Shareholder** has the meaning given to that term in Section 6.1.

**Ineligible Shares** has the meaning given to that term in Section 6.1.

**Information** has the meaning given to that term in Section 6.

**Investor Presentation** means the Company's Investor Presentation, which was announced to the ASX on 19 October 2021 and has been reproduced in Section 4 of this Entitlement Offer Booklet.

**New Share** means a Share offered under the Entitlement Offer (including any Shortfall Shares).

**Offer Launch Announcement** means the Company's initial announcement in relation to the Entitlement Offer, which was announced to the ASX on 19 October 2021 and has been reproduced in Section 4 of this Entitlement Offer Booklet.

**Offer Price** has the meaning given to that term in the Chairman's Letter in this Entitlement Offer Booklet, being A\$0.50 per New Share.

**PAC Partners** means PAC Partners Securities Pty Ltd ACN 623 653 912, a Corporate Authorised Representative (CAR 001261290) of PAC Asset Management Pty Ltd ACN 134 783 583 (AFSL 335 374).

**Record Date** means 4:00pm (Perth time) on 22 October 2021.

**Section** means a section of this Entitlement Offer Booklet.

**SFA** has the meaning given to that term in Section 6.17.

**Share** means a fully paid ordinary share in the capital of Orbital.

**Shareholder** means a registered holder of one or more Shares.

**Share Registry** means Link Market Services Limited.

**Shortfall Shares** has the meaning given to that term in Section 6.4.

**Top Up Facility** has the meaning given to that term in the Chairman's Letter in this Entitlement Offer Booklet.

**UIL Parties** has the meaning given to that term in Section 5.2.

**US Securities Act** means the US Securities Act of 1933, as amended.

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**8. ENTITLEMENT AND ACCEPTANCE FORM**



**Orbital Corporation Limited**  
ACN 009 344 058

All Share Registry communications to:  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia  
Telephone: 1300 853 816  
From outside Australia: +61 1300 853 816  
ASX Code: OEC  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**IID:**

**SRN/HIN:**

**Entitlement Number:**

**Number of Shares held as  
at the Record Date, 4:00pm (Perth time)  
on 22 October 2021:**

**Entitlement to New Shares  
(on a 1 New Share for 6 basis):**

**Amount payable on full acceptance  
at A\$0.50 per New Share:**

<b>Entitlement Offer Closes 2:00pm (Perth time):</b>	<b>5 November 2021</b>
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## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 6 existing Shares that you hold on the Record Date, at an Offer Price of A\$0.50 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Entitlement Offer is being made under the Entitlement Offer Booklet dated 19 October 2021. The Entitlement Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Entitlement Offer Booklet and Orbital Corporation Limited's other ASX announcements. This Entitlement and Acceptance Form should be read in conjunction with the Entitlement Offer Booklet.

### PAYMENT by BPAY® only (No cheque payments)

#### PAYING BY BPAY®

Paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return this acceptance form when you make payment by BPAY®.** Payment must be received via BPAY® before 2:00pm (Perth time) on 5 November 2021. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of New Shares the subject of your application monies.



**Biller Code:**  
**Ref:**

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)  
® Registered to BPAY Pty Ltd ABN 69 079 137 518

**A** Number of New Shares applied for and accepted (being not more than your Entitlement shown above)

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**B** Number of additional New Shares applied for above your Entitlement out of a shortfall

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**C** Total number of New Shares applied for (add Boxes A and B)

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### YOUR CONTACT DETAILS

Telephone Number

(		)
---	--	---

Telephone Number – after hours

(		)
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Contact Name (PRINT)

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See overleaf for details and further instructions. If you do not take up or sell your Entitlements, you will not receive any value for them. It is important that you decide whether to accept or sell your Entitlements in accordance with the Entitlement Offer Booklet.

**OEC EAC001**





## ORBITAL CORPORATION LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Entitlement Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire New Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

### ACCEPTANCE OF ENTITLEMENT OFFER

By returning the Entitlement and Acceptance Form with payment by BPAY® to the Share Registry, or by just making payment by BPAY®:

- you represent and warrant that you have read and understood the Entitlement Offer Booklet and that you acknowledge the matters, and make the declarations, warranties and representations contained in it;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Orbital Corporation Limited.

### HOW TO APPLY FOR NEW SHARES

#### 1. PAYING BY BPAY®

In order to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY® you can access: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.50.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

#### 2. SALE OF YOUR ENTITLEMENT IN FULL OR IN PART ON THE ASX

If you wish to sell all of your Entitlements on the ASX or if you wish to sell part of your Entitlements on the ASX and accept or reject the balance, you should contact your stockbroker and provide details as requested which appear overleaf. Also see Section 3.3 of the Entitlement Offer Booklet.

#### 3. DISPOSAL OF YOUR ENTITLEMENT OTHER THAN ON THE ASX

A renunciation form must be used for all other transactions. These forms may be obtained from the Orbital Corporation Limited Share Registry or your stockbroker. Also see Section 3.3 of the Entitlement Offer Booklet.

#### 4. OVERSEAS SHAREHOLDERS

The Entitlement Offer Booklet and Entitlement and Acceptance Form do not constitute an offer of securities in any jurisdiction outside of Australia, Bermuda, Hong Kong, Japan, Malaysia, New Zealand, Singapore or the United Kingdom or to any person to whom it would not be lawful to issue the Entitlement Offer Booklet. By applying for New Shares under this Entitlement and Acceptance Form (regardless of whether you return this form), you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Orbital Corporation Limited Offer Information Line on 1300 853 816 (within Australia) or +61 1300 853 816 (from outside Australia) between 5:30am and 2:30pm (Perth time) Monday to Friday.**



**Orbital Corporation Limited**  
ACN 009 344 058

All Share Registry communications to:  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia  
Telephone: 1300 853 816  
From outside Australia: +61 1300 853 816  
ASX Code: OEC  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**IID:**

**SRN/HIN:**

**Entitlement Number:**

**Number of Shares held as  
at the Record Date, 4:00pm (Perth time)  
on 22 October 2021:**

**Entitlement to New Shares  
(on a 1 New Share for 6 basis):**

**Amount payable on full acceptance  
at A\$0.50 per New Share:**

**Entitlement Offer Closes  
2:00pm (Perth time): 5 November 2021**

## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 6 existing Shares that you hold on the Record Date, at an Offer Price of A\$0.50 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Entitlement Offer is being made under the Entitlement Offer Booklet dated 19 October 2021. The Entitlement Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Entitlement Offer Booklet and Orbital Corporation Limited's other ASX announcements. This Entitlement and Acceptance Form should be read in conjunction with the Entitlement Offer Booklet.

### PAYMENT OPTIONS - BPAY® or EFT (No cheque payments)

#### OPTION 1: PAYING BY BPAY®

Paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return this acceptance form if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 2:00pm (Perth time) on 5 November 2021. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of New Shares the subject of your application monies.

#### OPTION 2: ELECTRONIC FUNDS TRANSFER (EFT)

If paying by EFT, complete and return your Entitlement and Acceptance Form to [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au).

Your application monies must be received by the Share Registry by 2:00pm (Perth time) on 5 November 2021. By paying by EFT, you will be deemed to have completed an Entitlement and Acceptance Form for the number of New Shares the subject of your application monies. Your application monies must be received in Australian Dollars. Please ensure you allow for any fees that the bank(s) may deduct.

The Offer Bank Account to make payment to is outlined below:

**Bank:**

**Account Details:**

**Account Name:**

**Swift Code:**

**Branch Address:**

**Payment Reference:**

**If you choose to make an EFT payment then you must use your Entitlement Number as the payment reference.** If you do not use the Entitlement Number as your payment reference then your application may not be reconciled and may be considered an incomplete application, in which case your application may be rejected.



**Biller Code:**

**Ref:**

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

® Registered to BPAY Pty Ltd ABN 69 079 137 518

**A** Number of New Shares applied for and accepted (being not more than your Entitlement shown above)

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**B** Number of additional New Shares applied for above your Entitlement out of a shortfall

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**C** Total number of New Shares applied for (add Boxes A and B)

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### YOUR CONTACT DETAILS

Telephone Number

(		)
---	--	---

Telephone Number – after hours

(		)
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Contact Name (PRINT)

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See overleaf for details and further instructions. If you do not take up or sell your Entitlements, you will not receive any value for them. It is important that you decide whether to accept or sell your Entitlements in accordance with the Entitlement Offer Booklet.

**OEC EAC001**



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- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Orbital Corporation Limited.

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#### 2. IF PAYING ELECTRONIC FUNDS TRANSFER

If paying by EFT, make payment to the Offer Bank Account and use your Entitlement Number as the payment reference. Both the Offer Bank Account details and Entitlement Number are detailed on the front of this Entitlement and Acceptance Form. **If you do not use your Entitlement Number as your payment reference then your application may not be reconciled and may be considered an incomplete application, in which case your application may be rejected.**

Once your payment is made, complete and return your Entitlement and Acceptance Form via email to [capitalmarkets@linkmarketservices.com.au](mailto:capitalmarkets@linkmarketservices.com.au).

Your application monies must be received in Australian Dollars and ensure you allow for any fees that the bank(s) may deduct from your payment. By paying by EFT, you will be deemed to have completed an Entitlement and Acceptance Form for the number of New Shares the subject of your application monies.

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