2026
Austal Limited
Annual Report

AUSTAL

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Company **Overview**

In a pivotal year for Austal, the Group completed three major defence contracts worldwide, signed an agreement that establishes Austal as Australia's Strategic Shipbuilder in Western Australia and commenced continuous naval shipbuilding that secures Australia's sovereign capability.

In total, the Austal Group delivered six ships and secured new shipbuilding contracts for an additional 32 vessels in FY2026.

Austal Limited's A$16.5 billion-dollar order book reflects record growth for the company over this period, with significant new contracts awarded in addition to ongoing commercial and defence shipbuilding programs, infrastructure, sustainment and technology projects that are adding to our global operations.

In FY2026, Austal completed the 19-vessel Independence-variant Littoral Combat Ship (LCS) program in the United States, the 10-vessel Evolved Cape-class Patrol Boat (ECCPB) program for the Royal Australian Navy and the 24-vessel Guardian-class Patrol Boat (GCPB) program for the Australian Department of Defence. The successful completion of these three major projects concurrently reinforces Austal's position as a leading defence prime contractor in the Indo Pacific and positions the company for further growth.

Following the signing of the Strategic Shipbuilding Agreement (SSA) with the Commonwealth of Australia in August 2025, Austal has been building capacity and engaging with the Australian Defence Force, Department of Defence, governments and local industry, ready to deliver continuous naval shipbuilding in Western Australia for decades to come.

Under the SSA, Austal Defence Shipbuilding Australia Pty Ltd (ADA) was awarded contracts for the construction of eighteen Landing Craft Medium (LC-M) and eight Landing Craft Heavy (LC-H) vessels for the Australian Army, totalling more than A$5.1billion. Construction on both programs is expected to commence in the Henderson Defence Precinct in Q4 of CY2026.

As Strategic Shipbuilder in Western Australia, Austal may bid for future Royal Australian Navy shipbuilding programs, including General Purpose Frigates (GPF) (eight Mogami-class Frigates to be constructed in Australia) and six Large Optionally Crewed Surface Vessels (LOSVs).

In the meantime, the Australian shipyard is focused on delivering Evolved Cape-class Patrol Boats for the Australian Border Force (ABF), with six vessels now contracted following awards in December 2024, December 2025 and February 2026.

The first vessel was launched at Henderson in May and is working towards commissioning, with three others currently in build.

In the United States, Austal USA celebrated the delivery of USS Pierre (LCS 38) and the completion of the 19-vessel Independence-variant LCS program for the US Navy in July 2025.

The Mobile, Alabama team continued construction on multiple, additional shipbuilding programs for the US Navy and US Coast Guard during the reporting period, including two Heritage-class Offshore Patrol Cutters (OPC); the 16th and final Expeditionary Fast Transport (EPF) vessel; three Towing Salvage and Rescue Ships (T-ATS 11, 12, 13); as well as Landing Craft Utility (LCU) vessels (1710, 1711 and 1712) and the Navy's 211-metre long Auxiliary Floating Dry Dock Medium (AFDM).

Progress was made in preparing the Expeditionary Medical Ship (EMS) and the Auxiliary General Ocean Surveillance Ships (T-AGOS) programs for construction, while production of command modules for Virginia and Columbia-class submarines and elevators for Gerald R. Ford-class aircraft carriers continued at pace.

Austal USA's shipbuilding capacity in Mobile grew significantly in FY2026, with Phase 1 of the (Submarine) Module Manufacturing Facility 3 (MMF3) opening in June 2026 and construction continuing on the new Final Assembly 2 (FA2) building that will soon support the assembly of large surface vessels.

Austal's portfolio of commercial vessels strengthened in FY2026, with several projects progressing and one new vessel delivered.

A unique, 66-metre 100% wind-powered sailing cargo trimaran, designed by Austal for VELA Transport of France, is nearing completion at Austal Philippines, with a handover date expected in Q4 of CY2026.

Metal was also cut on the 130-metre catamaran Horizon X for Sweden's Gotlandsbolaget in FY2026, with delivery expected by Austal Philippines in mid-2028. The hydrogen-ready vessel, capable of operating on multiple fuel types as alternative fuels and infrastructure evolve, reflects Austal's aim to be a leader in the decarbonisation of the global ferry industry.

Austal Vietnam has emerged as a successful, multi-material shipbuilder with the completion of Dory 2 in June 2026. The 71-metre RoPax cargo ferry, designed by Austal, features a steel-monohull and aluminium-superstructure and is Austal's seventh delivery to the Degage Group of French Polynesia.

The Austal Vietnam team have also progressed construction on a 36-metre passenger catamaran ferry for Cruise Whitsundays, and modules for 'Horizon X'; the first of which are due to be shipped to Austal Philippines in September 2026.

Austal's Australian-based research and development team built on the company's reputation for innovation, with the Autonomous and Remotely Operated Ships (AROS) Platform Controller receiving Approval in Principle from classification society Det Norske Veritas (DNV) in November 2025. The safety control system, which provides a standardised and managed interface between a vessel's complex engineering systems and the navigational autonomy system, was displayed in an interactive console display at both the Indo Pacific International Maritime Exposition in Sydney and Indian Ocean Defence and Security Conference in Perth in FY2026. Austal's new Optionally Crewed Surface Vessel concepts, Vantage 25 and 55 were also released. The latest version of MARINELINK-Prime, Austal's integrated monitoring, alarm and control system, was also successfully deployed to several vessels during the year including the final Evolved Cape-class Patrol Boat for the Royal Australian Navy and the Prony Express high-speed catamaran in New Caledonia.

FY2026 was the busiest year on record for Austal sustainment. Internationally, Austal provided support to 12 customers across Asia, Europe and the Americas, totalling 627 working days. In Australia, the Depot Level Maintenance (DLM) program for the Australian Border Force, delivered in both Cairns and Henderson, has been the most extensive sustainment activity to date; while survey dockings for Pacific Island Nations' Guardian-class Patrol Boats have continued throughout the year in Cairns. There has also been significant, additional commercial sustainment activity in Cairns and Brisbane, including the docking of the Riverside Resolute, the 600th docking completed at the Brisbane shipyard.

The momentum gained in FY2026 reflects Austal's resilience, adaptability and strong position as a global leader in defence and commercial shipbuilding. It is that position that will enable us to meet the evolving demands of maritime innovation, security and sustainability in the years ahead.

Highlights 2026

$2.029B
Revenue

$16.5B
Order Book
[including options]

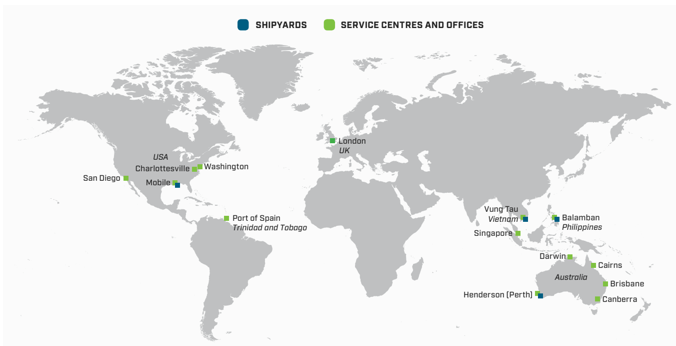
6
Ships delivered

32
Ships ordered

56
Ships scheduled or under construction

78
Vessels under sustainment

5,316
Employees




AUSTAL USA


AUSTAL AUSTRALIA


AUSTAL PHILIPPINES


AUSTAL VIETNAM

Landing Craft Medium and **Heavy**

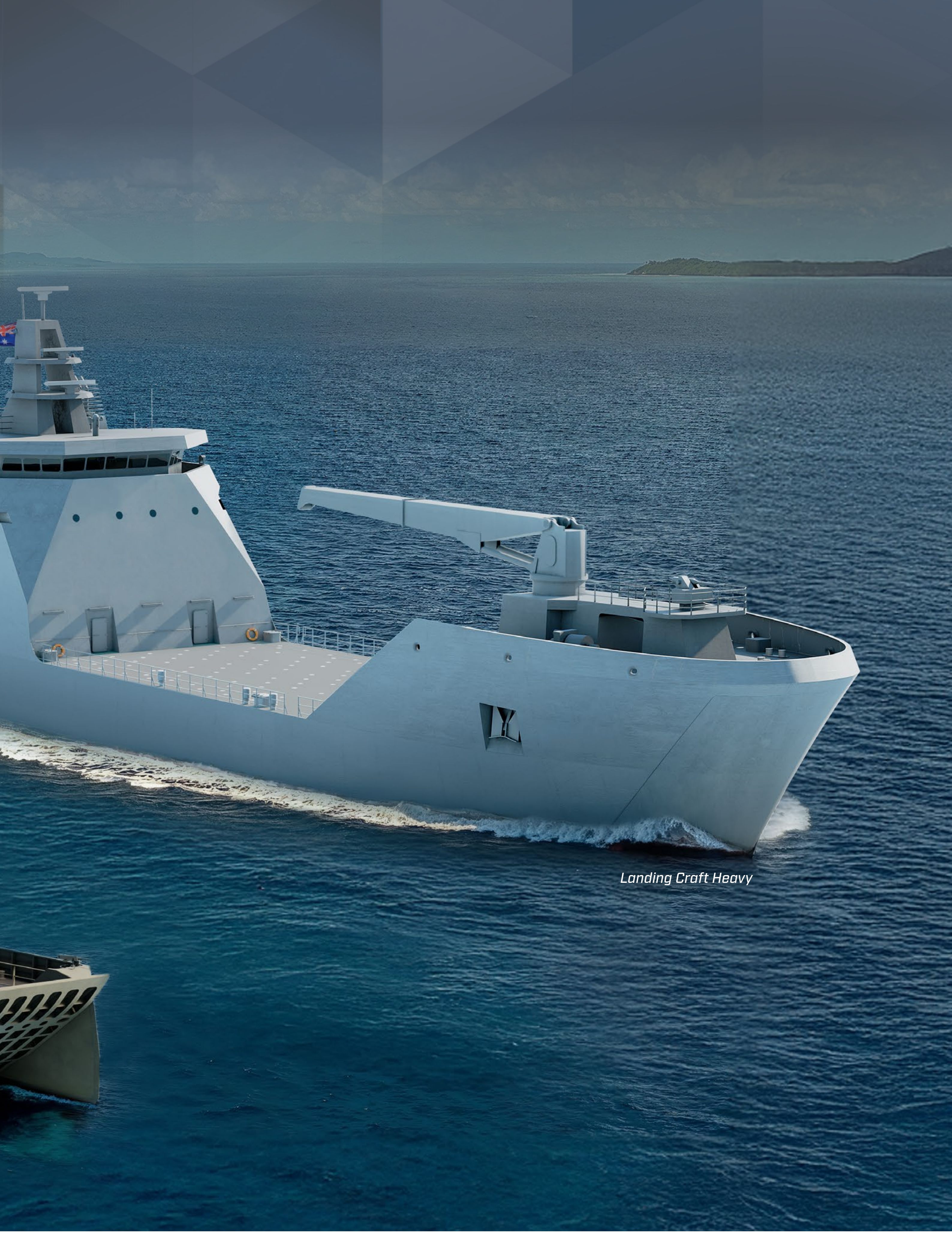
Strategic Shipbuilding Agreement

The signing of the Strategic Shipbuilding Agreement (SSA) and establishment of Austal Defence Shipbuilding Australia Pty Ltd (ADA) in August 2025 was followed by contracts to construct eighteen 55-metre Landing Craft Medium (LC-M) and eight 100-metre Landing Craft Heavy (LC-H) vessels for the Australian Army.

These programs represent a continuous naval shipbuilding future in Western Australia, driving employment, local industrial capability and national resilience. The vessels will be built at Henderson, utilising Austal facilities and the Australian Maritime Complex's Common User Facility (CUF).

With the first metal expected to be cut on both LC-M and LC-H in Q4 of CY2026, Austal has significantly grown our workforce and continued developing long-term relationships with Western Australian, national and international suppliers.

Landing Craft Medium



Landing Craft Heavy

Australia

Evolved Cape-class and Guardian-class Patrol Boats

FY2026 marked the successful completion of two defining programs for Austal at Henderson – and a total of 34 vessels handed over to the Commonwealth of Australia. ADV Cape Hawke, the last of ten Evolved Cape-class Patrol Boats for the Royal Australian Navy, was delivered.

This was followed by the handover of the 24th and final Guardian-class Patrol Boat delivered under the Pacific Patrol Boat Replacement Project, to the Department of Defence, which used the occasion to commend Austal for its craftsmanship and commitment to excellence.

The programs demonstrate the strength of local sovereign shipbuilding capability, underpinned by Austal's skilled workforce, supply chain partnerships and collaboration with the Commonwealth.

Six Evolved Cape-class Patrol Boats have now been ordered by the Australian Border Force (ABF), with the original order extended twice during FY2026.

The first ABF Evolved Cape was launched at Henderson on 28 May 2026.

Certificate of Appreciation

presented to

Austal Ships Pty Ltd

In recognition of Austal Ships' exceptional dedication, craftsmanship and sustained commitment to excellence throughout the design, construction and delivery of 24 Guardian class patrol boats under the SEA 3036 project.

Austal Ships has consistently demonstrated an unwavering focus on quality, safety and innovation across every stage of production. The organisation's engineering expertise, professionalism and collaborative approach have been instrumental in delivering a modern, reliable and capable fleet that will support maritime operations for many years to come.

The successful completion and handover of all 24 vessels represents a significant achievement in supporting our regional partners and enhancing maritime security capabilities. The vessels delivered by Austal Ships make a meaningful contribution to a safer, more secure and connected Pacific and Indian Ocean region.

This accomplishment stands as a testament to Austal Ships' technical mastery and steadfast commitment to supporting Australia's regional partnerships. These efforts have created a legacy that will endure well into the future.

On behalf of all those who have benefited from Austal Ships' contribution, we extend our sincere appreciation and gratitude for the outstanding service, enduring partnership and continued pursuit of excellence.

Peter Mingay, CSM
Commodore, RAN
Acting Head Patrol Boats and Specialist Ships

17 April 2026

USA

Littoral Combat Ship

Austal USA's Independence-variant Littoral Combat Ship (LCS) program was completed this financial year, with the handover of USS Pierre (LCS 38) in July 2025. A total of 19 vessels were delivered to the US Navy under the program, which ran between 2005 and 2025.

The iconic trimaran design was developed in Australia and all aluminium hull vessels were constructed in Mobile, Alabama.

The shipbuilding program was the first ever to be delivered by a foreign-owned prime contractor and saw Austal become the largest aluminium shipbuilder in the world.

In 2023, the USS Canberra (LCS 30) was the first US Navy vessel to be commissioned outside of the United States, at a ceremony in Sydney, Australia.

The Independence-variant LCS has been successfully deployed throughout the world and continues to conduct a broad range of critical missions.

Austal USA continues to provide sustainment services and in-service support to the fleet through service centres in San Diego and Singapore.

USS INDEPENDENCE (LCS2)

USS CORONADO (LCS4)

USS JACKSON (LCS6)

USS MONTGOMERY (LCS8)

USS GABRIELLE GIFFORDS (LCS10)

USS OMAHA (LCS12)

USS MANCHESTER (LCS14)

USS TULSA (LCS16)

USS CHARLESTON (LCS18)

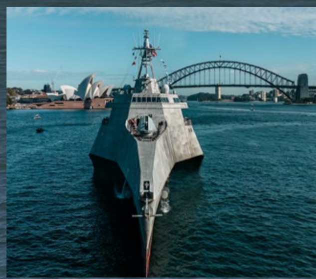
USS CINCINNATI (LCS20)

USS KANSAS CITY (LCS22)

USS OAKLAND (LCS24)

USS MOBILE (LCS26)

USS SAVANNAH LCS28)



USS CANBERRA (LCS30)

USS SANTA BARBARA (LCS32)

USS AUGUSTA (LCS34)

USS KINGSVILLE (LCS36)

Delivering capability for the United States Navy
Coast Guard and Submarine Industrial Base

LCU - In August 2025, the Austal USA team launched Landing Craft Utility (LCU) 1710 - the first of up to 12 vessels to be constructed for the US Navy. Five LCU vessels are now under construction.

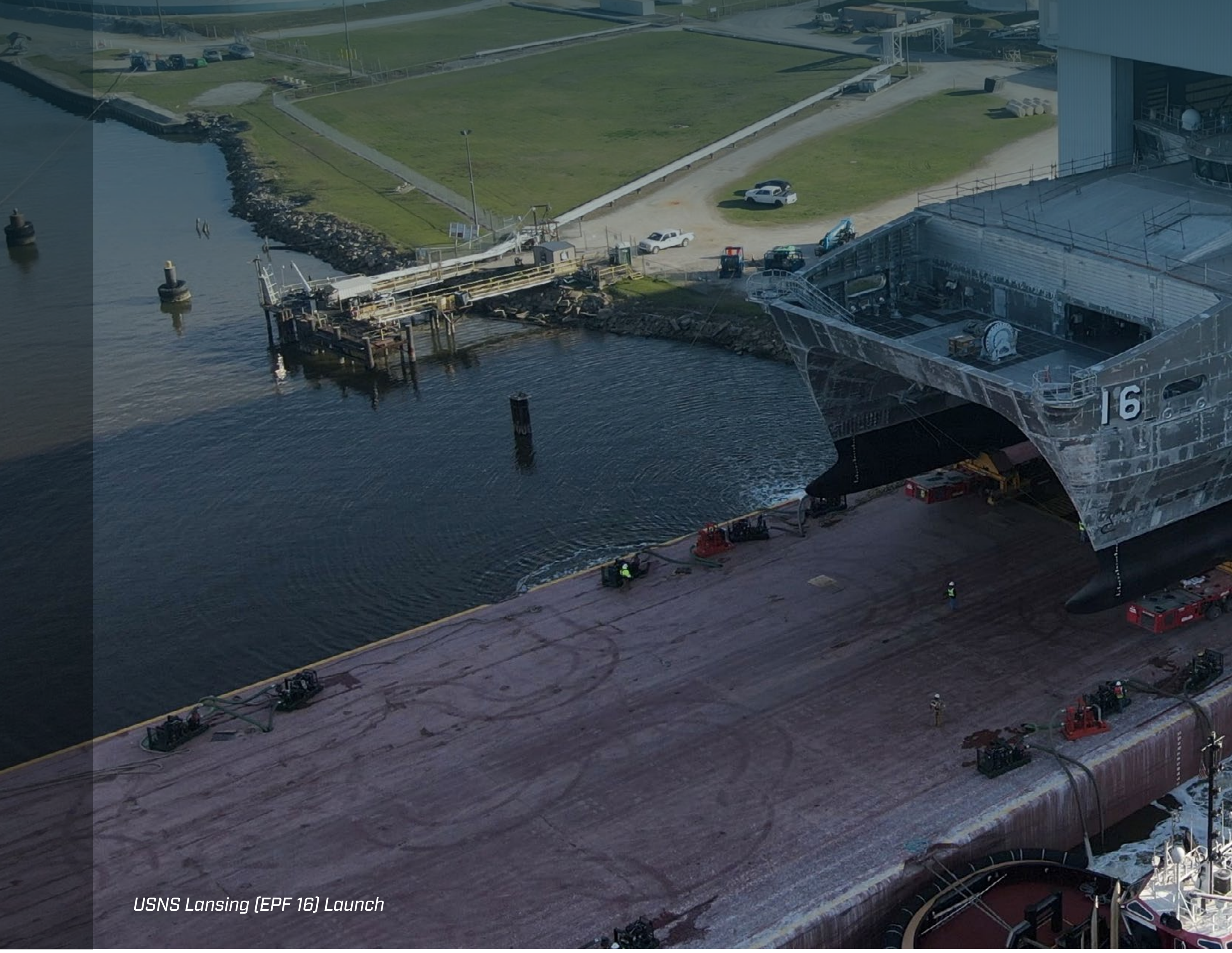
The LCU are carried aboard US Navy amphibious assault ships and are used to transport personnel, weapons, equipment and cargo from ship to shore and shore to shore across a range of military operations.

EPF - Austal USA launched the 16th and final Expeditionary Fast Transport for the US Navy, the future USNS Lansing in February 2026. Final outfitting and systems activation will be completed alongside before sea trials commence in the second half of CY2026.

T-ATS - Construction continues on three Towing, Salvage and Rescue (T-ATS) ships for the US Navy. The future USNS Solomon Atkinson (T-ATS 12) was launched and then christened during FY2026.

MMF3 - Austal USA celebrated the completion of Phase 1 construction on the Module Manufacturing Facility 3 (MMF3) in June 2026. The US$450 million expansion adds more than 36,000 square metres of indoor manufacturing space dedicated to producing modules for Columbia-class and Virginia-class submarines.

Phase 1 provides the necessary production space for fabrication, welding, structural module building, outfitting, electrical and pipe fitting, and painting.



USNS Lansing (EPF 16) Launch

USNS Solomon Atkinson (T-ATS 12) Christening

MMF3 Phase 1 Opening

LCU1710 sea trials

Australia

Austal Sustainment

Supporting commercial and defence customers worldwide

Austal continued to grow it's sustainment business across Australasia, the US and Europe in FY2026.

In Australia, Austal's Henderson shipyard and Cairns Service Centre delivered Depot Level Maintenance (DLM) service to the Australian Border Force's fleet of Cape-class Patrol Boats - the most extensive support program delivered to date.

The Cairns team also completed numerous dockings and maintenance, repairs and overhaul (MRO) activities for defence and commercial customers throughout the year.

Austal Brisbane celebrated the completion of the team's 600th docking during FY2026 - Riverside Resolute.

Austal Brisbane team commencing their 600th docking - Riverside Resolute

Riverside Resolute upon completion of docking

Australia

Autonomous and Remotely Operated Ships (AROS) Controller

Austal received Approval in Principle from classification society Det Norske Veritas (DNV) for the Autonomous and Remotely Operated Ships (AROS) Platform Controller in FY2026. This is an important step in the journey towards minimally, optionally and uncrewed vessel operations.

The AROS Controller, designed and developed by Austal in Henderson, is a safety control system that provides a standardised and managed interface between the vessel's engineering systems and the navigational autonomy system. It is designed to ensure safer and more compliant operation of vessels in remotely-operated and autonomous modes.

Austal collaborated with Greenroom Robotics, a world-leading Australian company specialising in advanced maritime autonomy, navigation and situational awareness solutions to develop (and demonstrate) the system in an engineering trial involving the ADV Cape Hawke in FY2026.

The AROS Controller integrates Austal's MARINELINK-Prime platform management system with Greenroom's Lookout+ optical radar system and Greenroom Maritime Autonomy (GAMA) navigational platform.

The technology was demonstrated in an interactive console display at the Indo Pacific Maritime Exposition in Sydney in November 2025 and the Indian Ocean Defence and Security Conference in Perth in May 2026.

AROS
TAKE COMMAND

Antony DSouza, President of SE Asia, Pacific and India at DNV, with Sam Abbott, Head of Research and Development at Austal

ADV Cape Hawke Evolved Cape-class Patrol Boat

AROS Controller and Console at Indo Pacific 2025

Resilience, innovation and expertise in the Philippines

Austal Philippines achieved a landmark year in FY2026, making significant progress on two of the most innovative commercial vessel projects ever undertaken by the company.

Construction advanced rapidly on 'Horizon X' for Sweden's Gotlandsbolaget following the ceremonial plate cutting in February 2026. The 130-metre high speed catamaran features hydrogen-ready, fuel-flexible ferry technology and will have capacity for 1,500 passengers and 400 vehicles. Modules are now under construction in both Philippines and Vietnam.

Meanwhile, VELA's groundbreaking 66-metre, 100% wind-powered sailing cargo trimaran reached a major construction milestone with the successful lift and rollout of the completed hull, positioning the vessel for final outfitting and commissioning.

Together, these projects reinforce Austal's position at the forefront of sustainable commercial shipbuilding and advanced aluminium vessel design.

These achievements were delivered despite the significant disruption caused by an earthquake and Typhoon Kalmaegi, which impacted the central Philippines during the year.

The resilience, dedication and professionalism of the Austal Philippines team ensured a safe recovery, with operations restored quickly and both flagship projects remaining on schedule. Their commitment to customers, safety and operational excellence highlights the capability of the Balamban shipyard and the strength of Austal's people in overcoming challenging circumstances.

VELA Transport's sailing cargo trimaran during lift and rollout

VELA Transport's 66 metre sailing cargo trimaran

The ceremonial plate cutting for 'Horizon X' was held in February 2026.

VELA sailing cargo trimaran preparing for rollout at Austal Philippines

Vietnam

Austal Vietnam delivering steel and aluminium solutions for global markets

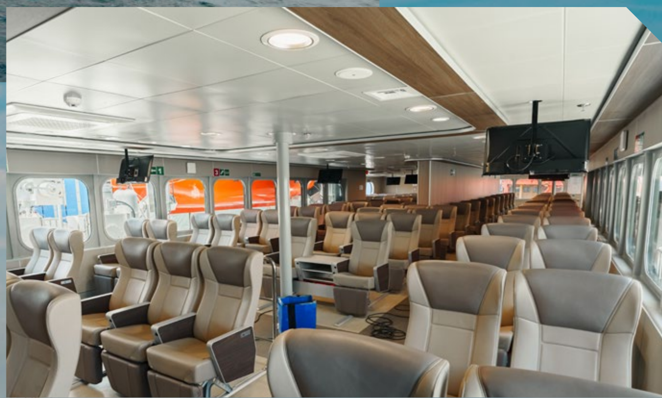
Austal Vietnam achieved another successful year in FY2026, highlighted by the delivery of Dory 2 and continued progress on new commercial vessel construction. The handover of the 71-metre RoPax cargo vessel to The Degage Group of French Polynesia marked a significant milestone for the Vung Tau shipyard, with Dory 2 becoming the first vessel built by Austal Vietnam using both steel and aluminium.

Featuring a steel hull, aluminium superstructure, accommodation for 140 passengers and 17 crew and a 494-square-metre cargo deck, the vessel was the seventh delivered by Austal to The Degage Group, reinforcing a long-standing customer relationship while establishing Austal Vietnam as a proven multi-material shipbuilder.

Building on this success, Austal Vietnam continued construction of a 36-metre high-speed aluminium catamaran for Cruise Whitsundays, part of Australia's leading experiential tourism group, Journey Beyond. Designed to carry up to 390 passengers and 10 crew, the vessel remains on schedule for delivery in the final quarter of CY2026.

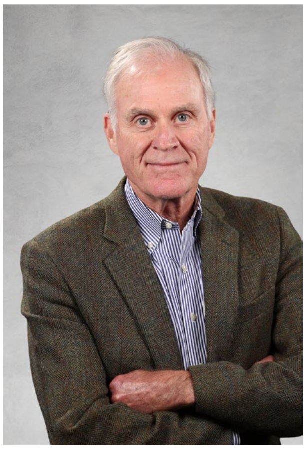
These projects demonstrate the growing capability, versatility and strategic importance of the Austal Vietnam shipyard within Austal's international shipbuilding network.

71m RoPax Cargo Vessel **Dory 2**



AUSTAL

Chairman's report



Financial Year Highlights

- Austal revenue broke the $2 billion mark ($2.029 billion) for the second time in the company's history.
- Legacy contract issues at Austal USA meant an EBIT loss of $(125.2) million.
- Australasia is firing with a $85.3 million EBIT and the signing of the Strategic Shipbuilding Agreement (SSA) in Australia will ensure its continued growth over the next decade.
- Hanwha granted due diligence after presenting a conditional indicative, non-binding proposal to buy Austal USA for US$1.05-$1.20 billion.
- Large capital investment program in the US already providing benefits with nuclear submarine module construction work now underway in a part-completed Module Manufacturing Facility 3 (MMF3) and build of Final Assembly 2 (FA2) progressing well.
- Austal retains a robust balance sheet and liquidity position with cash at bank of $311.9 million at 30 June 2026 and a net cash position of $186.3 million. The position at 31 July 2026 was cash at bank of $366 million and a net cash position of $240 million.

I am pleased to present Austal's FY2026 Annual Report to shareholders on behalf of the Board of Austal Limited, my second as Chairman of the Company.

Since penning my first chairman's letter for the 2025 Annual Report, two seminal events for Austal have bookended the intervening 12 months – the August 2025 signing of the Strategic Shipbuilding Agreement (SSA) with the Commonwealth of Australia and Korean shipbuilder, and 9.9 per cent Austal direct shareholder with a financial arrangement with stockbroker Jarden to provide the ability to vote on another 10%, Hanwha's conditional proposal in August 2026 to purchase Austal USA from Austal Limited.

And the first pivotal event has created a positive paradigm shift in how the Austal board is viewing the second.

The Strategic Shipbuilding Agreement (SSA) with the Commonwealth of Australia is a contract that delivered our Australian operations the operational, and therefore financial, security that has secured its future for decades to come.

The SSA's designation of Austal as the shipbuilder for Tier 2 surface vessels, has cemented Austal's role as a defence prime contractor in the Australian maritime defence industrial base, as long as we continue to perform, which I have no doubt we will.

It provides the platform on which we can invest into the future and has provided work out to 2038, and beyond.

Importantly, the signing of the SSA was the precursor to the signing of a $1.029 billion Design and Build Contract for Landing Craft Medium (LC-M) just before Christmas last year, and the $4 billion construction contract for Landing Craft Heavy (LC-H) signed in February this year.

Those contracts, for eighteen LC-M and eight LC-H vessels, will form the backbone of Austal's position as Australia's pre-eminent shipbuilder of Tier 2 vessels for decades to come, as well as placing Austal in pole position to subsequently build the Mogami-class General Purpose Frigate when the construction program shifts from Japan to Australia.

When combined with the high performing Evolved Cape-class Patrol Boats, our order book in Australasia now totals $5.6 billion.

And the business is already performing. This year the Australasian business (including our commercial ferry businesses in the Philippines and Vietnam) generated $85.3 million of EBIT, up 137% from $36.0 million the prior year, as we completed the Pacific Patrol Boat Replacement Program (24 vessels to 13 countries in 10 years) and continued building Enhanced Cape-class Patrol Boats for the Royal Australian Navy and Australian Border Force.

The FY2026 EBIT margin was at 13.1% in Australasia, and when applied over the life of a $5+ billion 12-year build program, the Australasian business becomes meaningful to Austal and our owners, the shareholders.

So, when discussions were commenced with Hanwha about the future of Austal USA, and Hanwha's potential purchase of that business, it was from a different viewpoint and position than it would have been 12 months ago when the US business looked like comprising 75% of Austal's revenue well into the future.

As our shareholders would be fully aware, Hanwha had previously proposed to buy all of Austal Limited. That attempt was rejected, with Australian Treasurer Jim Chalmers placing a 19.9% cap on Hanwha's shareholding in Austal Limited.

Hanwha has been very open about its intent to expand its participation in the US maritime defence industrial base, and so it changed its focus to Austal's USA business rather than the whole of Austal.

So, when Hanwha submitted a conditional, indicative, non-binding proposal to buy Austal USA from Austal Limited for an enterprise value of US$1.05-$1.20 billion (on a cash and debt-free basis, subject to a normalised level of working capital and other customary transaction adjustments), it was contingent on an Austal board seeking to maximise value for shareholders to provide due diligence so that Hanwha could firm-up its offer.

That due diligence process is now underway and may or may not lead to Hanwha submitting a firm offer to buy Austal USA from Austal Limited.

If Hanwha elects to provide a firm price, the board will evaluate that offer through a single lens: does selling Austal USA provide a superior financial outcome for our shareholders than retaining it within Austal?

The usual metrics will be used to assess whether the transaction meets the above criteria.

But Austal USA is also a strategic asset, and that has value. No other asset is available for a foreign shipbuilder to immediately become the USA's 5th largest military shipbuilder overnight and is unlikely to become available again for some time, if ever.

In describing Austal USA as an asset, it's not limited to the land and infrastructure at Mobile. It's the contracts it possesses now, the contracts available to it in the future, and the availability, skills and workmanship of the 5,000 men and women in Mobile, Alabama, that deliver high quality ships and submarine modules on a regular basis to our key partners.

But it's also a yard which this year has returned a large EBIT loss and has multiple contracts which are onerous.

So, we will evaluate any offer on its merits, having regard to the immediate and certain returns of the cash offer, and potential future returns, capital investments and uncertainty.

As we noted in our 11 August 2026 announcement to shareholders, the Hanwha offer was submitted before Austal USA revised its profit guidance due to recent, changing management views on the ability to obtain accelerated contractual relief on several onerous contracts.

The issues associated with those contracts are well known to shareholders, including Hanwha, though their extent was further quantified in the revised guidance which indicated an Austal USA FY2026 EBIT loss of $202.8 million.

Austal was required to incorporate the loss in its FY2026 earnings when it became clear to our US management that our request for accelerated contractual relief would not be agreed to by the US Navy.

We had taken the view that it was better to negotiate an accelerated outcome than commencing a more lengthy formal process. But after recent communications with the US Navy, it became clear that the accelerated negotiated outcome was highly unlikely to be agreed in the required timeline and the formal process was Austal's only option.

Unfortunately, that then changed views on likelihood of recoverability and Austal was required to account for the total loss on three contracts on multiple vessels extending out to 2028 into a single figure in the current reporting period.

It is a disappointing outcome, but we will be working hard to resolve this with the US Navy.

While recent focus has been on the US and Australia, it is important that we recognise our smaller, commercial ferry operations in Vietnam and the Philippines.

Two vessel programs in the Philippines are emblematic of Austal's commercial ferry business' pivot towards the low, and in some cases zero, emission vessels our customers are increasingly favouring, and ordering.

In the reporting period the construction of a 130-metre combined cycle, 'hydrogen-ready' vehicle passenger ferry was commenced as part Gotlandsbolaget's 'Horizon X' program. This high speed RoPax catamaran will be the largest vessel ever constructed by Austal. It is being built with a highly efficient combined (gas and steam turbines) cycle propulsion system. We are unaware of any other companies employing this technology on high-speed craft, worldwide.

In keeping with its low environmental impact requirement, it will also be built from 'green aluminium'.

It has a capacity to transport up to 1,500 passengers, cargo and 400 vehicles, and has been designed by Austal for maximum fuel efficiency.

The second construction program, the build of a 67-metre wind powered trimaran for VELA is a next generation cargo vessel designed to slash emissions on trans-Atlantic routes.

The trimaran is engineered to operate on 100% wind propulsion, supported by solar generation and hydrogenerators.

It has a capacity for 415 tonnes and up to 500 pallets per week. Unsurprisingly, VELA is targeting high-value, low-volume cargo including cosmetics and luxury goods.

In June VELA announced that it was partnering with the freight forwarding arm of global shipping giant DHL, which had committed to space on the new vessel.

The onboarding of such a large logistics operator is validation of the concept and the fit out is now underway so that we can meet our planned CY2027 service launch.

At Austal Vietnam, our employees recently delivered the 71-metre custom-built RoPax cargo vessel Dory 2 to The Degage Group in French Polynesia, to service the Palliser Islands and Tahiti from its new home port of Papeete. It is a multi-material vessel, comprising a steel hull and an aluminium superstructure.

In August 2025 we secured a A$14-$16 million contract to construct a 36-metre catamaran at our Vietnam base for Cruise Whitsundays. It is testament to the productivity of our Vietnamese workforce that this vessel, designed by Incat Crowther, remains on track for delivery just 16 months later in December 2026.

Financial results

All of the above activities contributed to Austal generating revenue of $2.029 billion in FY2026, which was a 11.3% increase on the $1.823 billion generated in FY2025. It is just the second time Austal has recorded revenue in excess of the $2 billion mark and was only just bettered by the $2.086 billion recorded in FY2020.

As explained earlier, issues in the US meant that our operations there incurred a $202.8 million EBIT loss. The $85.3 million EBIT recorded in Australasia was 137% higher than the prior corresponding period but was not enough to offset that loss. The group recorded a loss of $125.2 million at the EBIT level (FY2025: $113.4 million EBIT profit) and a loss of $53.6 million after interest and tax.

Austal however retains a robust balance sheet and liquidity position with cash at bank of $311.9 million at 30 June 2026 and a net cash position of $186.3 million. The position at 31 July 2026 was cash at bank of $366 million and a net cash position of $240 million. In addition, Austal also has undrawn debt facilities of $435 million, which provides sufficient liquidity to support the ongoing operations and growth embedded in its excellent order book.

Cash from operations was positive at $62.5 million, but the large capital spend on our two expansion programs, Final Assembly 2 (FA2 – vessels such Offshore Patrol Cutters (OPC)) and Module Manufacturing Facility 3 (MMF3 – submarines) reduced net cash from $453.1 million on 30 June 2025, to $186.3 million on 30 June 2026, as expected.

MMF3 is already part-operational, after Phase 1 was opened in June just past.

When completed, the building will support approximately 1,000 jobs.

Risks & opportunities

As noted in our FY2025 report, is important that we make sure that our cost base is as lean as possible.

The board commissioned an independent cost review to ensure that we manufacture every vessel and submarine module as efficiently as possible.

The review was designed to methodically assess our systems and processes to identify where efficiencies can be implemented throughout our yards and offices.

By undertaking this work now, we can be assured that when FA2 and MMF3 come online in the next 2 years, those efficiencies will be pre-baked into their operating model.

Notwithstanding Hanwha's offer to acquire Austal USA, there is a risk that Hanwha will not submit an acceptable offer, in which case Austal will continue to operate the business.

If that's the case, the impact of Austal USA's onerous contracts on that business, and therefore on the Group, will need to be carefully managed.

Construction of FA2, the assembly shed, being built to assemble the Offshore Patrol Cutters (OPC) has commenced.

As with most significant infrastructure expansion projects, there is a risk that these construction works are delayed or encounter difficulties.

A contingency plan has been developed that could see early ships built in an existing shed.

Austal Australia has leased premises at Hope Valley Road, where it has built the Pacific Patrol Boat Replacement Program, also known as Guardian-class Patrol Boats.

That program has enabled Australia to gift 24 vessels to its neighbours in the Pacific Ocean to undertake customs, immigration and other constabulary duties.

That program has just completed. Austal has retained the lease and staff at Hope Valley Road to build modules for Landing Craft Medium (LC-M).

Austal has worked hard to ensure that the end of the current Evolved Cape program dovetails into the start of the LC-M program so that shipbuilders at Henderson can move seamlessly from the former to the latter, and that Austal can retain their much-required skills in that process.

Australian Government contracts issued in FY2026 to build 4 Evolved Cape-class vessels will ensure that Australian Border Force will have four more vessels to undertake their border programs and Austal will avoid the 'valley of death' that would have occurred if there was a gap between the end of Evolved Capes and the start of Landing Craft Medium.

Winning the contract to build the Mogami-class General Purpose Frigate at Henderson is a significant opportunity for Austal, and one that we will be pursuing vigorously.

Early discussions have been promising. It is likely that this contact will be awarded in FY2028.

Getting the right infrastructure to assemble LC-H modules and build General Purpose Frigates depends on build and launch facilities being made available at Henderson in line with program timeframes. Austal is working closely with the Australian Government to optimise infrastructure.

Austal is in negotiations with the Queensland Government over the remediation of environmental contamination present when it purchased the site in Cairns in 2020. There is a risk that a mutually agreed outcome does not occur, in which case Austal would be forced to remediate certain areas, curtailing vessel movements.

Board update

There was a big change to the board composition in FY2026, with the retirement of company founder John Rothwell from the board.

John had resigned from his executive position, but remained a board member for a transition period.

As I noted at the time, and I continue to say, John has left an indelible mark on Austal, and it cannot be overstated what he has done for shipbuilding in Australia, particularly Western Australia. His drive and commitment, his capacity to innovate, his fierce desire to build the best designed and crafted vessels using the best people, and his business acumen are embedded deep in Austal's DNA and will serve the Company well for decades to come.

Replacing John on the board was accomplished civil engineer and company director, Susan Murphy AO.

A graduate of the University of Western Australia with a Bachelor of Engineering (Hons), Susan began her career at Clough Engineering in 1980 following receipt of a Clough Scholarship. Over 25 years at Clough, she progressed from site engineer to senior executive roles, becoming the first woman appointed to the company's board in 1998.

In 2004, Susan joined the Water Corporation of Western Australia and served as Chief Executive Officer from 2008 to 2018. Under her leadership, the Corporation was internationally recognised for pioneering climate-resilient water solutions, including large-scale desalination, water recycling and demand management programs that helped secure Perth's long-term water supply.

Susan has been an active contributor to the board from day one.

HSEQ

As I have noted previously, our prime focus is ensuring that our employees go home safely every day. Safety is non-negotiable. We continue to demonstrate excellent safety performance and pursue more stringent targets each year. It was especially pleasing to see our largest site, our Mobile facility, again achieve awards for safety performance.

Our Medical Treatment Injury Frequency Rate for FY2026 was in line with the prior year, while it was pleasing to see the Lost Time Injury Frequency Rate decline after an unexpected increase in the year prior.

Corporate Responsibility

In accordance with its obligations, Austal is including a Sustainability Report as part of the Company's Annual Report.

FY2026 is the Company's first year of mandatory climate-related financial disclosure under AASB S2. The Company has previously disclosed greenhouse gas emissions and other sustainability-related information on a voluntary basis in its Annual ESG Report; this report represents the first time such disclosures have been prepared to meet statutory requirements under the Corporations Act 2001 (Cth) and AASB S2.

Austal continues to ensure that its operations grow and evolve in a sustainable manner, while also meeting the demands of customers largely weighted to the defence sector.

In accordance with the transition relief available on first-time application of AASB S2, the Group has:

- Not disclosed comparative information for climate-related disclosures;

- Not disclosed Scope 3 greenhouse gas emissions for this annual reporting period.

The Company's climate-related risk and opportunity assessment and scenario analysis evaluated the resilience of Austal’s strategy, business model and operations under a range of plausible climate futures.

The assessment identified acute physical risks associated with typhoons, cyclones and other extreme weather events as the primary climate-related risk, particularly for operations in the Philippines and the USA. Opportunities were also identified through increasing customer demand for low-emissions vessel technologies and the development of new products and services through research, development and innovation. The analysis found that the Company's existing operational controls, business continuity arrangements, customer relationships, engineering capabilities and flexible vessel designs support its ability to manage climate-related risks and respond to emerging opportunities in the short, medium and long term.

Overall, the assessment concluded that the Company's strategy and business model remain resilient under both lower-emissions and higher-warming climate scenarios, although continued attention to physical climate risks and investment in operational resilience will remain important over the short, medium and long term.

Thank-you

On behalf of the Board, I would like to thank each and every Austal employee for their contribution to our Company.

As our CEO is fond of saying: “Sheds don’t build ships, people do”. At Austal we have excellent people building excellent ships.

As a former marine, I know more than most the importance of quality vessels to defend our nations’ borders and protect those who serve aboard. Austal is absolutely invested in making sure we meet the demands of our customers to meet that mark.

At the same time, we also need to meet the requirements of our shareholders to build and sustain these vessels profitably. That hasn’t occurred in FY2026, for the reasons explained earlier. The Board and management are 100% focused to returning Austal to profitability in FY2027 and then growing our business in whatever form it might take.

Hon. Richard V. Spencer

Chairman

Chief Executive Officer's report

Group financial results

	2026 $'000	2025 $'000
Revenue	2,028,961	1,823,337
EBITDA [1]	(55,047)	186,485
EBIT [2]	(125,208)	113,354
NPAT [3]	(53,602)	89,733
EBITDA margin	(2.7%)	10.2%
EBIT margin	(6.2%)	6.2%
Net assets	1,233,569	1,308,655
Net cash position	186,333	453,112
Net cash flow	(272,038)	410,423
(Loss) / Earnings per share ($ per share)	(0.127)	0.236
Dividends per share ($ per share)	-	-
Payout ratio	-	-

1. Earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is comprised of EBIT with depreciation and amortisation ($70.2 million) added back.
2. Earnings before interest and tax (EBIT). EBIT is comprised of NPBT with finance income ($13.0 million) and finance costs ($20.3 million) added back.
3. Net (loss) / profit after tax (NPAT).

EBIT and EBITDA are non-IFRS measures.
EBIT is used to understand segment performance.
EBITDA is used by management to understand cash flows within the Group.
The information is unaudited but is extracted from the audited accounts.

Key financial highlights

- Total revenue for the year increased by 11.3% to $2,029.0 million in FY2026.
- FY2026 EBIT decreased significantly to a loss of $(125.2) million, compared to EBIT of $113.4 million in FY2025.
- Austal reported a NPAT loss of $(53.6) million in FY2026 compared to NPAT of $89.7 million in FY2025.
- Austal delivered operating cash flow of $62.5 million (FY2025: $406.3 million) and FY2026 net cash flow of $(272.0) million (FY2025: $410.4 million).
- Austal has maintained a strong cash balance of $311.9 million at 30 June 2026, despite a significant capital investment program and the loss-making T-ATS, AFDM and LCU contracts (30 June 2025: $583.9 million).
- Net cash was $186.3 million at 30 June 2026 (30 June 2025: $453.1 million).
- Austal received a number of new contract awards during FY2026 in line with the previously announced Strategic Shipbuilding Agreement (SSA).

It has been an interesting year for Austal, culminating in a post reporting date announcement to shareholders around the exceptional performance of the Australasian business, contractual challenges in the US resulting in reduced profitability on Towing Salvage and Rescue ships (T-ATS), Auxiliary Floating Dock Medium (AFDM) and Landing Craft Utility (LCU) programs, which we are trying to recover through Requests for Equitable Adjustment (REA), and receipt of an indicative, non-binding and conditional offer from Hanwha to purchase Austal USA. While an eventual firm offer and purchase are not certain, the initial market reactions indicate shareholders support the transaction.

The highlight of FY2026 was undoubtedly the Strategic Shipbuilding Agreement (SSA) signed between Austal and the Commonwealth of Australia. The signing of the SSA marks a defining moment in Austal's history, establishing Austal Defence Australia as the Commonwealth's shipbuilder of choice for Tier 2 surface vessels. This partnership not only reinforces Australia's sovereign naval shipbuilding capability but also strengthens the Henderson precinct's role in delivering continuous naval shipbuilding and strategic defence readiness. Under the SSA, Austal Defence Shipbuilding Australia Pty Ltd (Austal Defence Australia) will act as prime contractor and take responsibility for all aspects of program delivery including design, construction, procurement, testing, and acceptance while driving progressive cost reductions and efficiencies.

Key features of the signed SSA include:

- A 15-year maximum term, supporting a continuous naval shipbuilding capability in WA.
- Use of a Target Cost Incentive Model for the LC-H program with performance-based gainshare/painshare mechanisms.
- Development of a sovereign and resilient local supply chain.
- Establishment of intellectual property rights, governance and oversight via a ‘Sovereign Share’ held by the Commonwealth.
- Ongoing alignment with broader Defence programs including Collins-class sustainment and fleet support.

Austal Defence Australia will employ a dedicated workforce focused on delivering the Commonwealth’s Tier 2 naval programs, while Austal’s other group companies continue commercial and defence shipbuilding operations across Australia, Asia and the United States. This agreement confirms Austal’s long-standing commitment to supporting Australia’s strategic defence capability and industrial sovereignty, with enhanced opportunities for Australian industry, workforce and innovation over the coming decades.

In August we also announced Austal Australasia has been awarded a contract in the range of A$14-$16 million to construct a 36-metre catamaran for Cruise Whitsundays, part of Australia’s leading experiential tourism group, Journey Beyond. The new vessel, designed by Incat Crowther, will be constructed by Austal Vietnam and is scheduled for delivery in December 2026.

It was very pleasing to see the Government follow through on their published contracting strategy and in December we announced that Austal has been awarded a $1.029 billion Design and Build Contract for Landing Craft Medium (LC-M) under the SSA signed four months prior. The LC-M Design and Build Tasking Statement Contract appoints Austal subsidiary, Austal Defence Australia, to complete the detailed design and build of eighteen Landing Craft Medium (LC-M) vessels at Austal’s Henderson, Western Australia, shipyard. Construction of the first LC-M is scheduled to commence in 2026 with the 18th and final vessel scheduled for delivery in 2032.

December was an exciting month as we also announced that Austal Ships has been awarded a further contract extension for the construction of two additional Evolved Cape-class Patrol Boats for the Australian Border Force (ABF). This award, valued at over A$135 million brings the total number of Evolved Cape-class Patrol Boats (ECCPBs) contracted to Austal to 14 vessels, reinforcing the long-standing partnership between Austal, the Australian Border Force and the Royal Australian Navy in delivering critical maritime capability for Australia’s national security.

In February, alongside Deputy Prime Minister and Minister for Defence the Hon. Richard Marles and Minister for Defence Industry the Hon. Pat Conroy, Austal announced Austal Defence Australia has been awarded a ~$4 billion contract for the construction of eight Landing Craft Heavy (LC-H) vessels, under the SSA.

Construction of the 100-metre Landing Craft Heavy (LC-H) vessels, based on the Damen LST100 design, will be undertaken using Austal facilities and the Common User Facility at Henderson in Western Australia. Construction is scheduled to commence in 2026, with the eighth and final vessel scheduled for delivery to the Commonwealth in 2038.

Also, in February we celebrated the start of construction of a 130-metre combined cycle, ‘hydrogen-ready’, vehicle passenger ferry at Austal Philippines. Part of Gotlandsbolaget’s ‘Horizon X’ program, the high speed RoPax catamaran will be the largest vessel ever constructed by Austal and features a unique, highly efficient, combined cycle propulsion system that includes both gas and steam turbines – a first for high-speed craft, worldwide. With a capacity to transport up to 1,500 passengers, cargo and 400 vehicles, the ‘Horizon X’ multi-fuel catamaran is being designed by Austal, and it will utilise ‘green aluminium’, produced using energy efficient processes and technologies that use less carbon, resulting in lower emissions. Construction is scheduled to complete in mid-2028.

In May we announced that Austal Ships has been awarded a contract extension for the construction of two additional Evolved Cape-class Patrol Boats (ECCPBs) for the Australian Border Force (ABF). That award, valued at approximately $150 million, brought the total number of ECCPBs contracted for delivery to the ABF to six. The award followed the delivery of the tenth ECCPB to the Royal Australian Navy, ADV Cape Hawke, in March 2026.

Following an exciting year of orders, I accompanied Commonwealth officials to Japan to commence negotiations with Mitsubishi Heavy Industries to progress the Mogami-class General Purpose Frigate (GPF).

If negotiations continue on their current trajectory and based on Government announcements and subject to continued success on LC-M and LC-H, contract award could be expected in about 18 months.

Austal's burgeoning order book has been discussed at length and provides the backbone for growth over coming years in both the USA and Australasia.

Turning to operations, in September 2025 we reached agreement with the US Navy to resolve Austal's Request for Equitable Adjustment (REA) in relation to the T-ATS program. In May we christened the future USNS Solomon Atkinson (T-ATS 12), marking a significant milestone in the construction of the US Navy's newest Towing, Salvage, and Rescue ship. However, our progress on this program has meant we have transitioned from being a 'follow yard' to the 'lead yard', resulting in Austal facing the challenges of completing immature design and commissioning activities. This change understandably increased our costs. Although we are confident we can recover these from the customer through another REA, our experience is that it will take some time for that to occur. We had sought to expedite this process through accelerated contract relief negotiations but in this case it is not able to be achieved. This has prompted Austal USA to reassess the costs necessary to complete the vessels and its contractual entitlement to claim increased costs, resulting in a non-cash provision which materially contributed to Austal USA's EBIT loss of $(202.8) million in FY2026. This provision reflects a timing and accounting outcome, not an impairment of Austal USA's underlying operational capability or long-term contract portfolio.

Austal USA has commenced the formal contractual process to recover value on these contracts, by submitting Notices of Change and requests for a Contracting Officer's Final Decision, with formal Requests for Equitable Adjustment to follow. Austal USA's position is supported by a documented factual and contractual record.

Construction of our Module Manufacturing Facility 3 (MMF3) investment continues and will enable Austal USA to expand production capacity at our US shipyard, in support of the US Navy Submarine Industrial Base (SIB). Funded by General Dynamics Electric Boat, this construction enables Austal USA to enhance its existing infrastructure by designing, constructing and outfitting a new module fabrication and outfitting facility to support the US Navy goal of delivering one Columbia-class and two Virginia-class submarines annually.

Construction of MMF3 is due to complete in December this year, and in June we celebrated the Phase 1 opening of the building. When fully operational, the building will support approximately 1,000 jobs and provide capability to fabricate, outfit and transport submarine components.

The continued award of submarine module work in Mobile is very exciting. The program commenced with Virginia-class modules, the same submarine class that Australia will be buying from the US and has progressed to the larger Colombia-class modules. This will likely be a very important long-term revenue and earnings stream for Austal's US shipbuilding business.

Illustrative of the efficiency of our US operations, in Q1 CY2026, in a span of just four weeks, Austal USA accomplished what would normally define an entire quarter of progress, completing major milestones across four separate ship programs, through precise coordination, relentless effort and extraordinary teamwork.

The marquee event of that quarter was the launch of EPF 16, the final Expeditionary Fast Transport under Austal USA's current Navy contract. But that moment marked more than a launch. It represented weeks of around-the-clock planning and execution by a relatively small but highly coordinated workforce determined to deliver for the USA's defence.

Behind the scenes, marine operations, crane and rigging, test and activation, projects, safety, hull and vessel support, and trade support teams worked in lockstep to successfully plan and execute:

- Five transitions from land to floating barge.
- Seven waterborne movements, carefully relocating ships in preparation for sea trials, launches and final assembly.
- Five sea trials, including a complex beaching trial to complete the builder's trials and evolution for the US Navy's Landing Craft Utility (LCU 1710). This marked the first time Austal USA has conducted trials on an LCU.
- Two ship launches, the future USNS Solomon Atkinson (T-ATS 12) as well as the future USNS Lansing (EPF 16).
- Two massive "super module" transits and erections (approximately 3,000 tons each) for the US Navy's Auxiliary Floating Dry Dock Medium (AFDM).

Each of these milestones required detailed choreography including heavy lifts measured in thousands of tons, complex rigging evolutions, tightly timed water movements, and seamless coordination between teams operating across multiple programs simultaneously.

In April we celebrated the start of construction on the fifth US Navy Landing Craft Utility (LCU) 1700-class vessel, LCU 1714.

At the end of July, Austal USA launched the Navy's Auxiliary Floating Dry Dock Medium (AFDM). This is the first AFDM built in more than 40 years and is the largest vessel launched into the Mobile River to date. At 12,000 tons, 694 feet long and with a deck working area of 90,800 square feet, AFDM is also the largest vessel launch that Austal USA's test and activation team has coordinated and executed in the company's 26-year history.

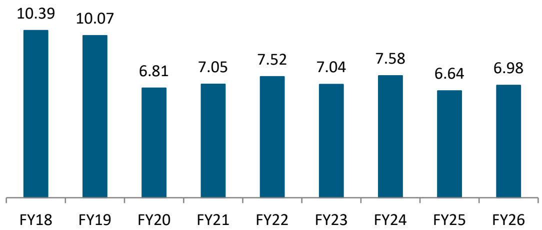
The efficient operations and potential of Austal USA have not gone unnoticed in the global defence sector and Austal has received a non-binding indicative offer (NBIO) from South Korean shipbuilding firm Hanwha to purchase its US operations. The Board has approved Hanwha to undertake a short period of due diligence to allow it to firm up its offer. Hanwha has built a 9.9% stake in Austal with a financial arrangement with stockbroker Jarden to provide the ability to vote on another 10%. The Federal Treasurer has approved an application from Hanwha to move to 19.9% ownership. Austal has retained Jefferies as its corporate advisor.

People & Safety

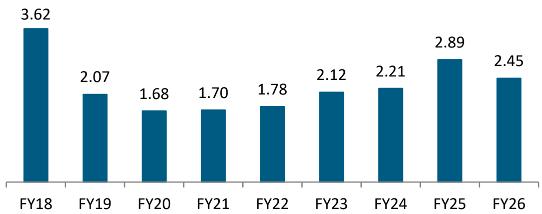
Austal remains committed to safeguarding the health, safety and wellbeing of its workforce through a robust HSE management system, risk management processes and a strong culture of safety across all operations.

Our approach is founded on compliance with applicable legislative, regulatory and certification requirements, supported by internationally recognised HSE standards and continuous improvement principles. Through proactive hazard identification, risk control, leadership engagement and workforce participation, Austal strives to provide safe and healthy workplace while protecting the environment and enhancing operational performance.

The following tables present the Group's Health and Safety performance indicators for 2026 with the previous corresponding periods.



Medical Treatment Injury Frequency Rate
(Injuries per million hours worked)



Lost Time Injury Frequency Rate
(Injuries per million hours worked)

During FY2026, the Medical Treatment Injury Frequency Rate (MTIFR) increased marginally, however remaining below historical levels and continuing the significant improvement achieved over the past decade, reflecting the long-term effectiveness of Austal's safety improvement initiatives and injury prevention programs.

The Lost Time Injury Frequency Rate (LTIFR) improved slightly, representing a reduction of approximately 15% year-on-year. This improvement indicates a reduction in the severity of workplace injuries resulting in lost time.

Overall, FY2026 safety performance remained stable, with LTIFR showing positive improvement and MTIFR remaining broadly consistent with FY2025 levels. Austal remains focused on strengthening its safety culture, enhancing risk controls, maintaining compliance with applicable requirements, and driving continuous improvement in HSE performance across all operations.

Austal USA was awarded three national safety awards for shipyard safety performance in FY2026. These awards included two from the Shipbuilder's Council of America (SCA). The first of two awards from SCA was for Excellence in Safety and Safety Performance of shipyards in the US. The second award from SCA was for Improvement in Safety, for efforts in reducing overall injuries from the previous year by at least 10%.

The third award was issued by the American Equity Underwriters, Inc. (AEU) for Excellence in Safety. This was due to minimal workers' compensation losses, excellent safety performance versus other shipyards in the US, and a highly engaged workforce graded by semi-annual site visits by the AEU Safety Loss Control team.

USA

Strategy

Austal USA made significant strides in the transition to steel shipbuilding and submarine module construction throughout FY2026. The transition to steel shipbuilding started with a dynamic combination of programs with varying technical and production requirements as well as shifting program structures. In the case of Towing, Salvage and Rescue Ship (T-ATS), Landing Craft Unit (LCU) and Offshore Patrol Cutter (OPC) programs, Austal USA started as the follow shipyard, but is now in the lead shipbuilder position.

That has an impact. Instead of building to a mature design that has been proven to be both accurate and practical during manufacture on the lead vessel, and revised where it hasn't been accurate or practical, we are now occupying the lead position and debugging the design as we progress. This requires rework in the yard and in the design desk.

Throughout, we have focused on improving our core shipbuilding and program management capabilities and are now transitioning to a more focused portfolio that will enable long-term learning, efficiency and growth. While vital to our transition, the AFDM, T-ATS and LCU programs all have limited numbers of vessels.

As we complete our performance obligations on these programs, we are focused on delivering long-term growth and performance based on our enduring positions on submarine modules, OPC and the Tactical Auxiliary General Ocean Surveillance (T-AGOS) programs. In addition to our core Shipbuilding and Submarine Module business lines, Austal USA has continued to grow its Advanced Technologies and Support business lines.

Shipbuilding

Austal USA made significant progress executing its surface shipbuilding portfolio in FY2026. Of note, we concluded the Littoral Combat Ship (LCS) program with the delivery of LCS 38, USS Pierre, on 11 July 2025. Expeditionary Fast Transport (EPF 16), USNS Lansing, the last ship in the EPF program, has progressed through to launch and is projected to commence trials and delivery in Q3 CY2026.

On the T-ATS program, Austal USA's first steel shipbuilding program, T-ATS 11 has now overtaken the original lead ship T-ATS 6 (under construction at a competitor shipyard) as we progress the ship towards trials. T-ATS 11 is now over 95% complete, with trials forecasted for late 2026 to early 2027 with delivery targeted for Q2 CY 2027. T-ATS 12 launched in February 2026 and is entering the test program. T-ATS 13 is in module construction. T-ATS program completion is paced by resolution of issues from the original Government-provided design package.

The Auxiliary Floating Dry Dock Medium (AFDM) launched in July 2026 and continues final completion of systems and painting, with a target move to San Diego at the end of Q4 CY2026 for final testing. The AFDM launch in July was the largest vessel ever constructed and launched by a shipyard into the Mobile River.

The LCU 1700-class craft program has five ships currently under construction. As with T-ATS, the design and production baseline inherited from the original lead yard never matured, surfacing a deficiency in the underlying contract structure that underpins Austal's basis for requesting contract adjustments with the customer. The first ship was delivered on 14 August 2026. The second ship has a target launch date in Q1 CY2027. Ships 3-5 are in various stages of construction.

Two OPCs are currently in production at the shipyard, with a third due to start construction this September. Long Lead Time Material (LLTM) is under contract for the first six OPCs. The first ship is approximately 50% complete with a projected launch in Q1 CY2027. The second OPC has started construction on 90% of hull modules. Austal USA is currently working with the US Coast Guard to identify program-schedule alternatives to accelerate delivery of follow on ships.

The T-AGOS program is in detail design and will achieve Contract Design Review (CDR) in Q4 CY2026. The T-AGOS team continues to work through design development and integration activities, including resolution of issues from the legacy Government provided design package.

Throughout FY2026, Austal USA has worked with the US Navy and US Coast Guard to develop collaborative approaches to address outstanding program and contractual questions, while focusing on progressing ship construction. To that end, Austal and the US Navy finalised a Request for Equitable Adjustment (REA) settlement for issues identified to date on the T-ATS program in September 2025. Austal USA subsequently raised additional contract concerns on the T-AGOS, OPC, T-ATS and LCU programs related to Government responsible design and program changes. Austal USA will continue to engage with the US Government with a view to reaching a mutually acceptable resolution, if possible. In parallel, Austal USA has commenced the formal contractual process available to it, having submitted Notices of Change and requests for a Contracting Officer's Final Decision, and will submit formal Requests for Equitable Adjustment in relation to the legacy (T-ATS and LCU) contracts.

Submarine-Module Manufacturing

Since 2022, Austal USA has supported the US Navy's submarine production capacity through the fabrication and outfitting of critical modules for the Virginia- and Columbia-class programs in partnership with General Dynamics Electric Boat. These efforts strengthen the Submarine Industrial Base (SIB) and support the Navy's goal of sustaining production of one Columbia-class and two Virginia-class submarines annually.

Austal USA expanded its capabilities through the development of the $450 million Module Manufacturing Facility 3 (MMF3). Phase 1, completed 30 April 2026, provides 120,000 square feet of manufacturing space and eight large bays. Phase 2, scheduled for completion by December 2026, will add approximately 270,000 additional square feet of manufacturing space, steel processing capabilities and additional infrastructure.

Austal USA has delivered three submarine modules since June 2025 and currently has 13 submarine modules under construction. Three additional deliveries are planned by the end of 2026. Workforce size in this area has accelerated from approximately 200 employees in June 2025 to more than 500 in June 2026, with plans to exceed 1,000 employees by year-end. We expect to quadruple submarine output from 2025 to 2026. The MMF3 facility, once fully online, is designed to support over 1,500 employees building submarine modules.

Advanced Technologies

Austal USA's Advanced Technologies continued to advance and scale Additive Manufacturing (AM) capabilities in partnership with Blue Forge Alliance in support of the US Navy Submarine Industrial Base (SIB) Program Office. The team continued its leadership of the Navy's 4,600 square meter AM Center of Excellence (AMCOE), achieving a major milestone with its 1,000th AM build. Since its inception in 2023, the AMCOE has accumulated more than 73,800 additive print hours, 17,600 machining hours, and 8,100 first-article test data points. To expand capacity and enable serial production, the program established a distributed industrial base of more than 40 qualified AM print bureaus and 30 post-processing suppliers, while advancing the Digital-SEA (Secure Exchange for Additive) to provide a scalable, secure digital ecosystem for AM procurement and production. Together, these accomplishments are establishing the industrial capacity, qualified supply chain and digital infrastructure needed to transition additive manufacturing from technology maturation to production at scale in support of the US Navy's submarine and broader maritime industrial base.

Austal USA's Advanced Technologies achieved a major milestone in the company's Industry 4.0 transformation, completing an 18-month modernisation initiative in partnership with Blue Forge Alliance. The effort established an integrated digital manufacturing architecture connecting workforce development, production, quality, material and work-in-process tracking, Product Lifecycle Management, Manufacturing Execution Systems, artificial intelligence and digital twin capabilities through a common digital thread. Collectively, these accomplishments are transforming Austal USA into a more connected, automated and data-driven shipbuilder.

Support

In San Diego, the new floating dock, 'Independence', completed NAVSEA 04 inspection with final certification anticipated in September 2026. 'Independence' successfully docked two commercial barges demonstrating the facility's operational capability. As a result of this expanded capability, Austal USA San Diego secured its first US Navy dry-docking availability valued at $12 million.

The non-exercise of the final option year of the US Navy's Singapore contract with Austal and the transition of certain Continuous Maintenance Availabilities in San Diego to small-business set-asides reduced Support business volume in FY2026. However, the certification of the drydock greatly expands our ability to pursue additional Support and availability work, significantly expanding capacity to grow the business and support a broader range of naval and commercial customers.

People

One of the strongest reasons for optimism about the future of Austal USA is our people. Over the past year we have grown the workforce by over 400 people, fuelled by the increase in submarine work during the second half of FY2026. Our workforce is one of the most experienced on the US Gulf Coast, with an average tenure of more than seven years, complemented by a seasoned supervision and management team. In addition, over the past six months we have added experienced shipbuilding talent in several key positions at the executive level, including in Surface Programs, Submarine Programs and Supply Chain Management.

Outlook

Austal USA is successfully executing a strategic transition from multiple surface programs to focusing on submarine module production and building out the OPC and T-AGOS programs with large numbers of repeatable ships. While Austal USA faced technical and program challenges on its first steel programs, many of those technical challenges that impacted production schedules are now resolved. Program Management's focus has shifted to resolving issues arising from legacy government-furnished designs and from in-program construct changes, most notably created by the transition of T-ATS, LCU and OPC programs from follow shipyard to lead shipbuilder. We are addressing these issues in collaboration with our customers while pursuing available contractual remedies. Submarine module work has increased rapidly throughout FY2026, which combined with the Module Manufacturing Facility 3 (MMF3) coming online, creates significant opportunities to grow submarine module volume.

Austal USA's Advanced Technology organisation is a smaller but growing part of our business today. Given the strategic alignment with submarine module workload, it has considerable strategic importance and is expected to provide a healthy revenue stream aligned with our support and submarine module business. The certification of the new drydock in San Diego is a major piece in growing Austal's profitable Support business.

This progress and the strategic value of Austal USA has also drawn external interest with Austal Limited's receipt of an indicative, non-binding and conditional offer from Hanwha Defence USA, Inc. to purchase Austal USA. Hanwha has been granted access to undertake due diligence on Austal USA, including the terms and economic details of the US contracts, in order to improve the certainty of any proposal.

Looking ahead to FY2027, our objectives are to focus on improving execution on the existing book of business, resolving outstanding contractual and program issues, and increasing volume in submarine module manufacturing, OPC and the T-AGOS programs.

Australasia

Strategy

The strategy to focus Austal's Australian operations on the Commonwealth of Australia's Defence program of works paid off in FY2026, with the signing of the SSA and the creation of ADA as a sovereign shipbuilding entity to deliver Tier 2 surface vessels for the Australian Defence Force.

Shipbuilding

Austal Defence Shipbuilding Australia

The SSA with the Commonwealth of Australia, finalised in August 2025, will see Austal delivering a continuous naval shipbuilding future in Western Australia from the Henderson Defence Precinct.

Under the SSA, ADA was awarded contracts totalling more than $5.1 billion to construct eighteen Landing Craft Medium (LC-M) and eight Landing Craft Heavy (LC-H) vessels for the Australian Army, with construction due to begin in the final quarter of CY2026.

Importantly, Austal may also bid for future Royal Australian Navy shipbuilding programs, including the General Purpose Frigates and Large Optionally Crewed Surface Vessels.

Austal Ships

In FY2026, Austal Australasia delivered five vessels and contracted to build a further 31 vessels.

At Henderson, Austal completed two defining defence programs.

The final two of 24 Guardian-class Patrol Boats to the Commonwealth of Australia under the Pacific Patrol Boat Replacement Project and the ninth and tenth of 10 Evolved Cape-class Patrol Boats were delivered to the Royal Australian Navy.

Attention has subsequently turned to the construction of four (of six currently contracted) Evolved Cape-class Patrol Boats for Australian Border Force (ABF), with the first vessel launched in May 2026 and another three in-build.

Significant preparations are also underway ahead of the commencement of the LC-M and LC-H programs, as Austal progresses both facility and equipment upgrades, and a record recruitment of skilled personnel, in anticipation of the construction phase.

Automation capability has been increased with the acquisition of state-of-the-art pipe bending equipment, Computer Numerical Control (CNC) furniture manufacturing machinery and a collaborative welding robot (Cobot). These investments are fully integrated with our engineering design environment, creating a seamless design to manufacture workflow that enhances productivity and improves quality and repeatability.

Nurturing our supply chain partnerships remains a key priority, with Trusted Trader certification awarded by Australian Border Force. This represents a significant enhancement to Austal's supply chain capability and is expected to streamline processes, reduce border clearance times and improve the delivery time of critical equipment and materials.

Austal continues to be proud of its people, who were widely recognised at external events and by industry awards during FY2026. From national finalist for the Marine Industry Apprentice of the Year Award Mitchell Dick to Women in Defence Awards finalists Lisa Tibbits and Sienna Newport, they are representative of the professionalism and talent that characterises the Austal workforce.

Commercial

FY2026 has seen a considerable uptick in activity across both the Philippines and Vietnam operations.

Philippines

Despite the significant disruption from a major earthquake in September 2025, and the destructive Typhoon Kalmaegi in November 2025, Austal Philippines progressed two important projects that are among the most innovative and unique vessels to be designed and built by Austal.

This progress was only possible due to the dedication and resilience of the Austal Philippines team and the capability they bring to our operations in Balamban.

Construction progressed through FY2026 on the striking 66-metre sailing cargo trimaran VELA 1, culminating in a successful lift and rollout ahead of the vessel's launch.

Being built for VELA Transport of France, the 100% wind-powered VELA 1 is intended to ship high-value goods across the Atlantic.

Key milestones have been met on the equally revolutionary 'Horizon X' for Sweden's Gotlandsbolaget, following plate cutting early in CY2026.

The next-generation, 130-metre high-speed ferry is the largest vessel ever to be built at any Austal shipyard, and features hydrogen-ready, fuel-flexible technology.

With capacity for 1,500 passengers and 400 vehicles, 'Horizon X' confirms Austal's ambition to be a leader in the decarbonisation of the global ferry industry.

Modules are also under construction at Austal Vietnam, with the first due to be shipped to the Philippines in September 2026.

The ship repair and sustainment capabilities at Austal Philippines performed strongly in FY2026, successfully completing repairs and sea trials on the RoRo passenger vessel MV Filipinas Nasipit and repair work on the Cokaliong Tug 1.

Vietnam

FY2026 was a landmark year for Austal Vietnam, dominated by the delivery of its first steel and aluminium vessel, Dory 2.

This project establishes the Vung Tau shipyard as a multi-material shipbuilder with strategic importance in Austal's global manufacturing network.

Dory 2 is a 71-metre RoPax cargo vessel, was custom designed by Austal for service in French Polynesia and featuring a steel hull and aluminium superstructure in an historic first for Austal in Asia.

With accommodation for 140 passengers and 17 crew, and a 494-square-metre cargo deck, the vessel is the seventh delivered by Austal to owners The Degage Group, reinforcing one of our longest-standing customer relationships.

Work also commenced at Austal Vietnam on a 36-metre high-speed passenger catamaran for Cruise Whitsundays, part of tourism group Journey Beyond.

Designed to carry up to 390 passengers and 10 crew, the vessel is scheduled for launch, sea trials and delivery in the final quarter of CY2026.

Support

Austal's defence and commercial sustainment teams were busy throughout FY2026.

Defence

There was a high delivery tempo across our Henderson, Cairns and Darwin service centres, servicing Cape, Evolved Cape and Guardian-class Patrol Boats for the Royal Australian Navy and ABF.

The Depot Level Maintenance (DLM10) program for the ABF, the most extensive sustainment activity Austal has undertaken, continued at Cairns and Henderson.

Austal Cairns also conducted three Guardian-class Patrol Boat survey dockings under the Pacific Patrol Boat Replacement program.

Commercial

Austal's global sustainment teams undertook several notable projects, including a 25-year life extension of the medical vessel YWAM PNG, that ensures it will continue to sail medical support services to remote Papua New Guinea communities.

In an impressive logistical exercise, Austal delivered a second in-service MARINELINK® Prime upgrade to the passenger ferry Prony Express, avoiding major impact on the transport needs of owner Prony Resources of New Caledonia.

Austal Cairns completed a survey of, and repairs to, the HEART Pontoon, which went back into commission at the end of FY2026, while Austal Brisbane delivered a 25-year special survey docking of the dredger Riverside Resolute.

Systems & Innovation

Deployment of the company's proven MARINELINK® Prime Integrated Platform Management System continued to expand. The updated technology has been deployed on 14 vessels since 2023, with orders for a further 28 vessels over the next few years. In addition, SeaJets' Olympic Champion Jet and Champion Jet League 1, received updates to their Austal designed and installed Motion Control System in Greece without disrupting fleet operations or service availability.

Also in FY2026, Austal implemented IFS Cloud and Earned Value Management System (EVMS) capabilities and progressed Product Lifecycle Management (PLM) tools to support complex shipbuilding programs.

Austal established the foundations for an enterprise-wide Artificial Intelligence (AI) and Data Intelligence capability, focused on improving decision-making, operational efficiency, and long-term competitiveness through a responsible and governed approach to AI adoption.

Finally, the company achieved a significant milestone in the development and implementation of autonomous maritime technology, with the launch of the VANTAGE™ range of optionally crewed vessel concepts and the receipt of 'Approval in Principle' from DNV Classification Society, for the Autonomous and Remotely Operated Ships (AROS) Platform Controller.

Management

In February, Austal USA President Michelle Kruger informed the Company of her intention to retire from the business, effective 1 June 2026. Michelle was replaced by Gene Miller, Austal's Chief Operating Officer, following an extensive external search.

I look forward to working closely with Gene for the balance of FY2026 and beyond, subject to the outcome of Hanwha's NBIO for Austal USA.

Conclusion

Following a record EBIT result in Australasia in FY2026, we have commenced FY2027 with an exciting order book and outlook as we commence construction on both LC-M and LC-H programs, and negotiations with Mitsubishi Heavy Industries on Mogami-class General Purpose Frigate. Never before has the Australian business been in this enviable position, which will provide decades of stability in results and growth in the business. The commercial market is recovering with more hybrid technologies being discussed with potential customers rather than a zero-emissions solution, as demonstrated with the dual-fuel Gotland vessel we are currently building.

The US business faced challenges on some of its shipbuilding programmes but performed well on support, additive manufacture and submarine module build. The company will work with Hanwha on the accelerated due diligence timetable as announced and will work towards a transaction that is in the interest of shareholders. The joint decision to publicly announce this demonstrates the commitment on both sides to transact.

Despite Austal's strong cash position and forward outlook the Board decided not to declare a dividend for FY2026 due to the capital investment program in the US.

Paddy Gregg

Managing Director and Chief Executive Officer

FY2026 – THE YEAR THAT WAS

JULY

- Delivery of the 19th and final Independence-variant Littoral Combat Ship USS Pierre (LCS 38) by Austal USA.

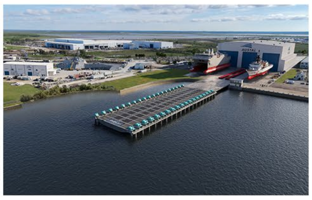
AUGUST

- Signing of the Strategic Shipbuilding Agreement.
- Awarded contract to construct 36-metre catamaran ferry for Cruise Whitsundays.
- Austal USA receives a contract option award for the second Stage 2 Heritage-class Offshore Patrol Cutter.

SEPTEMBER

- Delivery of ADV Cape Spencer, the 9th of 10 Evolved Cape-class Patrol Boats for the Royal Australian Navy.

OCTOBER



- US$100 million loan agreement signed with Export Finance Australia to partially fund the Final Assembly 2 project at the Austal USA shipyard in Mobile, Alabama.

NOVEMBER

- Indo Pacific Internation Maritime Exposition 2025, Sydney.

DECEMBER

- Awarded ~$1 billion Landing Craft Medium design and build contract for the Australian Army.
- Contract awarded for the construction of two additional Evolved Cape-class Patrol Boats for Australian Border Force.
- Keel laying of the first Heritage-class Offshore Patrol Cutter at Austal USA.

FY2026 – THE YEAR THAT WAS

JANUARY

- Delivery of the 23rd Guardian-class Patrol Boat.
- Launch of the 24th and final Guardian-class Patrol Boat.

FEBRUARY

- Awarded ~$4 billion contract to construct eight Landing Craft Heavy vessels for the Australian Army.
- Successful docking of HELPR-1 for Respond Global at Austal Brisbane.

MARCH

- 10th Evolved Cape-class Patrol boat ADV Cape Hawke to the Royal Australian Navy.

APRIL

- Delivery of the 24th and final Guardian-class Patrol Boat, successfully ending the SEA3036-1 program.
- Launch of 71-metre RoPax ferry, Dory 2, Austal Vietnam's first steel and aluminium build.

MAY

- Awarded A$150 million contract extension to build two additional Evolved Cape-class Patrol Boats for the Australian Border Force.
- Indian Ocean Defence & Security Conference and Exhibition 2026, Perth.

JUNE

- Dory 2 completes sea trials and is handed over to The Degage Group.
- Phase 1 Module Manufacturing Facility 3 (MMF3) opened at Austal USA.
- Posidonia 2026 international maritime exhibition, Athens.

Review of operations

USA

Financial performance

	2026 $'000	2025 $'000
Revenue		
Shipbuilding	1,140,237	1,097,856
Support	242,375	290,241
Total	1,382,612	1,388,097
EBIT		
Shipbuilding	(224,983)	21,323
Support	22,229	76,342
Total	(202,754)	97,665
EBIT Margin		
Shipbuilding	N/A	1.9%
Support	9.2%	26.3%
Total	N/A	7.0%

USA total segment revenue was $1,382.6 million in FY2026 compared to $1,388.1 million in FY2025.

EBIT decreased by $300.4 million (307.6%) in FY2026 to $(202.8) million, primarily driven by onerous contract losses recognised for the T-ATS, AFDM and LCU programs in the current year.

Revenue remained stable primarily due to the diversification of new program revenue from OPC and increased revenue from submarine module manufacturing, which was offset by the decline in revenue from the maturing Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) programs.

Shipbuilding

During FY2026, Austal USA continued to strengthen its position as a strategic naval shipbuilder through significant growth in infrastructure, production capability, program execution and leadership. Ongoing investment in the Mobile, Alabama shipyard is expanding capacity to support a broader range of vessels and submarine programs for the US Navy, US Coast Guard and the Submarine Industrial Base.

A key milestone was the continued development of the new Final Assembly 2 (FA2) facility, supported by a US$100 million loan agreement between Austal Limited and Export Finance Australia (EFA), executed in October 2025. Once complete, the FA2 development will introduce ship lift capability and significantly enhance Austal USA's capacity to construct, assemble and sustain larger steel vessels, including the US Coast Guard's Heritage-class Offshore Patrol Cutters (OPC), currently under construction.

The company also expanded its submarine manufacturing capability with the opening of Phase 1 of Module Manufacturing Facility 3 (MMF3) in June 2026. The purpose-built facility is dedicated to the production of modules for the Virginia-class and Columbia-class submarine programs, further strengthening Austal USA's role in supporting critical US defence priorities, including AUKUS.

Leadership stability and capability were enhanced during the year with the appointment of Eugene (Gene) Miller as President of Austal USA in May 2026, following a period as interim President. Gene leads a workforce of more than 3,500 employees across operations in Alabama, Virginia, Washington D.C. and California. Austal USA also strengthened its senior leadership team through the appointments of Michael Pruitt as Vice President Surface Ship Programs, Michael Oberdorf as Vice President Submarine Programs and Andrew Hinkebein as Director State and Local Government Relations.

FY2026 marked the successful completion of the Independence-variant Littoral Combat Ship (LCS) shipbuilding program, with the delivery of the USS Pierre (LCS 38) to the US Navy in July 2025. The successful program saw nineteen 127-metre aluminium vessels delivered over two decades.

At the same time, Austal USA progressed several major production programs.

The 16th and final Spearhead-class Expeditionary Fast Transport (EPF) vessel, USNS Lansing (EPF 16), was christened and launched during the year and is on schedule for delivery to the US Navy in the second half of CY2026.

Construction advanced on the first two Heritage-class Offshore Patrol Cutters (OPC) for the US Coast Guard, USCGC Pickering (OPC 919) and USCGC Icarus (OPC 920), with a keel laying ceremony for USCGC Pickering held in December 2025. The Offshore Patrol Cutter (OPC) program provides the opportunity to deliver up to 11 vessels under the current contract framework.

Production activity also increased across other naval programs. Austal USA launched its first 1700-class Landing Craft Utility (LCU) vessel for the US Navy in August 2025, with five vessels now under contract and in various stages of construction. The company also launched and christened a second Navy Towing, Salvage and Rescue Ship (T-ATS), USNS Solomon Atkinson (T-ATS 12), in February 2026, with three vessels currently under construction.

Work continued on additional strategic defence projects, including the Auxiliary Floating Dry Dock Medium (AFDM) and aircraft elevators for the Gerald R. Ford-class aircraft carrier program, with three elevators delivered and three remaining in production at year end.

The Expeditionary Medical Ship (EMS) and Navy Ocean Surveillance Ship (T-AGOS) programs are scheduled and are awaiting construction.

Support

Through facilities in Mobile, Alabama, San Diego, California and Singapore, Austal USA continues to provide sustainment support to 15 Expeditionary Fast Transport (EPF) ships and 17 Independence-variant Littoral Combat Ships (LCS).

EBIT margins have decreased due to restricted availability at our San Diego operations as we undertook extensive commissioning activity for the floating dock.

Material business risks - USA

Delays to construction facilities for the US Coast Guard Offshore Patrol Cutter (OPC) program

In June 2022, the Company was awarded a contract for the production design and construction of potentially up to 11 OPCs for the US Coast Guard. The first, second and third vessels have been confirmed (in addition to long lead time orders for vessels 4 to 6) and the US Coast Guard has options for a further eight vessels. This program continues to mature although as previously announced to ASX, the Company plans to construct the OPCs in new facilities. These facilities have evolved from the design stage to now being under construction, however as with most significant infrastructure expansion projects, there is a risk that these construction works are delayed or encounter difficulties that could impact the schedule for delivery of the OPC vessels. A contingency plan has been developed that could see early ships built in an existing shed which is being implemented.

Recoverability of Austal USA contracts

Following extended discussions with the US Navy and US Coast Guard, Austal USA concluded in August 2026 that accelerated contractual relief would not be provided in respect of certain legacy contracts, specifically the Towing, Salvage & Rescue Ship (T-ATS), Auxiliary Floating Dry Dock Medium (AFDM) and Landing Craft Utility (LCU) programs. This resulted in a non-cash provision reflecting revised cost estimates on these programs through to their completion, including vessels to be delivered through to 2030.

Austal USA has since commenced the formal contractual process available to it, including Notices of Change and requests for a Contracting Officer's Final Decision, which both are the initial stages of preparation for a Request for Equitable Adjustment, supported by a documented contractual and factual record. The timing and outcome of this process remain uncertain.

In addition, extended discussions are ongoing with the US Coast Guard for contract repricing of the OPC program. The quantum of the revised contract which includes acceleration and exercising of options is still under negotiation.

These matters are specific to certain surface shipbuilding contracts; Austal USA's other activities, including support work and submarine module manufacturing for the US Navy's nuclear submarine programs, continue to operate profitably and are unaffected.

Australasia

Austal's Australia, Philippines and Vietnam operations are combined into the Australasia Shipbuilding and Australasia Support reporting segments for tendering, scheduling, resource planning and management accountability.

Financial performance

	2026 $'000	2025 $'000
Revenue		
Shipbuilding	447,925	248,977
Support	202,730	188,984
Total	650,655	437,961
EBIT		
Shipbuilding	55,522	23,680
Support	29,808	12,328
Total	85,330	36,008
EBIT Margin		
Shipbuilding	12.4%	9.5%
Support	14.7%	6.5%
Total	13.1%	8.2%

The Australasia segment reported revenue of $650.7 million in FY2026, compared to $438.0 million for FY2025.

EBIT increased from an EBIT profit of $36.0 million in FY2025 to an EBIT profit of $85.3 million in FY2026.

Revenue and EBIT in FY2026 increased due to continued growth and high levels of sustainment throughput, together with performance on the LC-M and LC-H defence shipbuilding programs.

Shipbuilding

Austal's Australasia operations continued to play a critical role in the Group's long-term growth strategy during FY2026, with strong performance across both shipbuilding and sustainment (support) activities in Australia, the Philippines and Vietnam. The three operations continued to operate as an integrated regional enterprise, leveraging shared resources, expertise and production capacity to deliver naval and commercial programs while supporting a growing global fleet.

Australasia delivered five vessels during the year and secured contracts for a further 31 vessels, contributing significantly to Austal Limited's record order book. Deliveries included two Evolved Cape-class Patrol Boats, the final two Guardian-class

Patrol Boats under the Pacific Patrol Boat Replacement Project and the 71-metre RoPax cargo vessel Dory 2. Since 2018, Austal has now delivered more than 34 naval vessels to the Commonwealth of Australia, reinforcing its position as Australia's leading naval shipbuilder.

The Henderson shipyard remained focused on delivering sovereign maritime capability for Australia. Following the handover of the tenth and final Evolved Cape-class Patrol Boat (ECCPB) for the Royal Australian Navy, ADV Cape Hawke, construction progressed onto vessels 11 to 14 for the Australian Border Force (ABF). During the year, the program was extended to include two additional vessels, further strengthening Austal's pipeline of domestic naval work and supporting continuity of employment and capability in Western Australia.

A significant milestone was achieved with the finalisation of the Strategic Shipbuilding Agreement (SSA) with the Commonwealth of Australia in August 2025. The Agreement provides a framework for the delivery of future naval capabilities and was followed by contract awards for eighteen Landing Craft Medium (LC-M) and eight Landing Craft Heavy (LC-H) vessels, valued at more than A$5 billion. These programs will underpin naval shipbuilding activity in Henderson for decades and further enhance Australia's sovereign defence industrial capability.

The completion of the 24-vessel Guardian-class Patrol Boat program in April 2026 marked the successful conclusion of one of Austal's most important regional capability projects. Attention subsequently turned to preparing the Hope Valley shipbuilding facility for construction of the Landing Craft Medium (LC-M) program, with production scheduled to commence in the final quarter of CY2026.

Commercial shipbuilding activity also advanced across the region. Austal Vietnam completed and delivered Dory 2, an Austal designed, purpose built RoPax cargo vessel for operation in French Polynesia. Combining a steel hull with an aluminium superstructure, the 71-metre vessel showcases the growing maturity of Austal's steel shipbuilding capability in Southeast Asia. The Vietnam operation also commenced construction on a 36-metre passenger catamaran for Cruise Whitsundays and hull modules for Gotlandsbolaget's 'Horizon X', the next-generation 130-metre high-speed ferry under construction at Austal Philippines.

'Horizon X' will be the largest vessel ever to be built at an Austal shipyard, worldwide. The project highlights Austal's capability to deliver innovative, future-focused vessel designs incorporating alternative fuel technologies and is on schedule for delivery in CY2028.

Also in the Philippines, construction progressed on a unique, 66-metre wind-powered sailing cargo trimaran designed for Vela Transport of France, supporting the growing market for sustainable maritime transport solutions.

Support

Austal Sustainment continued to provide essential through-life support services for defence and commercial customers across Australia and internationally in FY2026.

In-Service Support (ISS) teams based in Henderson, Cairns and Darwin supported Australian Border Force (ABF) and Royal Australian Navy fleets of Cape and Evolved Cape-class Patrol Boats operating across Northern Australia; while also continuing fleet sustainment activities for the 24 Guardian-class Patrol Boats operating throughout the Pacific region, from Austal Cairns.

The sustainment team also supported numerous commercial vessel operators and their fleets during the year, including specialist maintenance and lifecycle extension projects such as life-extension works on YWAM PNG in the Philippines; and major docking activities at Austal's Brisbane service centre, which achieved its 600th vessel docking milestone.

International support activities included vessel upgrades and MARINELINK-Prime and MOTION CONTROL system enhancements for customers in New Caledonia and Greece, demonstrating the expanding reach and capability of Austal's global support network.

Material business risks - Australasia

Facilities to support growth under the Strategic Shipbuilding Agreement

Following execution of the Strategic Shipbuilding Agreement on 28 August 2025, Austal has been confirmed as Australia's Sovereign Strategic Shipbuilder and has commenced the Landing Craft Medium (LC-M) and Landing Craft Heavy (LC-H) programs.

As with any major infrastructure led program, timely delivery of the Landing Craft Heavy program, and any future opportunities such as the General Purpose Frigate (GPF) program, depends on build and launch facilities being made available at Henderson in line with program timeframes. Austal continues to work closely with the Commonwealth and Western Australian Government on infrastructure planning and interim arrangements to support this growth.

Workforce resourcing constraints

Austal's appointment as the Commonwealth's Strategic Shipbuilding partner has generated a substantial pipeline of new programs for its Henderson operations. This will underpin an expansion of facilities and require an expansion of resourcing to complement this. Austal is familiar with and experienced in relatively rapid workforce expansion but attracting the required numbers and skills of necessary personnel remains a risk. Delays or additional costs in attracting and retaining this workforce have the capacity to cause delays and/or additional program costs if they exceed the measures and assumptions that Austal has included in its projections to date. This includes progressing enterprise agreement renewal discussions across the Australian business in the ordinary course.

General Purpose Frigate program opportunity

The Commonwealth has selected the Mogami-class Frigate, designed by Mitsubishi Heavy Industries (MHI) of Japan, as the preferred design for the Royal Australian Navy's General Purpose Frigate program. MHI has been contracted by the Commonwealth to build the first three vessels in Japan.

The opportunity for Austal is to contract directly with MHI to build the remaining eight vessels at Henderson, Western Australia, under the framework of the Strategic Shipbuilding Agreement. Although Austal's Australian defence subsidiary has commenced scoping and contract discussions with both the Commonwealth and MHI in relation to this opportunity, it has not yet been awarded to Austal.

Consistent with the SSA framework, strong program performance on the Landing Craft Medium and Landing Craft Heavy programs, including meeting agreed productivity, infrastructure and strategic performance measures, will be important context for the award of any GPF program to Austal. Austal is accordingly focused on delivering strongly against these commitments and continues to work with the Commonwealth and MHI as the GPF program progresses.

Information and site security for Strategic Shipbuilding Agreement work

As Austal's role under the Strategic Shipbuilding Agreement grows, the Company continues to strengthen information handling controls to meet its contractual commitments to the Commonwealth and international program partners, and to comply with export control requirements. This is a continuing area of investment as the scale of Austal's defence work increases.

Consistent with its growing role in national security related programs, Austal continues to invest in physical security across its Australian sites, reflecting both the evolving external environment and the Company's expectations of itself as the Commonwealth's Strategic Shipbuilder.

Environmental obligations at Austal Cairns shipyard

In 2020, Austal acquired a small shipyard in Cairns, Australia and since that time it has conducted vessel sustainment activities for Cape-class and Guardian-class Patrol Boats for the Australian Border Force and Royal Australian Navy, as well as other commercial works for other operators.

As part of acquiring this facility Austal assumed certain obligations to remediate environmental contamination that had taken place under previous operators of the facility. Austal continues to engage with the relevant Queensland government agencies as to the most efficient and effective manner in which to address these obligations in a way that meets the needs not just of Austal but also other operators in the area and the Queensland government. However, it is possible that a mutually acceptable solution is not identified, in which case the obligation to remediate certain areas could restrict vessel sustainment operations and have a material financial impact.

Austal also continues to invest in the upkeep of waterfront and jetty infrastructure at Austal Cairns as part of its ongoing facility management program, with capital works planning underway to support the site's long term operational capability.

Other material business risks

Cyber security

Austal's production of vessels for the US, Australian and other governments means that it handles sensitive information regarding people and vessels. This information may be used in vessel operation. Austal has established information handling policies and standards and cyber security measures that seek to prevent the disclosure and theft of such information and retains its ISO27001 accreditation, which further enhances the Company's cyber security framework.

As a defence provider to the Commonwealth of Australia, Austal Australia is certified under the Department of Defence's Defence Industry Security Program (DISP) and as a Prime contractor to the US Department of Defence, Austal USA complies with the National Institute of Standards and Technology SP800-171 Standard (NIST 800-171). However, third parties retain the ability to access even the most well protected systems. This may create levels of interference or public disclosure, such as demands of large financial payments or interruption of service.

Austal continues to invest in its cyber security capability across the Australasian business as part of an ongoing uplift program aligned with the Australian Government's Essential Eight framework and maintains Group cyber insurance cover.

Climate-related physical risks

Climate-related physical risks may arise across the regions in which the Company operates. These physical risks have the potential to impact operational performance, increase operating costs, affect infrastructure resilience and influence workforce conditions. The magnitude and nature of these impacts vary across the Company's operations. Further information on the Company's climate-related physical risks, assessments and management approach is available in the Sustainability Report.

Sustainability Report

Basis of preparation

Statement of Compliance

This mandatory sustainability report presents the Austal Limited Group of Companies' (the Group or the Company) climate-related financial disclosures for the year ended 30 June 2026 and is prepared in accordance with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) and the Corporations Act 2001 (Cth).

The report is intended to provide investors, regulators, lenders and other stakeholders with information regarding Austal's governance, strategy, risk management, and metrics and targets relevant to climate-related risks and opportunities that could reasonably be expected to affect the Company's business, strategy, financial position, financial performance or cash flows over the short, medium and long term.

Connectivity with financial report

This report should be read together with the Group's financial report for the year ended 30 June 2026. The methodologies, assumptions and estimation techniques applied are consistent with those used in the Group's financial report for the year ended 30 June 2026 unless otherwise stated. The underlying data and assumptions underlying the related consolidated financial statements are materially consistent with those used in the climate-related financial disclosures in the sustainability report.

Strategic Context

During the year ended 30 June 2026 (FY2026), the Company progressed its understanding of climate-related risks and opportunities through climate scenario analysis and climate risk assessment activities. The assessment explored how different climate pathways could influence the Company's operations, regulatory environment and capital allocation, and supported an evaluation of the resilience of the Company's business model and strategy under climate scenarios. FY2026 is the Company's first year of mandatory climate-related financial disclosure under AASB S2. The Company has previously disclosed greenhouse gas emissions and other sustainability-related information on a voluntary basis in its Annual ESG Report; this report represents the first time such disclosures have been prepared to meet statutory requirements under the Corporations Act 2001 (Cth) and AASB S2.

The Company's customer base is predominantly comprised of government and defence clients, principally the Australian and United States Governments. Accordingly, the priorities, procurement decisions and capability requirements of these government clients are a key driver of how the Company identifies, assesses and responds to climate-related risks and opportunities. Vessel specifications and technology requirements are largely determined by customer requirements, meaning the Company's climate strategy is closely aligned with, and responsive to, the direction set by its government customers rather than driven independently by broader market decarbonisation trends.

Climate-related matters are managed through the Company's existing governance and enterprise risk management frameworks, rather than through a dedicated climate strategy or formal transition plan. The Company's approach will continue to develop as climate-related data, internal capability and regulatory expectations evolve.

Reporting Scope and Boundary

This report covers Austal Limited and its controlled entities for the reporting period from 1 July 2025 to 30 June 2026.

The Company operates shipyards in Australia, the United States, the Philippines and Vietnam. Its principal assets and activities comprise shipbuilding and manufacturing facilities, engineering and design capabilities, maritime technologies and vessel sustainment operations.

The Company's value chain encompasses the design, engineering and construction of vessels, the procurement of aluminium, steel, equipment and specialised components from a global supplier network, systems integration and the ongoing support and sustainment of vessels.

The Company's customers include naval, government and commercial operators. The Company's business is predominantly defence-focused, with government defence customers representing the majority of its business. Defence customers are the primary driver of the Company's financial performance, accounting for more than 94%

of FY2026 shipbuilding revenue. Accordingly, the assessment of climate-related risks and opportunities considers the Company's global operations, facilities, supply chain and customers, with particular emphasis on government and defence customer base given their significance to the Company's financial performance. The reporting boundary is aligned with the Company's consolidated financial statements for the year ended 30 June 2026.

Greenhouse gas emissions disclosures are prepared using organisational boundaries determined in accordance with the GHG Protocol Corporate Standard, applying the operational control approach.

Report Preparation and Approval

This Sustainability Report has been prepared by management, with input from the Sustainability Committee and relevant Responsible Owners across the Group's operations, supported by external consultants engaged to assist in preparing this report and the underlying climate-related disclosures in line with the requirements of AASB S2.

The Company is reporting under AASB S2 Climate-related Disclosures for the first time for the annual reporting period commencing 1 July 2025. In accordance with the transition relief available on first-time application of AASB S2, the Group has:

- Not disclosed comparative information for climate-related disclosures;
- Not disclosed Scope 3 greenhouse gas emissions for this annual reporting period.

The Company has previously disclosed Scope 3 greenhouse gas emissions on a voluntary basis in its ESG Reports. The Company has elected to apply the transition relief and has not continued its Scope 3 greenhouse gas emissions disclosures for the current reporting period. This approach reflects the transitional provisions for first-time application of AASB S2 and is intended to allow the Company additional time to establish the processes and data required for reporting Scope 3 greenhouse gas emissions in accordance with AASB S2.

The report has been reviewed and endorsed by the Audit & Risk Committee and approved by the Board prior to publication.

Forward-looking statements

This document contains “forward-looking” statements in relation to the financial condition, operations and business of the Company which are based on the Company’s current expectations, assumptions and the information available to the Company at the date of this report. These forward-looking statements may include statements regarding targets, projections or estimates as to events that may occur in the future which rely upon the best judgement of the Company and should not be relied upon as a guarantee of future performance of the Company. Such forward-looking statements are subject to known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

Materiality

The Company understands that climate-related risks and opportunities (CRROs) may influence its operations, supply chain and business model. To identify material CRROs that could reasonably affect the Company's strategy, business model and prospects, the Company undertook an assessment process that considered current and potential future impacts and informed the identification of material climate-related information:

1. Risk Mapping and identification	CRROs were identified through a senior management-led assessment process, with relevant subject matter experts, considering both physical climate risks (acute and chronic) and transition-related risks associated with the Company's value chain, policy, legal, market, technology and reputational factors. To support the assessment, the Company reviewed globally recognised climate frameworks, climate scenarios and sector-relevant reference materials.
2. Time horizon determination	The Company assessed CRROs across various time horizons, reflecting the Company's operational planning, capital allocation and strategic decision-making cycles. The following time horizons were applied throughout the climate-related risk assessment and scenario analysis process: ▪ Short term: 0–3 years ▪ Medium-term: 3–10 years ▪ Long-term: 10+ years The climate scenario analysis considered the scenario year 2030 and 2050, consistent with the time horizons available in the International Energy Agency's World Energy Outlook 2024[1] . For the purposes of the Company's climate-related risk assessment, the 2030 scenario year has been considered within the medium-term horizon, while the 2050 scenario year has been considered within the long-term horizon.
3. Risk assessment	Identified CRROs were assessed based on likelihood and consequence. The assessment considered potential qualitative and quantitative effects across financial, operational disruption, reputation and stakeholder impacts, legal and compliance obligations, environmental impacts, health and safety, management effort and quality impacts. For climate-related opportunities, likelihood reflected the probability of the opportunity being realised, while consequence represented the magnitude of the potential benefit. Assessments were conducted across the Company's consolidated operations and, where relevant, its broader value chain to determine the significance of potential impacts.
4. Material information determination	Risks identified as potentially material through management assessment processes were provided to the Senior Executive Risk Committee to support determination of material risks for impact quantification. Material information is defined in accordance with AASB S2, as information about CRROs that could reasonably be expected to affect the Company's prospects. Information is therefore considered material for disclosure where its omission, misstatement or obscuration could reasonably be expected to influence the decisions of primary uses of general-purpose financial reports. Where quantification was feasible, financial impacts informed materiality determinations. Where reliable quantification was not possible for material risks due to inherent uncertainties of assumptions or data availability, a qualitative disclosure has been applied for this reporting year.

5. Risk consolidation and validation	Climate-related matters assessed as material, or potentially material, are communicated through management reporting processes and considered by the Senior Executive Risk Committee as part of broader oversight of risk management and sustainability reporting obligations. The Senior Executive Risk Committee reports through to the Board where necessary.
6. Risk monitoring, reporting and review	The Company monitors climate-related risks through its Risk Management Process, including regular review of risk ratings, controls and risk treatment plans.

1. Scenario analysis commenced in June 2025, therefore World Energy Outlook 2024 was referenced.

Judgements and Assumptions

In preparing the climate-related disclosures, the Company made judgements and assumptions to support its assessment of CRROs. These included the selection of climate scenarios, determination of materiality, assessment time horizons and estimation of potential financial impacts. As the Company continues to strengthen its climate-related data analysis and reporting processes, these judgements and assumptions may be refined in subsequent reporting periods. The key judgements and assumptions are presented in the table below.

Topic	**Judgement**
Scenario selection	The Company assessed the resilience of its strategy and operations by evaluating potential climate-related risks and opportunities under two contrasting climate futures. The scenario analysis was undertaken in a manner consistent with AASB S2, using information reasonably available at the reporting date without undue cost or effort and reflecting the Company's circumstances. One scenario represented a rapid transition towards a 1.5°C pathway, incorporating stronger climate policy, higher carbon prices, faster technological advancement and more ambitious decarbonisation requirements. The second represented a higher warming pathway of more than 3°C, reflecting a slower transition, continuation of current policy settings and progressively increasing physical climate impacts. The scenarios were developed with reference to recognised climate resources, including climate scenarios published by the Intergovernmental Panel on Climate Change (IPCC), energy transition pathways from the International Energy Agency (IEA), and scenario guidance from the Network for Greening the Financial System (NGFS).
Materiality assessment	Qualitative assessment methods were applied to certain climate-related risks. Drawing on existing operational risk assessment processes and management judgement, the Company considered how these established risks may evolve under different climate scenarios and across relevant time horizons.

Estimation Uncertainty

Climate-related disclosures involve the use of estimates and assumptions due to the inherent uncertainty associated with future climate-related conditions and of the operation of Austal vessels. Estimation uncertainty may arise from factors such as the selection of climate pathways, changes in policy and regulation, technological evolution and market responses. These assumptions reflect information available at the reporting date and may be subject to refinement as the availability and quality of climate-related information improves. The key sources of estimation uncertainty are summarised in the table below.

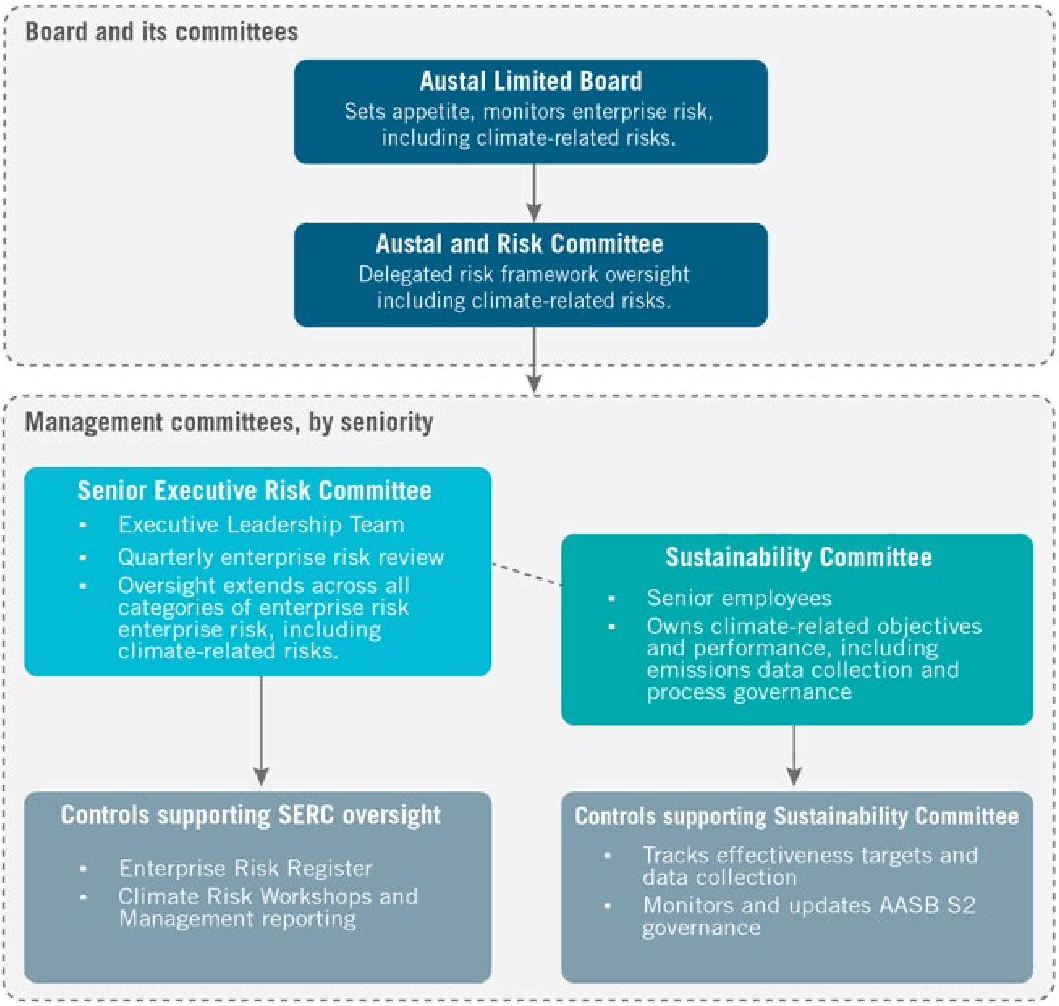
Topic	Uncertainty
Climate scenario analysis	Climate scenario analysis is based on externally developed scenarios and assumptions about future climate, economic, regulatory and technological conditions. Given the long-term nature of climate change and the uncertainty associated with future policy, market responses and physical impacts, actual outcomes may differ from those reflected in the analysis. Accordingly, the assessment is intended to provide insight into the potential resilience of the Company's strategy, operations and financial performance across a range of plausible climate futures, rather than to predict future events or performance.
Climate-related transition risks	The assessment incorporated assumptions regarding the future policy environment, climate-related regulation, energy markets, technological progress, operating cost pressures and broader economic conditions across each climate scenario. Given the uncertainty associated with long-term climate projections, actual outcomes may differ from these assumptions. Key areas of estimation uncertainty include the future direction of climate policy, carbon pricing mechanisms, energy costs, supply chain cost impacts, the pace of technology development and adoption, and market responses under different climate pathways.
Climate-related physical risks	The assessment considered potential impacts associated with increasing temperatures, extreme heat events, severe rainfall and flooding events, annual rainfall reductions, and water availability across the Company's operations. The assessment relied on external climate projections, operational assumptions and site-specific conditions relevant to the Company's operating regions. Uncertainty exists regarding the timing, severity and frequency of future physical climate impacts and the extent to which these impacts may affect future operational performance, operating costs, infrastructure resilience and workforce conditions. The assessment evaluated the potential effects of key physical climate hazards, including cyclones and sea level rise across the Company's operations. The analysis drew on externally developed climate projections together with site-specific information and operational assumptions relevant to the regions in which the Company operates. Given the uncertainty inherent in long-term climate projections, the timing, frequency and magnitude of future physical climate impacts remain uncertain, as does their potential effect on operational performance, operating costs, infrastructure resilience and workforce wellbeing.
Customer use	In addition to the above uncertainties, having regard to the nature of operations in which Austal's vessels are deployed, and the confidentiality and security restrictions in place with Austal's key customers that prohibit or severely constrain the ability of government agencies in sharing operational information, Austal's ability to make forward estimates is necessarily based on a high degree of estimation as to data from existing operations. Austal is limited in its ability to obtain, review and assess this data and hence estimates of future risks and opportunities are necessarily subject to a high degree of uncertainty.

Governance

I Governing Body Oversight

1. Governance Structure

The diagram below illustrates the Group's climate-related governance framework, highlighting the relationships between the Board, its Committees, the Executive Team, and supporting governance functions. This visualisation focuses on climate-related governance.



Austal Limited Board

The Austal Limited Board (the Board) oversees climate-related risks and opportunities as part of the Group's broader enterprise risk management framework. The Board Charter states that the Board is responsible for guiding the Group's appetite for risk and monitoring and reviewing the Group's financial and non-financial risk management systems, including internal compliance and control mechanism.

Audit & Risk Committee

The Board has delegated oversight of the Company's risk management framework, including climate-related risks and opportunities, to the Audit & Risk Committee (ARC). The ARC supports the Board by overseeing the identification, assessment and management of material operational and financial risks and reviewing the effectiveness of related controls and processes.

The Audit & Risk Committee Charter states that the ARC is responsible for:

- ensuring that appropriate systems and procedures are in place to identify, monitor and mitigate the Company's operational, enterprise and financial risks (including climate risks).
- reviewing management's internal control programmes, processes and policies which deal with the Company's accounting and financial reporting systems.

The Austal Limited Chairman and CEO are also Directors on the Austal USA (AUSA) Board of Directors, providing a direct governance link for the oversight of Austal USA's operations, including climate-related risks and opportunities.

Senior Executive Risk Committee

The Senior Executive Risk Committee (SERC) is a management-level committee which supports the ARC and the Board by overseeing the identification, management and monitoring of operational and climate-related risks at the enterprise level. The SERC's oversight extends across all categories of enterprise risk, of which climate-related risk is one; it does not have a dedicated climate-related mandate. Management uses Austal's existing risk management controls and procedures, including Enterprise Risk Register maintenance, periodic risk workshops and management reporting, to support the SERC's oversight of climate-related risks and opportunities. Climate-related risks and opportunities are addressed in more targeted detail by the Sustainability Committee (see below), which is responsible for the Group's approach to identifying and managing material sustainability and climate-related risks and opportunities and for carrying out related actions. Not all climate-related risks and opportunities considered by the Sustainability Committee are separately escalated to or considered by the SERC.

SERC membership comprises members of the Austal Executive Leadership Team (ELT) and heads of business units, providing the Committee with relevant operational, financial and strategic expertise – including exposure to climate-related risk – drawn from across the organisation. The SERC's mandate is set out within the Enterprise Risk Management Framework, which defines its role in overseeing the identification, management and monitoring of operational and climate-related risks at the enterprise level, and its reporting relationship to the ARC and the Board. The SERC meets on a quarterly basis to conduct a full enterprise risk review to principally address risks as they relate to the specific Australian, US, the Philippines or Vietnam shipyard operations.

Sustainability Committee

The Sustainability Committee, a management committee comprised of senior employees identified as Responsible Owners for material sustainability topics, oversees the Group's approach to identifying and managing material sustainability and climate-related risks and opportunities, including monitoring progress against related targets and objectives.

The Sustainability Committee operates under Terms of Reference, most recently updated in April 2026, which set out its role in overseeing the adequacy of the Group's approach to identifying and managing material sustainability-related risks and opportunities, including climate change and delivery against related targets and objectives. The Sustainability Committee is authorised by the ARC to investigate matters within its Terms of Reference, seek information from any Austal employee, and obtain outside legal or independent professional advice where necessary.

2. Skills and Competencies

Austal Limited Board

The Nomination & Remuneration Committee (NRC) is responsible for identifying the skills and capabilities needed on the Board in the event of a Board vacancy arising. It is also responsible for ensuring that the Board possesses the required skills, experience, industry knowledge and balance required for the Company to conduct its business in a manner consistent with the interests of shareholders. In doing so it has developed a skills matrix setting out the skills required for the Board to discharge its obligations and to add value to the company, along with an assessment of the relative importance of each skill.

The Board reviews the skills matrix annually to make sure it covers the skills needed to address existing and emerging business and governance issues.

Each Board member, and the Board together, are also the subject of an annual performance review and evaluation. This evaluation includes whether ARC and NRC are performing in accordance with best practice and the expectations of the Board. The performance criteria and skills matrix against which Directors are assessed are also aligned with the financial and non-financial objectives of the Company. Risk management and compliance capability, including oversight of emerging risks such as climate-related risks, is considered within the Board skills matrix and annual performance assessment process. The results of such Board reviews and assessments are discussed annually at meetings of the Board and the NRC to ensure any opportunities to broaden the Board's collective capability are addressed. The matters specifically reviewed include Board size and composition, whether the skills matrix remains appropriate, ensuring that meetings are as effective as possible (including by requiring attendance in person where possible) and consideration of potential new skills or experience that would benefit the Board and the Company. The Company also periodically (typically, as part of the annual review of Board performance) reviews whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively. During the reporting period, Directors and relevant management personnel received updates on mandatory climate-related reporting developments and emerging sustainability-related risks. Directors who would benefit from additional professional development may be offered additional training or opportunities.

3. Information Flows and Frequency

Austal Limited Board

During FY2026, the Board met eight times and received the Enterprise Risk Register for review which included climate-related risks and opportunities. However, the Board did not specifically discuss the climate-related risks and opportunities.

Audit & Risk Committee

The ARC oversees the Company's Enterprise Risk Management Framework and reviews the Enterprise Risk Register maintained by management. During FY2026, the ARC considered enterprise risk matters and reported to the Board four times in Audit & Risk Committee meetings in accordance with the Enterprise Risk Management Framework.

Senior Executive Risk Committee

The SERC membership comprises members of the ELT and heads of business units, providing the Committee with relevant operational, financial and strategic expertise, including exposure to climate-related risk, drawn from across the organisation.

The SERC is responsible for maintaining the Enterprise Risk Register (including climate risks) and overseeing the implementation of the Enterprise Risk Management Framework across the business. During FY2026, the SERC undertook enterprise risk reviews (including climate risks) and provided updates and recommendations to the ARC and the Board aligned to the cadence of the Audit & Risk Committee meetings (four meetings in FY2026).

The SERC first conducted a Climate Risks and Opportunities Workshop in 2023. In April 2026, the SERC and the Chair of the ARC undertook a further workshop to review and update short, medium, and long-term time horizons relevant to Austal's business, regarding current operations, strategic planning horizons and key contractual arrangements. Using the outputs from the climate scenario assessment as a starting point, participants reviewed, validated and prioritised potential transition and physical climate-related risks and opportunities, considering those issues that could have a material financial impact on Austal across each time horizon. CRROs were then assessed using Austal's existing risk rating methodology, including consideration of likelihood, consequence, overall risk rating and existing controls. The workshop outputs were incorporated into Austal's Enterprise Risk Register.

Sustainability Committee

During FY2026, the Sustainability Committee met three times, with meeting timing aligned to occur prior to scheduled Audit & Risk Committee meetings. The Sustainability Committee provided a written update of its activities, including progress against climate-related targets and objectives, to the ARC twice in FY2026.

4. Integration into Decision-Making

Climate-related risks and opportunities are considered as part of the enterprise risk management processes. Climate-related considerations, including decarbonisation trends and evolving customer and regulatory expectations, are reflected in the Company's technology and operational planning activities where relevant. Climate-related risks and opportunities are not currently considered through a separate process for major investments or transactions. No trade-offs relating to climate-related risks and opportunities were considered during the reporting period.

5. Oversight of Targets and Performance

The Company set its GHG emissions targets in FY2022. The target setting recommendations were developed by the Sustainability Committee and provided to the Board for review and endorsement. Progress against the Company's climate-related targets is reviewed annually by the SERC as part of its enterprise risk review process, with outcomes reported to the ARC. GHG emissions targets are also maintained as a standing item on the Enterprise Risk Register, ensuring ongoing visibility of target performance through the Company's broader risk governance and reporting processes.

As outlined above, the Sustainability Committee oversees the Group's approach to identifying and managing material sustainability and climate-related risks and opportunities, including monitoring progress against related targets and objectives. A key function of the Sustainability Committee is to track the effectiveness of actions taken by the Company to manage these risks and opportunities by reviewing and reporting on the following:

- Processes used to track the effectiveness of the actions.
- Goals, targets, and/or indicators used to evaluate progress.
- The effectiveness of the actions, including progress toward the goals and targets if relevant.

Separately, the Sustainability Committee provides written updates to the ARC at least twice per year on its broader sustainability oversight activities. During FY2026, the Sustainability Committee's updates to the ARC primarily focused on the Company's preparation for mandatory climate reporting, including work undertaken to understand AASB S2 requirements and identify gaps in existing data, processes and disclosures. This reflects the Company's first year of preparing climate-related financial disclosures under the standard.

GHG emissions targets related performance metrics are not expressly included in remuneration policies as the Board considers other measures better reflect the priorities and objectives of the Group’s stakeholders.

II Management’s Role

1. Management Responsibilities

Overseeing climate-related risks and opportunities

The CEO is responsible for developing and maintaining the Group's risk management systems, including internal compliance and control mechanisms and ensure the Group is operating within the parameters set by the Board.

The SERC considers material risks (and their mitigation) and opportunities of a strategic and operational nature which affect the Group at the enterprise level. The Enterprise Risk Management Framework has been designed to ensure that the SERC has visibility of any material risks that have been identified within each major business and functional area. The SERC conducts a full enterprise risk review to principally address risks under the following categories as they relate to the specific Australian, USA, the Philippines or Vietnam shipyard operations:

- business risks inherent to the shipbuilding industry and the sustainability of the business;
- operating risks associated with sales, design and production;
- financial and tax risks;
- legal and compliance risks;

- specific vessel program risks; and
- contemporary and emerging risks, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.

The Enterprise Risk Manager oversees the governance of the Enterprise Risk Management Framework within the Group. The Enterprise Risk Manager is responsible for:

- preparing and updating the Enterprise Risk Register;
- ensuring consistency and adherence with this Risk Management Process across all Levels of the organisation;
- monitoring the application and effectiveness of the Risk Management Process; and
- identifying needs for insurance and managing affairs associated with insurance.

Managing climate-related risks and opportunities

All risks, including climate risks, are owned by a person in the relevant business unit who has the overall responsibility of the risk, e.g., President Austal Australia for operational risk. The Risk Owner is the person ultimately responsible for managing an identified risk. Risk Owners have authority to manage and allocate resources to manage particular risks. The Risk Owner ensures that all relevant Risk Registers relating to the relevant business unit are current.

Risks relating to Austal USA operations are reported to the Austal USA (AUSA) Board Managers. Both the Austal Limited Chairman and the Austal Limited CEO are members of the AUSA Board, providing a direct link between AUSA governance and the Austal Limited Board and management structure. Where appropriate, AUSA-related risks are communicated by the CEO to the SERC, the ARC and the Austal Limited Board.

Monitoring climate-related risks and opportunities

Risk Owners are required to review their relevant risks and check on the controls and Risk Treatment Plans that relate to those risks. This allows the identification of any actions which may be overdue or require further attention. Regular reviews also confirm where completed Risk Treatment Plans can be converted to controls.

Risk Owners are to ensure that both internal and external audits provide appropriate independence and an objective perspective in their findings.

2. Reporting Lines and Oversight

Management provides regular and structured reporting to the Board and its committees to support risk oversight. The CEO reports quarterly to the Board. The SERC meets on a quarterly basis prior to the relevant scheduled Board meeting and updates the Enterprise Risk Register. The Enterprise Risk Manager attends the SERC meetings and various operations and corporate risk workshops where required.

For Austal USA, risks are first reported to the AUSA Board of Directors. The Austal Limited Chairman and CEO both sit as members of the AUSA Board, providing a direct governance link between Austal USA and the Austal Limited Board. The CEO is responsible for escalating AUSA-related risks, including climate-related risks, to the SERC, the ARC and the Austal Limited Board, where appropriate.

3. Processes, Controls and Integration

The Group has an Enterprise Risk Management Framework designed to provide the SERC with visibility of material risks identified across each major business and functional area. The objectives of this Enterprise Risk Management Framework are to ensure:

- that the Board and executive management can make informed and strategic enterprise business decisions that are based on consistent, appropriate and relevant risk assessment;
- risks at all levels of the business are identified, prioritised and managed in a coordinated and consistent manner; and

- strategic planning processes are improved as a result of a structured consideration of risk and potential opportunities.
- Management is responsible for promoting and applying the risk management framework throughout the business.

Austal Australasia has a Risk Management Process document that defines the controls and procedures used to identify, manage and monitor risks. Austal USA does not operate under this document; instead, risk oversight for Austal USA operations is exercised through the AUSA Board of Directors, on which the Austal Limited Chairman and CEO both serve as members. Material AUSA risks are escalated to the SERC, ARC and Austal Limited Board via the CEO, where appropriate.

Strategy

The Company's climate-related risk and opportunity assessment and scenario analysis evaluated the resilience of its strategy, business model and operations under a range of plausible climate futures. The assessment identified acute physical risks associated with typhoons, cyclones and other extreme weather events as the primary climate-related risk, particularly for operations in the Philippines and the USA. Opportunities were also identified through increasing customer demand for low-emissions vessel technologies and the development of new products and services through research, development and innovation. The analysis found that the Company's existing operational controls, business continuity arrangements, customer relationships, engineering capabilities and flexible vessel designs support its ability to manage climate-related risks and respond to emerging opportunities in the short, medium and long term. Overall, the assessment concluded that the Company's strategy and business model remain resilient under both lower-emissions and higher-warming climate scenarios, although continued attention to physical climate risks and investment in operational resilience will remain important over the short, medium and long term. Reflecting the Company's predominantly government and defence customer base (as outlined in the Strategic Context section above), the assessment gave particular weight to how customer priorities influence the pace and nature of the Company's climate-related response, alongside the climate-related risks and opportunities identified below.

III Climate-related Risks and Opportunities

1. Time Horizons for Risks and Opportunities

The Company has established short-, medium-, and long-term time horizons to support the assessment of climate-related risks and opportunities. These timeframes were determined with reference to the Company’s operational context, contract durations and strategic planning cycles and the period during which climate-related risks and opportunities may reasonably be expected to affect the business.

The Company adopted the following time horizons for the risk and opportunities assessment:

Time Horizons	Definition	Links to relevant planning horizons
Short term	0-3 years	Risks that impact near-term financial results. It is most relevant to the Company’s design and construction of commercial vessels, which typically involve shorter contract durations.
Medium term	3-10 years	Risks that could have a material effect on financial performance over the medium term as climate-related impacts emerge, potentially requiring substantial strategic adaptation. It is most relevant to the Company’s design and construction of defence and commercial vessels.
Long term	10+ years	Risks that may fundamentally impact the viability of the Company’s long-term strategy and business model. It is most relevant to the Company’s design and construction of defence and commercial vessels.

2. Identification, Classification and Concentration of Climate-related Risks and Opportunities

The table below provides an overview of the material climate-related risks and opportunities identified as at the reporting date that could reasonably be expected to influence the Company's prospects. It also outlines the relevant time horizons and highlights the areas across the Company's operations and value chain where exposure to these risks and opportunities may concentrate.

Type	Description	Time horizon[2]	Business model / operating regions impacted	Sites / asset portfolio impacted
Physical risk (acute)	Typhoons / cyclones	Short-, medium- and long-term	Operations in the Philippines and USA[3]	50% of sites (2 out of 4 major locations)
Opportunity	Growing customer demand for lower emissions vessels and technologies, driven by carbon pricing and broader decarbonisation trends, which the Company is positioned to capture through its R&D investment and flexible vessel design capability.	Short-, medium- and long-term	All operations	100% of sites

2. Short-term (0-3 years); medium-term (3-10 years); long-term (10+ years).

3. Other locations, including Austal Australia and Austal Vietnam, were also assessed for physical risks during the Climate Risks and Opportunities Workshop. The physical risks identified were not considered material.

The carrying amount of property, plant and equipment at the two shipbuilding sites exposed to cyclone and typhoon risk (the Philippines and Mobile, USA) was approximately $932.5 million as at 30 June 2026, comprising $35.4 million at the Philippines site and $897.1 million at the Mobile, USA site. The Mobile, USA carrying amount excludes land of $204.7 million, on the basis that land is not itself subject to physical damage from cyclone or typhoon events.

IV Business Model and Value Chain

1. Impacts on Business Model and Value Chain

The table below summarises the current and anticipated effects of the identified risks and opportunities affecting the Company's business model and value chain.

The financial implications of these current and anticipated effects, including their impact on the Company's financial position, financial performance and cash flows over the short, medium and long term, are discussed further in section VI.

Acute physical risk: typhoons / cyclone
Current effects Recent typhoon events in the Philippines have resulted in facility damage, operational interruptions, supply chain disruptions and workforce impacts. The Company's Mobile shipyard in the USA has in previous years experienced short-term operational disruption from cyclone activity, including temporary shutdowns and minor infrastructure impact. The financial cost of these historical events has historically been immaterial to the Group. ***Anticipated effects*** Increasing cyclone intensity and frequency may result in higher maintenance and repair costs, more frequent operational shutdowns, project delivery delays, increased insurance costs, reduced workforce availability and supply chain disruptions. Over the longer term, sustained increases in physical climate risk may also require consideration of operational adaptation measures, including changes to facility design or site configuration.
Transition Opportunity: Growing customer demand for lower emissions vessels and technologies
Current effects Carbon pricing and customer decarbonisation objectives are influencing customer decisions in favour of low emission vessels and technologies. The Company's expertise in flexible vessel design, ongoing R&D investment and established customer relationships currently support demonstration vessels and innovative projects in this space. ***Anticipated effects*** Increasing carbon prices and customer decarbonisation commitments may accelerate demand for the Company's vessel designs incorporating alternative fuels, hybrid propulsion systems and energy efficiency technologies, particularly in regions with strong climate policy settings. Continued investment in R&D and innovation may also support the Company's expansion within existing commercial markets and diversification beyond core defence revenues. This specialised low-emissions market segment is less price sensitive and therefore advantageous to the Company's financial position.

V Strategy and Decision-Making

1. Changes to Business Model and Resource Allocation

The Company has not implemented material changes to its business model or made significant changes to resource allocation in response to climate-related risks and opportunities. Currently the Company is scoping the market to establish future shipbuilding focuses and technologies. This will be followed by identifying and developing R&D funding streams focused on autonomy, decarbonisation and advanced manufacturing.

The Company does not have any climate-related investment or disposal plans that it is contractually committed to, including in relation to capital expenditure, major acquisitions or divestments, joint ventures, business transformation, or asset retirements. As noted above, the Company is currently scoping the market to establish future shipbuilding focuses and technologies, which will inform future R&D funding priorities focused on autonomy, decarbonisation and advanced manufacturing; however, no specific investment or funding commitments have been made as at the reporting date.

2. Direct Mitigation and Adaptation Actions

The current mitigation and adaptation actions identified through the Company's climate scenario analysis and risk assessment are summarised below.

Acute physical risk: typhoons / cyclone

Current direct mitigation and adaptation measures

Existing direct mitigation and adaptation measures include cyclone response and emergency management procedures, business continuity planning for extreme weather-related events. Operational protocols are also in place to support workforce safety, further strengthening protection of critical infrastructure and minimise operational impacts during severe weather events. These protocols include:

- weather monitoring and early warning systems,
- air conditioning units for workshops and work areas,
- pre-event preparation activities,
- emergency communication processes,
- hot weather plans that include plans for extra breaks, work area restrictions,
- workforce evacuation, and
- post-event recovery assessments.

Commercial mitigations are in place through the inclusion of appropriate contractual recognition of, and allowances in respect of, these events if they occur as well as the placement of appropriate insurance policies.

Anticipated direct mitigation and adaptation efforts

Future direct mitigation and adaptation efforts may include gradual facility upgrades and resilience improvements to strengthen infrastructure against extreme weather impacts, such as construction of a typhoon-rated covered work bay at the Philippines shipyard.

Transition Opportunity: Growing customer demand for lower emissions vessels and technologies

Current direct actions towards realisation

The Company currently supports this opportunity through flexible vessel design capabilities that enable integration of alternative propulsion systems and emerging low-emission technologies, together with established R&D capability, including experience delivering demonstration and first of kind vessels. The current construction of two vessels in the Philippines (a cargo sailing ship and the other being a 130-meter high-speed, hydrogen-ready multi-fuel RoPax catamaran) provides practical validation of these technologies and helps build customer confidence.

Anticipated direct actions towards realisation

Future efforts may focus on further enhancing vessel platform flexibility to accommodate a broader range of alternative propulsion technologies as they mature, and integrating emerging technologies such as hybrid power configurations and energy efficient hull designs. These initiatives may support market adoption and help de-risk emerging technologies for commercial deployment, potentially positioning the Company to strengthen its position within existing commercial market segments as customer investment in lower-emissions vessels and technologies increases.

3. Indirect Mitigation and Adaptation Actions

Acute physical risk: typhoons / cyclone
Current indirect mitigation and adaptation measures Current indirect mitigation and adaptation measures include maintaining insurance coverage for extreme weather events across relevant locations. Additional mitigations include: ▪ Facilities constructed to code and where appropriate to the annual exceedance probability for winds and/or flooding. ▪ Strategic outsourcing to subcontractors with specialist capability, such as painting environmental controls. ▪ Standing agreements with waste recovery contractors if heavy weather exceeds containment measures. ▪ Environmental Operational permits that consider environmental controls for expected adverse weather events. ▪ With new sales new engines comply with IMO/EPA emissions requirements. ***Anticipated indirect mitigation and adaptation efforts*** Future indirect mitigation and adaptation efforts include reviewing insurance arrangements and coverage in response to evolving physical risks.
Opportunity: Growing customer demand for lower emissions vessels and technologies
Current indirect actions towards realisation The opportunity is influenced by evolving customer decarbonisation commitments, the maturity, cost and availability of low emission technologies and alternative fuels, and growing external interest in maritime innovation through collaboration with technology developers, research institutions and industry partners. The Company maintains strong relationships with customers and technical partners that have established decarbonisation objectives. ***Anticipated indirect actions towards realisation*** The opportunity is expected to strengthen if carbon pricing becomes more widespread, stable, or financially material to customers' decision-making, and as regulatory requirements and market demand increasingly favour lower emission vessel design. Realisation will also depend on improvements in technology maturity, including reductions in cost, improved operational reliability and expansion of supporting fuel and charging infrastructure. The Company may continue to strengthen its customer collaboration on decarbonisation pathways and expand demonstration and pilot projects.

4. Transition Plan

The Company does not have a formal climate-related transition plan. As part of its target-setting process, Austal established an embodied emissions reduction pathway (covering Scope 1, Scope 2 and upstream Scope 3 emissions) for the period FY2021 to FY2030 to inform its emissions reduction targets. Key assumptions and dependencies, including climate scenarios, technology advancement pathways and raw material inputs were considered.

This pathway was developed to inform emissions reduction target-setting and does not currently constitute a transition plan, as it does not include a broader set of strategic actions, implementation pathways, capital allocation decisions or timelines for transitioning the Company's business model and operations in response to climate-related risks and opportunities.

5. Achievement of Climate Targets

The Company plans to achieve its climate-related targets through a combination of operational initiatives, technology improvements, renewable energy adoption where feasible and collaboration with suppliers to address upstream emissions. Key focus areas include improving energy efficiency across facilities, reducing operational emissions, evaluating lower-carbon materials, and embedding climate considerations into business planning and decision-making. Progress towards targets will be monitored through emissions tracking and performance reviews.

6. Resourcing the Strategy

As FY2026 is the Company's first year of mandatory climate-related disclosure under AASB S2 (refer Strategic Context), resourcing during the period has primarily focused on building the internal capability, data and processes needed to meet these statutory requirements, building on the Company's existing practice of voluntary sustainability reporting. The Company does not currently have plans to expand its climate-related activities beyond these statutory requirements.

VI Financial Position, Financial Performance and Cash Flows

1. Current Financial Impacts

In November 2025, Typhoon Kalmaegi impacted Cebu, Philippines, bringing destructive winds, heavy rainfall and severe flooding that caused widespread damage across the region. The Company’s Philippines facility sustained roof, water and flood damage as a result of the storm. The cost incurred was approximately USD $0.1 million, which was considered immaterial in terms of its financial impact on the Group. There were no other incidents during the financial year which had a current financial impact.

There was no cyclone impact on the Company's Mobile, USA shipyard during FY2026. The Company's Mobile facility has, in previous reporting periods, experienced short term operational disruption from cyclone activity, the financial impact of which has historically been immaterial to the Group. This historical experience has informed the Group's assessment of anticipated financial impacts in section VI, 2 below.

Climate-related opportunities have not had separately identifiable effects on Group’s financial position, financial performance or cash flows during FY2026 due to the diverse nature of its global markets and customer base. However, climate-related considerations continue to influence the Company’s strategic investment decisions.

There are currently no risks or opportunities that could result in a material adjustment to asset or liability carrying values in the next reporting period.

2. Anticipated Financial Impacts

The Company considers that the anticipated financial effects of cyclone and typhoon risks would be immaterial. This is based on historical experience, including the immaterial financial impact of past events and the availability of insurance coverage across exposed operating locations. The Company maintains property damage cover for these locations. However, this estimate involves key judgements and dependencies. In particular, there is a possibility that insurance-related costs, including premiums, deductibles and the availability of cover, may increase in future periods, whether as a result of repeated severe weather events affecting the Company's existing operating locations over time, or as a result of broader increases in the frequency or severity of severe weather events globally affecting insurance markets more generally. The availability and extent of insurance coverage for very severe or prolonged events has not been incorporated into the estimate, given the uncertainty associated with future policy terms, conditions, deductibles, premium costs and the availability of insurance. Other factors that may affect the financial impact include the timing, severity and location of future events, operational disruption, asset damage, recovery timeframes and insurance outcomes. Accordingly, while the anticipated financial effects are currently estimated to be immaterial, the actual financial impact of a future event may differ from this estimate. Notwithstanding this estimate, if cyclone or typhoon events were to occur, the Group anticipates this could affect the following items in its financial statements: Property, plant and equipment, through impairment expense (included within Other income and expenses) arising from physical damage to facilities and infrastructure; repairs and maintenance expense (included within Cost of sales); insurance expense (included within Administration expense), through increased premiums, deductibles or reduced coverage availability; Cost of sales, through increased costs of production arising from climate events; and Revenue, through delays to vessel delivery milestones.

The Company has identified opportunities associated with carbon taxes and the development of new products and services through R&D and innovation. However, the anticipated financial impacts cannot be separately quantified due to the complexity and diversity of the Company’s global markets, where customer decisions are influenced by a range of factors including regulatory settings, technology availability, infrastructure and commercial conditions. If realised, the Group anticipates these opportunities could affect revenue, through increased demand for lower emissions vessel designs and new market entry, with a corresponding increase in costs of sales, and research and development expenditure, through continued investment in relevant technologies. The extent of any effect on these line items cannot presently be quantified for the reasons set out above. The Company will continue to assess the factors influencing the potential financial impacts as available information develops.

VII Climate Resilience

1. Climate Resilience Assessment

The Company has developed two scenarios to assess the resilience of the Company’s business under both a low-carbon transition pathway (1.5°C) and a higher-warming, less-mitigated pathway (3°C+), across different time horizons. Together, they provide a structured basis for assessing specific climate-related risks and opportunities, reflecting the Company’s operations, asset lives, workforce structure, financial position and regulatory context. The assessment has been prepared to capture a broad range of plausible future climate-related developments and associated strategic, financial and operational impacts.

The Company assessed its resilience by evaluating its ability to adapt to climate-related risks and opportunities under different scenarios. The assessment used climate-related risks and opportunities identified through the climate risk assessment as key inputs. The Company’s resilience was evaluated by considering existing operational controls, governance arrangements, mitigation actions, strategic adaptability and response capabilities under both lower-emissions transition and higher-emissions scenarios. A qualitative resilience assessment framework was applied to evaluate the potential impacts of identified risks and opportunities and support understanding of the Company’s ability to remain resilient under future climate conditions.

The resilience assessment found that the Company’s existing operational controls, customer relationships and design capabilities support the Company’s ability to respond to climate-related risks and opportunities under the scenarios and time horizons. The Company’s customer-led business model, particularly within the defence sector, reduces direct exposure to certain transition risks, as vessel requirements are largely driven by customer specifications. This reflects the Company's predominantly government and defence customer base (as outlined in the Strategic Context section), whereby the priorities and procurement requirements of the Company's government clients (principally the Australian and United States Governments) are a key factor shaping the nature and pace of the Company's exposure to, and management of, transition-related climate risks. For commercial vessels, potential shifts in demand towards lower-emissions solutions are managed through flexible vessel designs, engagement with customers and collaboration with technology and propulsion suppliers.

The assessment identified that the Company’s ability to respond to transition risks and capture opportunities is supported by its engineering capability, supplier partnerships and ongoing monitoring of regulatory, market and technology developments. However, some factors remain outside the Company’s direct control, including regulatory settings, carbon pricing mechanisms, technology maturity and the availability of supporting infrastructure. These factors may influence the timing, cost and commercial feasibility of adopting low-emissions technologies, while changes in material costs or vessel requirements may require design adjustments.

Physical climate risks, particularly exposure to extreme weather events at the Company’s coastal facilities in the Philippines and the USA, remain a key area requiring ongoing focus. Existing cyclone response procedures, insurance coverage and operational controls support the Company’s ability to manage these risks, although extreme weather events may continue to result in infrastructure impacts, operational disruption and increased costs. Continued monitoring, investment in facility resilience and integration of climate considerations into operational planning, risk management, and project development will support the Company’s ability to adapt to evolving climate-related risks and opportunities under both scenarios.

Overall, the scenario assessment confirmed that the Company is well-positioned to manage transition risks and capture emerging opportunities, with resilience strengthened by flexible design, supplier partnerships and proactive monitoring of policy and market signals. Physical risks from extreme weather remain the primary area of vulnerability, requiring continued attention to improve operational and infrastructure resilience.

2. Scenario Analysis Selection

Climate scenario analysis was conducted in February 2026 during the reporting period for the year ended 30 June 2026. Two plausible climate scenarios were assessed to understand the potential implications of climate-related risks and opportunities for the Company's operations, strategy, business model and financial position over different time horizons. The following section outlines the key assumptions, characteristics and reference scenarios underpinning each climate pathway.

Characteristics	Scenario 1	Scenario 2
Scenario description	Represents a climate scenario aligned with the Paris Agreement goal of limiting global warming to 1.5°C, involving accelerated decarbonisation, stronger climate policies, technological advancement and coordinated global emissions reductions.	Represents a higher-warming climate scenario where delayed or limited climate action results in continued higher emissions, increased fossil fuel reliance and global warming of 3°C+ by the end of the century.
Scenario referenced for social, technology, economic and political factors	International Energy Agency (IEA) Net Zero Emissions by 2050 (NZE) Scenario	IEA Stated Policies Scenario (STEPS)
Scenario referenced for environmental factors[4]	▪ Network for Greening the Financial System (NGFS) Net-Zero 2050 ▪ Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6	▪ IPCC RCP 8.5 ▪ NGFS Current Policies
Underlying assumptions	Reflects a future with stronger climate action, including enhanced policy measures, accelerated decarbonisation efforts, increased deployment of renewable energy, and faster development and adoption of low-emissions technologies. This pathway assumes evolving energy markets, higher investor and stakeholder expectations, and greater international collaboration to support emissions reduction. Physical climate impacts are expected to be comparatively lower than under higher-warming scenarios.	Reflects a future with slower progress on climate action, characterised by limited policy intervention, continued reliance on fossil fuels and delayed uptake of emerging technologies. This pathway assumes increasing exposure to carbon-intensive energy systems, greater physical climate impacts, and higher levels of operational disruption associated with a warming climate over time.
Time horizons[5]	2030 and 2050	2030 and 2050

4. RCP 2.6 represents a low-emissions pathway and is not explicitly aligned with a 1.5°C warming limit. The Company also considers the NGFS Net Zero 2050 scenario, which represents a rapid transition consistent with limiting global warming to 1.5°C.

5. The climate scenario analysis considered the scenario year 2030 and 2050, consistent with the time horizons available in the International Energy Agency's World Energy Outlook 2024. For the purposes of the Company's climate-related risk assessment, the 2030 scenario year has been considered within the medium-term horizon, while the 2050 scenario year has been considered within the long-term horizon.

Both scenarios were used to assess the potential implications of transition-related risks and opportunities (e.g., policy, carbon pricing and technology developments) and physical climate risks (e.g., extreme weather events), reflecting the contrasting policy and physical impact assumptions embedded within each pathway.

3. Underlying Assumptions and Driving Forces

The scenarios are based on assumptions regarding recognised climate science publications such as World Energy Outlook, consideration of current and emerging climate-related risks, and future political, regulatory, economic, technological and environmental developments. The outcomes described reflect potential responses and impacts under each scenario pathway and should not be interpreted as forecasts or expectations of future performance. The scenarios are designed to test resilience by considering a range of plausible climate-related futures.

4. Rationale for Scenario Selection

The selected scenarios were considered relevant for assessing the Company's resilience across a range of plausible climate futures, capturing both transition and physical climate-related risks and opportunities. The analysis considered the potential implications for the Company's operations, projects, strategy and financial position over the short, medium and long term.

The scenario selection was informed by internationally recognised climate frameworks and reference scenarios, including those developed by the IEA, NGFS and IPCC, to support alignment with evolving climate-related disclosure practices. These scenarios provided relevant assumptions relating to policy settings, economic conditions, technology developments, energy transitions and physical climate impacts. Regional climate projections and location-specific climate data were also incorporated to assess potential physical climate risks across the Group's operating regions.

5. Time Horizons and Scope of Analysis

The scenario analysis evaluated climate-related risks and opportunities across the short, medium and long term, with 2030 and 2050 selected as key reference years to assess potential impacts under the relevant climate pathways. These reference points were used to support consideration of how climate-related factors may influence the Company's resilience over the defined assessment periods.

The scenario analysis covered the Company's key operating locations, including Austal Philippines, Austal USA, Austal Vietnam and Austal Australia. The assessment considered how climate-related risks and opportunities may affect the Group's operations, workforce, supply chain, governance arrangements and broader business activities under the selected climate scenarios.

Risk Management

Risk Management Overview

The Company identifies climate-related risks through its Risk Management Process, informed by Task Force on Climate-Related Financial Disclosures (TCFD)-aligned risk categories and climate scenario analysis. Identified risks are assessed and prioritised using the Company's Enterprise Risk Matrix, which considers likelihood and consequence. Prioritised climate-related risks are incorporated into the Enterprise Risk Register. Climate-related risks are monitored through regular review of risk ratings, controls and treatment actions.

VIII Processes and Policies

1. Inputs and Parameters

The Company's climate-related risks and opportunities were identified using the categories defined by the TCFD Recommendations, including policy and legal, technology, market, reputation, acute physical and chronic physical risks, as well as opportunities related to resource efficiency, energy sources, products and services, markets and resilience.

The Company assesses and prioritises climate-related risks using its Enterprise Risk Matrix that considers both the likelihood and consequence of a risk event occurring.

The Company monitors risks by regularly reviewing the effectiveness and efficiency of risk controls. Risk control options include avoiding the risk by changing or not proceeding with an activity, mitigating the risk by reducing the likelihood or consequence through improved controls, procedures, contingency planning or other measures, transferring the risk through contractual arrangements or insurance, or accepting the risk where existing controls are considered appropriate.

2. Use of Scenario Analysis

Climate scenario analysis was undertaken to inform the identification of climate-related risks and opportunities. The scenario analysis explored the potential impacts of different climate futures over time horizons, considering how climate change may influence the exposure, severity, timing and potential operational and financial consequences of identified risks and opportunities. Through this process, senior leaders and subject matter experts came together to assess the implications of the climate scenarios on Austal's operations and identified an initial list of both physical and transition climate-related risks and opportunities. Transition risks considered included changes in customer requirements, regulatory developments, carbon pricing, lower-emissions technologies and evolving market expectations. Physical risks considered included acute and chronic climate hazards such as tropical cyclones, flooding, sea level rise and increasing temperatures, while opportunities included innovation, operational efficiencies, and growing customer demand for lower-emissions technologies and vessels.

A list of climate-related risks and opportunities was identified during the scenario analysis. The list was subsequently assessed and prioritised by the SERC. This assessment was used to determine the relative significance and materiality of each climate-related risk and opportunity, including whether any identified transition risks could reasonably be expected to affect the Group's prospects. Based on this assessment, no transition risks were considered reasonably likely to have a material effect on the Group's strategy, financial position, financial performance or cash flows over the assessed time horizons.

3. Assessment of Risks

The Company has an Enterprise Risk Management Process to assess its climate-related risks through likelihood and consequence evaluation. Likelihood is assessed based on the expected frequency of occurrence over a defined period, ranging from rare to highly likely. Consequence is evaluated across multiple categories, including financial, operational disruption, reputation and stakeholder impacts, legal and compliance obligations, environmental impacts, health and safety, management effort and quality impacts. Likelihood and consequence ratings were informed by the results of the climate scenario analysis, available site-specific information and judgement applied during the Climate Risks and Opportunities Workshop by SERC and the Chair of the ARC. This assessment approach, applied consistently to climate-related risks, includes consideration of legal and compliance obligations and the risk of non-compliance with applicable laws and regulations, including climate-related reporting requirements. The combined likelihood and consequence ratings determine the overall risk level and support prioritisation of risk treatment actions.

4. Prioritisation of Risks

Climate-related risk prioritisation is undertaken through the Company's Risk Management Process. The Company uses its Enterprise Risk Matrix to assess and prioritise climate-related risks, with prioritised risks incorporated into the Enterprise Risk Register.

5. Monitoring Processes

The Company monitors climate-related risks through its Risk Management Process, including regular review of risk ratings, controls and risk treatment plans. Risk owners are responsible for monitoring identified risks, assessing whether controls remain effective and identifying any actions requiring further attention.

6. Integration into Overall Risk Management

Climate-related risks are integrated into the Company's Risk Management Process through the application of its Enterprise Risk Matrix and Enterprise Risk Register. Climate-related risks are identified and assessed using the same risk assessment approach applied to other enterprise risks, including evaluation of likelihood and consequence using the Enterprise Risk Matrix. Prioritised climate-related risks are incorporated into the Enterprise Risk Register, assigned ownership and ongoing monitoring. Risk owners regularly review risk ratings, controls and treatment actions to assess changes in risk exposure and identify any further actions required.

Metrics and Targets

The Group tracks Scope 1 and 2 greenhouse gas emissions and has established two climate-related targets. Progress against these targets is monitored through regular measurement and reporting of emissions performance, enabling the Group to assess its trajectory towards its target objectives and identify improvement opportunities.

IX Climate-related Metrics

1. Scope 1 and 2 Emissions

FY2026 is the Group's first year of mandatory climate-related financial disclosure under AASB S2 (refer Strategic Context). The Group has a history of calculating and disclosing greenhouse gas emissions voluntarily through its Annual ESG Report; the emissions figures below have been prepared to meet the calculation methodology and disclosure requirements of AASB S2 for this reporting period.

Emissions	Unit	FY2026
Scope 1 emissions	t CO_2-e	3,084
Scope 2 emissions (location based)	t CO_2-e	11,553

2. Measurement Standard and Approach

Scope 1 Emissions

The Group's yearly GHG emissions are closely linked to the manufacture of its vessels and are therefore dependent to a significant extent on the number and type of vessels delivered in a given year. The Group's measurement approach is designed to allow monitoring of, and action to reduce, emissions associated with its operations using metrics that support year-to-year comparison despite annual variation in vessel delivery volumes and mix.

The Group’s Scope 1 GHG emissions include transport fuel combustion emissions from generators used by the Group during construction and fuel used in sea trials for customer vessels; and fugitive emissions from heating, ventilation, and air conditioning (“HVAC”) installation.

The emissions factors from diesel combustion used for the Scope 1 estimate are taken from the Australian Government’s 2025 National Greenhouse Accounts factors for fuels used for transport energy. Sea trials emissions include fuel combusted during sea trials undertaken during the FY2026 reporting period.

Fugitive emissions from HVAC installation include emissions from HVAC systems installed by the Group in boats delivered in FY2026. The emissions have been calculated according to the method and assumptions in the US EPA Greenhouse Gas Inventory Guidance for Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases.

Changes in measurement approach

In prior voluntary reporting, the Group's Scope 1 emissions from sea trials were recognised in the reporting period in which the relevant vessel was delivered to the customer, rather than the period in which the fuel was consumed. For FY2026, the Group has moved to recognising Scope 1 emissions from sea trials in the period in which the underlying fuel is consumed, consistent with the requirement in paragraph 29(a)(i) to disclose absolute gross greenhouse gas emissions generated during the reporting period. This represents a change in measurement approach from the Group's prior voluntary reporting practice.

Scope 2 Emissions

Scope 2 emissions encompass emissions from the total MWh of electricity purchased by all Group entities in the accounting period FY2026.

Publicly available average emissions factors have been used to calculate emissions in each geographic location for electricity generated on local grids.

- Western Australia and Queensland – Australian Government's 2025 National Greenhouse Accounts;
- Philippines factors – 2020 Climate Transparency Report;
- Vietnam – Worldbank 2017 country report; and
- United States – US Environmental Protection Agency for the SRSO SERC South electricity grid region. The SERC South eGRID subregion represents a specific geographic portion of the southeastern United States bulk power system monitored by the SERC Reliability Corporation and tracked within the Emissions & Generation Resource Integrated Database to provide localised greenhouse gas emission factors for carbon footprint reporting.

The Group's Scope 2 emissions include all electricity consumed in FY2026. The Group has not entered into any contractual instruments (such as power purchase agreements or renewable energy certificates) in relation to its purchased electricity that would inform users' understanding of its Scope 2 greenhouse gas emissions.

3. Disaggregation of Scope 1 and Scope 2 Emissions

The Group's reported Scope 1 and Scope 2 greenhouse gas emissions relate to entities within the consolidated accounting group, including wholly owned subsidiaries. The Group does not have any associates, joint ventures or unconsolidated subsidiaries, and accordingly there are no investees excluded from the disclosed Scope 1 and Scope 2 emissions figures.

4. Capital Allocation

During FY2026, the Group invested in research and development, primarily focused on dual-use technologies that support competitiveness, market access and future growth opportunities in markets increasingly influenced by climate-related regulation and customer preferences.

5. Use and Application of Carbon Pricing

A carbon price assumption was applied as part of the Group's climate scenario analysis to estimate potential carbon costs. However, the Group does not currently utilise an internal carbon pricing mechanism within its business planning or decision-making processes.

6. Climate-related Remuneration

Executive remuneration is not currently directly or expressly linked to climate-related considerations, although remuneration is linked to achievement of strategic priorities and climate-related considerations form part of the development of these. As climate-related considerations are not directly or expressly linked to a specific component of executive remuneration, 0% of executive management remuneration recognised in FY2026 is linked to climate-related considerations on this basis.

X Climate-related Targets

The Company has a target to achieve a 50% reduction in embodied emissions intensity by 2030, covering Scope 1, Scope 2 and upstream Scope 3 emissions, measured per tonne of steel equivalent structural weight of vessels delivered. The target covers all greenhouse gas emissions included within the Group's Scope 1, Scope 2 and upstream Scope 3 emissions data as calculated for each reporting period, aggregated as carbon dioxide equivalent (CO_2-e) in accordance with the global warming potential values described in Section 9.2.

The objective of the target is to reduce Austal's climate impact, strengthen climate resilience and support the transition to a low-carbon economy. The target applies across the Group's entire operations. The target is a gross target and is not offset by carbon credits or other removals. The target was not derived using a sectoral decarbonisation approach. The target was developed based on an internal assessment of Austal's achievable emissions reduction potential across electricity sourcing, materials and metal composition, and supply chain decarbonisation, informed by benchmarking against ASX peer and defence industry practice. The target's baseline year is FY2021. No specific interim milestones or targets were set. The Group states that the target and its methodology have not been validated by a third party.

Target progress reporting for FY2026

The Company's climate-related target was established in FY2022 and has not been subject to formal review since that time. The Sustainability Committee has resolved to review the target as an FY2027 priority, reflecting significant growth in the Company's defence manufacturing, sustainment operations, and submarine module and subcontracted work since the target was originally set. This review will consider whether the existing target, baseline and methodology remain fit for purpose given the Company's current business profile.

In light of this review, the Group has not disclosed a current year performance metric against the target for FY2026, on the basis that the existing target, baseline and methodology are subject to change and a metric calculated against them would not provide meaningful information to users at this time. Updates on the outcome of the review, including any resulting changes to the target, baseline or methodology and associated progress reporting, will be provided in FY2027.

The Group remains committed to its 2030 target pending the outcome of the review and will continue to monitor progress through its greenhouse gas emissions reporting processes, as outlined in section I, 5.

1. Use of Carbon Credits

The Company has not planned to use carbon credits to offset greenhouse gas emissions to achieve its climate targets.

Directors' declaration on the Sustainability Report

The Directors declare that, in the Directors' opinion, the entity has taken reasonable steps to ensure the substantive provisions of the attached climate statements and notes are in accordance with the *Corporations Act 2001*, including:

- Complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures.
- Making the climate statement disclosures required by s.296D of the Corporations Act 2001 (including information derived from or about a scenario analysis required by s.296D(2B)).

Signed in accordance with a resolution of the Directors made pursuant to s.296A(7) of the *Corporations Act 2001*.

Hon. Richard V. Spencer

Chairman

on behalf of the Board

31 August 2026

Deloitte.

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Independent Auditor's Review Report to the Members of Austal Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Austal Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* ("ASSA 5010") issued by the Auditing and Assurance Standards Board ("AUASB"):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* ("AASB S2") (including related general disclosures required by Appendix D)	Location in the Sustainability Report
Governance	Paragraph 6	Sections I & II on pages 26 to 31
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section III(2) on page 32
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section "Metrics & Targets"; sub-section IX(1) and (2) on pages 41 to 42, and Section Reporting Scope and Boundary section on page 21

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the "Act").

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

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Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* ("ASSA 5000") issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the '*Summary of the Work Performed'* section of our report below.

Our responsibilities under ASSA 5000 are further described in the '*Auditor's Responsibilities'* section of this report.

We are independent of the Group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024 (the "Code"), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

We confirm that the independence declaration required by the Act, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Group are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. The other information includes the financial report upon which we have performed an audit and issued a separate auditor's report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities for the Specified Sustainability Disclosures

The Directors of the Group are responsible for:

a) The preparation of the specified Sustainability Disclosures in accordance with the Act; and
b) Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations in Preparing the Specified Sustainability Disclosures

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

The specified Sustainability Disclosures include judgements and assumptions about future events and circumstances. Actual outcomes may differ from those described and, accordingly, the disclosures are subject to a higher level of inherent uncertainty.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Performed inquiries, walkthroughs and inspection of documentation to understand the processes, systems, methodologies and personnel involved in preparing the specified Sustainability Disclosures.
- With respect to Governance disclosures:
    - Inquired with management and personnel responsible for the oversight of climate-related risk and opportunities to obtain an understanding of the Group's processes, controls and procedures to monitor, manage and oversee its climate-related risks and opportunities; and
    - Performed walkthroughs and inspected the Group's internal information (e.g. Board meeting minutes, terms of reference, committee charters and internal policies).

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- With respect to Strategy (risk and opportunities) disclosures:
    - Obtained an understanding of the Group's process for identifying and assessing its climate-related risks and opportunities across its reporting boundary, including management's materiality assessment process, by performing inquiries to understand the sources of the information used by management and inspecting the Group's internal documentation of this process; and
    - Assessed whether the climate-related risks and opportunities disclosed are appropriate and complete, based on management's process and judgements, and whether they have been accurately described and classified.
- With respect to Scope 1 and 2 emissions disclosures:
    - Obtained an understanding of the measurement approach, inputs and assumptions used to measure the Group's greenhouse gas emissions through inquiries, walkthroughs and inspection of process flow documentation, calculations and underlying support;
    - Agreed a sample of the underlying emissions data to supporting documentation and checked the mathematical accuracy of management's calculations;
    - Assessed the relevance and reliability of emissions factors used by management; and
    - Evaluated whether management has appropriately applied the requirements of AASB S2 and the GHG Protocol in developing estimates used to report emissions, and whether the methods for developing such estimates are appropriate and have been applied consistently.
- Reconciled the specified Sustainability disclosures in the sustainability report to underlying supporting calculations and/or testing.
- Evaluated the overall presentation of the specified Sustainability Disclosures in the sustainability report and considered whether the specified Sustainability Disclosures as a whole are disclosed in accordance with the relevant requirements of AASB S2.

Our procedures did not include assessing the adequacy of design or operating effectiveness of controls, assessing the adequacy of the Group's governance framework and processes or separately developing our own estimate to compare with the Group's estimates.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Perth, 31 August 2026

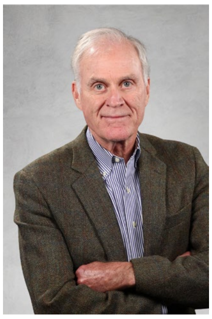
Directors' report

The Board of Directors of Austal Limited submit their report for the year ended 30 June 2026.

Directors

The names and details of the Company's Directors in office at the date of this report are detailed below:

Hon. Richard V. Spencer – Non-Executive Chairman



The Hon. Richard V. Spencer was appointed Chairman of Austal Limited on 1st July 2024.

Richard was the 76th Secretary of the United States Navy, sworn into office in August 2017 and serving until November 2019. After graduating from Rollins College University, he served in the United States Marine Corps, as an H-46 (Phrog) pilot.

After leaving active duty, Richard began a successful career in finance, working on Wall Street for 16 years for companies such as Goldman Sachs, Donaldson, Lufkin and Jenrette, and Bear Stearns, before becoming President of Crossroads Investment Management LLC, and Vice Chairman and Chief Financial Officer of Intercontinental Exchange, Inc. (NYSE-ICE) and later Managing Director of Fall Creek Management LLC.

He also served on the Pentagon Defense Business Board advisory panel and the Chief of Naval Operations Executive Panel.

Mr Spencer is currently the Global Chairman of Bondi Partners, an advisory firm based in Australia offering strategic counsel to corporate and government clients; Managing Director of Pallas Ventures, which focuses on emerging commercial technologies that have applicability in the National Security arena; and is a member of the board of directors of the Global Atlantic Financial Group, and Focused Energy. He is also a member of the Advisory Board to the US Innovation and Technology Fund.

Paddy Gregg – Managing Director and Chief Executive Officer

Patrick ("Paddy") Gregg has served as Austal's Managing Director and Chief Executive Officer since January 2021, following four years as the Company's Chief Operating Officer. He leads a global shipbuilding and sustainment enterprise comprising five shipyards and eight service centres across four countries, employing more than 5,300 people worldwide.

Paddy is an accomplished executive with extensive experience in advanced manufacturing, complex program delivery and business transformation across the defence, naval shipbuilding and infrastructure sectors. Throughout his career, he has built a reputation for delivering high-performance outcomes in technically demanding and highly regulated environments.

Prior to joining Austal, Paddy held senior leadership positions with Network Rail in the United Kingdom, where he was responsible for major infrastructure enhancement and renewal programs. Earlier in his career, he worked with BAE Systems Submarines in Barrow-in-Furness, England, including serving as Head of Project for the second Astute-class nuclear-powered submarine build program. In that role, he worked closely with the UK Ministry of Defence and Royal Navy to support the successful delivery of one of the United Kingdom's most complex defence projects.

As Austal's Chief Operating Officer, Paddy led shipbuilding and sustainment operations across Australia, the Philippines and Vietnam, with responsibility for both commercial and defence programs. His leadership strengthened Austal's operational capability and helped position the Company for significant growth in its global defence and maritime markets.

As Managing Director and Chief Executive Officer, Paddy is leading Austal through its next phase of growth, focused on expanding manufacturing capacity, driving operational performance and strengthening the Company's position in global defence and maritime markets. He is committed to building a high-performing organisation with a culture of safety, innovation and accountability while delivering leading-edge solutions for customers, employees, communities and shareholders.

Paddy is a Chartered Engineer and Fellow of the Institution of Mechanical Engineers. He holds a Master of Engineering from the University of Newcastle-upon-Tyne and a Master of Business Administration from Warwick Business School.

Lee Goddard – Non-Executive Director

Lee was appointed as a Non-Executive Director of the Company in January 2023 and has been a member of the Audit & Risk Committee and Nomination & Remuneration Committee since January 2023. Lee continues to serve as a Royal Australian Navy active reserve officer (rank Rear Admiral) following 34 years full time service up until January 2021. He is also a Non-Executive Director of the Commonwealth Superannuation Corporation, Southern Launch, DroneShield Limited (ASX:DRO) and the Chairman (Race Director) of the Sydney to Hobart Yacht Race.

Prior to assuming his current industry roles, he was dual appointed as Commander, Maritime Border Command and Operation Sovereign Border, responsible for the law enforcement and operational oversight of Australia's maritime economic and security zones; covering more than 10 per cent of the earths' surface across the Indian, Pacific and Southern Oceans, Antarctic Territory and Australia's northern maritime approaches. This was preceded by a two-year secondment into the Department of the Prime Minister & Cabinet. On promotion to Commodore in late 2014 he assumed the role of Commander Surface Fleet, commanding 18 major warships and over 3,500 personnel. He has commanded warships and joint-agency Taskforce's at every senior Navy rank from Commander to Rear Admiral.

Lee has contributed to a range of professional and academic journals focused on national security, maritime issues and international affairs.

Kathryn Toohey AM, CSC – Non-Executive Director

Kathryn was appointed as a Non-Executive Director of the Company in February 2024 and is Chair of the Nomination & Remuneration Committee and a member of the Audit & Risk Committee. She brings strong program management, government procurement, digital and technology expertise to Austal through her experience in senior leadership roles in the Department of Defence.

Kathryn was a senior officer in the Australian Army, retiring at the rank of major general in early 2023. For over two decades she was involved in Defence capability. She served as Head Land Capability responsible for the modernisation and sustainment of all Army equipment and infrastructure including helicopters, tanks, communication systems and watercraft. In her last appointment within the Australian Defence Force Headquarters she was responsible for integrating capability across the three Services. She was appointed a Member of the Order of Australia (AM) for "exceptional service to the Australian Defence Force in the fields of capability development and education".

Kathryn is also a Non-Executive Director of EOS Ltd (ASX:EOS), Defence Health Ltd, Australian Naval Infrastructure (ANI) Pty Ltd, Cylent International Pty Ltd and Greater Western Sydney (GWS) Giants (a division of the AFL). She is a member of the Australian Strategic Policy Institute (ASPI) Executive Council and provides a range of advisory and consulting services.

Kathryn holds an Executive Master in Business Administration (Complex Project Management), a Master of Management in Defence Studies, a Graduate Diploma in Information Technology and a Bachelor of Electrical Engineering (Honours). She is a graduate of the Australian Institute of Company Directors and the INSEAD Advanced Management Programme.

Brent Cubis – Non-Executive Director

Brent was appointed as a Non-Executive Director of the Company in October 2024 and is Deputy Chair of the Audit & Risk Committee and a member of the Nomination & Remuneration Committee. Brent is one of two Board Nominees for major shareholder Tattarang.

Brent is a highly experienced Non-Executive Director and CFO with over 25 years experience with boards in senior finance roles. Brent is currently a Non-Executive Director and Chair of the Audit & Risk Committees for ARN Media Ltd (ASX:A1N), AI Media Ltd (ASX:AIM), Beam Dental Holdings Ltd (formally Pacific Smiles Group Ltd) (ASX:PSQ) and Silverchain Group. His previous roles have included CFO of Cochlear Ltd, CFO of Nine Network and Non-Executive Director for A2B Ltd and Prime Media Ltd, both de-listed after being successfully sold, and youth cancer charity, Canteen Australia.

His experience in managing global finance and risk teams, numerous mergers and acquisition transactions and the associated funding requirements bring valuable skills and experience to the Austal Board. Brent has a Bachelor of Commerce (Finance/Accounting and Information Systems) from the University of New South Wales, is a Chartered Accountant and a Graduate Member of the Australian Institute of Company Directors.

Richard Gibb – Non-Executive Director

Richard was appointed as a Non-Executive Director of the Company in June 2025 and is a member of the Audit & Risk Committee. Richard is one of two Board Nominees for major shareholder Tattarang.

Richard is an accomplished international finance executive with over 35 years of experience across global investment banking and financial services.

Richard also sits on the Board of ANZ Group (ASX:ANZ), where he serves as Chairman of the Risk Committee and Chairman of Suncorp Bank. Richard is also a Senior Advisor at Privatus Capital Partners and Chairman of Inala Endowment.

Richard most recently served as Chief Executive Officer of Credit Suisse Australia, a role he held from 2019 to 2024. Prior to this, he held a range of senior leadership positions at Deutsche Bank in New York, London and Hong Kong.

His earlier career includes roles at Merrill Lynch, Bankers Trust, Coopers & Lybrand and Westpac, providing him with broad expertise in international banking, capital markets, mergers and acquisitions and corporate finance.

With a Master of Commerce from the University of New South Wales and a Bachelor of Economics degree from the University of Sydney, majoring in Accounting and Law, Richard brings significant strategic insight, governance experience and a deep understanding of global markets to the Austal Board.

Susan Murphy AO – Non-Executive Director

Susan Murphy AO was appointed as a Non-Executive Director of the Company in September 2025 and is Chair of the Audit & Risk Committee and a member of the Nomination & Remuneration Committee.

Susan is an accomplished civil engineer and company director with over four decades of experience across engineering, infrastructure, and utilities leadership.

A graduate of the University of Western Australia with a Bachelor of Engineering (Hons), Susan began her career at Clough Engineering in 1980 following receipt of a Clough Scholarship. Over 25 years at Clough, she progressed from site engineer to senior executive roles, becoming the first woman appointed to the company's board in 1998.

In 2004, Susan joined the Water Corporation of Western Australia and served as Chief Executive Officer from 2008 to 2018. Under her leadership, the Corporation was internationally recognised for pioneering climate-resilient water solutions, including large-scale desalination, water recycling and demand management programs that helped secure Perth's long-term water supply.

Susan has been widely acknowledged for her contribution to engineering and public leadership, having been named an Officer of the Order of Australia in 2019. She has received numerous awards including Engineers Australia's Sir John Holland Civil Engineer of the Year Award and the International Water Association's Women in Water Award.

She currently serves as Lead Non-Executive Director of Monadelphous Group Ltd (AXS:MND) and holds several advisory and not-for-profit board positions. Susan is a Fellow of both Engineers Australia and the Australian Academy of Technological Sciences and Engineering.

Interests in the shares and options of the company and related corporate bodies

The interests of the Directors in the shares of Austal Limited at the date of this report were as follows:

Director	Ordinary Shares	Share Rights	Indeterminate Rights
Mr Richard Spencer	1,000,000	-	-
Mr Paddy Gregg	242,399	-	1,163,175
Mr Lee Goddard	-	24,669	-
Ms Kathryn Toohey	7,358	12,058	-
Mr Brent Cubis	8,000	12,058	-
Mr Richard Gibb	8,000	5,072	-
Ms Susan Murphy	10,000	5,072	-

Principal activities

The principal activities of the companies within the consolidated entity during the year were the design, manufacture and support of high performance vessels for commercial and defence customers worldwide. These activities are unchanged from the previous year.

Results

The net (loss) after tax of the consolidated entity for the financial year was $(53.6) million (FY2025: net profit after tax $89.7 million).

Review of operations

A review of the operations and financial position of the consolidated entity is outlined in the Review of Operations on page 17.

Share price

The closing share price of Austal at 30 June 2026 was $4.05 (30 June 2025: $6.28).

Dividends

No dividends were paid after the FY2026 H1 results (FY2025 H1: None) and no further dividend has been declared for FY2026 post 30 June 2026 (FY2025 H2: None).

Significant events after the balance date

On 11 August 2026, the Group announced a market and trading update and the receipt of a non-binding conditional proposal to acquire the business operations of Austal USA.

The Directors are not aware of any other matters or circumstances that have arisen since the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Likely developments and future results

A general discussion of the Group's outlook is included in the Chairman's report on page 1, the Chief Executive Officer's report on page 6 and the Review of Operations on page 17.

Significant changes in the state of the affairs

Mr John Rothwell resigned as Non-Executive Director, effective 1 September 2025. Please refer to the ASX announcement titled "Retirement of founding Non-Executive Director" on 1 September 2025 for further information.

Ms Susan Murphy was appointed as Non-Executive Director, effective 1 September 2025. Please refer to the ASX announcement titled "Appointment of Non-Executive Director" on 20 August 2025 for further information.

Ms Michelle Kruger transitioned to a USA President Emeritus role from February 2026 until her retirement, effective 1 June 2026, and Mr Gene Miller was appointed as Interim USA President. Please refer to the ASX announcement titled "Austal USA President to retire in June 2026" on 17 February 2026 for further information.

Mr Gene Miller was appointed as USA President, effective 28 May 2026. Please refer to the ASX announcement titled "Austal appoints Eugene (Gene) Miller as President of Austal USA" on 28 May 2026 for further information.

There were no other significant changes to the structure or operations of the Group during the financial year.

Environmental regulation and performance

The Group has a policy of at least complying with, but in most cases exceeding, environmental performance requirements. One environmental breach has been notified by Government Agency (within Austal Australia – Brisbane Shipyard Operations) during the year ended 30 June 2026. Austal is cooperating with the Government Agency and progresses closely toward acceptance of action closure.

Share rights, performance rights, indeterminate rights, service rights and short-term service rights

There were 3,556,239 unvested performance rights, 1,395,753 unvested service rights and 100,000 unvested short-term service rights at 30 June 2026.

1,777,665 performance rights and 552,992 indeterminate rights were granted during FY2026.

Indemnification and insurance of Directors and Officers

An indemnification agreement has been entered into between the parent entity and each of the Directors and Officers named in this report. The Company has agreed to indemnify those Directors and Officers against any claim for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent allowed by the law.

The parent entity paid premiums during the financial year in respect of a contract insuring the Directors and Officers of the Group in respect of liability resulting from these indemnities. The terms of the insurance arrangements and premiums payable are subject to a confidentiality clause.

Indemnification of auditors

The parent entity has agreed to indemnify its auditors, Deloitte Touche Tohmatsu, against claims by third parties arising from the audit (for an unspecified amount) to the extent permitted by law, as part of the terms of its audit engagement agreement. No payment has been made to indemnify Deloitte Touche Tohmatsu during or since the financial year.

Rounding

The amounts contained in this report have been rounded to the nearest thousand dollars ($'000) unless otherwise required or stated under section 7 of the ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2026/183. The Company is an entity to which the Instrument applies.

Committee membership

The Company has an Audit & Risk Committee and a Nomination & Remuneration Committee of the Board of Directors. Members acting on the committees of the Board during the year were:

Audit & Risk	Nomination & Remuneration
Mr Richard Spencer	Mr Richard Spencer
Mr Lee Goddard	Mr Lee Goddard
Ms Kathryn Toohey	Ms Kathryn Toohey
Mr Brent Cubis	Mr Brent Cubis
Mr Richard Gibb	Mr John Rothwell[1]
Ms Susan Murphy[2]	Ms Susan Murphy[2]

1. Mr John Rothwell resigned from the Board and all subcommittees on 1 September 2025.
2. Ms Susan Murphy was appointed a member of both subcommittees on 1 September 2025 and subsequently as Chair of the Audit & Risk Committee on 18 December 2025.

Directors' meetings

The number of Board and committee meetings of Directors and the attendance by each Director during the year was as follows:

	Meeting		
	Board	Audit & Risk Committee	Nomination & Remuneration Committee
Number of meetings held[1]	8	4	4
Number of meetings attended:			
Mr Richard Spencer	8	3	4
Mr Paddy Gregg [2]	8	4	4
Mr John Rothwell [3]	1	n/a	1
Mr Lee Goddard	8	4	4
Ms Kathryn Toohey	8	4	4
Mr Brent Cubis	8	4	4
Mr Richard Gibb [4]	7	4	3
Ms Susan Murphy [5]	7	3	3

1. The number of Board meetings held includes 2 special, unscheduled meetings by telephone to approve final binding proposals for LC-M (9 December 2025) and LC-H (22 January 2026).
2. Mr Paddy Gregg is not formally a member of the Audit & Risk Committee nor Nomination & Remuneration Committee but attended as a guest.
3. Mr John Rothwell was not a member of the Audit & Risk Committee and resigned from the Board and all subcommittees on 1 September 2025.
4. Mr Richard Gibb is not formally a member of the Nomination & Remuneration Committee but attended as a guest.
5. Ms Susan Murphy was appointed as Non-Executive Director and member of the Audit & Risk Committee and the Nomination & Remuneration Committee on 1 September 2025. Ms Susan Murphy was subsequently appointed as Chair of the Audit & Risk Committee on 18 December 2025.

Nomination & Remuneration Committee Chair's message

Dear Shareholder,

On behalf of the Nomination and Remuneration Committee (NRC), I am pleased to present the Remuneration Report for the year ended 30 June 2026. I would also like to thank shareholders for their continued engagement and support on remuneration matters. The NRC values shareholder feedback and has considered that feedback as part of the broader review of the remuneration framework undertaken during the year.

FY2026 at a glance

FY2026 was a significant year for Austal. Group revenue increased by 11.3% to $2.029 billion and the Australasian business delivered record earnings. The Strategic Shipbuilding Agreement (SSA) with the Commonwealth established Austal Defence Australia (ADA) as the Commonwealth's shipbuilder of choice for Tier 2 surface vessels, with contracts of more than $5.1 billion awarded for 18 Landing Craft Medium (LC-M) and 8 Landing Craft Heavy (LC-H) vessels. Across Australasia, Austal delivered 5 vessels and contracted to build a further 31 vessels during the year. Austal USA's continued expansion to submarine module production and its supporting infrastructure remain important sources of long-term opportunity.

During FY2026, the Company recognised a non-cash provision as outlined in Note 19, III, 3. The provision reflects a timing and accounting outcome, not an impairment of Austal USA's underlying operational capability or long-term contract portfolio. Austal USA has commenced the formal contractual process available to it to recover value on the affected contracts, including Notices of Change and requests for a Contracting Officer's Final Decision, with formal Requests for Equitable Adjustment to follow. The non-cash onerous contract provision contributed to a Group EBIT loss of $125.2 million.

As announced in August 2026, Austal received an indicative, non-binding and conditional proposal from Hanwha Defence USA, Inc. for the acquisition of Austal USA. Hanwha has been granted access to undertake due diligence on Austal USA, including the terms and economic details of its US contracts. There is no certainty that a transaction will proceed and should a more certain proposal be received from Hanwha, the proposal will be assessed by the Board having regard to the best interests of all Austal shareholders.

Against this backdrop, the NRC has sought to ensure that remuneration outcomes reflect performance delivered during the year, while the framework remains globally competitive and supports the attraction and retention of the leadership required for Austal's next phase.

FY2026 remuneration outcomes

FY2026 STI outcomes

In assessing STI outcomes, the Board had regard to the impact of the non-cash provision on the Group's financial results. The Board considered the non-cash nature of the provision and the circumstances giving rise to the accounting treatment, together with the information available at the time regarding the underlying commercial position. Having considered these matters, the Board determined that it would permit STI outcomes to be assessed notwithstanding the impact of the provision on achievement of the profit gate.

In assessing STI vesting levels, no adjustment was made to remove the impact of the non-cash provisions when assessing financial measures. As a result, there was Nil vesting under the Group and AUSA EBIT or cashflow components for the CEO, CFO and President AUSA. The revenue component of the scorecard partially vested at 8.9% (out of a maximum 15%) for the CEO and CFO. No vesting of the revenue component occurred for the President AUSA.

The Board separately considered underlying business performance across the Group. In doing so, for the CEO and CFO, the Board determined that it would reduce the USA delivery category and Group leadership – US component to Nil. Partial vesting occurred for other components of the STI reflecting the performance of the Australasian business. This resulted in vesting of the STI at 28.9% for the CEO and CFO. Having regard to the overall performance of the AUSA business during FY2026 (including the EBIT outcome), the Board exercised discretion and reduced the President AUSA's STI outcome to Nil.

The President Australasia's scorecard initially produced an outcome of approximately 86%. Having regard to the overall Group result, the Board exercised downward discretion to reduce the final outcome by one third resulting in vesting at 57.3%. The Board considered that its approach appropriately balanced the underlying business performance and STI outcomes across the Group's operations.

FY2024 LTI performance

The FY2024 LTI grant, covering the three-year performance period to 30 June 2026, was assessed in accordance with the approved plan.

Austal's indexed total shareholder return performance resulted in full vesting of that component. The return on equity component had partial vesting and there was no vesting of the earnings per share growth component.

The FY2024 LTI award vested at 42%.

FY2027 remuneration framework changes

Austal competes for executive talent across global defence, maritime, engineering and industrial markets. This is particularly important given the scale of Austal USA, which employs approximately 5,000 people, compared with approximately 1,000 people in Australia. The labour markets, remuneration practices and competitive pressures in those jurisdictions are very different. The NRC's objective is therefore not to apply a single market lens to every role, but to maintain a consistent remuneration philosophy with appropriate local flexibility.

It remains the Committee's intent to position target remuneration opportunities around the midpoint of relevant market practice, taking into account the scope, complexity and geographic reach of each role. Global leadership roles are informed by a blend of global industry and Australian market data, while regional and functional roles are referenced primarily to the markets in which those roles compete.

Following a review led by external remuneration consultants during FY2026, the following key changes were made to the remuneration framework effective FY2027:

- **Short-term incentives**: for Austal Limited executives and the Austal USA President, 25% of STI awards will be deferred into shares for one year, replacing the previous requirement to defer 50% of awards for two years. Further, a new vesting schedule for the Austal Limited Executives will allow maximum vesting at 150% and the Austal USA President will allow maximum vesting at 200%. This creates a more globally consistent approach, while continuing to encourage shareholder alignment.
- **Long-term incentives**: a number of changes were made to the LTI to increase the motivation, retention and global competitiveness of the LTI. From FY2027, performance share units will be assessed equally against relative TSR and EPS growth, with return on equity removed as a performance measure. A new vesting schedule has been included for Austal Limited Executives that allows maximum vesting at 120% and the Austal USA President will allow maximum vesting at 150%. A smaller time-vested restricted stock unit was also introduced for the Austal USA President to complement the LTI. The TSR vesting schedule has been modified to better align with global market practice.
- **Governance**: the NRC refreshed the executive remuneration philosophy, expanded share ownership guidelines to the KMP, NED and senior executive group, and reinforced Board discretion.

Board Diversity

Austal remains committed to increasing diversity on the Board. The Board recognises that diversity encompasses not only gender, but also skills, experience, tenure, background, culture and perspective. Maintaining this breadth of diversity supports effective oversight, robust decision-making and long-term value creation for shareholders.

Looking ahead

Taken together, these changes create a more globally competitive and more performance-focused framework. They recognise the different markets in which Austal operates, while preserving a consistent commitment to accountability, shareholder alignment and disciplined Board oversight.

The NRC will continue to review the remuneration framework as Austal's strategy and operating footprint evolve, including in the event of the sale of Austal USA. We welcome shareholder feedback and thank you for your continued support.

Kathy Toohey

Yours sincerely,

Kathryn Toohey AM, CSC

Chair, Nomination & Remuneration Committee

Remuneration report

This Remuneration Report for the year ended 30 June 2026 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

1. Key management personnel

This report covers all KMP as defined in the Accounting Standards, including all Directors, as well as those Senior Executives who have specific responsibility for planning, directing, and controlling material activities of the Group.

The KMP for the year ended 30 June 2026 were:

Senior Executives

Mr Paddy Gregg	Chief Executive Officer and Managing Director since January 2021
Mr Gene Miller	President USA since May 2026 Interim President USA from February 2026 until appointed permanently
Mr Christian Johnstone	Chief Financial Officer since April 2023
Mr James Stokes	President Australasia since June 2025

The following person resigned and ceased to be a Senior Executive during FY2026:

Ms Michelle Kruger	President USA since April 2024 to February 2026 Interim President USA from August 2023 until appointed permanently

Non-Executive Directors

Mr Richard Spencer	Non-Executive Chairman from 1 July 2024 Member of the Audit & Risk Committee from 1 July 2024 Member of the Nomination & Remuneration Committee from 1 July 2024
Mr Lee Goddard	Non-Executive Director since January 2023 Member of the Audit & Risk Committee since January 2023 Member of the Nomination & Remuneration Committee since January 2023
Ms Kathryn Toohey	Non-Executive Director since February 2024 Member of the Audit & Risk Committee since February 2024 Member of the Nomination & Remuneration Committee from March 2024 to October 2024 Chair of the Nomination & Remuneration Committee since November 2024
Mr Brent Cubis	Non-Executive Director since October 2024 Member of the Audit & Risk Committee from October 2024 to November 2024 Chair of the Audit & Risk Committee from December 2024 to 17 December 2025 Deputy Chair of the Audit & Risk Committee since 18 December 2025 Member of the Nomination & Remuneration Committee since October 2024
Mr Richard Gibb	Non-Executive Director since June 2025 Member of the Audit & Risk Committee since June 2025
Ms Susan Murphy	Non-Executive Director since September 2025 Member of the Audit & Risk Committee from September 2025 to 17 December 2025 Chair of the Audit & Risk Committee since 18 December 2025 Member of the Nomination & Remuneration Committee since September 2025

The following person resigned and ceased to be a Non-Executive Director during FY2026:

Mr John Rothwell	Chairman from 1998 to 2008 and Non-Executive Chairman from 2008 to 30 June 2024 Non-Executive Director from July 2024 to 1 September 2025 Member of the Nomination & Remuneration Committee from December 1998 to 1 September 2025

2. Remuneration governance framework

The following framework and strategy broadly outline the principles and policies that the Board applies in overseeing KMP remuneration:

I. Nomination & Remuneration Committee Charter

The role and responsibilities of the committee are outlined in the Nomination & Remuneration Committee Charter (the Charter), which is available on the Austal website.

The role of the Nomination & Remuneration Committee (NRC) is to ensure that appropriate remuneration policies are in place which are designed to meet the needs of the Company and to enhance corporate and individual performance.

The Committee also oversees the implementation of the policies in setting remuneration and performance objectives related to the Short-Term Incentive (STI) and Long-Term Incentive (LTI) Plans.

The remit of the NRC also includes succession planning.

The Charter specifies that the NRC is to be composed of at least three members with the majority being independent directors.

II. Share trading policy

The Share Trading Policy of Austal is available on the Austal website. The policy contains the standard references to insider trading restrictions that are a legal requirement under the Corporations Act, as well as conditions associated with good corporate governance. The policy specifies 'Closed Periods' during which Directors and related parties, KMP, Senior Executives and any employee in possession of inside information must not trade in the securities of the Company, unless written permission is provided by the Board following an assessment of the circumstances.

All equity based remuneration awards which have vested are subject to the Group's Share Trading Policy.

III. Executive remuneration consultant engagement policy

Austal has an Executive Remuneration Consultant (ERC) engagement policy which is intended to manage the interactions between the Company and the ERC. The policy is intended to ensure independence of advice and to provide clarity to the NRC regarding the extent of any interactions between management and the ERC. This policy enables the Board to state with confidence that advice received has been independent. The policy states that ERCs are to be approved and engaged by the Board before any advice is received and that such advice may only be provided to a Non-Executive Director (NED). Any interactions between management and the ERC must be approved and overseen by the NRC, and this includes the collection of factual internal records (e.g. superannuation paid or allowances and benefits).

IV. Stakeholder engagement

The Company seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders
- NRC Members
- Stakeholder groups including proxy advisors
- External remuneration consultants
- Other experts and professionals such as tax advisors and lawyers
- Company management to understand roles and issues facing the Company

V. Remuneration framework

Austal is committed to responsible remuneration practices. The need to reward the Group's employees fairly and competitively based on performance needs is to be balanced with the requirement to do so within the context of principled behaviour and action, particularly in the area of safety, risk, compliance and control.

Remuneration should contribute to the Group's achievements in a way that supports the Group's culture and goals. The Remuneration Policy Framework set out below summarises the key features of the Group's remuneration approach.

Our Vision

Maintain a responsible, performance-based Remuneration Policy aligned with the long-term interests of shareholders.
Certain incentive metrics are utilised on the Remuneration framework to capture the impact of the Group's strategy.

Our Goal

Strike the right balance between meeting shareholders' expectations, paying our employees competitively and responding appropriately to the regulatory environment.

Our Approach

Governance

Clearly defined and documented governance procedure.
Independent Nomination & Remuneration Committee.
Independent External Remuneration Consultants.
Annual assessment of Remuneration Policy.

Individual Remuneration

Reward annual performance of Group relative to planned key performance indicators.
Aligned with business performance.
Recognise and reward teamwork and development of the culture of the organisation.
Award and differentiate based on individual performance and contributions.

Individual Remuneration Determination

Total remuneration based approach.
Facilitate competitiveness by paying remuneration for comparable roles and experience, subject to performance.
Promote meritocracy by recognising individual performance, with an emphasis on contribution, ethics and safety.
Equal remuneration opportunity.

Remuneration Structure

Provide the appropriate balance of fixed and variable remuneration consistent with the position and role.
Significant portion of variable remuneration deferred and aligned with the long-term performance of the Group.
Promote ethical behaviour and do not create incentives to expose the Group to inappropriate risk.

3. Executive KMP remuneration policy

I. Structure

The following policy applies to Executive KMP:

- Total Remuneration Packages (TRP) should be composed of:
  - Total Fixed Remuneration (TFR) which is inclusive of superannuation, allowances, social security, benefits and any applicable fringe benefits tax (FBT) as well as any salary sacrifice arrangements.
  - Short-Term Incentive (STI) which provides a reward for performance against annual objectives.
  - Long-Term Incentive (LTI) which provides an equity-based reward for performance against indicators of shareholder benefit or value creation, over a three year period.
- Internal TRP relativities and external market factors should be considered.
- TRP should be structured with reference to market practices and the particular circumstances of the Group where appropriate.

II. Total Fixed Remuneration

i. Framework

- Executive remuneration is benchmarked against relevant market and industry comparators to support the attraction and retention of executive talent, while remaining appropriate for Austal's size, geographic footprint and operating environment. Market data is used as an input to inform remuneration decisions but does not prescribe remuneration outcomes.
- In determining Total Fixed Remuneration (TFR), the Committee considers:
  - Austal's size, industry profile and geographic footprint;
  - the executive labour markets in which Austal competes for talent, including defence, maritime, engineering, industrial and related sectors;
  - the nature and scope of the role, including accountability, risk and liability, decision-making authority, and impact on corporate outcomes; and
  - whether specialist industry or technical expertise is required, acknowledging that broader general industry comparators may be appropriate for functional roles where such experience is not critical.
- Consistent with this approach:
  - Global group leadership roles are generally benchmarked against global peer organisations;
  - business unit, functional and geographic leadership roles are primarily benchmarked against relevant local markets; and
  - peer groups and market references are generally applied consistently from year to year, with changes made only where there is a material change in business scale, strategy or role scope.
- Base remuneration packages are generally positioned with reference to relevant market practice, taking into account the executive's skills, experience, performance, responsibilities and the strategic importance of the role.
- Total remuneration opportunity, including fixed and variable remuneration components, is designed to provide competitive reward outcomes for targeted levels of performance and to support the achievement of both short-term and long-term business objectives.
- Remuneration outcomes may vary above or below market reference levels to recognise individual performance, experience, capability, specialist expertise, sustained contribution, and other factors relevant to the role and business requirements.

ii. CEO minimum equity holding

The CEO must accumulate and hold a minimum equity holding that is equal to or greater in value than 1 year of TFR. The minimum equity holding will be computed in July of each year based upon the volume weighted average price (VWAP) of Austal shares in the month of June. The minimum equity holding includes shares, share rights and vested indeterminate rights, but does not include unvested performance rights.

The minimum equity holding may be achieved by the vesting of LTI grants, personal purchase of shares on market by the CEO, or the CEO and the Board may agree at the commencement of each year for a portion of TFR to be unconditionally (not subject to performance conditions since it is part of TFR) payable in share rights.

III. Short-Term Incentive (STI) policy

The Short-Term Incentive policy provides for a component of annual remuneration of executives to be at-risk, which can be paid in a mix of cash and equity and based upon an assessment of performance measured using Key Performance Indicators (KPI) that are aligned to the relevant business unit of each individual and the Company performance.

i. Purpose

The purpose of the STI Plan is to incentivise KMP to deliver and outperform KPI and annual business plans that are challenging but achievable. This is intended to lead to sustainable superior returns for shareholders and to modulate the cost of employing KMP such that the cost of employment reflects the performance of the Company.

ii. Principles

The principles of the Plan are that:

- STI should be aligned with clear and measurable targets which are set at the start of the financial year and the targets will be aligned with the achievement of the Company's business plan.
- STI payments will be determined after the end of the financial year and the full year accounts have been approved by the Board.
- STI payments are at the full discretion of the Board even if hurdles are met in order to avoid inappropriate outcomes.

iii. Form of remuneration - cash and equity

STI awarded to all non-USA Executive KMP will be paid as follows:

- 50% in cash.
- 50% in indeterminate rights (refer to the definition below).

The Austal USA President receives 100% of STI in cash.

iv. Indeterminate rights

Indeterminate rights are contractual rights to the value of a share in the Company which are typically settled in the form of shares, but which may, at the Board's discretion, be settled in cash.

Each indeterminate right, upon vesting and exercise, entitles the holder to receive one ordinary share in the Company. Shares allocated under the STI Plan rank equally with all other existing shares in all respects including voting rights. Each performance right, upon vesting, entitles the holder to participate in dividends.

v. Minimum holding period

The minimum holding period for Indeterminate rights that have vested is 1 year and applies irrespective of continued employment with Austal.

vi. Measurement period

The measurement period for STI awards is the financial year of the Group.

vii. Determination of STI award

The Board reviews and approves performance targets and objectives annually for the CEO; other executive KMP targets and objectives are also reviewed annually. At the discretion of the Board the final STI award is determined subsequent to financial year end taking into consideration the expectations and outcomes of shareholders. Where an STI is awarded, the payment is made in September of the following financial year.

viii. Key performance indicators (KPI)

KPI are customised for each KMP, Senior Executive and Manager and reflect the nature of their role, whilst creating shared objectives where appropriate.

Weightings are applied to the KPI selected for each participant to reflect the relative importance of each KPI whilst ensuring that financial metrics always constitute at least 60% of the total.

Satisfaction of KPI performance conditions are assessed qualitatively and quantitatively against the targets defined at the start of the financial year.

The FY2026 KPI are contained in the STI targets and outcomes section commencing on page 70.

ix. Cessation of employment

STI awards will only be made to those participants that are still employed at the end of the measurement period (30 June each year).

Resignation after the completion of the measurement period will not impact the 50% of STI that is paid in cash.

STI recipients who resign after the completion of the measurement period will be subject to good leaver / bad leaver provisions. An employee may forfeit their indeterminate rights if they are a 'bad leaver'. A bad leaver is defined as an employee whose employment is terminated for cause, resigns upon being asked to do so or an ex-employee who acts against the interests of the Company.

STI awards may be determined at the discretion of the Board in the case of either resignation or termination due to serious illness or disability.

x. Change of control

The Board has determined that in the event of a change of control (including a takeover), indeterminate rights will vest on a pro-rata basis at the 'Target' level for the portion of the performance period that has elapsed at the date of the change of control. The Board retains discretion to vary this approach if it considers that it would generate an inappropriate outcome.

xi. Profit gate

The Company's EBIT (Earnings Before Interest and Tax) result must be at least 85% of budget in order for STI to be awarded.

xii. Individual performance gate

Individual performance ratings for the year must be at least 'Meets Expectations' on the following scale:

- Does not meet expectations
- Meets expectations
- Exceeds expectations

The Board will have discretion to vary award outcomes in the circumstances that the outcomes would otherwise be inappropriate.

xiii. Fraud or gross misconduct

All entitlements in relation to the measurement period will be forfeited by a participant if the Board forms the view that a participant has committed fraud, defalcation or gross misconduct in relation to the Company.

xiv. Clawback policy

The Board has implemented a Clawback policy which provides for the potential forfeiture of the unvested equity based STI entitlements in the event of a material misstatement in the Company's financial statements of a relevant STI year being identified during the subsequent holding lock period.

The Clawback policy only applies to the indeterminate rights awarded from STI and does not apply to the cash portion of STI that has already been paid to participants.

xv. STI award opportunities

The FY2026 STI award opportunities are contained in the STI targets and outcomes section on page 70.

IV. Long-Term Incentive (LTI) policy

The LTI policy of the Company is to set a component of annual remuneration of executives to be at risk, payable in equity in the Company and based on an assessment of long-term performance over a period of no less than three years in duration. A share disposal restriction applies for one year from the expiry of the performance measurement period which extends the effective remuneration deferral to a total of four years.

i. Purpose

The purpose of the LTI Plan is to incentivise Senior Executives to deliver long-term Group performance that will lead to sustainable superior returns for shareholders and to modulate the remuneration of Senior Executives relative to this performance.

ii. Form of incentive

Non-US participants in the LTI Plan receive a grant of indeterminate performance rights that vest based on an assessment of performance against objectives over a defined measurement period.

US participants in the LTI Plan receive a grant of performance rights that vest based on an assessment of performance against the same objectives over a defined measurement period. US participants receive shares for vested performance rights.

Each performance right, upon vesting and exercise, entitles the holder to receive one ordinary share in the Company. Shares allotted under the LTI Plan rank equally with all other existing shares in all respects including voting rights. Each performance right, upon vesting, entitles the holder to participate in dividends.

iii. Measurement period

The measurement period is three financial years.

iv. LTI grant

The number of LTI rights granted are calculated with reference to the stretch (maximum) LTI value divided by the volume weighted average closing share price in the last 5 days preceding the commencement of the measurement period (i.e. last 5 days of June each year).

Details of the FY2026 LTI grant are contained on page 77.

v. Measures of long-term performance

Long-term performance is measured in reference to three equally weighted metrics (i.e. 1/3 each):

- Indexed Total Shareholder Return (iTSR)
- Earnings per Share Growth (EPSG)
- Return on Equity (ROE)

Metrics are set so that Target performance is expected to be achieved 50 – 60% of the time and Stretch (Maximum) performance is expected to be achieved 10 – 20% of the time. The metrics are disclosed below.

vi. Total shareholder return (TSR) measure

The Board believes that TSR is the measure that has the strongest alignment with shareholders.

The Board utilises an absolute TSR premium to indexed TSR (iTSR) outcomes and avoids windfall gains / (losses) from changes in broad market movements in share prices.

Austal's iTSR is computed by comparing Austal's TSR against Standard and Poor's ASX 300 Industrials Total Return Index. For the FY2025 and FY2026 LTI grants, Austal's iTSR is computed by comparing Austal's TSR against Standard and Poor's ASX 300 Industrials Total Return ex ANZ CBA NAB & WBC Index.

Austal's TSR is the sum of share price appreciation and dividends (assumed to be reinvested in shares) during the measurement period. This is calculated using a 5 day volume weighted average price (VWAP).

The Company TSR metric for the measurement period must be positive to ensure that the LTI will not reward executives when shareholders have lost value. None of the iTSR tranche will vest if the Company TSR is negative.

vii. Earnings per share growth (EPSG) measure

EPSG is an internal measure of performance which the Board encourages management to focus on.

EPSG is determined by calculating the compound annual growth rate (CAGR) from EPS in the last financial year prior to the 3 year measurement period, to the EPS in the final year of the 3 year measurement period.

- EPS equals Basic EPS as reported in the financial accounts of the relevant year.
- Actual EPSG results are compared against internal targets set by the Board.

viii. Return on equity (ROE) measure

Sustainability of ROE is a key element of creating sustainable shareholder wealth and hence ROE was adopted to help ensure that this is taken into account by management.

ROE is calculated by dividing:

- The average NPAT over the 3 year measurement period by;
- The day weighted average Contributed Equity + Retained Profits - Reserved Shares balance over the 3 year measurement period.

Actual ROE results are compared against internal targets set by the Board.

ix. Board discretion

The Board retains discretion to adjust vesting outcomes in the circumstances that the outcomes from applying the vesting scales alone would be deemed to be inappropriate. In exercising this discretion, the Board is required to take into account the Company performance from the perspective of shareholders over the relevant measurement period and consider whether specific participants:

- Engaged in any activities or communications that may cause harm to the operations or reputation of the Company or the Board;
- Took actions that caused harm or will cause harm to the Company's stakeholders;
- Took excessive risks or contributed to or may otherwise benefit from unacceptable cultures within the Company; or
- Exposed employees, the broader community or environment to excessive risks, including risks to health and safety.

The Board will also consider whether there has been a material misstatement in the Company's financial reports, which would unduly increase any award under the scheme.

Considering the outcome of the DoJ/SEC penalty and related costs and its impact on profit and the LTI metrics, the Board determined that future vesting outcomes may be adjusted to exclude the impact of the DoJ/SEC penalty on each of the LTI metrics. These adjustments are deemed appropriate as the impact is related to three former Austal USA employees' actions between 2012 and 2016 and which are unrelated to current management's performance.

In addition, the impact of historical grant income and the capital raise performed in FY2025 has been excluded from the ROE and EPSG LTI metrics.

x. Vesting of performance rights

Performance rights meeting the performance hurdles will vest at the end of the measurement period. Participants are not required to make any payments at grant or at vesting.

xi. Holding period

Non-US recipients of vested performance rights are subject to a one year holding period:

- Recipients are permitted to exercise their rights in order to receive shares, however;
- Recipients are prevented from selling their shares during the holding period.

This effectively extends the incentive period to four years and increases the accumulation of equity by executives to strengthen their alignment with shareholders.

xii. Taxing point for US recipients

The taxing point for US recipients of vested performance rights is at the time of vesting because there is no further risk of forfeiture. Consequently, Austal sells 50% of shares arising from vested performance rights immediately after vesting has occurred so that recipients can fund their tax liability and the remaining 50% of shares are subject to a one year holding period.

The difference between the realised proceeds from the sale of the first 50% of shares and the actual tax liability for each participant is paid to participants in cash.

xiii. Specified disposal restrictions

Performance rights may not be disposed of or otherwise dealt with prior to exercise.

All shares acquired by participants as a consequence of exercising vested performance rights, shall be subject to a dealing restriction detailed in Austal's Share Trading Policy and insider trading restrictions.

xiv. Cessation of employment during a measurement period

A participant who resigns prior to the elapsing of the measurement period in respect of which the grant is made will forfeit their entire unvested performance rights grant.

The Board may exercise its discretion to award some proportion of LTI under certain circumstances including consideration of whether the KMP was a good leaver up to the point of vesting.

Vested rights already held by a participant are not forfeited.

xv. Clawback policy

The Board may determine that a participant found to have harmed the interests of the Company or its Shareholders, will forfeit some or all of their unvested entitlements at any time. This includes fraud, defalcation, joining a competitor etc.

Unvested performance rights held that are not forfeited, will be retained for testing against the vesting conditions at the normal time.

xvi. Change of control of the company

The Board has determined that in the event of a change of control (including a takeover), LTI will vest on a pro-rata basis at the 'Target' level for the portion of the performance period that has elapsed at the date of the change of control. The Board retains discretion to vary this approach if it considers that it would generate an inappropriate outcome.

4. Executive KMP remuneration

I. 5 year performance

The table below outlines Austal's performance over the last five years.

		Financial Year				
		2022	2023	2024	2025	2026
Earnings measures						
EBIT (Earnings before interest & tax)	$'000	120,662	(4,842)	56,465	113,354	(125,208)
EBITDA (Earnings before interest, tax, depreciation & amortisation)	$'000	165,350	54,973	123,741	186,485	(55,047)
NPAT (Net profit after tax)	$'000	79,565	(13,774)	14,876	89,733	(53,602)
EPS (Earnings per share)	$ / share	0.22	(0.04)	0.04	0.24	(0.13)
Dividends paid	$ / share	0.08	0.07	-	-	-
Share price						
Closing	$ / share	1.80	2.37	2.49	6.28	4.05

II. FY2026 award opportunities

The tables below depict the Target and Stretch (Maximum) remuneration for KMP in FY2026 including:

- Total Fixed Remuneration
- STI award opportunity if Target or Stretch STI KPI results are achieved
- LTI award opportunity if Target or Stretch LTI results are achieved

Awards are applied to Total Fixed Remuneration.

i. Target remuneration

KMP		TFR	STI Opportunity		LTI Opportunity		Total
		$	% of TFR	$	% of TFR	$	$
Mr Paddy Gregg		1,236,000	66.7%	824,000	60.0%	741,600	2,801,600
Mr Gene Miller	1	498,285	46.4%	231,233	20.0%	99,657	829,175
Ms Michelle Kruger	2	626,719	65.0%	407,367	50.0%	313,360	1,347,446
Mr Christian Johnstone		680,500	50.0%	340,250	60.0%	408,300	1,429,050
Mr James Stokes		502,252	26.7%	133,934	20.0%	100,450	736,636

1. Mr Gene Miller's TFR above represents the combined TFR from his roles as Chief Operating Officer USA, Interim President USA and President USA during FY2026. His STI and LTI opportunities for the year will be calculated based on this total TFR.
2. Ms Michelle Kruger's TFR above represents the TFR from her role as President USA up to 15 February 2026. Her STI and LTI opportunities for the year will be calculated based on this total TFR.

ii. Stretch (Maximum) remuneration

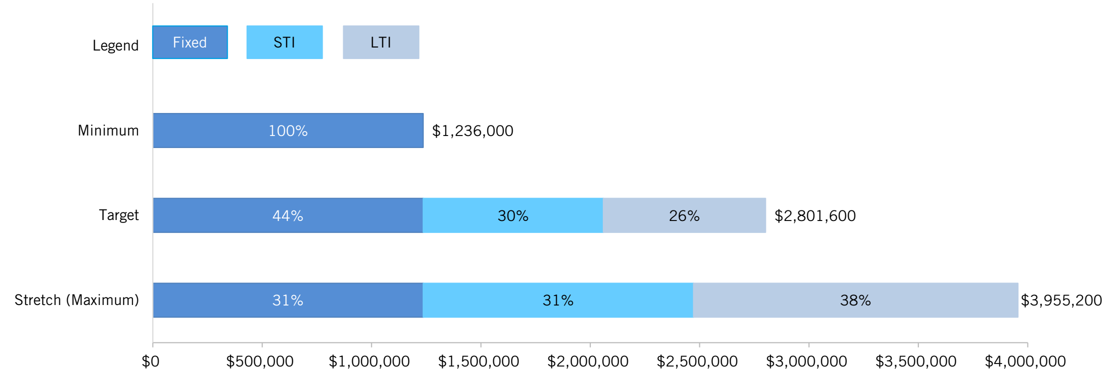
KMP		TFR	STI Opportunity		LTI Opportunity		Total
		$	% of TFR	$	% of TFR	$	$
Mr Paddy Gregg		1,236,000	100.0%	1,236,000	120.0%	1,483,200	3,955,200
Mr Gene Miller	1	498,285	69.6%	346,849	40.0%	199,314	1,044,448
Ms Michelle Kruger	2	626,719	97.5%	611,051	100.0%	626,719	1,864,489
Mr Christian Johnstone		680,500	75.0%	510,375	120.0%	816,600	2,007,475
Mr James Stokes		502,252	40.0%	200,901	40.0%	200,901	904,054

1. Mr Gene Miller's TFR above represents the combined TFR from his roles as Chief Operating Officer USA, Interim President USA and President USA during FY2026. His STI and LTI opportunities for the year will be calculated based on this total TFR.
2. Ms Michelle Kruger's TFR above represents the TFR from her role as President USA up to 15 February 2026. Her STI and LTI opportunities for the year will be calculated based on this total TFR.

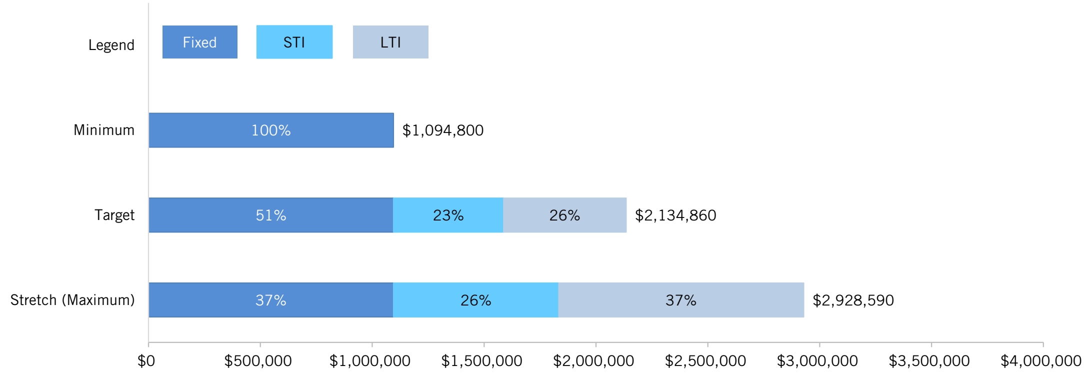
III. CEO remuneration

These charts depict the Minimum, Target and Stretch (Maximum) remuneration opportunities that were available to the CEO and the breakdown between fixed remuneration (TFR) and variable remuneration (STI and LTI).

FY2026 CEO Remuneration - Mr Paddy Gregg



FY2025 CEO Remuneration - Mr Paddy Gregg



IV. STI targets and outcomes

The following KPI were selected because they were the most significant matters for each of the KMP that were expected to contribute to the success of the Company during FY2026, given the business plans approved by the Board at the commencement of the financial year.

Chief Executive Officer - Mr Paddy Gregg

		Actual Performance				Targets			
Measures	Weight	Below	Stretch	Result	Award	Threshold	Target	Stretch	Actual
Group EBIT	30.0%			-	-	$ 99.3 m	$ 116.8 m	$ 140.2 m	$ (165.2) m
Group Free Cash flow	15.0%			-	-	$ 417.0 m	$ 490.6 m	$ 588.7 m	$ 243.5 m
Group Revenue	15.0%			59.3%	59.3%	$ 1,854.4 m	$ 2,060.4 m	$ 2,266.5 m	$ 2,037.8 m
USA Delivery	15.0%			100.0%	-		Commercial in Confidence		
Australasia Growth	15.0%			100.0%	100.0%		Commercial in Confidence		
Group Leadership	10.0%			100.0%	50.0%		Commercial in Confidence		
Total	100.0%			48.9%	28.9%				

President USA - Mr Gene Miller

		Actual Performance				Targets			
Measures	Weight	Below	Stretch	Result	Award	Threshold	Target	Stretch	Actual
USA Revenue (USD)	10.0%			6.0%	-	$ 929.4 m	$ 978.3 m	$ 1,076.2 m	$ 933.5 m
USA EBIT (USD)	20.0%			-	-	$ 89.0 m	$ 93.7 m	$ 103.1 m	$ (160.9) m
USA Free Cash flow (USD)	20.0%			-	-	$ 334.8 m	$ 352.4 m	$ 387.7 m	$ 22.2 m
New Vessel Orders - USA	30.0%			-	-		Commercial in Confidence		
Strategic Growth - USA	15.0%			-	-		Commercial in Confidence		
Safety (Total Recordable Incident Rate)	5.0%			66.0%	-	-	2.50	2.40	2.39
Total	100.0%			3.9%	-				

Chief Financial Officer - Mr Christian Johnstone

		Actual Performance				Targets			
Measures	Weight	Below	Stretch	Result	Award	Threshold	Target	Stretch	Actual
Group EBIT	30.0%			-	-	$ 99.3 m	$ 116.8 m	$ 140.2 m	$ (165.2) m
Group Free Cash flow	15.0%			-	-	$ 417.0 m	$ 490.6 m	$ 588.7 m	$ 243.5 m
Group Revenue	15.0%			59.3%	59.3%	$ 1,854.4 m	$ 2,060.4 m	$ 2,266.5 m	$ 2,037.8 m
USA Delivery	15.0%			100.0%	-		Commercial in Confidence		
Australasia Growth	15.0%			100.0%	100.0%		Commercial in Confidence		
Group Leadership	10.0%			100.0%	50.0%		Commercial in Confidence		
Total	100.0%			48.9%	28.9%				

President Australasia - Mr James Stokes

		Actual Performance				Targets			
Measures	Weight	Below	Stretch	Result	Award	Threshold	Target	Stretch	Actual
Australasia Revenue	10.0%			95.0%	63.3%	$ 570.0 m	$ 600.0 m	$ 660.0 m	$ 650.7 m
Australasia EBIT [1]	20.0%			100.0%	66.7%	$ 19.4 m	$ 21.5 m	$ 23.7 m	$ 79.4 m
Australasia Free Cash flow	20.0%			100.0%	66.7%	$ 8.8 m	$ 9.3 m	$ 10.2 m	$ 88.3 m
New Vessel Orders - Australasia	30.0%			100.0%	66.7%		Commercial in Confidence		
Strategic Growth - Australasia	20.0%			32.5%	21.7%		Commercial in Confidence		
Total	100.0%			86.0%	57.3%				

1. Note that Australasia EBIT includes an allocation of Corporate Overhead for STI metric purposes and hence it does not match the segment note.

President USA - Ms Michelle Kruger

Ms Michelle Kruger transitioned to a President Emeritus role from 16 February 2026 until her retirement effective 1 June 2026 and hence her FY2026 STI award was zero.

V. LTI vesting

i. FY2024 performance rights grant

623,439 performance rights were granted to KMP in FY2024, who were still employed by Austal at 30 June 2026.

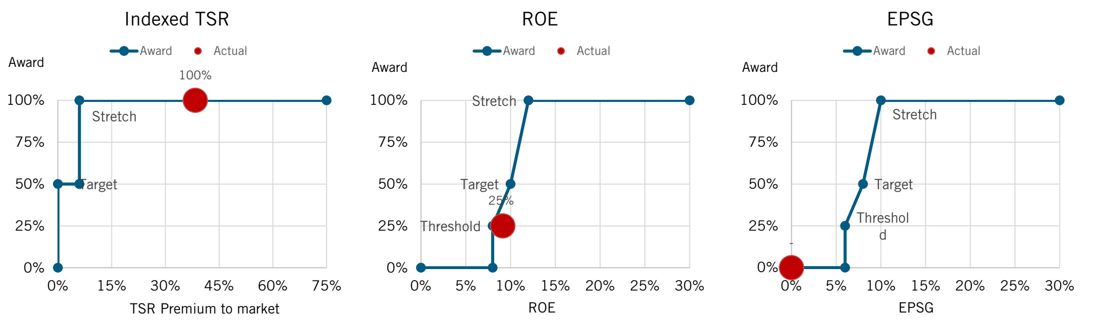
ii. Measurement period

100% of the performance rights granted in FY2024 had a 3 year measurement period from 1 July 2023 – 30 June 2026.

The grant date for all employees was 14 July 2023, when all parties had a shared understanding of the terms and conditions of the arrangement. The grant date for Mr Paddy Gregg was 26 October 2023 as it was subject to shareholder approval which was obtained at the FY2023 AGM held on 26 October 2023.

iii. FY2024 LTI vesting performance

The performance criteria relating to the FY2024 grant of performance rights to KMP are detailed below resulting in a 42% vesting:



Indexed TSR = Austal TSR Premium to Market

ROE = NPAT / Equity (Excluding Reserves)

EPSG = CAGR[1] EPS (Base Year) to EPS (Final Year)

1. CAGR = Compound Annual Growth Rate.

iv. FY2024 LTI vesting awards

				Vesting		Value @
KMP	**Tranche**	**Weight**	**Granted**	**%**	**Number**	**Grant Date ($)**
VWAP @ Grant Date						0.90
Mr Paddy Gregg	iTSR	33.33%	148,748	100.00%	148,748	133,814
	ROE	33.33%	148,748	25.00%	37,187	33,453
	EPSG	33.33%	148,748	-	-	-
	Total	100.00%	446,244	41.67%	185,935	167,267
VWAP @ Grant Date						1.77
Mr Christian Johnstone	iTSR	33.33%	59,065	100.00%	59,065	104,308
	ROE	33.33%	59,065	25.00%	14,766	26,077
	EPSG	33.33%	59,065	-	-	-
	Total	100.00%	177,195	41.67%	73,831	130,385

VI. Realised Executive remuneration (non-statutory disclosure)

The Realised Remuneration tables below are provided to convey the actual remuneration awarded to KMP during FY2026 and FY2025 rather than the statutory disclosure required under the accounting standards and includes:

- The portion of TFR paid in cash.
- The portion of TFR contributed to superannuation plans or pension schemes.
- STI awarded but not yet paid.
- The value of LTI rights vesting following the conclusion of the relevant measurement period using the VWAP at the grant date.

FY2026	Total Fixed Remuneration				Payout	FY2026 STI Awarded			LTI	Total
KMP	Cash $	Super-annuation / Pension $	Other Benefits[1] $	Total $	Termination Benefits[2] $	Cash $	Indeterminate Rights $	Total $	FY2024 Vesting $	Total $
Value @ Grant VWAP [3]									1.77	
Mr Paddy Gregg [4]	1,205,977	30,000	-	1,235,977	-	178,602	178,602	357,204	167,267	1,760,448
Mr Gene Miller [5]	339,239	32,635	33,105	404,979	-	-	-	-	-	404,979
Ms Michelle Kruger [6]	561,495	79,470	50,805	691,770	-	-	-	-	-	691,770
Mr Christian Johnstone	650,487	30,000	-	680,487	-	73,749	73,749	147,498	130,385	958,370
Mr James Stokes [7]	450,345	54,041	-	504,386	-	115,116	-	115,116	-	619,502
Total	3,207,543	226,146	83,910	3,517,599	-	367,467	252,351	619,818	297,652	4,435,069

FY2025	Total Fixed Remuneration				Payout	FY2025 STI Awarded			LTI	Total
KMP	Cash $	Super-annuation / Pension $	Other Benefits[1] $	Total $	Termination Benefits[2] $	Cash $	Indeterminate Rights $	Total $	FY2023 Vesting $	Total $
Value @ Grant VWAP [3]									1.95	
Mr Paddy Gregg [4]	1,064,800	30,000	-	1,094,800	-	738,990	-	738,990	541,921	2,375,711
Mr Ian McMillan [8]	39,871	4,585	-	44,456	626,068	-	-	-	-	670,524
Ms Michelle Kruger	985,839	103,585	79,392	1,168,816	-	505,141	-	505,141	-	1,673,957
Mr Christian Johnstone	591,100	30,000	-	621,100	-	186,330	186,330	372,660	-	993,760
Total	2,681,610	168,170	79,392	2,929,172	626,068	1,430,461	186,330	1,616,791	541,921	5,713,952

1. This category is comprised of other monetary benefits such as car, housing and medical benefits.
2. Termination benefits include payments in lieu of notice, accrued leave and other entitlements and associated employer superannuation/pension contributions in accordance with contractual entitlements.
3. Value @ Grant VWAP is the Volume Weighted Average Share Price utilised for the respective LTI grant. As Mr Paddy Gregg's LTI grant was subject to shareholder approval at the Annual General Meeting, it was granted on a different date and therefore uses a different Value @ Grant VWAP of 0.90 for FY2024 LTI Vesting above.
4. Consistent with the Short term incentive (STI) policy, the Board determined that Mr Paddy Gregg's indeterminate rights for FY2025 be settled in cash. This cash settlement was made in accordance with policy provisions and does not represent an additional benefit.
5. The disclosure of remuneration above is from the date Mr Gene Miller became a KMP on 16 February 2026.
6. Ms Michelle Kruger transitioned to a President Emeritus role from 16 February 2026 until her retirement effective 1 June 2026.
7. Mr James Stokes was appointed as President Australasia effective 23 June 2025.
8. Mr Ian McMillan resigned effective 26 July 2024.

VII. Statutory remuneration disclosure

The following Statutory Remuneration tables outlines the remuneration received by Executive KMP during FY2026 and FY2025, prepared according to statutory disclosure requirements and accounting standards:

FY2026	Fixed Remuneration					Variable Remuneration		Payout	Total
KMP	Salary[1] $	Super-annuation / Pension $	Other Benefits[2] $	Long Service Leave Accrued $	Total $	STI Accrued $	LTI Accounting Expense[3] $	Termination Benefits[4] $	Total $
Mr Paddy Gregg	1,249,567	30,000	-	61,790	1,341,357	357,204	716,448	-	2,415,009
Mr Gene Miller [5]	351,642	32,635	33,105	-	417,382	-	52,966	-	470,348
Ms Michelle Kruger [6]	580,277	79,470	50,805	-	710,552	-	428,729	-	1,139,281
Mr Christian Johnstone	677,839	30,000	-	7,757	715,596	147,498	318,701	-	1,181,795
Mr James Stokes [7]	466,006	54,041	-	1,402	521,449	115,116	65,997	-	702,562
Total	3,325,331	226,146	83,910	70,949	3,706,336	619,818	1,582,841	-	5,908,995

FY2025	Fixed Remuneration					Variable Remuneration		Payout	Total
KMP	Salary[1] $	Super-annuation / Pension $	Other Benefits[2] $	Long Service Leave Accrued $	Total $	STI Accrued $	LTI Accounting Expense[3] $	Termination Benefits[4] $	Total $
Mr Paddy Gregg	1,123,864	30,000	-	24,636	1,178,500	738,990	575,561	-	2,493,051
Mr Ian McMillan [8]	25,320	4,585	-	(10,072)	19,833	-	(334,486)	626,068	311,415
Ms Michelle Kruger	990,934	103,585	79,392	-	1,173,911	505,141	377,316	-	2,056,368
Mr Christian Johnstone	574,666	30,000	-	3,143	607,809	372,660	305,688	-	1,286,157
Total	2,714,784	168,170	79,392	17,707	2,980,053	1,616,791	924,079	626,068	6,146,991

1. Salary represents cash-based salary expensed during the reporting period including annual leave provision adjustments and therefore may not equal the cash received by the KMP.
2. This category is comprised of other monetary benefits such as car, housing and medical benefits.
3. The LTI accounting expense represents the portion of the independent valuation of active LTI plans expensed through the Profit and Loss in accordance with AASB 2.
4. Termination benefits include payments in lieu of notice, accrued leave and other entitlements and associated employer superannuation/pension contributions in accordance with contractual entitlements.
5. The disclosure of remuneration above is from the date Mr Gene Miller became a KMP on 16 February 2026.
6. Ms Michelle Kruger transitioned to a President Emeritus role from 16 February 2026 until her retirement effective 1 June 2026.
7. Mr James Stokes was appointed as President Australasia effective 23 June 2025.
8. Mr Ian McMillan resigned effective 26 July 2024.

VIII. Reconciliation of realised remuneration and statutory remuneration

The following tables reconcile the realised remuneration received by Executive KMP during FY2026 and FY2025 with the statutory remuneration disclosures for those years.

FY2026	Remuneration			Explanation of Variance			
KMP	Realised $	Statutory $	Variance $	LTI Vesting versus Expense $	Long Service Leave Provision $	Leave Provision Movement $	Total $
Mr Paddy Gregg	1,760,448	2,415,009	(654,561)	(549,181)	(61,790)	(43,590)	(654,561)
Mr Gene Miller	404,979	470,348	(65,369)	(52,966)	-	(12,403)	(65,369)
Ms Michelle Kruger	691,770	1,139,281	(447,511)	(428,729)	-	(18,782)	(447,511)
Mr Christian Johnstone	958,370	1,181,795	(223,425)	(188,316)	(7,757)	(27,352)	(223,425)
Mr James Stokes	619,502	702,562	(83,060)	(65,997)	(1,402)	(15,661)	(83,060)

FY2025	Remuneration			Explanation of Variance			
KMP	Realised $	Statutory $	Variance $	LTI Vesting versus Expense $	Long Service Leave Movement $	Leave Provision Movement $	Total $
Mr Paddy Gregg	2,375,711	2,493,051	(117,340)	(33,640)	(24,636)	(59,064)	(117,340)
Mr Ian McMillan [1]	670,524	311,415	359,109	334,486	10,072	14,551	359,109
Ms Michelle Kruger	1,673,957	2,056,368	(382,411)	(377,316)	-	(5,095)	(382,411)
Mr Christian Johnstone	993,760	1,286,157	(292,397)	(305,688)	(3,143)	16,434	(292,397)

1. Mr Ian McMillan's significant 'LTI Vesting versus Expense' variance represents the difference between zero vesting of LTI rights as disclosed in the Realised Remuneration table and the reversal of the previously booked Share Based Payment expense in relation to the forfeited FY2023 to FY2025 grants within the Statutory Remuneration table.

5. Non-Executive Director remuneration

I. Application

The Non-Executive Director Remuneration Policy applies to Non-Executive Directors (NED) of the Company in their capacity as directors and as members of committees.

II. Fee policy

The fee policy is designed to ensure that remuneration is reasonable, appropriate and produces outcomes that fall within the fee limit, at each point of being assessed.

i. Fee cap

The Remuneration for NED is managed within the aggregate fee limit of $3,000,000 approved by shareholders of the Company. The cap has remained unchanged since listing on the Australian Securities Exchange (ASX) in 1998.

ii. Board & committee fees

- Remuneration is composed of Board fees and Committee fees. Both fee types include superannuation to the extent applicable to the incumbent.
- NED remuneration was externally benchmarked in FY2024. The fees were adjusted for CPI in FY2025.
- NED remuneration was externally benchmarked in FY2025, with the fees to be adjusted over the subsequent two financial years, FY2026 and FY2027.
- Remuneration for the current Chairman of the Board reflects his continued high level of contribution to the Company and the Board.
- Committee fees recognise additional contributions to the work of the Board by members of committees. They are similarly referenced to the benchmark group as above.

iii. NED fee rates

The following table outlines the NED fee policy rates that were applicable:

FY2026	Role		
	Chair	Deputy Chair	Member
	$	$	$
Board of Directors	374,898	N/A	155,718
Audit & Risk Committee	27,042	N/A	13,679
Nomination & Remuneration Committee	23,570	N/A	12,021

FY2025	Role		
	Chair	Deputy Chair	Member
	$	$	$
Board of Directors	376,999	138,279	126,976
Audit & Risk Committee	22,605	N/A	11,698
Nomination & Remuneration Committee	21,424	N/A	11,303

iv. Termination benefits

Termination benefits are not paid to NED.

III. Share rights

The NED have agreed annually with the Company to receive 25% of their Board fees (excluding Committee fees) in the form of share rights in order to accumulate equity holdings up to the equivalent of one year of Board fees (excluding Committee fees).

The minimum equity holding will be computed in July of each year based upon the volume weighted average price (VWAP) of Austal shares in the month of June and Board fees for the financial year ahead. The measurement date for the share rights is the VWAP of the last 5 trading days of each month.

The share rights provided to Mr Lee Goddard, Ms Kathryn Toohey, Mr Brent Cubis, Mr Richard Gibb and Ms Susan Murphy were approved by shareholders during the 2025 Annual General Meeting.

KMP	Earned Number	Average fair value per right $	Fair value $
Mr Lee Goddard	6,927	5.62	38,930
Ms Kathryn Toohey	6,927	5.62	38,930
Mr Brent Cubis	6,927	5.62	38,930
Mr Richard Gibb	5,072	5.12	25,953
Ms Susan Murphy	5,072	5.12	25,953

IV. NED remuneration in FY2026

The following table outlines the remuneration received by NED of the Company during FY2026 and the previous year, prepared according to statutory disclosure requirements and applicable accounting standards:

FY2026		Board Fees				Committee Fees			Total
		Cash $	Super-annuation $	Share Rights $	Total $	Cash $	Super-annuation $	Total $	Total $
Mr Richard Spencer		361,468	13,429	-	374,897	24,780	921	25,701	400,598
Mr John Rothwell	1	23,718	2,846	-	26,564	1,830	220	2,050	28,614
Mr Lee Goddard		104,276	12,513	38,930	155,719	22,947	2,754	25,701	181,420
Ms Kathryn Toohey		104,276	12,513	38,930	155,719	33,258	3,991	37,249	192,968
Mr Brent Cubis		116,789	-	38,930	155,719	39,063	-	39,063	194,782
Mr Richard Gibb		115,863	13,903	25,953	155,719	12,213	1,466	13,679	169,398
Ms Susan Murphy	2	92,690	11,123	25,953	129,766	25,547	3,066	28,613	158,379
Total		919,080	66,327	168,696	1,154,103	159,638	12,418	172,056	1,326,159

FY2025		Board Fees				Committee Fees			Total
		Cash $	Super-annuation $	Share Rights $	Total $	Cash $	Super-annuation $	Total $	Total $
Mr Richard Spencer		364,038	12,961	-	376,999	22,210	791	23,001	400,000
Mr John Rothwell		160,012	18,401	-	178,413	10,137	1,166	11,303	189,716
Mrs Sarah Adam-Gedge	3	62,009	7,131	23,047	92,187	17,828	2,050	19,878	112,065
Mr Chris Indermaur	4	28,908	3,324	10,581	42,813	10,016	1,152	11,168	53,981
Mr Lee Goddard		85,410	9,822	31,744	126,976	20,629	2,372	23,001	149,977
Ms Kathryn Toohey		94,900	10,913	21,163	126,976	26,680	3,068	29,748	156,724
Mr Brent Cubis	5	65,793	2,090	21,163	89,046	21,921	571	22,492	111,538
Mr Richard Gibb	6	9,490	1,091	-	10,581	874	101	975	11,556
Total		870,560	65,733	107,698	1,043,991	130,295	11,271	141,566	1,185,557

1. Mr John Rothwell resigned as NED effective 1 September 2025.
2. Ms Susan Murphy was appointed as NED effective 1 September 2025.
3. Mrs Sarah Adam-Gedge resigned as NED effective 28 February 2025.
4. Mr Chris Indermaur resigned as NED effective 1 November 2024.
5. Mr Brent Cubis was appointed as NED effective 21 October 2024.
6. Mr Richard Gibb was appointed as NED effective 2 June 2025.

6. Equity instruments held by KMP

I. FY2024 performance rights vesting

Further information relating to the FY2024 performance rights vesting is provided on page 71.

II. FY2025 performance rights

i. Performance rights

623,982 performance rights were granted to KMP in FY2025, who were still employed by Austal and whose rights were not lapsed, forfeited or vested at 30 June 2026.

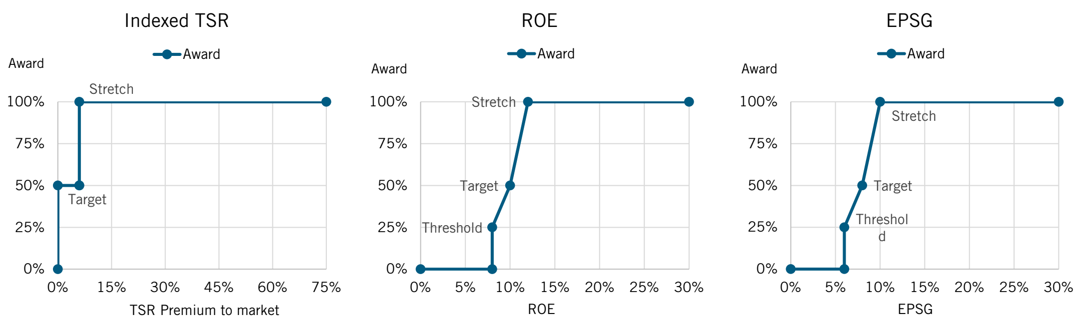
ii. Measurement period

100% of the performance rights granted in FY2025 have a 3 year measurement period from 1 July 2024 – 30 June 2027.

The grant date for all employees was 28 October 2024, when all parties had a shared understanding of the terms and conditions of the arrangement. The grant date for Mr Paddy Gregg was 1 November 2024 as it was subject to shareholder approval which was obtained at the FY2024 AGM held on 1 November 2024.

iii. Performance criteria

The performance criteria relating to the FY2025 grant of performance rights to KMP are detailed below:



Indexed TSR = Austal TSR Premium to Market

ROE = NPAT / Equity (Excluding Reserves)

EPSG = CAGR[1] EPS (Base Year) to EPS (Final Year)

1. CAGR = Compound Annual Growth Rate.

III. FY2026 performance rights grant

i. Performance rights grant

Performance rights granted to KMP in FY2026 are depicted in the table below.

The Fair Value per right has been determined by an independent valuer in accordance with AASB 2 *Share Based Payments* and does not match the Stretch LTI opportunity as detailed in the Executive KMP remuneration 2026 award opportunities on page 68.

Name	Rights granted iTSR	Rights granted ROE	Rights granted EPSG	Total	Value @ grant date ($)
Fair Value per right (26 November 2025) [1]	$ 4.66	$ 6.62	$ 6.62	$ 5.97	$ 5.97
Mr Paddy Gregg	81,887	81,887	81,887	245,661	1,465,695
Mr Gene Miller	11,354	11,354	11,354	34,062	203,225
Mr Christian Johnstone	45,084	45,084	45,084	135,252	806,959
Mr James Stokes	11,092	11,092	11,092	33,276	198,536
Total	149,417	149,417	149,417	448,251	2,674,415

1. The grant date for all employees was when all parties had a shared understanding of the terms and conditions of the arrangement. If the arrangement is subject to an approval process, the grant date is the date when that approval is obtained.

448,251 performance rights were granted to KMP in FY2026, who were still employed by Austal and whose rights were not lapsed, forfeited or vested at 30 June 2026.

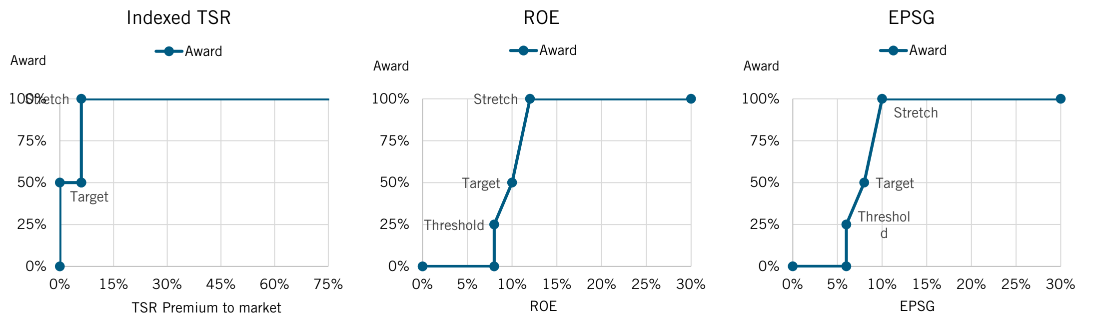
ii. Measurement period

100% of the performance rights granted in FY2026 have a 3 year measurement period from 1 July 2025 – 30 June 2028.

The grant date for all employees, including Mr Paddy Gregg, was 26 November 2025, when all parties had a shared understanding of the terms and conditions of the arrangement. The grant date for Mr Paddy Gregg is subject to shareholder approval which was obtained prior to the grant date at the FY2025 AGM held on 1 November 2025.

iii. Performance criteria

The performance criteria relating to the FY2026 grant of performance rights to KMP are detailed below:



Indexed TSR = Austal TSR Premium to Market

ROE = NPAT / Equity (Excluding Reserves)

EPSG = CAGR[1] EPS (Base Year) to EPS (Final Year)

1. CAGR = Compound Annual Growth Rate.

IV. Changes in equity held by KMP

	Balance at 30 June 2025	Other [1]	FY2026 Movements						Balance at 30 June 2026	Vested[6]	Unvested
			Granted	Vested	Exercised	Lapsed / Forfeited	Bought (Sold)	Other [2]			
Executives											
Mr Paddy Gregg											
Shares[3]	242,399	-	-	-	-	-	-	-	242,399	242,399	-
Indeterminate Rights[4]	977,240	-	-	185,935	-	-	-	-	1,163,175	1,163,175	-
Performance Rights	892,863	-	245,661	(185,935)	-	(260,309)	-	-	692,280	-	692,280
Total	2,112,502	-	245,661	-	-	(260,309)	-	-	2,097,854	1,405,574	692,280
Mr Gene Miller											
Shares[3]	-	16,300	-	-	-	-	-	-	16,300	16,300	-
Performance Rights	-	109,479	-	-	-	-	-	-	109,479	-	109,479
Total	-	125,779	-	-	-	-	-	-	125,779	16,300	109,479
Ms Michelle Kruger											
Shares[3]	-	-	-	-	-	-	-	-	-	-	-
Performance Rights	390,255	-	152,571	-	-	-	-	(542,826)	-	-	-
Total	390,255	-	152,571	-	-	-	-	(542,826)	-	-	-
Mr Christian Johnstone											
Shares[3, 5]	-	-	-	-	83,556	-	3,151	-	86,707	86,707	-
Indeterminate Rights[4]	52,694	-	30,862	73,831	(83,556)	-	-	-	73,831	73,831	-
Performance Rights	354,558	-	135,252	(73,831)	-	(103,364)	-	-	312,615	-	312,615
Total	407,252	-	166,114	-	-	(103,364)	3,151	-	473,153	160,538	312,615
Mr James Stokes											
Shares[3]	-	-	-	-	-	-	-	-	-	-	-
Indeterminate Rights[4]	-	-	-	-	-	-	-	-	-	-	-
Performance Rights	-	-	33,276	-	-	-	-	-	33,276	-	33,276
Total	-	-	33,276	-	-	-	-	-	33,276	-	33,276
Non-Executive Directors											
Mr Richard Spencer											
Shares[3]	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000	-
Total	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000	-
Mr John Rothwell											
Shares[3]	18,601,692	-	-	-	-	-	-	(18,601,692)	-	-	-
Total	18,601,692	-	-	-	-	-	-	(18,601,692)	-	-	-
Mr Lee Goddard											
Shares[3]	-	-	-	-	-	-	-	-	-	-	-
Share Rights	17,742	-	6,927	-	-	-	-	-	24,669	24,669	-
Total	17,742	-	6,927	-	-	-	-	-	24,669	24,669	-
Ms Kathryn Toohey											
Shares[3]	-	-	-	-	-	-	7,358	-	7,358	7,358	-
Share Rights	5,131	-	6,927	-	-	-	-	-	12,058	12,058	-
Total	5,131	-	6,927	-	-	-	7,358	-	19,416	19,416	-
Mr Brent Cubis											
Shares[3]	-	-	-	-	-	-	8,000	-	8,000	8,000	-
Share Rights	5,131	-	6,927	-	-	-	-	-	12,058	12,058	-
Total	5,131	-	6,927	-	-	-	8,000	-	20,058	20,058	-
Mr Richard Gibb											
Shares[3]	-	-	-	-	-	-	8,000	-	8,000	8,000	-
Share Rights	-	-	5,072	-	-	-	-	-	5,072	5,072	-
Total	-	-	5,072	-	-	-	8,000	-	13,072	13,072	-
Ms Susan Murphy											
Shares[3]	-	-	-	-	-	-	10,000	-	10,000	10,000	-
Share Rights	-	-	5,072	-	-	-	-	-	5,072	5,072	-
Total	-	-	5,072	-	-	-	10,000	-	15,072	15,072	-

1. Denotes the shares and rights held by Mr Gene Miller at the time of his promotion to KMP effective 16 February 2026.
2. Denotes the shares held by Ms Michelle Kruger and Mr John Rothwell at the time of their resignation in FY2026.
3. The number of ordinary shares in Austal Limited held directly, indirectly or beneficially by each individual (including their related parties).
4. Further information on Indeterminate rights is provided in the Executive KMP remuneration policy.
5. Included in the shares balance at 30 June 2026 for Mr Christian Johnstone, is 30,862 shares which are subject to the minimum holding period as discussed in the Executive KMP remuneration policy.
6. This balance relates to shares, or rights that have vested and are exercisable.

V. Minimum equity holdings of KMP and NED employed at 30 June 2026

Some KMP and all NED (that have been approved by shareholders to maintain a minimum equity holding) are required to accumulate and maintain a minimum level of equity holding (Equivalent shares) with value equal to or greater than a specified percentage of annual TFR.

Shares, share rights and vested indeterminate rights all contribute toward the satisfaction of the minimum equity holding. Unvested performance rights do not contribute toward the target.

	Equity Holding at 30 June 2026		FY2026	Equity Holding % of TFR		Target
	Equiv't Shares	Value ($)	TFR ($)	30 Jun 2026	Target	Introduced
Value / share [2]		6.11				
Executives						
Mr Paddy Gregg	1,405,574	8,584,270	1,236,000	695%	100%	Jan 2021
Non-Executive Directors			**Board Fees[1]**			
Mr Richard Spencer	1,000,000	6,107,306	374,897	1629%	100%	Jul 2024
Mr Lee Goddard	24,669	150,661	155,719	97%	100%	Oct 2023
Ms Kathryn Toohey	19,416	118,579	155,719	76%	100%	Nov 2024
Mr Brent Cubis	20,058	122,500	155,719	79%	100%	Nov 2024
Mr Richard Gibb	13,072	79,835	155,719	51%	100%	Nov 2025
Ms Susan Murphy	15,072	92,049	129,766	71%	100%	Nov 2025

1. Includes Board Fees and excludes Committee Fees.
2. Value / share is based upon the volume weighted average price (VWAP) of Austal shares in the month of June 2025 and the TFR for the year ahead.

7. Other related matters

I. Board composition

The NRC reviews the structure, size and composition of the Board annually, taking inputs from investors and other independent advisors received during the year into account. The current practice continues of maintaining at least three independent NED on the Board.

II. Details of contractual provisions for KMP

Name	Employer	Duration	Termination Notice Period		Termination
			Group	Individual	Benefits [1]
Mr Paddy Gregg	Austal Limited	Unlimited	6 months	6 months	6 months
Mr Gene Miller	Austal USA LLC	Unlimited	None	None	None
Ms Michelle Kruger[2]	Austal USA LLC	Unlimited	None	None	None
Mr Christian Johnstone	Austal Limited	Unlimited	3 months	3 months	3 months
Mr James Stokes	Austal Ships Pty Ltd	18 months [3]	3 months	3 months	3 months

1. The Termination Benefit Limit under the Corporations Act is 12 months of the average prior 3 years salary unless Shareholder approval is obtained.
2. Ms Michelle Kruger transitioned to a President Emeritus role from 16 February 2026 until her retirement effective 1 June 2026.
3. Mr James Stokes has a contract duration of 18 months commencing 23 June 2025.

Austal may choose to terminate the contracts immediately by making a payment equal to the Group Notice Period fixed remuneration in lieu of notice. Executives are not entitled to this termination payment in the event of termination for serious misconduct or other nominated circumstances.

Executives will be entitled to the payment of any fixed remuneration calculated up to the termination date, any leave entitlement accrued at the termination date and any payment or award of STI or LTI permitted under the remuneration policy upon termination of employment is described in the relevant sections of this report.

All NED enter into a service agreement with the Company in the form of a letter of appointment on appointment to the Board. The letter summarises the Board policies and terms, including compensation relevant to each director. The appointment letters specify a term of three years before each NED is required to be put forward for re-election in accordance with regulatory requirements.

III. Other transactions with KMP

Group policy is that all transactions with related parties are conducted on commercial terms and conditions.

The following transaction occurred with related parties:

Mr Brent Cubis and Mr Richard Gibb are nominee directors appointed to the Austal Board by Tattarang Ventures Pty Ltd (a substantial shareholder of Austal) pursuant to the terms of a Director Nomination Right Deed dated 12 March 2025.

Austal is also a party to a Confidentiality Agreement with Tattarang in relation to the disclosure of confidential information to Tattarang, as well as an Information Sharing Protocol which manages the flow of information between Austal and the nominee directors.

No additional fees or financial benefits were paid by Austal to the nominee directors under the terms of the Director Nomination Right Deed, Confidentiality Agreement or Information Sharing Protocol.

There were no other transactions involving KMP other than compensation and transactions concerning shares and performance rights as discussed in other sections of the Remuneration Report.

IV. Remuneration of KMP at Austal USA

Pursuant to mandatory measures in place to mitigate foreign ownership, control and influence (FOCI), the remuneration of KMP and executives at Austal's wholly owned subsidiary, Austal USA, is set by the Board of Managers at Austal USA. This includes determination of the extent to which any performance measures have been met for Long and Short-Term Incentive eligibility.

V. Use of external remuneration consultants

The Board approved and engaged an external remuneration consultant to provide KMP remuneration recommendations and advice during the reporting period. The consultants and the amount payable for the information and work that led to their recommendations are listed below:

i. WTW

WTW were engaged for the following services during FY2026:

- Design of an Incentives Framework (US$110,140).

ii. Independence from Executive KMP

The Board is satisfied that the KMP remuneration recommendations received were free from undue influence from KMP to whom the recommendations related for the following reasons:

- The policy for engaging external remuneration consultants is being adhered to and is operating as intended.
- The Board has been closely involved in all dealings with the external remuneration consultants.
- Each KMP remuneration recommendation received during the year was accompanied by a legal declaration from the consultant to the effect that their advice was provided free from undue influence from the KMP to whom the recommendations related.

End of Remuneration Report

Auditor independence

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2

Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000

31 August 2026

The Board of Directors
Austal Limited
100 Clarence Beach Rd
Henderson WA 6166

Dear Board Members

Auditor's Independence Declaration to Austal Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Austal Limited.

As lead audit partner for the audit of the financial report and review of the sustainability report of Austal Limited for the financial year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report and review of the sustainability report; and
- Any applicable code of professional conduct in relation to the audit or review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Continuing operations			
Revenue	4	2,028,961	1,823,337
Cost of sales		(1,989,032)	(1,593,416)
Gross profit		39,929	229,921
Other income and expenses	5	21,288	32,299
Administration, legal and settlement expenses	5	(170,159)	(132,097)
Marketing expenses		(16,266)	(16,769)
Finance income	5	12,975	13,275
Finance costs	5	(20,329)	(18,179)
(Loss) / profit before income tax		(132,562)	108,450
Income tax benefit / (expense)	9	78,960	(18,717)
(Loss) / profit after tax		(53,602)	89,733
Other comprehensive income (OCI)			
Amounts that may subsequently be reclassified to profit and loss:			
Cash flow hedges			
- Net (loss) / gain		(5,682)	5,704
- Income tax benefit / (expense)	9	1,373	(1,487)
- Total		(4,309)	4,217
Foreign currency translations			
- Net (loss) / gain		(42,459)	9,150
- Total		(42,459)	9,150
Amounts not to be reclassified to profit and loss in subsequent periods:			
Asset revaluation reserve			
- Net gain / (loss)		31,587	(22,704)
- Income tax (expense) / benefit	9	(9,746)	5,307
- Total		21,841	(17,397)
Financial assets at FVOCI reserve			
- Net loss		(944)	-
- Total		(944)	-
Other comprehensive loss for the period		(25,871)	(4,030)
Total comprehensive (loss) / income for the year		(79,473)	85,703
(Loss) / earnings per share ($ per share)			
Basic (loss) / earnings per share	6	(0.127)	0.236
Diluted (loss) / earnings per share	6	(0.127)	0.233

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2026

	Notes	2026 $'000	2025 $'000
Assets			
Current			
Cash and cash equivalents	10	311,895	583,933
Inventories and work in progress	4, 17	665,658	601,389
Trade and other receivables	15	156,539	147,695
Prepayments	16	31,788	38,456
Derivatives	27, 28	2,000	2,082
Income tax receivable	9	28,205	1,534
Total		1,196,085	1,375,089
Non - current			
Property, plant and equipment	20	1,439,111	1,170,790
Intangible assets and goodwill	22	34,450	37,826
Prepayments	16	6,135	38,579
Derivatives	27, 28	2,109	6,774
Right of use assets	21	197,836	173,077
Other financial assets	24	15,480	14,138
Other non-current assets	12, 25	21,328	7,897
Deferred tax assets	9	186,553	121,125
Total		1,903,002	1,570,206
Total		3,099,087	2,945,295
Liabilities			
Current			
Progress payments received in advance	4	(427,384)	(249,209)
Trade and other payables	18	(340,322)	(334,410)
Provisions	19	(173,945)	(100,882)
Derivatives	27, 28	(2,277)	(2,012)
Income tax payable	9	(363)	(22,422)
Lease liabilities	21	(11,101)	(6,672)
Deferred grant income	14	(15,841)	(17,530)
Total		(971,233)	(733,137)
Non - current			
Interest bearing loans and borrowings	11	(125,562)	(130,821)
Progress payments received in advance	4	(453,806)	(502,497)
Provisions	19	(39,108)	(25,950)
Derivatives	27, 28	(925)	-
Lease liabilities	21	(158,036)	(129,496)
Deferred grant income	14	(116,848)	(114,739)
Total		(894,285)	(903,503)
Total		(1,865,518)	(1,636,640)
Net assets		1,233,569	1,308,655
Equity attributable to owners of the parent			
Contributed equity	13	363,744	361,512
Reserves		390,651	414,375
Retained earnings		479,174	532,768
Total		1,233,569	1,308,655

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2026

	Issued Capital $'000	Reserved Shares [1] $'000	Retained Earnings $'000	Foreign Currency Transl'n Reserve $'000	Employee Benefits Reserve $'000	Cash Flow Hedge Reserve $'000	Common Control Reserve $'000	Asset Reval'n Reserve $'000	Fin'l assets at FVOCI Reserve $'000	Total Equity $'000
Equity at 1 July 2024	**147,893**	**(2,828)**	**442,992**	**142,956**	**12,598**	**729**	**(17,594)**	**277,919**	**-**	**1,004,665**
Comprehensive income										
Profit for the year	-	-	89,733	-	-	-	-	-	-	89,733
Other comprehensive loss	-	-	-	9,150	-	4,217	-	(17,397)	-	(4,030)
Total	-	-	89,733	9,150	-	4,217	-	(17,397)	-	85,703
Other equity transactions										
Derecognition of subsidiary on liquidation	-	-	43	-	-	-	-	-	-	43
Shares issued for capital raising, net of transaction costs and tax	215,233	-	-	-	-	-	-	-	-	215,233
Share based payments expense	-	-	-	-	2,960	-	-	-	-	2,960
Shares issued to Employee Share Trust	2,555	(2,555)	-	-	-	-	-	-	-	-
Shares or proceeds transferred to beneficiaries	(193)	1,407	-	-	(1,214)	-	-	-	-	-
Remeasurement gain on retirement benefits	-	-	-	-	51	-	-	-	-	51
Total	217,595	(1,148)	43	-	1,797	-	-	-	-	218,287
Movement	**217,595**	**(1,148)**	**89,776**	**9,150**	**1,797**	**4,217**	**-**	**(17,397)**	**-**	**303,990**
Equity at 30 June 2025	**365,488**	**(3,976)**	**532,768**	**152,106**	**14,395**	**4,946**	**(17,594)**	**260,522**	**-**	**1,308,655**
Comprehensive income										
Loss for the year	-	-	(53,602)	-	-	-	-	-	-	(53,602)
Other comprehensive loss	-	-	-	(42,459)	-	(4,309)	-	21,841	(944)	(25,871)
Total	-	-	(53,602)	(42,459)	-	(4,309)	-	21,841	(944)	(79,473)
Other equity transactions										
Derecognition of subsidiary on liquidation	-	-	8	-	-	-	-	-	-	8
Shares issued for capital raising, net of transaction costs and tax	234	-	-	-	-	-	-	-	-	234
Share based payments expense	-	-	-	-	4,110	-	-	-	-	4,110
Shares issued to Employee Share Trust	7,182	(7,182)	-	-	-	-	-	-	-	-
Shares or proceeds transferred to beneficiaries	(2,369)	4,367	-	-	(1,998)	-	-	-	-	-
Remeasurement gain on retirement benefits	-	-	-	-	35	-	-	-	-	35
Total	5,047	(2,815)	8	-	2,147	-	-	-	-	4,387
Movement	**5,047**	**(2,815)**	**(53,594)**	**(42,459)**	**2,147**	**(4,309)**	**-**	**21,841**	**(944)**	**(75,086)**
Equity at 30 June 2026	**370,535**	**(6,791)**	**479,174**	**109,647**	**16,542**	**637**	**(17,594)**	**282,363**	**(944)**	**1,233,569**

1. Reserved shares are held in relation to an Employee Share Trust.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers		2,088,647	2,182,265
Payments to suppliers and employees		(1,979,732)	(1,610,937)
Income tax paid		(39,049)	(160,102)
Interest paid		(20,329)	(18,179)
Interest received	5	12,975	13,275
Net cash from operating activities	7	62,512	406,322
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(352,739)	(194,918)
Payment for intangible assets	22	(807)	(726)
Proceeds from sale of property, plant and equipment		385	463
Receipts of government infrastructure grants		27,055	45,954
Net cash (used in) investing activities		(326,106)	(149,227)
Cash flows from financing activities			
Principal component of lease payments	21	(14,522)	(11,812)
Repayment of borrowings	12	-	(40,381)
Payment of borrowing costs	12	(925)	(9,284)
Proceeds from issue of shares, net of transaction costs		234	215,233
Net cash (used in) / from financing activities		(15,213)	153,756
Net (decrease) / increase in cash and cash equivalents		(278,807)	410,851
Cash and cash equivalents			
Cash and cash equivalents at beginning of year		583,933	173,510
Net (decrease) / increase in cash and cash equivalents		(278,807)	410,851
Net foreign exchange differences		6,769	(428)
Cash and cash equivalents at end of year	10	311,895	583,933

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Basis of preparation

Note 1 Corporate information

The financial report of the Austal Limited Group of Companies (the Group or the Company) for the year ended 30 June 2026 was authorised for issue in accordance with a resolution of the Directors on 31 August 2026.

Austal Limited is a limited liability company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) under the code ASB.

The principal activities of the companies within the consolidated entity during the year were the design, manufacture and support of high performance vessels for commercial and defence customers worldwide. These activities are unchanged from the previous year.

Note 2 Basis of preparation

I Introduction

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and the Australian Accounting Standards Board (AASB).

The financial report also complies with IFRS Accounting Standards (IFRS), as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and land and buildings that have been measured at fair value and certain financial assets and liabilities measured at fair value through other comprehensive income.

The financial report is presented in Australian dollars. The amounts contained in this report have been rounded to the nearest thousand dollars ($'000) unless otherwise required or stated under section 7 of the ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2026/183. The Company is an entity to which the Instrument applies.

The financial report presents the figures of the consolidated entity, unless otherwise stated.

Austal Limited is a for profit entity.

II Reporting structure

The notes to the consolidated financial statements have been divided into eight main sections as follows:

1. **Basis of preparation**

   This section focuses on the basis of consolidation, foreign currency transactions and translation, accounting judgments and estimates, new and amended accounting standards adopted by the Group and other new accounting standards issued but not yet effective.

2. **Current year performance**

   This section focuses on the results and performance of the Group, including profitability, earnings per share, cash generation and the return of cash to shareholders via dividends.

3. **Capital structure**

   This section focuses on the long-term funding of the Group including cash, interest bearing loans and borrowings, contributed equity and government grants.

4. Working capital

This section focuses on shorter term working capital concepts such as trade receivables, trade payables, work in progress, inventories and provisions.

5. Infrastructure & other assets

This section focuses on property, plant and equipment, intangibles, impairment and other assets.

6. Financial risk management

This section focuses on the Group's approach to financial risk management, fair value measurements, foreign exchange hedging and the associated derivative financial instruments.

7. Unrecognised items

This section focuses on commitments and contingencies that are not recognised in the financial statements and events occurring after the balance date.

8. The Group, management and related parties

This section focuses on the corporate structure of the Group, parent entity data, key management personnel compensation and related party transactions.

III Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group for the year ended 30 June 2026.

Subsidiaries are all of those entities over which the Group has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are adjusted to comply with Group policy and generally accepted accounting principles in Australia for consolidation purposes. All intercompany balances, transactions, unrealised gains and losses resulting from intra-Group transactions and dividends have been eliminated in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Austal Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

IV Foreign currency transactions and translation

Both the functional and presentation currency of Austal Limited is Australian Dollars (AUD). The Company determines the most appropriate functional currency for each entity within the Group and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling applicable at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling applicable at the balance date. All exchange differences arising from the above procedures are taken to Other Comprehensive Income.

The functional currency of the subsidiaries undertaking the Group's operations in the USA, Vietnam, Singapore and the Philippines is United States Dollars (USD).

The assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Austal Limited at the closing foreign exchange rate for the reporting date. The Profit and Loss is translated at the average exchange rates for the period. The exchange differences arising on translation are taken directly to a separate reserve in equity. The deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Profit and Loss on disposal of a foreign entity.

V Accounting judgements and estimates

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities in the application of the Group's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information on material estimates and judgements considered when applying the accounting policies can be found in the following notes:

Key accounting judgements and estimates	Note
Recognition of contract revenue, and expected construction profits at completion	4
Recognition of research and development tax credits	5
Recognition of deferred tax assets	9
Estimation of fair values of land and buildings	20
Impairment of goodwill and non-financial assets	20, 23
Estimation of onerous contracts and probable recoverabilities	19

VI New and amended standards adopted by the Group

The Group has applied all new and amended accounting standards and interpretations effective from 1 July 2025, including:

- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about uncertainties in the financial statements

The adoption of these standards did not have any effect on the financial position or performance of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

VII Other new accounting standards issued but not yet effective

The following new or amended standards in issue but not yet effective are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2024-2 Amendments to Australian Accounting Standards – Classification and measurement of financial instruments (effective for annual reporting periods beginning on or after 1 January 2026)
- AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity (effective for annual reporting periods beginning on or after 1 January 2026)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (as amended) (effective for annual reporting periods beginning on or after 1 January 2028)

The following new or amended standards in issue but not yet effective are expected to have an impact on the Group's consolidated financial statements in future periods. The Group's assessment of the impact is set out below:

- AASB 18 Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

  AASB 18 will replace AASB 101 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the Consolidated Statement of Profit and Loss and Other Comprehensive Income and providing management-defined performance measures (MPMs) within the financial statements.

  The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with AASB 18. For the interim period in the first year of application of AASB 18 (year ending 30 June 2028), a reconciliation will be prepared for each line item in the statement of profit or loss between the restated amounts presented by applying AASB 18 and the amounts previously presented applying AASB 101.

  Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

  - Although the adoption of AASB 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. For example, the line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. From the high-level impact assessment that the Group has performed, the following substantive changes are expected:

    Consolidated Statement of Profit and Loss and Other Comprehensive Income

    - Operating category: 'Government grant income' and 'Interest income related to customer financing' will be disaggregated as separate financial statement line items.
    - Investing category; 'Interest income' will be disaggregated as a separate financial statement line item.
    - Financing category: 'Interest expenses on leases' and 'Interest expenses on loans and borrowings' will be disaggregated as separate financial statement line items.
    - Foreign exchange differences currently aggregated in the line item 'Finance costs' will need to be disaggregated between the operating, investing, financing and income tax categories, based on the category in which the related income or expense is presented. The investing, financing and income tax foreign exchange gains or losses will be presented below operating profit.
    - Similarly, 'gain/loss on disposal of assets' currently aggregated in the line item 'Other income and expenses' will need to be disaggregated between the operating, investing and financing categories. In addition, gain/loss on disposal of discontinued operations will be presented separately where relevant.

    Consolidated Statement of Financial Position

    - 'Goodwill' will be a separate financial statement line item (disaggregated from 'Intangible assets').

    Consolidated Statement of Cash Flows

    - 'Interest received' and 'Interest paid' will move from 'Cash flows from operating activities' to 'Cash flows from investing activities' and 'Cash flows from financing activities' respectively.

    - The ‘Reconciliation of net profit after tax to net cash flows from operations’ will change to the ‘Reconciliation of operating profit to net cash flows from operations’ subject to the Australian Accounting Standards Board (AASB) finalising amendments to AASB 1054 Australian Additional Disclosures.

    Other

    - The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. For example, an analysis of functional line items by nature.
    - There may be other potential impacts, however these are still under assessment by the Group.

- MPMs represent non-IFRS performance measures used in public communication. These will require significant new disclosures under AASB 18, including disclosure of each MPM, reconciliation to the nearest IFRS subtotal and explanation of why the measure is used. The new disclosures must be included in a single note to the financial statements, and include a description of why the management-defined performance measure communicates management’s view of an aspect of the entity’s financial performance, how the management-defined performance measure is calculated, a reconciliation to the most directly comparable total or subtotal specified by IFRS Accounting Standards and the income tax effect and effect on non-controlling interest for each reconciling item disclosed above.

Current year performance

Note 3 Operating segments

I Disclosures

	USA			Australasia			Unallocated	Eliminations & Adjustments	Total
	Shipbuilding $'000	Support $'000	Total $'000	Shipbuilding $'000	Support $'000	Total $'000	$'000	$'000	$'000
Year ended 30 June 2026									
Revenue									
External customers	1,140,237	242,375	1,382,612	447,950	198,571	646,521	-	(172)	2,028,961
Inter-segment [1]	-	-	-	(25)	4,159	4,134	-	(4,134)	-
Total	1,140,237	242,375	1,382,612	447,925	202,730	650,655	-	(4,306)	2,028,961
Profit / (loss) before income tax									
Earnings before interest and tax	(224,983)	22,229	(202,754)	55,522	29,808	85,330	(8,177)	393	(125,208)
Finance income	-	-	-	-	-	-	12,975	-	12,975
Finance expenses	-	-	-	-	-	-	(20,329)	-	(20,329)
Profit / (loss) before income tax	(224,983)	22,229	(202,754)	55,522	29,808	85,330	(15,531)	393	(132,562)
Depreciation and amortisation	(45,673)	(8,032)	(53,705)	(10,044)	(6,412)	(16,456)	-	-	(70,161)
Balance sheet									
Segment assets	1,939,188	330,618	2,269,806	378,498	76,802	455,300	361,241	12,740	3,099,087
Segment liabilities	(1,476,903)	(108,361)	(1,585,264)	(181,727)	(101,425)	(283,152)	(8,600)	11,498	(1,865,518)

	USA			Australasia			Unallocated	Eliminations & Adjustments	Total
	Shipbuilding $'000	Support $'000	Total $'000	Shipbuilding $'000	Support $'000	Total $'000	$'000	$'000	$'000
Year ended 30 June 2025									
Revenue									
External customers	1,097,856	290,241	1,388,097	248,384	186,663	435,047	-	193	1,823,337
Inter-segment [1]	-	-	-	593	2,321	2,914	-	(2,914)	-
Total	1,097,856	290,241	1,388,097	248,977	188,984	437,961	-	(2,721)	1,823,337
Profit / (loss) before income tax									
Earnings before interest and tax	21,323	76,342	97,665	23,680	12,328	36,008	(20,609)	290	113,354
Finance income	-	-	-	-	-	-	13,275	-	13,275
Finance expenses	-	-	-	-	-	-	(18,179)	-	(18,179)
Profit / (loss) before income tax	21,323	76,342	97,665	23,680	12,328	36,008	(25,513)	290	108,450
Depreciation and amortisation	(45,579)	(11,339)	(56,918)	(10,158)	(6,055)	(16,213)	-	-	(73,131)
Balance sheet									
Segment assets	1,810,446	265,806	2,076,252	333,479	102,087	435,566	420,916	12,561	2,945,295
Segment liabilities	(1,221,342)	(125,273)	(1,346,615)	(175,858)	(90,075)	(265,933)	(36,496)	12,404	(1,636,640)

1. Inter-segment revenues, investments, receivables and payables are eliminated on consolidation.

	2026 $'000	2025 $'000
Group Revenue from external customers		
By geographical location of customers		
USA	1,382,612	1,388,097
Australia	564,940	408,917
Europe	74,763	17,778
Asia	1,346	2,155
South America	5,300	6,390
Total	2,028,961	1,823,337

	2026 $'000	2025 $'000
Analysis of unallocated		
Profit / (loss) before income tax		
Administration, legal and settlement expenses	(10,349)	(24,314)
Marketing expenses	(7,614)	(6,670)
Research and development credits	13,065	9,743
Foreign exchange gains	(3,279)	632
Finance expenses	(20,329)	(18,179)
Finance income	12,975	13,275
Total	(15,531)	(25,513)
Segment assets		
Cash	124,696	289,455
Other non-current assets	21,328	7,897
Deferred tax assets	186,553	121,125
Other receivables	187	697
Income tax receivable	28,205	1,534
Other	272	208
Total	361,241	420,916
Segment liabilities		
Creditors and provisions	(8,600)	(36,496)
Total	(8,600)	(36,496)

	2026 $'000	2025 $'000
Group Non-current assets [1]		
Geographical location		
USA	1,450,284	1,190,091
Australia	168,470	133,007
Asia	52,643	58,595
Total	1,671,397	1,381,693
Composition		
Property, plant and equipment	1,439,111	1,170,790
Intangible assets	34,450	37,826
Right of use assets	197,836	173,077
Total	1,671,397	1,381,693

1. Excludes derivatives, prepayments, other financial assets, other non-current assets and deferred tax assets.

II Identification of reportable segments

The Group is organised into four business segments for management purposes. This is based on the location of the production facilities, related sales regions and types of activity.

The Chief Executive Officer, who is the Chief Operating Decision Maker (CODM), monitors the performance of the business segments separately for the purpose of making decisions. Segment performance is evaluated based on EBIT. Finance costs, finance income and income tax are managed on a Group basis (i.e. Unallocated).

The CODM monitors the tangible, intangible and financial assets attributable to each segment for the purposes of monitoring segment performance and allocating resources between segments. All assets are allocated to reportable segments with the exception of some financial instruments, deferred tax assets and income tax refunds. Goodwill has been allocated to reportable segments as described in Note 23.

III Reportable segments

The reportable segments are:

1. USA Shipbuilding

The USA manufactures high performance defence vessels primarily for the US Navy and Coast Guard.

2. USA Support

The USA provides on-going support and maintenance of Austal and non-Austal vessels to the US Navy, principally in the USA and other international jurisdictions.

3. Australasia Shipbuilding

The Australasia Shipbuilding segment comprises Austal's Australia, Philippines and Vietnam shipbuilding operations. These operations act as a single business unit for tendering, scheduling, resource planning and management accountability.

Australasia manufactures high performance vessels for markets worldwide, excluding the USA.

4. Australasia Support

The Australasia Support segment comprises Austal's Australia and Trinidad & Tobago operations. These locations act as a single business unit for allocation of resources, training, on-going support and maintenance for high performance vessels.

IV Accounting policies, inter-segment transactions and unallocated items

The accounting policies used for reporting segments internally are the same as those utilised for reporting the accounts of the Group. Inter-entity sales are recognised based on an arm's length pricing structure in accordance with the Group's transfer pricing policy.

Certain unallocated items are not considered to be part of the core operations of any segment.

Note 4 Revenue

I Disaggregation of Revenue

	2026 $'000	2025 $'000
Revenue		
Shipbuilding	1,588,015	1,346,433
Support	440,946	476,904
Total	2,028,961	1,823,337

II Recognition and measurement

Revenue represents income derived from contracts for the provision of goods and services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's activities.

The Group derives the following types of revenue:

1. Vessel construction

Vessel construction / shipbuilding revenue includes the design and construction of both defence and commercial vessel platforms. Defence vessels include advanced naval and other defence vessels and commercial vessels include passenger ferries, vehicle passenger ferries, offshore and windfarm vessels.

2. Vessel support

Vessel support revenue includes through-life capability management and vessel support services, including crew training and instruction, vessel servicing, repairs and maintenance, integrated logistics support, vessel sustainment and information management systems support. Austal also provides comprehensive refit services and management of annual dockings to naval, government and commercial operators.

The Group's accounting policy in respect of revenue in accordance with AASB 15 is as follows:

Performance obligations

Upon approval by Austal and its counter party to a contract, each contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Separate performance obligations

Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Combining contracts into a single performance obligation

Contracts are combined into one performance obligation for the purposes of revenue and profit recognition where individual contracts do not result in individual performance obligations on the basis that each individual contract is not distinct and does not have independent utility to the customer.

Multi vessel contracts

Austal regularly enters into contracts with an obligation to deliver multiple vessels under a single contract. Austal assesses such multi vessel contracts to determine whether each vessel in the contract represents a distinct performance obligation or whether there is a single performance obligation to deliver a series of vessels that are substantially the same and have same pattern of transfer to the customer.

Transaction price

Total transaction price

The total transaction price at the start of each contract is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes.

Variable consideration

Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised.

The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract.

Allocation of total transaction price to each performance obligation

The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices. There are typically no observable stand-alone selling prices given the bespoke nature of many of the Group's products and services, which are designed and / or manufactured under contract to each customer's individual specifications. Instead, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.

Revenue and profit recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

The Group determines whether each performance obligation within a contract is satisfied over time or at a point in time.

Revenue recognition over time

Performance obligations are satisfied over time if one of the following criteria is satisfied:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as it is performed;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

The Group has determined that most of its contracts satisfy the criteria for recognition over time, either because:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as it is performed (typically sustainment and support contracts); or
- The Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date (typically shipbuilding contracts).

Revenue recognition at a point in time

Revenue is recognised at the point in time that control is transferred to the customer if the criteria for revenue recognition over time are not met. Control is typically transferred to the customer when legal title passes to the customer and Austal has a legal right to payment, for example, upon delivery or acceptance of invoice.

Satisfaction of performance obligations over time - measuring progress

The Group recognises revenue using an input method based on costs incurred in the period, or the output method based on contract specific performance output factors, for each performance obligation to be recognised over time. Revenue is calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Group does not include long lead time materials where they do not represent progress. The Group has determined that this method faithfully depicts the Group's performance in transferring control of the goods and services to the customer.

Multi vessel contracts representing a single performance obligation

The Group monitors the costs of each individual vessel under multi vessel contracts to identify risks and additional costs that may arise as a result of first of class issues or achievement of productivity improvements that are expected to be achieved from vessel to vessel (i.e. a learning curve).

Contingencies and additional costs are included in the cost estimate for each vessel under multi vessel contracts to ensure that revenue recognition over time appropriately reflects the presence of cost performance risks and outcomes.

Onerous contract provisions

Expected losses are recognised immediately as an expense when it is probable that total contract costs will exceed total contract revenue including assessed recovery of any Request for Equitable Adjustment (REA) where applicable (i.e. the contract has become onerous).

Contract modifications

The Group's contracts are often amended for changes in customers' requirements and specifications. A contract modification exists when the parties to the contract approve a modification that either changes existing or creates new enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress towards the satisfaction of the performance obligation to which it relates is recognised in one of the following ways:

1. Prospectively as an additional, separate contract;
2. Prospectively as a termination of the existing contract and creation of a new contract; or
3. As part of the original contract using a cumulative catch up.

The majority of the Group's contract modifications are treated under either 1 (for example, the requirement for additional distinct goods or services) or 3 (for example, a change in the specification of the distinct goods or services for a partially completed contract), although the facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract-by-contract and may result in different accounting outcomes.

Costs to obtain a contract

The Group expenses pre-contract bidding costs which are incurred regardless of whether a contract is awarded. The Group does not typically incur costs to obtain contracts that it would not have incurred had the contracts not been awarded.

Costs to fulfil a contract

Contracts recognised over time

Contract fulfilment costs in respect of over time contracts are capitalised as an asset where the costs related directly to a contract or an anticipated contract that the Group can identify, the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future and the costs are expected to be recovered. Otherwise, they are expensed as incurred.

Contracts recognised at a point in time

Contract fulfilment costs in respect of point in time contracts are accounted for under AASB 102 Inventories.

III Remaining performance obligations (work in hand)

The transaction price allocated to remaining performance obligations (unsatisfied or partially satisfied) at 30 June 2026 is set out below:

Transaction price allocated to remaining performance obligations pursuant to customer contracts

	2026 $'000	2025 $'000
Committed but not recognised as liabilities:		
- Within one year	2,119,501	1,285,394
- Two to three years	3,669,983	1,881,582
- More than three years	4,129,851	1,884,755
Total	9,919,335	5,051,731

The transaction price associated with unsatisfied or partially satisfied performance obligations does not include variable consideration that is constrained.

IV Vessel construction and support contracts in progress

	2026 $'000	2025 $'000
Work in progress (see Note 17)	659,857	596,577
Progress payments received in advance	(881,190)	(751,706)

1. Recognition and measurement

Construction and support work in progress represents the Group's right to consideration for services provided to customers for which the Group's right remains conditional upon something other than the passage of time.

Amounts are generally reclassified to trade receivables when contract performance obligations have been certified or invoiced to the customer.

Progress payments received in advance arise where payment is received prior to work being performed.

Revenue of $199.1 million recognised in the current period was included in the progress payments received in advance (PPIA) balance at the beginning of the period (FY2025: $114.9 million).

V Significant accounting judgements and estimates

1. Contract revenue and expected construction profits at completion

The assessment of contract revenue in accordance with the Group's accounting policies requires significant estimates to be made for total contract revenues, total contract costs and the current percentage of completion. Estimates were made by management with respect to total contract revenues, and total contract costs, which had a resulting impact on the percentage of completion, in line with the Group's accounting policy for contract revenue.

Management exercises significant judgement in assessing whether it is highly probable that revenue from variable consideration will not result in a significant reversal in the future. This assessment considers factors such as the details of the contract, whether the amount of consideration is highly susceptible to factors outside the entity's influence, the uncertainty about the amount of consideration that is not expected to be resolved for a long period of time, and the entity's experience with similar contracts. Judgements are updated at each reporting date based on the latest available information, which may result in adjustments to the timing or amount of revenue recognised.

As has been noted in prior annual reports, in developing and preparing its financial accounts, Austal is required to make various assumptions and forecasts related to progress on each shipbuilding program, referred to as Estimate At Completion (EAC). These EACs necessarily rely on a degree of judgment based on various inputs, including expected future year productivity, cost inflation, forecast overhead rates (which is dependent on future production throughput for the facility), forecast efficiency improvements and realisation (or not) of cost contingencies. Key assumptions, risks and opportunities can be impacted by numerous factors including actual costs and cash outflows differing from estimates (positively or negatively) as a result of inflationary cost increases, supply chain challenges, labour efficiencies, design and/or specification changes, incentives and structural complexities. Austal is in regular discussions and correspondence with its commercial partners and Defence customers on these and other factors; EACs are therefore not static and thus the estimated profitability of each programme individually and the business as a whole is necessarily subject to periodic review and (as set out herein), adjustment if necessary.

2. Contingencies

Significant judgement is required in relation to the determination of cost contingencies that are included within the estimated total contract costs for each vessel project at balance date.

First in class vessels can carry heightened cost risk associated with vessel performance, schedule adherence and material consumption and labour productivity.

Multi vessel contracts provide the opportunity for efficiency improvements from vessel to vessel which are typically built into customer pricing and hence achievement of improvements from vessel to vessel (i.e. a learning curve) represents additional cost risk.

Future judgments about the appropriate level of contingencies to be held for each new vessel could result in an increase or decrease in the profit recognised on relevant vessels in future reporting periods.

Examples of risks

The Group includes contingencies in individual vessel projects to allow for risks associated with estimates of material volumes and costs, labour hours including productivity improvements from ship to ship in multi vessel programs, labour rates, future overhead rates, liquidated damages for contractual commitments and other risks that may be identified for each individual project on a case by case basis such as the incorporation and development of novel technologies and production methods and achievement of key milestones.

Consumption and release of contingencies

Contingencies will either be consumed or released as progress is made on each vessel, and the risks are either realised or retired and / or certain milestones are achieved. Successful mitigation of the risks and / or successful achievement of the milestones can be estimated with greater certainty in the latter stages of the completion of each particular vessel. The profit recognised on relevant vessels will decrease in future reporting periods in the event that initial contingency estimates do not adequately cover unplanned cost increases. The profit recognised on relevant vessels will increase in future reporting periods in the event that initial contingency estimates exceed any unplanned cost increases that may eventuate.

USA

USA is completing a number of vessels under multi vessel contracts, as well as individual vessel projects.

Contingencies held at 30 June 2026 for undelivered vessels in the USA business unit were $286.5 million (FY2025: $Nil), mainly relating to the OPC, T-ATS and LCU programs. This was equivalent to 10.6% of Estimate to Complete (ETC) (FY2025: Nil).

Australasia

Australasia is completing a number of vessels under multi vessel contracts, as well as individual vessel projects.

Contingencies held at 30 June 2026 for undelivered vessels in the Australasia business unit were $479.4 million (FY2025: $17 million), mainly relating to the LC-H and LC-M programs which were awarded in FY2026, and the Gotland program awarded in FY2025. This was equivalent to 11.9% of ETC (FY2025: 4.5%).

3. Contractual relief on T-ATS and LCU programs

T-ATS

Austal was awarded its first steel construction contract by the US Navy in September 2021, a build of two Towing, Salvage and Rescue Ships (T-ATS 11 and 12). Three further options were exercised, which were awarded in July 2022 (T-ATS 13 and 14) and June 2023 (T-ATS 15). These vessels are the first to be constructed in the Company's steel panel line. In September 2025, the options for the two final vessels (T-ATS 14 and 15) were cancelled.

At the same time, Austal was successful in recovering additional incurred costs resolving issues with the Government furnished functional design and constructing those vessels through a Request for Equitable Adjustment (REA) process. Recently, Austal transitioned from a 'follow' yard to the 'lead' yard on the T-ATS program. This change required Austal to lead design implementation and modification, creating additional financial costs and therefore Estimates at Completion (EAC) growth.

Management have reviewed the EAC as part of the year-end process and applied judgement in calculating the variable consideration in line with AASB 15. As detailed further in Note 19 III 3, management and the program office conduct regular reviews of costs contained within the EACs which comprises of historical cost and forecast cost to completion. Consistent with the Group's experience in FY2023, FY2024 & FY2025, this process identified a number of drivers of further increased forecast costs as a result of the immature and defective detailed design for the vessels, which were identified post the date of the previously settled REA and fall outside its scope, which led to an increase of material quantities and labour hours growth due to engineering requirements and rework, whilst also impacting the delivery schedule.

LCU

Austal was awarded a construction contract by the US Navy in September 2022, a build of three Landing Craft Utility (LCU) 1700-class vessels. Two further options were exercised, which were awarded in August 2024.

Management have reviewed the EAC as part of the year-end process and applied judgement in calculating the variable consideration in line with AASB 15. As detailed further in Note 19 III 3, management and the program office conduct regular reviews of costs contained within the EACs. This process identified a number of drivers of increased forecast costs as a result of the level of engineering and production effort required to mature the first-in-class design for the vessels which was outside of Austal's contractually agreed scope of work and led to an increase of material quantities and modifications, and labour hours growth. There were also increased forecast costs for testing and trials.

Recognition of revenue in relation to contractual relief

Throughout FY2026, Austal USA has been in ongoing commercial discussions with the US Navy regarding applications for contractual relief on the T-ATS and LCU programs. In September 2025, Austal and the US Navy finalised an REA settlement for issues identified to date on the T-ATS program. Austal USA subsequently raised additional contract concerns on the T-ATS and LCU programs related to Government responsible design and program changes.

As detailed above, on both programs, Austal was not the original lead yard with functional design responsibility. As such, management's position on recovery of costs is supported by established principles of US Federal Government contract law and on express contract clauses - where the US Government furnishes design specifications and directs the manner of performance, it impliedly warrants their adequacy, and a contractor performing in accordance with them is not responsible for the resulting defects or the added cost of working around them.

Through ongoing discussions, management determined that a request for accelerated contractual relief was not likely to be agreed to by the US Navy, however Austal USA will continue to engage with the US Navy with a view to reaching a mutually acceptable resolution. In parallel, Austal USA has commenced the formal contractual process available to it, having submitted Notices of Change (NOC) and requests for a Contracting Officer's Final Decision, and will submit formal Requests for Equitable Adjustment (REA) in relation to the T-ATS and LCU programs.

Whilst commercial discussions continue with the US Navy, the amount of contractual relief, in whatever form is agreed, that is deemed highly probable for the T-ATS and LCU programs by the Directors of each of Austal USA and Austal Limited of US$45.8 million (A$67.5 million) and US$28.7 million (A$42.2 million) respectively, has been treated as variable consideration for the contract at completion. This has resulted in incremental revenue of US$31.7 million (A$46.7 million) and US$14.2 million (A$21.0 million) respectively, being recognised during the year based on the percentage completion of each vessel, and a partial reversal of the onerous contract provisions of US$14.1 million (A$20.8 million) and US$14.4 million (A$21.3 million) respectively as at 30 June 2026 associated with these contracts.

4. Contractual relief on the OPC program

OPC

Austal was awarded a detailed design and construction contract by the US Coast Guard (USCG) in July 2022 for the build of up to 11 Offshore Patrol Cutters (OPCs). During the year ended 30 June 2026, options for the detailed design and production of OPC 1 through OPC 3 and for long lead time materials relating to OPC 4 through OPC 6 have been exercised by the USCG.

Management have reviewed the EAC as part of the year-end process and applied judgement in calculating the variable consideration in line with AASB 15. Management and the program office conduct regular reviews of costs contained within the EACs. This process identified a number of drivers of increased forecast costs as a result of the level of engineering and production effort required to mature the first-in-class design for the vessels which was outside of Austal's contractually agreed scope of work, leading to an increase of material quantities and modifications, and labour hours growth.

Recognition of revenue in relation to contractual relief

Throughout FY2026, Austal USA has been in ongoing commercial discussions with the USCG regarding applications for contractual relief on the OPC program. Although Austal USA has not finalised any formal contractual modification, it has submitted a Notice of Change (NOC) and will file an REA or claim if its discussions with the USCG do not result in near-term results. In parallel, the USCG has formally requested cost and schedule impacts to address a number of concerns with the current contract structure, including accelerating delivery schedules.

Whilst commercial discussions continue with the USCG, the expected upward adjustments to the total contract value that is deemed highly probable for the OPC program by the Directors of each of Austal USA and Austal Limited of US$870.0 million (A$1,281.6 million) has been treated as variable consideration for the contract at completion. This has resulted in incremental revenue of US$210.9 million (A$310.7 million) being recognised during the year based on the percentage completion of each vessel, and no onerous contract provision exists as of 30 June 2026. No margin has been recognised on the OPC program during the year.

Austal's position on the accounting treatment of the variable consideration is considered highly probable based on the factors detailed below:

- Management's internal and external counsel have reviewed the original contract, communication between Austal and the USCG, the magnitude and types of cost overruns, and forecasted cost increases which have been discussed with the USGC. Similar to the T-ATS program, Austal transitioned from a 'follow' yard to the 'lead' yard on the OPC program and as a result, Austal USA is, in all material respects, performing first-article design work rather than completing to a mature, proven baseline. On this basis, Austal has a right to recoup costs in the event Austal were to seek litigation. Austal has also received external legal advice which confirms that the contract provides Austal enforceable rights to recover additional compensation for incremental costs caused by the action or inaction of the customer that was not consistent with the terms and/or intent of the contract;

- Over the contract's history, Austal has filed a number of contract-based claims and requests, submitted a proposal for significant price increase associated with schedule acceleration in November 2025 and May 2026, had ongoing discussions with the USCG over program challenges and overruns and submitted a Term Sheet in June 2026 for a comprehensive contract modification for the OPC program to resolve the underlying program issues that support both Austal and the USCG's objectives;

- USCG representatives (who have authority to make binding determinations in this regard) have responded positively to Austal USA senior management's submissions, and have indicated, via a letter of intent, a willingness to work towards a mutually acceptable outcome; and

- The accepted view that it is typical in the US Defense environment to seek contract modifications from the US Government where contractual entitlement exists, and that these modifications are regularly granted by the US Government to address entitlement and create outcomes that support both industry and Government objectives; and

- Given the facts noted above, Management have considered a range of reasonably possible outcomes with respect to the OPC program and are satisfied that based on these outcomes that it is highly probable that a significant reversal of revenue will not occur in relation to revenue recognised to date.

5. Manufacturing facility for submarine modules (MMF3)

In September 2024, Austal USA was awarded a US$450 million contract by General Dynamics Electric Boat (GDEB) to expand the capacity through production hours available to perform submarine manufacturing, and to design, construct and outfit a new module manufacturing facility at its Mobile shipyard. This is to support the US Navy production goal of delivering one Columbia-class and two Virginia-class submarines annually. The first two payment milestones, amounting to US$250 million and US$100 million respectively, were invoiced and paid in FY2025. A further US$33 million was invoiced in June 2026 and subsequently paid in July 2026.

Judgement was required in relation to the identification of the performance obligations. The consideration received will be recognised over time as the Group provides labour and manufacturing capacity to GDEB. Future submarine module manufacturing consideration will be recognised as revenue as and when the construction of the modules is performed.

Revenue of $24.8 million in relation to this contract has been recognised during the year to 30 June 2026 (30 June 2025: $6.2 million), as performance obligations have been partially satisfied, with the balance recorded as progress payments in advance as of the end of the year. An estimate of the satisfaction of these performance obligations over the next 12 months has been determined to enable the categorisation between current ($74.1 million) and non-current ($453.8 million) progress payments in advance, with the non-current portion being recognised as revenue over the remaining contract term of 7.5 years (total contract period is 10 years). To support the delivery of the contract, the Group has capital commitments relating to the construction of the facility, as disclosed in Note 29.

Note 5 Other profit and loss

I Disclosure

	2026 $'000	2025 $'000
Other income and expenses		
Government infrastructure grants amortised	19,940	22,290
Sale of scrap materials	2,736	1,219
Sundry (expense) / income	(452)	6,067
Vessel warranties	1,276	(871)
Loss on disposal of land and buildings	(135)	-
Gain on disposal - EdgeTI [1]	4,129	-
Loss on disposal of plant and equipment	(843)	(37)
Loss on inventory	(1,009)	(325)
Net foreign exchange (loss) / gain	(4,354)	3,956
Total	21,288	32,299
Finance income		
Interest income	12,975	13,275
Finance costs		
Interest payable to unrelated parties	(18,532)	(17,315)
Amortisation of capitalised loan origination costs	(1,797)	(864)
Total	(20,329)	(18,179)
Net finance costs	(7,354)	(4,904)
Depreciation and amortisation		
Depreciation of property, plant and equipment	(54,290)	(57,790)
Depreciation of right of use assets	(14,067)	(13,073)
Amortisation of intangible assets	(1,804)	(2,268)
Total	(70,161)	(73,131)
Employee benefits [2]		
Wages and salaries	(463,134)	(502,054)
Annual leave expense	(29,285)	(26,780)
Post-retirement benefits - defined contribution	(12,134)	(12,840)
Post-retirement benefits - defined benefit	(446)	(351)
Workers' compensation costs	(5,524)	(350)
Share based payments expense	(4,110)	(2,960)
Long service leave expense	(1,308)	(1,742)
Total	(515,941)	(547,077)
Research and development credits [3]		
Research and development credits	19,048	9,743

1. Refer to Note 24, IV for further information.
2. Included within 'cost of sales', 'administration, legal and settlement', and 'marketing' expenses.
3. Included within 'cost of sales'.

	2026	2025
	$	$
Auditors' remuneration [1]		
Amounts received or due and receivable by Deloitte Touche Tohmatsu Australia and related network firms for:		
Audit or review of the financial statements		
Group	(2,431,668)	(2,074,748)
Controlled entities	(148,477)	(155,673)
Total	(2,580,145)	(2,230,421)
Non-audit services		
Taxation advice and compliance services	(167,056)	(295,277)
Total	(167,056)	(295,277)
Total	(2,747,201)	(2,525,698)
Other auditors and firms:		
Audit or review of the financial reports		
Subsidiaries	(58,562)	(48,845)
Non-audit services		
Taxation advice and compliance services	(13,170)	(25,110)
Total	(71,732)	(73,955)
Total	(2,818,933)	(2,599,653)

1. The portion of the auditors' remuneration payable in USD was converted at an AUD / USD exchange rate of 0.6788 in FY2026 (FY2025: 0.6477).

II Recognition & measurement

The following recognition and measurement criteria must be met before the following specific items are recognised in the Profit and Loss:

1. Grants relating to expense items

Grants include US Government infrastructure grants and training reimbursement grants. Grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

All grants are recognised as income when they relate to an expense item. The grants are recognised over the periods necessary to match the grant to the costs that they are intended to compensate.

2. Research and Development (R&D) credits

The Group receives tax credits for eligible R&D expenditure. The Group accounts for its R&D tax credits using a “hybrid” approach, whereby tax credits received up to the Group’s statutory tax rate are accounted for as an income tax benefit under AASB 112, and the amount of R&D tax credits in excess of the Group’s statutory tax rate are accounted as a Government grant under AASB 120.

The excess R&D credits are recognised as a reduction to each vessel’s cost estimate at completion when there is reasonable assurance that the credits will be received and utilised. The entire excess credit is recognised in cost of sales and changes the calculation of percent complete which impacts the timing of revenue recognition for the projects.

The net impact to profit before tax in FY2026 was $19.0 million (FY2025: $9.7 million).

The future tax benefit of carry forward R&D credits where deemed to be probable of recovery are recognised in Other Non-Current Assets. Further information relating to the R&D credits is provided in Note 25.

3. Finance costs

Finance costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other finance costs are expensed in the period that they occur. There were no qualifying assets in FY2026 (FY2025: None).

Finance costs include interest payments, amortisation of capitalised loan origination costs and other costs that an entity incurs in connection with the borrowing of funds.

4. Sale of scrap materials

Revenue for the sale of scrap is recognised when the significant risks and rewards of ownership of the materials have passed to the buyer. Risk and rewards of ownership are considered to have passed to the buyer at the time of delivery of the goods to the customer.

5. Foreign exchange gains and losses

Foreign exchange gains and losses included in the Profit and Loss comprise fair value adjustments on non-derivative financial assets (such as foreign currency denominated loans) and gains and losses on cash flow hedges that were deemed to be ineffective during the accounting period.

III Significant accounting judgements and estimates

1. R&D credits

Management has made judgements regarding which expenditure is classified as eligible for the credit, including assessing activities to determine whether they are conducted for the purposes of generating new knowledge, and whose outcome cannot be known or determined in advance.

Note 6 Earnings per share (EPS)

I Calculation

		2026	2025
Net (loss) / profit after tax			
Net (loss) / profit after tax attributable to ordinary equity holders of the parent $'000		(53,602)	89,733
Weighted average number of ordinary shares			
Basic	Number	421,886,176	379,489,572
Effect of dilution	Number	4,238,099	4,825,412
Diluted	Number	426,124,275	384,314,984
Earnings per share			
Basic (loss) / earnings per share	$ / share	(0.127)	0.236
Diluted (loss) / earnings per share	$ / share	(0.127)	0.233

II Measurement

Basic EPS is calculated by dividing net profit after tax for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit after tax for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive ordinary shares into ordinary shares.

In FY2026, the effect of rights is anti-dilutive given the net (loss) attributable to ordinary equity holders of the parent. As a result, the rights have been excluded and basic and diluted EPS are the same.

III Information concerning the classification of securities

1. Performance rights

Performance rights granted to executives under the Group's Long-Term Incentive Plan are included in the calculation of diluted EPS where the conditions would have been met at the reporting date. There were 2,716,644 performance rights that were potentially dilutive at 30 June 2026
(30 June 2025: 3,316,572 performance rights).

Further information relating to the performance rights is provided in Note 35.

2. Share rights

Share rights may be provided to KMP as part of total fixed remuneration. The share rights are treated as effective shares and therefore included in the calculation of basic EPS.

Further information relating to the share rights is provided in Note 35.

3. Service rights

Service rights are included in the determination of diluted EPS. There were 1,441,564 service rights that were potentially dilutive at 30 June 2026 (30 June 2025: 1,471,884 service rights).

Further information relating to the service rights is provided in Note 35.

4. Short-term service rights

Short-term service rights are included in the determination of diluted EPS. There were 79,891 service rights that were potentially dilutive at 30 June 2026 (30 June 2025: 50,521 short-term service rights).

Further information relating to the short-term service rights is provided in Note 35.

5. Other equity transactions

Austal issued 870,177 shares to the Employee Share Trust during the year ended 30 June 2026 in relation to the vesting of the FY2023 LTI Plan, FY2025 STI equity (indeterminate rights), FY2021 service rights and share rights issued to Non-Executive Directors.

Austal issued 23,991 shares to the Employee Share Trust in July 2026 in relation to share rights issued to Non-Executive Directors.

There have been no additional transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Note 7 Reconciliation of net profit after tax to net cash flows from operations

	2026 $'000	2025 $'000
Net (loss) / profit after tax	(53,602)	89,733
Adjustments for non cash profit and loss items:		
Depreciation and amortisation	70,161	73,131
Impairment of goodwill	1,790	-
Net loss on disposal of property, plant and equipment	978	37
Loss on derecognition of subsidiary	8	43
Share based payments expense	4,110	2,960
Interest expense	6,533	6,275
Amortisation of borrowing costs	1,797	864
Deferred government grant income	(19,940)	(22,290)
Research and development tax credits recognised	(19,048)	(9,743)
Non-cash mark to market revaluations	1,628	(2,550)
Total	48,017	48,727
Changes in assets and liabilities:		
(Decrease) in income tax (current and deferred)	(118,009)	(141,385)
Increase / (decrease) in provisions	86,997	(25,362)
(Increase) / decrease in trade and other receivables	(8,844)	23,946
(Increase) in inventories and work in progress	(64,269)	(199,934)
Decrease in prepayments	39,112	2,114
(Increase) in other financial assets	(2,286)	(680)
Increase in trade and other payables	5,912	81,226
Increase in progress payments received in advance	129,484	527,937
Total	68,097	267,862
Net cash from operating activities	62,512	406,322

Note 8 Dividends paid and proposed

I Dividends on ordinary shares

Dividends paid on ordinary shares	2026 $'000	2025 $'000
Unfranked final dividend for the prior year, 0 cps (2025: unfranked, 0 cps)	-	-
Unfranked interim dividend for the current year, 0 cps (2025: unfranked, 0 cps)	-	-
Total	-	-
Dividend declared subsequent to the reporting period end (not recorded as liability)		
Unfranked final dividend for the current year, 0 cps (2025: unfranked, 0 cps)	-	-

II Franking credit balance

	2026 $'000	2025 $'000
Opening balance	-	3,403
Franking credits movement from the (refund) of income tax	-	(3,403)
Movement	-	(3,403)
Closing balance	-	-

Note 9 Income and other taxes

I Income tax expense

	2026 $'000	2025 $'000
Major components of tax expense:		
Consolidated profit and loss		
Current income tax		
Current income tax charge	(9,873)	(162,525)
Adjustments in respect of current income tax of the previous year	3,134	20,236
Total	(6,739)	(142,289)
Deferred income tax		
Relating to origination and reversal of temporary differences	89,755	141,426
Adjustments in respect of deferred income tax of the previous year	(4,056)	(17,854)
Total	85,699	123,572
Total income tax benefit / (expense)	78,960	(18,717)
Other comprehensive income (OCI)		
Current and deferred income tax related items charged or credited directly to OCI		
Current and deferred losses / (gains) on foreign currency contracts	1,373	(1,487)
Deferred (gains) / losses on revaluation of property, plant and equipment	(9,746)	5,307
Total income tax (expense) / benefit charged to OCI	(8,373)	3,820
A reconciliation between tax benefit / (expense) and the product of accounting (loss) / profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (loss) / profit before income tax from continuing operations	(132,562)	108,450
Income tax at the Group's statutory income tax rate of 30% (2025: 30%)	39,769	(32,535)
USA combined federal and state income tax rate of 25% (2025: 25%)	(9,978)	6,186
Philippines gross income tax (GIT) regime	573	253
Other foreign tax rate differences	680	110
USA revalued deferred balances for change in weighted average state rate	(162)	(3,090)
Non-taxable R&D credits in cost of sales (Australian & USA)	(1,939)	(2,447)
Recognition and utilisation of prior year unrecognised Australian tax group losses	24,358	6,843
Recognition of prior year unrecognised Australian R&D credits	20,714	-
Income tax credits generated (USA)	7,336	5,371
Valuation of share based payments	(23)	(897)
Other (non-assessable) or non-deductible items	(1,446)	(893)
Adjustments in respect of current and deferred income tax of the previous year	(922)	2,382
Total adjustments	39,191	13,818
Income tax benefit / (expense) reported in the profit and loss	78,960	(18,717)
Income tax receivable / (payable)		
Income tax receivable	28,205	1,534
Income tax payable	(363)	(22,422)

II Analysis of temporary differences

	Statement of Financial Position		Movement in Profit and Loss	
	2026	2025	2026	2025
	$'000	$'000	$'000	$'000
Deferred income tax - USA				
Deferred tax assets				
Deferred grant income	33,424	33,199	1,828	6,201
Payables	3,303	1,946	1,432	(1,145)
Trade and other receivables	39	-	38	(419)
Provisions	42,488	17,276	25,690	1,327
Deferred gains and losses on foreign currency contracts	598	83	-	-
Lease liabilities	26,112	20,151	6,850	6,428
Losses available for offset against future taxable income	16,643	9	16,399	-
R&D tax credits	-	-	7,336	-
R&D expense	-	49,597	(46,499)	23,708
Work in progress - net	48,655	-	47,967	(37,131)
Progress payments received in advance	131,820	133,498	4,793	135,113
Total	303,082	255,759	65,834	134,082
Deferred tax liabilities				
Property, plant and equipment	(112,806)	(116,574)	(1,650)	2,368
Intangibles	(45)	(118)	66	(15)
Right of use assets	(23,397)	(18,001)	(6,189)	(5,605)
Work in progress - net	-	(5,906)	5,537	(5,978)
Payables	(14)	34	-	-
Deferred gains and losses on foreign currency contracts	(395)	(1,404)	-	-
Total	(136,657)	(141,969)	(2,236)	(9,230)
Net deferred tax asset	166,425	113,790	63,598	124,852
Deferred income tax - Australia				
Deferred tax assets				
Provisions	11,719	11,658	62	333
Payables	1,707	355	1,352	(234)
Deferred gains and losses on foreign currency contracts	249	505	-	-
Lease liabilities	17,755	14,430	3,325	18
R&D tax credits	19,774	-	19,503	-
Other	632	729	(97)	64
Total	51,836	27,677	24,145	181
Deferred tax liabilities				
Property, plant and equipment	(13,020)	(2,949)	(593)	(1,351)
Deferred gains and losses on foreign currency contracts	(763)	(978)	-	-
Right of use assets	(18,004)	(15,270)	(2,735)	591
Prepayments	-	-	-	461
Other	(128)	(2,075)	1,947	(2,059)
Total	(31,915)	(21,272)	(1,381)	(2,358)
Net deferred tax asset	19,921	6,405	22,764	(2,177)
Deferred income tax - Other				
Deferred tax assets	207	930	(663)	897
Net deferred tax asset	186,553	121,125	85,699	123,572

III Austal Group Tax Strategy

Austal's Group Tax Strategy has been endorsed by Austal's Audit & Risk Committee (ARC) and is subject to annual review and approval. This strategy applies to Austal Limited and its worldwide subsidiary companies.

1. Tax risk management and governance

Austal's tax risk management and governance processes are supported through its Tax Risk Management Standard that is approved by the Board of Directors. The ARC assists the Board in fulfilling its oversight responsibilities by reviewing, monitoring and making recommendations in relation to tax risk management and governance practices.

The standard includes:

- Ensuring that the roles and responsibilities for the management of tax risks are documented and understood;
- Maintaining a qualified and adequately resourced tax team to manage the tax control framework and day to day tax affairs;
- Requiring tax review of specified transactions and events and obtaining external advice where appropriate; and
- Regular reporting of key tax issues to the Chief Financial Officer and to the Board of Directors and ARC.

2. Tax principles

Austal observes these principles in its approach to tax. It will:

- Fulfil its tax obligations in accordance with tax laws and practice of the tax jurisdictions in which it operates.
- Pay the amount of tax which is legally due at the correct time.
- Maintain an open, transparent and collaborative relationship with tax authorities.
- Act with integrity to protect the reputation of Austal.

3. Tax planning

Austal seeks to manage its business in a tax-efficient manner, compliant with the tax laws, rules and regulations of the jurisdiction it operates in. Transactions are undertaken for commercial and economic business reasons; Austal will not knowingly participate in, facilitate nor promote artificial or contrived tax planning arrangements for the purposes of tax avoidance.

4. OECD Pillar Two Model Rules

Austal Limited is part of a global consolidated group that may be subject to additional taxation under the OECD Pillar Two tax reforms. These reforms apply to multinational entities which revenues exceeding EUR 750 million and aim to ensure that large multinational groups pay a minimum amount of tax on income in each jurisdiction in which they operate and would apply a 'top up' tax to profits in low taxing jurisdictions representing at least the minimum rate of 15%.

Pillar Two legislation has been enacted or substantively enacted in a number of jurisdictions in which the Group operates with effect from 1 July 2024. The Group has estimated that the Pillar Two effective tax rates exceed 15% or satisfies transitional safe harbour measures in all jurisdictions in which it operates. On this basis, the Group has not recognised any Pillar Two tax expense for the year ended 30 June 2026.

In accordance with the mandatory exception introduced into AASB 112 *Income Taxes*, the Austal Limited Group has not recognised any deferred taxes arising from the Pillar Two reforms.

5. Tax risk appetite

Tax risk will inevitably arise given the scale of the business and the number of tax jurisdictions in which Austal operates, the judgements that are required to interpret complex tax regulations and the continually changing nature of tax laws.

Austal practices prudent management of its tax affairs through the application of its Tax Risk Management Standard. Austal proactively seeks to identify, evaluate, manage and monitor tax uncertainties and risks to ensure that they are appropriately addressed. Transfer pricing is calculated using the "arm's length" principle and structured so that the tax results are consistent with the underlying economic consequences.

6. Relationship with tax authorities

Austal is committed to engaging with the regulatory authorities with integrity, honesty, respect, fairness, transparency and a spirit of co-operation.

7. UK specific comments

Austal Group's tax strategy is regarded as satisfying the statutory obligation under Paragraph 22(2) of Schedule 19 Finance Act 2016 ('Qualifying Company') for Austal UK Limited.

IV Recognition and measurement

1. Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance date.

2. Deferred income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when:

- The deferred income tax liability arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit and Loss; or
- The taxable temporary differences associated with investments in subsidiaries, associates or joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Deferred income tax asset recognition

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward tax assets and losses to the extent that the availability of taxable profit against which the deductible temporary differences is probable; and the deferred tax assets can be utilised, except when:

- The deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit and Loss;
- The deductible temporary differences are associated with investments in subsidiaries, associates and interests in joint ventures in which case a deferred tax asset is only recognised to the extent that taxable profits will be available in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

4. Deferred income tax asset and liability measurement

The US federal rate of income tax is 21.0% (FY2025: 21.0%) and the weighted average of individual US states in which Austal operates was 4.19% for FY2026 (FY2025: 4.10%). The weighted average tax rate changes year on year based on the distribution of activity between the states.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance date.

Amounts arising from the re-measurement of deferred balances is disclosed separately in the tax expense reconciliation.

5. Income taxes relating to equity items

Income taxes relating to items recognised directly in equity are only recognised in equity and not in the Profit and Loss.

V Tax consolidation

Austal Limited is the head entity in a Tax Consolidated Group comprising of Austal Limited and its 100% owned Australian resident subsidiaries that was implemented 1 July 2002. Members of the Group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

The agreement provides for the allocation of income tax liabilities between the entities in the event that the head entity defaults on its tax payment obligations. The possibility of default was assessed to be remote at the reporting date.

The current and deferred tax amounts for the Tax Consolidated Group are allocated amongst the entities in the Tax Consolidated Group using a stand-alone taxpayer approach whereby each entity in the Tax Consolidated Group measures its current and deferred taxes as if it had continued to be a separately taxable entity in its own right. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in each entity's statement of financial position and their tax values applying under tax consolidation.

Any current or deferred tax assets or liabilities arising from unused tax losses assumed by the head entity from the subsidiaries in the Tax Consolidated Group are recognised in conjunction with any tax funding arrangement amounts. The Tax Consolidated Group recognises deferred tax assets arising from unused tax losses of the Tax Consolidated Group to the extent that it is probable that future taxable profits of the Tax Consolidated Group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses assumed from subsidiaries are recognised by the head entity only.

The members of the Tax Consolidated Group have a tax funding arrangement which sets out the funding obligations of members of the Tax Consolidated Group in respect of tax amounts. The tax funding arrangements require payments to or from the head entity to be equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity.

No amounts have been recognised as tax consolidation contribution or distribution adjustments in preparing the accounts for the head entity for the current year.

VI Significant accounting judgements and estimates

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements.

1. Deferred tax assets

Deferred tax assets are recognised as deductible temporary differences because management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

In FY2026, the Group has recognised a deferred tax asset on all previously unrecognised carry forward Australian tax losses and Australian R&D credits because there is now sufficient certainty in the Group's ability to utilise these in the short term due to the awards of the Landing Craft Medium (LC-M) and Landing Craft Heavy (LC-H) contracts in December 2025 and February 2026 respectively. The Australian tax group has generated taxable profits in the current year underpinned by the current performance on these contracts. The Group will continue to assess the recognition criteria against the probability of future taxable profits each reporting period.

Note that the Australian Consolidated Tax Group consists of the Australian Shipbuilding and Support operations that comprise part of the Australasia segments as well as the Austal Limited Corporate Head Office and hence the taxable income of the Australian Consolidated Tax Group is different from the profitability of the Australasia segments.

Remaining unrecognised deferred tax assets in respect of the Australian Consolidated Tax Group losses at 30 June 2026 and 30 June 2025 were:

	2026 $'000	2025 $'000
Unrecognised Australian tax losses (tax effected values)		
Opening balance	25,195	30,212
True-up of prior year tax losses	(838)	1,826
Losses (utilised) in the current year	-	(6,843)
Recognition of Australian tax losses	(24,357)	-
Total	(25,195)	(5,017)
Closing balance	-	25,195

	2026 $'000	2025 $'000
Unrecognised Australian R&D credits (tax effected values)		
Opening balance	19,946	19,946
Recognition of Australian R&D credits	(19,946)	-
Total	(19,946)	-
Closing balance	-	19,946

In FY2026, the Group has recognised a deferred tax asset on all tax losses incurred by Austal USA during the year. Based on management's assessment of forecast taxable profits, including expected future earnings from contracted programs, it is considered probable that sufficient taxable profits will be available to utilise these losses. Accordingly, the deferred tax asset for these current year tax losses has been recognised in full. The Group will continue to reassess the recoverability of these deferred tax assets at each reporting date.

	2026 $'000	2025 $'000
Unrecognised USA tax losses (tax effected values)		
Opening balance	-	-
Losses incurred in the current year	13,138	-
Recognition of USA tax losses	(13,138)	-
Total	-	-
Closing balance	-	-

2. Audits by tax authorities

The Group establishes a provision based on reasonable estimates, for the possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

3. Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) or Value Added Tax (VAT) except when:

- The GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item; and
- Receivables and payables which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the relevant taxation authority is included as part of receivables or payables in the statement of financial position.

Capital structure

Note 10 Cash and cash equivalents

I Net carrying amount

	2026 $'000	2025 $'000
Cash		
Cash at bank and in hand	311,895	583,933
Total	311,895	583,933

II Recognition and measurement

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents for the purposes of the Cash Flow Statement consists of cash and cash equivalents (as defined above).

Note 11 Interest bearing loans and borrowings

I Net carrying amount

	2026 $'000	2025 $'000
Non-current		
Go Zone Bonds	(125,561)	(130,821)
Other	(1)	-
Total	(125,562)	(130,821)

II Recognition and measurement

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The fair values of all classes of borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or they are of a short-term nature.

III Go Zone Bonds (GZB)

The Gulf Opportunity Zone Bonds (Go Zone Bonds or GZB) are a form of indebtedness that was authorised by the US Federal Government to incentivise private investment in infrastructure in geographical areas that were affected by Hurricane Katrina in 2005. Austal qualified to borrow US$225 million with a 30 year maturity to invest in the development of shipbuilding infrastructure in Austal USA between FY2008 & FY2013.

Go Zone Bonds are tax-exempt municipal bonds in the United States and attracted an average coupon rate of 2.4612% in FY2026 (FY2025: 3.0203%). GZB bondholders are secured by letters of credit issued by Austal's banking syndicate with a maturity date of 27 June 2030 for both Series 2011A and 2011B. The average cost of the letters of credit in FY2026 was 1.742% (FY2025: 1.771%). In December 2024, Austal extended the letters of credit securing the GZB to April 2026, and in June 2025, the letters of credit were further extended to June 2030.

Austal has redeemed (repaid) a cumulative amount of ~ US$137.5 million (FY2025: US$137.5 million) of GZB funds and owes US$87.5 million at 30 June 2026 (30 June 2025: US$87.5 million).

Austal has the option of redeeming the outstanding GZB balance, in whole or in part, at any time during the term of the indebtedness with a 30 day notice to bondholders.

IV Other

During the year, Austal Defence Australia Pty Ltd (ADA), issued a single Sovereign Share to the Commonwealth of Australia for consideration of $1,000. The Sovereign Share provides the Commonwealth with certain protective rights in relation to ADA, including specified information rights, veto rights and, in limited circumstances, rights to direct certain actions of ADA. These rights are intended to protect the Commonwealth's strategic interests in relation to defence programs and sovereign shipbuilding capability.

Pursuant to a Shareholders Deed, the Commonwealth has a call option over the ordinary shares of ADA held by Austal Limited. The call option is exercisable only in limited circumstances, including specified change-of-control events affecting Austal Limited or certain other defined events. If exercised, Austal Limited is required to transfer its ordinary shares in ADA to the Commonwealth for fair market value, as determined by an independent valuer in accordance with agreed valuation principles. The Sovereign Share does not provide the holder with rights to participate in dividends or residual returns beyond those specified in the governing arrangements and is not mandatorily redeemable. The instrument creates a contractual obligation for ADA to deliver a nominal cash coupon at the rate of 15% per annum and has therefore not been classified as an equity instrument in accordance with AASB 132.

V Credit facilities

	2026 $'000	2025 $'000
Total facility limit - cash loans and contingent instruments		
Revolving credit facility - cash loans	333,750	333,750
Term credit facility - cash loans	144,530	-
Revolving credit facility - contingent instruments	347,750	347,750
	826,030	681,500
Revolving credit facility - cash loans allowed for contingent instruments	178,750	178,750

As at 30 June 2026, Austal holds debt facilities with a $826.0 million (30 June 2025: $681.5 million) revolving and term credit facilities, inclusive of a $478.3 million (30 June 2025: $333.8 million) cash loan sublimit (of which $178.8 million can be utilised for contingent instruments). The revolving debt facilities are with a group of Tier 1 financial institutions, including Australian and international banks, and comprises bilateral arrangements with each lender under a common terms deed. The facilities are secured and have a 5 year maturity date from establishment date of 27 June 2025. The interest rate is variable, based upon a drawn margin above BBSY and SOFR for AUD and USD principal borrowings respectively.

The facilities detailed above include the Export Finance Australia (EFA) term loan facility with a credit limit of up to US$100 million (A$144.5 million) entered into on 12 December 2025. The purpose of the EFA facility is for the construction of the Group's new assembly building, waterfront improvements and new ship lift system to assemble and service large vessels in Mobile, Alabama. This facility is secured and has a 10 year maturity date from establishment date of 12 December 2025. The interest rate is variable, based upon a drawn margin above BBSY and SOFR for AUD and USD principal borrowings respectively.

VI Credit facilities – Cash Loans

	2026 $'000	2025 $'000
Credit facilities - cash loans		
Total facility limit	478,280	333,750
Facilities used at reporting date	-	-
Facilities unused at reporting date	478,280	333,750

VII Performance guarantees (bonding) facilities

	2026 $'000	2025 $'000
Total facilities available		
Revolving credit facility	526,500	526,500
Surety facilities	150,459	150,459
Total	676,959	676,959
Facilities used at reporting date		
Revolving credit facility - contingent instruments	(138,548)	(70,269)
Revolving credit facility - cash loans sublimit used for contingent instruments	(43,208)	(39,476)
Surety facilities	(459)	(762)
Total	(182,215)	(110,507)
Facilities unused at reporting date		
Revolving credit facility	344,744	416,755
Surety facilities	150,000	149,697
Total	494,744	566,452

As at 30 June 2026, any unused portion of the $826.0 million (30 June 2025: $681.5 million) credit facilities can be used as follows:

- Non-financial performance guarantees up to $526.5 million (30 June 2025: $526.5 million),
- financial performance guarantees up to $343.0 million (30 June 2025: $343.0 million), and
- cash loans up to $478.3 million (30 June 2025: $333.8 million).

As at 30 June 2026, Austal had a total of $150.5 million of uncommitted and secured Surety facilities (30 June 2025: $150.5 million).

Note 12 Reconciliation of financing cash flows to interest bearing debt

I Reconciliation

FY2026

	30 June 2025 $'000	Cash charges: Debt repay / (Drawdown) $'000	Cash charges: Payment of borrowing costs $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Amortisation of borrowing costs $'000	Non-cash changes: Reclassification $'000	30 June 2026 $'000
Non-current assets	7,897	-	925	(58)	(1,731)	1,142	8,175
Non-current borrowings	(130,821)	-	-	6,467	(66)	(1,142)	(125,562)
Total financing liabilities	(122,924)	-	925	6,409	(1,797)	-	(117,387)

FY2025

	30 June 2024 $'000	Cash charges: Debt repay / (Drawdown) $'000	Cash charges: Payment of borrowing costs $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Amortisation of borrowing costs $'000	Non-cash changes: Reclassification $'000	30 June 2025 $'000
Non-current assets	-	-	7,897	-	-		7,897
Current borrowings	(39,999)	40,381	-	(382)	-	-	-
Non-current borrowings	(129,609)	-	1,387	(1,735)	(864)	-	(130,821)
Total financing liabilities	(169,608)	40,381	9,284	(2,117)	(864)	-	(122,924)

Note 13 Contributed equity and reserves

I Contributed equity

1. Net carrying amount

	Shares 2026	Shares 2025	$'000 2026	$'000 2025
Ordinary shares on issue				
1 July	421,180,044	362,489,162	365,488	147,893
Shares issued to Employee Share Trust	870,177	796,145	7,182	2,555
Shares or proceeds transferred for beneficiaries	-	-	(2,369)	(193)
Shares issued for capital raising, net of transaction costs and tax	-	57,894,737	234	215,233
30 June	422,050,221	421,180,044	370,535	365,488
Reserved shares				
1 July	(1,576,957)	(1,267,695)	(3,976)	(2,828)
Shares issued to Employee Share Trust	(870,177)	(796,145)	(7,182)	(2,555)
Shares or proceeds transferred for beneficiaries	769,145	486,883	4,367	1,407
30 June	(1,677,989)	(1,576,957)	(6,791)	(3,976)
Net	420,372,232	419,603,087	363,744	361,512

2. Recognition and measurement

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds of the new shares or options. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Reserved shares

Austal Limited equity instruments which are issued and held by a trustee under the Employee Share Trust (EST) are classified as Reserved shares and are deducted from Equity. No gain or loss is recognised in the Other Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3. Movements in ordinary share capital

The movement in ordinary shares during year ended 30 June 2026 is comprised of shares issued as part of the employee share plans.

Austal established an Employee Share Trust (EST) during FY2019 for the purpose of acquiring, holding and transferring shares in connection with equity based remuneration established by the Company for the benefit of participants in those plans. Austal issued 870,177 shares to the trust during the year ended 30 June 2026 in relation to the vesting of the FY2023 LTI Plan, FY2025 STI equity (indeterminate rights), FY2021 service rights and share rights issued to Non-Executive Directors (30 June 2025: 796,145 shares to the trust for the FY2022 LTI Plan, FY2024 STI equity (indeterminate rights), FY2020 service rights and share rights issued to Non-Executive Directors).

II Reserves

The reserves are shown within the Consolidated Statement of Changes in Equity for the year ended 30 June 2026.

1. Foreign currency translation reserve (FCTR)

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

2. Employee benefits reserve

This reserve is used to:

- Record the value of equity benefits provided to employees and Directors as part of their remuneration, and
- Record the re-measurement of the retirement benefits liability for the Philippines.

Further information relating to share based payment plans for the Group is provided in Note 35.

3. Cash flow hedge reserve

This reserve records the portion of the gain or loss on hedging instruments in cash flow hedges that are determined to be effective hedges.

4. Common control reserve

This reserve represents the premium paid on the acquisition of historical minority interests in a controlled entity.

5. Asset revaluation reserve

This reserve is used to record increases in the fair value of land and buildings.

6. Financial assets at FVOCI reserve

This reserve is used to recognise changes to the fair value of certain equity security investments.

Note 14 Government grants relating to assets

I Net carrying amount

	2026 $'000	2025 $'000
Deferred grant income		
Current		
Infrastructure development	(15,841)	(17,530)
Total	(15,841)	(17,530)
Non - current		
Infrastructure development	(116,848)	(114,739)
Total	(116,848)	(114,739)
Total	(132,689)	(132,269)
Movements in deferred grant income		
1 July 2025	(132,269)	(107,416)
Grants received during the year	(27,055)	(45,954)
Amortised to the profit and loss	19,940	22,290
Effects of foreign exchange	6,695	(1,189)
Net movement	(420)	(24,853)
30 June 2026	(132,689)	(132,269)

II Recognition and measurement

Austal has received grants from various Government bodies in the USA to fund the infrastructure required for the expansion of the Group's USA operations in Mobile, Alabama.

The fair value of grants related to assets is credited to a deferred income liability account and is released to the Profit and Loss over the expected useful life of the relevant asset.

The fair value of grants related to expense items is recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they are intended to compensate.

Government grants are only recognised when received or when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Working capital

Note 15 Trade and other receivables

I Net carrying amount

Trade and other receivables	2026 $'000	2025 $'000
Trade amounts owing by unrelated entities	156,810	150,625
Loss allowance	(271)	(2,930)
Total	156,539	147,695

II Recognition and measurement

Trade receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Trade receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets as set out in AASB 9 Financial Instruments.

Trade and other receivables are measured at amortised cost. A gain or loss on trade and other financial assets that is subsequently measured at amortised cost is recognised in the Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The average credit period on trade receivables ranges from 30 to 45 days in most cases. The Group used the expected credit loss model in determining the recoverability of trade receivables as per AASB 9.

The Group applies the simplified approach permitted by AASB 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables without the need to identify significant increases in credit risk (i.e. no distinction is needed between 12 month and lifetime expected credit losses).

The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, meaning that a credit default does not need to have occurred before credit losses are recognised.

III Ageing analysis of trade and other receivables

			Days past due				Loss	
		Not yet due	0-30	31-60	61-90	90+	allowance	Total
30 June 2026	$'000	149,879	5,625	430	4	872	(271)	156,539
30 June 2025	$'000	124,373	11,019	9,561	2,283	3,389	(2,930)	147,695

Past due is defined under AASB 9 to mean any amount outstanding for one or more days after the contractual due date. Past due amounts relate to a number of trade receivable balances where for various reasons the payment terms may not have been met. These receivables have been assessed to be fully recoverable, unless impaired.

IV Fair value of trade and other receivables

The carrying amount of the receivables is assumed to be the same as their fair value due to their short-term nature.

Note 16 Prepayments

I Disclosure

	2026 $'000	2025 $'000
Prepayments		
Current	31,788	38,456
Non-current	6,135	38,579
Total	37,923	77,035

II Recognition and measurement

Prepayments represent goods or services which the Group has paid upfront, to fix pricing and lead times for critical goods or services, but the underlying asset will not be received until a future period. The Group expenses the prepayment over the corresponding period that the asset is consumed.

Note 17 Inventories and work in progress

I Net carrying amount

Inventories and work in progress	2026 $'000	2025 $'000
Work in progress	659,857	596,577
Other inventory	5,801	4,812
Total	665,658	601,389

II Recognition and measurement

- Stock and finished goods are valued at the lower of cost and net realisable value.
- Cost of stock is determined on the weighted average cost basis.
- Further information relating to work in progress (WIP) is provided in Note 4.

III Work in progress

Work in progress includes raw materials and WIP (accrued income) recognised in respect of contracts with customers which have been determined to fulfil the criteria for over time revenue recognition under AASB 15. The Group does not typically build inventory to stock because material is ordered specifically for each shipbuilding project and receipted to WIP on arrival from the supplier. Work in progress is subsequently measured applying the expected credit loss model as detailed in Note 15. As at 30 June 2026 the allowance for expected credit loss on work in progress was $Nil (FY2025: $2.4 million).

IV Other inventory

As at 30 June 2026 the allowance for obsolete inventory was $1.5 million (FY2025: $Nil).

Note 18 Trade and other payables

I Disclosure

	2026 $'000	2025 $'000
Trade and other payables		
Trade and other payables owed to unrelated entities [1]	(340,322)	(334,410)
Total	(340,322)	(334,410)

1. Trade payables are unsecured and non-interest bearing.

II Recognition and measurement

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

III Fair value of trade and other payables

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Note 19 Provisions

I Net carrying amount

	Employee Benefits $'000	Workers' Compensation $'000	Onerous Contracts $'000	Warranty $'000	Remediation $'000	Other $'000	Total $'000
Provisions at 30 June 2025	(60,404)	(3,052)	(37,945)	(7,596)	(9,341)	(8,494)	(126,832)
Arising during the year	(206,826)	(6,804)	-	(3,026)	(448)	(681)	(217,785)
Change in estimate of provision	-	-	(251,351)	-	-	-	(251,351)
Utilised	210,006	4,924	143,592	3,471	-	4,153	366,146
Unused amounts reversed	3,849	-	-	2,318	741	3,772	10,680
Effects of foreign exchange	1,774	147	3,905	17	-	246	6,089
Movement	8,803	(1,733)	(103,854)	2,780	293	7,490	(86,221)
Provisions at 30 June 2026	(51,601)	(4,785)	(141,799)	(4,816)	(9,048)	(1,004)	(213,053)

	Employee Benefits $'000	Workers' Compensation $'000	Onerous Contracts $'000	Warranty $'000	Remediation $'000	Other $'000	Total $'000
Provisions at 30 June 2025							
Current	(58,040)	(3,052)	(22,571)	(7,596)	(3,600)	(6,023)	(100,882)
Non-current	(2,364)	-	(15,374)	-	(5,741)	(2,471)	(25,950)
Total	(60,404)	(3,052)	(37,945)	(7,596)	(9,341)	(8,494)	(126,832)
Provisions at 30 June 2026							
Current	(48,944)	(4,785)	(110,937)	(4,816)	(3,459)	(1,004)	(173,945)
Non-current	(2,657)	-	(30,862)	-	(5,589)	-	(39,108)
Total	(51,601)	(4,785)	(141,799)	(4,816)	(9,048)	(1,004)	(213,053)

II Recognition and measurement

Provisions are recognised when:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability if the effect of the time value of money is material.

III Information about individual provisions and significant accounting estimates

1. Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulated annual and sick leave expected to be wholly settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

The Group does not expect its long service leave benefits provision to be wholly settled within 12 months of each reporting date. The Group recognises a liability for long service and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. Workers' compensation

A provision for workers' compensation is recognised based on monthly reports received from a third-party claims administrator (USA) and insurance broker (Australia) for the expected costs of current claims and claims incurred but not reported at the balance date.

3. Onerous contracts

	T-ATS Program $'000	AFDM Program $'000	LCU Program $'000	Total $'000
Provisions at 30 June 2025	(3,174)	(34,771)	-	(37,945)
(Net of cost utilised and consideration recognised in the year) / Utilised[1]	90,929	52,663	-	143,592
Change in estimate of provision[2]	(169,815)	(48,848)	(32,688)	(251,351)
Effects of foreign exchange	1,648	1,639	618	3,905
Movement	(77,238)	5,454	(32,070)	(103,854)
Provisions at 30 June 2026	(80,412)	(29,317)	(32,070)	(141,799)

1. The amount comprises recognised revenue and costs based on underlying percentage completion achieved on delivering the Programs in the financial year.
2. Change in estimate of provision comprises changes in expected costs, net of variable consideration expected to be received under incentives and contract modifications.

T-ATS program

Austal was awarded its first steel construction contract by the US Navy in September 2021, a build of two Towing, Salvage and Rescue Ships (T-ATS 11 and 12). Three further options were exercised, which were awarded in July 2022 (T-ATS 13 and 14) and June 2023 (T-ATS 15). These vessels are the first to be constructed in the Company's steel panel line. In September 2025, the options for the two final vessels (T-ATS 14 and 15) were cancelled.

Management have reviewed the Estimates at Completion (EACs) as part of the year-end process and applied judgement in calculating an onerous contract provision in line with AASB 137. The judgements applied are detailed below and are expected to result in a total contract loss of $323.6 million (30 June 2025: $158.7 million), inclusive of an REA recovery, and an onerous contract provision of $80.4 million at 30 June 2026 (June 2025: $3.2 million).

Forecast program EAC hours:

Management and the program office conduct regular reviews of costs contained within the EACs. Consistent with the Group's experience in FY2023, FY2024 & FY2025, this process identified a number of drivers of further increased forecast costs as a result of the immature and defective detailed design for the vessels, which were identified post the date of the previously settled REA and fall outside its scope, which led to an increase of material quantities and labour hours growth due to engineering requirements and rework, whilst also impacting the delivery schedule.

Management evaluated various program office EAC scenarios and determined the most likely outcome scenario given the current stage of completion of the program as at 30 June 2026. Management has adopted this scenario to calculate the onerous contract provision. The program was 70% complete (weighted) at 30 June 2026 (30 June 2025: 64%).

Request for equitable adjustment:

In November 2024, a submission of a REA was made to the US Navy. Subsequent to REA submission, negotiations between the Company and the US Navy towards final settlement of the REA continued, with final settlement of the REA in September 2025. The successful resolution reached with the US Navy on the REA resulted in the previous pause on construction of T-ATS 14 and T-ATS 15 becoming permanent, with the construction contract now being limited to three vessels with only limited variation of the overall original contract value. The calculation of the onerous loss as at 30 June 2026 includes this settlement of the REA.

Austal USA subsequently raised additional contract concerns on the T-ATS program related to Government responsible design and program changes. Austal was not the original lead yard with functional design responsibility. As such, management's position on recovery of costs is supported by established principles of US Federal Government contract law and on express contract clauses - where the US Government furnishes design specifications and directs the manner of performance, it impliedly warrants their adequacy, and a contractor performing in accordance with them is not responsible for the resulting defects or the added cost of working around them.

Through ongoing discussions, management determined that a request for accelerated contractual relief was not likely to be agreed to by the US Navy, however Austal USA will continue to engage with the US Navy with a view to reaching a mutually acceptable resolution. In parallel, Austal USA has commenced the formal contractual process available to it, having submitted Notices of Change (NOC) and requests for a Contracting Officer's Final Decision, and will submit formal Requests for Equitable Adjustment (REA) in relation to the T-ATS program. Refer to Note 4, 3, V, 3 for further information.

Variable consideration:

Variable consideration is included in the onerous contract provision based on the amount deemed probable of recovery. Revenue (including in relation to the REA) is only recognised to the extent that it is highly probable that there will not be a significant reversal in the amount of revenue recognised, with variable consideration of $25.1 million recognised for the T-ATS program during the year (30 June 2025: $168.7 million).

Management has performed sensitivities on the key assumptions in the onerous contract provision calculation which are discussed below.

AFDM program

Austal was awarded a detailed design and construction contract by the US Navy in June 2022 for the build of an Auxiliary Floating Dry Dock (AFDM). This is the second program to be constructed in the Company's steel panel line.

Management have reviewed the EACs as part of the year-end process and applied judgement in calculating an onerous contract provision in line with AASB 137. The judgements applied are detailed below and resulted in a total contract loss of $154.7 million (30 June 2026: $113.0 million) and an onerous contract provision of $29.3 million at 30 June 2026 (30 June 2025: $34.8 million).

Forecast program EAC hours:

Management and the program office conduct regular reviews of costs contained within the EACs. This process identified a number of drivers of increased forecast cost which included updated transportation, subcontractor and testing costs, and labour hours growth.

Management evaluated various program office EAC scenarios and determined the most likely outcome scenario given the current stage of completion of the program as at 30 June 2026. Management has adopted this scenario to calculate the onerous contract provision. The program was 79% complete at 30 June 2026 (30 June 2025: 65%).

Management has performed sensitivities of certain key assumptions in the onerous contract provision calculation which are discussed below.

LCU program

Austal was awarded a construction contract by the US Navy in September 2022, a build of three Landing Craft Utility (LCU) 1700-class vessels. Two further options were exercised, which were awarded in August 2024.

Management have reviewed the Estimates at Completion (EACs) as part of the year-end process and applied judgement in calculating an onerous contract provision in line with AASB 137. The judgements applied are detailed below and are expected to result in a total contract loss of $79.1 million (inclusive of an REA recovery) and an onerous contract provision of $32.1 million at 30 June 2026. At 30 June 2025, the contract was not deemed to be onerous.

Forecast program EAC hours:

Management and the program office conduct regular reviews of costs contained within the EACs. This process identified a number of drivers of increased forecast costs as a result of the level of engineering and production effort required to mature the first-in-class design for the vessels which was outside of Austal's contractually agreed scope of work and led to an increase of material quantities and modifications, and labour hours growth. There were also increased forecast costs for testing and trials.

Management evaluated various program office EAC scenarios and determined the most likely outcome scenario given the current stage of completion of the program as at 30 June 2026. Management has adopted this scenario to calculate the onerous contract provision. The program was 55% complete (weighted) at 30 June 2026.

Request for equitable adjustment:

Austal USA subsequently raised additional contract concerns on the LCU program related to Government responsible design and program changes. Austal was not the original lead yard with functional design responsibility. As such, management's position on recovery of costs is supported by established principles of US Federal Government contract law and on express contract clauses - where the US Government furnishes design specifications and directs the manner of performance, it impliedly warrants their adequacy, and a contractor performing in accordance with them is not responsible for the resulting defects or the added cost of working around them.

Through ongoing discussions, management determined that a request for accelerated contractual relief was not likely to be agreed to by the US Navy, however Austal USA will continue to engage with the US Navy with a view to reaching a mutually acceptable resolution. In parallel, Austal USA has commenced the formal contractual process available to it, having submitted Notices of Change (NOC) and requests for a Contracting Officer's Final Decision, and will submit formal Requests for Equitable Adjustment (REA) in relation to the LCU program. Refer to Note 4, 3, V, 3 for further information.

Variable consideration:

Variable consideration is included in the onerous contract provision based on the amount deemed probable of recovery. Revenue is only recognised to the extent that it is highly probable that there will not be a significant reversal in the amount of revenue recognised, with variable consideration of $24.1 million recognised for the LCU program during the year.

Management has performed sensitivities on the key assumptions in the onerous contract provision calculation which are discussed below.

Significant accounting judgement and estimates relating to the T-ATS, AFDM and LCU programs onerous contract provision

The onerous contract provision assessment requires management to make certain estimates regarding the unavoidable costs and the expected economic benefits of the T-ATS, AFDM and LCU contracts. These estimates require significant management judgement, given the time period over which the vessels will be constructed, with construction continuing up to FY2028 for the AFDM and LCU programs, and FY2029 for the T-ATS program, and are subject to risk and uncertainty and accordingly changes in economic conditions can affect these assumptions. The critical assumptions applied when estimating the present value of the provision are set out below:

Labour costs: Represent the forecast cost of labour which can vary depending on market labour rates, the mix of skilled labour required as the program progresses and the productivity achieved especially as the vessel program matures. The forecast labour rate takes account of inflationary increases. The labour hour sensitivity includes the impact of direct labour costs and overheads related to contract fulfilment.

Overhead forecast rate: The overhead rate reflects estimated costs directly related to contract fulfilment (in addition to direct costs of production), divided by forecast labour hours taking into account historic and forecast production hours of the current facility.

Materials costs: Forecast materials costs takes into account inflationary increases and are based on latest supplier quotations. Increases or decreases can arise with movements in materials costs over time.

Cost performance index (CPI): CPI is a measure of the program cost efficiencies and is determined by a number of factors, but primarily the structural and labour hour components of construction which would be expected to be more variable in first in class vessel builds.

Learning curve: The learning curve reflects the improved efficiencies that are expected as the learnings from the construction of the first vessel are applied to subsequent vessel / module construction. Learning curve assumptions are based on the actual learning curves experienced on other programs run by the Company.

Incentives: Where incentives exist within a program that are dependent on future performance, an estimate is made at each reporting date as to the economic benefits that are expected to be received under the contract. This assessment takes into account historic performance with respect to similar incentives, and also performance on the specific program to date.

Discount rate: A risk free rate of 4.2% (30 June 2025: 3.9%) has been applied to the provision based on the time phasing of the estimate to complete / forecast costs.

Variable consideration / contractual relief: As noted above, variable consideration has been recognised during the period, part of which is based on an estimate of the amount of contractual relief that is deemed highly probable of recovery as at 30 June 2026 for the T-ATS and LCU programs. Management will continue to assess the quantum of the contractual relief that is deemed probable and highly probable of recovery, and consequently of the benefits expected to arise. Any significant change to the amount of the contractual relief ultimately recovered may have a material impact, positively or negatively, on the onerous loss, and future profitability of the T-ATS and LCU programs. Refer to Note 4, 3, V, 3 for further information on the variable consideration / contractual relief.

The forecast EAC, as noted above, is an estimate based on various inputs including expected future year productivity, cost inflation, forecast overhead rates (which is dependent on future production throughput for the facility), forecast efficiency improvements and realisation (or not) of cost contingencies.

Reasonably possible changes to key assumptions: Actual costs and cash outflows can materially differ from the current estimate, positively or negatively, as a result of inflationary cost increases, supply chain challenges, labour efficiencies, design and/or specification changes and structural complexities, and the ultimate amount recoverable under the REA claim.

Sensitivity analysis performed: The impact to the onerous contract provision of reasonably possible changes in the labour hours, materials and overhead costs, and discount rates have been displayed in the sensitivity table below.

T-ATS program

Concept	Change	Increase / (decrease) in provision [1] $'000	$'000
		+	-
Labour hours	20%	8,122	(7,823)
Materials	20%	14,892	(14,148)
Overhead rate	8%	3,723	(3,678)
Discount	1%	(1,144)	1,171
Contractual relief	US$5 million	(6,793)	6,793

1. Decreases would impact program profitability in accordance with the Group's accounting policy for revenue recognition as disclosed in Note 4.

AFDM program

Concept	Change	Increase / (decrease) in provision [1] $'000	$'000
		+	-
Labour hours	20%	1,114	(1,098)
Materials	20%	5,257	(5,026)
Overhead rate	8%	507	(505)
Discount	1%	(417)	427

1. Decreases would impact program profitability in accordance with the Group's accounting policy for revenue recognition as disclosed in Note 4.

LCU program

Concept	Change	Increase / (decrease) in provision [1] $'000	$'000
		+	-
Labour hours	20%	7,061	(6,805)
Materials	20%	5,195	(5,100)
Overhead rate	8%	3,386	(3,344)
Discount	1%	(456)	467
Contractual relief	US$5 million	(6,793)	6,793

1. Decreases would impact program profitability in accordance with the Group's accounting policy for revenue recognition as disclosed in Note 4.

4. Warranties

A provision for warranty is made upon delivery of each vessel in Australasia based on the estimated future costs of warranty repairs. The estimated future costs are based on the Group's history of warranty claims made on similar vessels within their warranty periods. The Company subsequently monitors the provision to ensure it is adequate for all known warranty claims and an estimation for unknown warranty claims. Any increases or decreases in the provision are recognised in the Profit and Loss for the period.

5. Remediation

A provision is recognised relating to remediation of the contamination of the Austal Cairns lease site. Austal became party to Deeds of Remediation when it acquired the BSE Maritime business in November 2020. The site is leased from Far North Queensland Ports Corporation Limits (Ports North). The Cairns lease site had historical contamination in the wet lease areas that existed well before 2012 when BSE Maritime assumed the leases.

Austal has undertaken significant work to understand the contamination risk and developed several potential solutions to address the long-term contamination on the site. Austal remains engaged in discussion with Ports North on the immediate and long-term obligations and has confirmed its willingness to work collaboratively with Ports North based on allocating appropriate resources and attention to dredging or other solutions that will provide a long-term solution for the site which addresses the requirements of both Ports North and Austal.

The remediation provision represents management's best estimate of the costs that will be incurred to fulfill these obligations and involves a significant degree of judgement and estimation uncertainties. Factors considered in the estimation process include the extent of the impacted areas and the complexity of the remediation process. Changes in these factors could impact the ultimate provision amount required.

As more information becomes available or as circumstances change, Austal may need to adjust the remediation provision accordingly. Any adjustments will be recognised in the period when they are identified, and the impact is disclosed in the appropriate reporting period.

6. Corporate investigations and other legal claims

Provisions for corporate investigations and other legal claims sit within ‘Other’ in the table reflecting net carrying amounts above.

US Department of Justice (DoJ) and Securities Exchange Commission (SEC)

As described in previous annual and half-year reports and ASX announcements, in December 2024 the US District Court in Mobile, Alabama formally approved the terms of a settlement with the US Department of Justice and Securities Exchange Commission in which Austal USA agreed to pay a penalty of US$24 million in agreed instalments over a period of 12 months from the date of Court approval of the settlement. The agreed and ordered penalty remaining for payment was $Nil at 30 June 2026 (30 June 2025: $13.4 million).

As part of this resolution, Austal USA agreed to engage an independent monitor, at its own cost, for a period of three years to assess and monitor compliance with the DoJ plea agreement and confirm the effectiveness of its compliance programme and associated internal controls. In September 2025, the court entered the order and formally approved the revised Plea Agreement eliminating the special condition that Austal obtain an independent compliance monitor. Austal continues to discuss the scope and term of a monitor’s appointment with the US Navy and will endeavour to ensure that the US Navy are able to rely on the endeavours of the Company’s internal compliance program and reviews to the maximum extent possible.

A $0.2 million provision (30 June 2025: $4.0 million) based on the best estimate of the incremental professional services costs to be incurred has been recorded relating to this matter.

Other legal claims

As a relatively large company operating in complex industries across numerous parts of the world, the Company is from time to time unable to avoid commercial or other disputes. At 30 June 2026, provisions have been booked for any estimated potential liability associated with outstanding disputes at 30 June 2026. The quantum of the aggregate provision is not substantial on a relative basis and has not been disclosed, as its disclosure could prejudice the Company’s legal position.

7. Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date. No interim dividend was issued for the half year 31 December 2025 (FY2025 H1: 0 cents per share).

No unfranked dividend has been declared post year end (FY2025: 0 cents per share).

Infrastructure & other assets

Note 20 Property, plant and equipment

I Net carrying amount

	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Capital WIP $'000	Total $'000
Balance 30 June 2025					
Gross carrying amount at fair value	948,665	-	-	-	948,665
Gross carrying amount at cost	-	58,651	394,944	268,632	722,227
Accumulated depreciation and impairment	(226,102)	(21,406)	(252,594)	-	(500,102)
Net carrying amount	722,563	37,245	142,350	268,632	1,170,790
Balance 30 June 2026					
Gross carrying amount at fair value	1,056,750	-	-	-	1,056,750
Gross carrying amount at cost	-	59,314	416,096	425,123	900,533
Accumulated depreciation and impairment	(227,398)	(23,261)	(267,513)	-	(518,172)
Net carrying amount	829,352	36,053	148,583	425,123	1,439,111

II Reconciliation of movement for the year

	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Capital WIP $'000	Total $'000
Balance 1 July 2024	754,368	38,652	134,743	118,067	1,045,830
Additions	1,467	(255)	9,740	183,966	194,918
Transfer in / (out)	1,761	1,056	29,781	(32,598)	-
Disposals	-	-	(495)	-	(495)
Depreciation charge for the year	(22,108)	(2,723)	(32,959)	-	(57,790)
Revaluation	(22,704)	-	-	-	(22,704)
Effects of foreign exchange	9,779	515	1,540	(803)	11,031
Total	(31,805)	(1,407)	7,607	150,565	124,960
Balance 30 June 2025	722,563	37,245	142,350	268,632	1,170,790
Additions	296	2,995	13,189	336,259	352,739
Transfer in / (out)	131,995	129	31,271	(163,395)	-
Disposals	(136)	-	(1,227)	-	(1,363)
Depreciation charge for the year	(21,298)	(2,579)	(30,413)	-	(54,290)
Revaluation	31,587	-	-	-	31,587
Effects of foreign exchange	(35,655)	(1,737)	(6,587)	(16,373)	(60,352)
Total	106,789	(1,192)	6,233	156,491	268,321
Balance 30 June 2026	829,352	36,053	148,583	425,123	1,439,111

III Recognition and measurement

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation. Valuations are performed on a regular basis to ensure that the fair value of a revalued asset does not differ materially from its carrying value.

The carrying amount of land and buildings would be recognised as detailed in the table below if they were measured using the historic cost model.

	2026 $'000	2025 $'000
Land and Buildings valued using cost model		
Cost	686,655	583,433
Accumulated depreciation and impairment	(182,032)	(177,921)
Net carrying amount	504,623	405,512

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the Asset Revaluation Reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Profit and Loss, in which case the increase is recognised in the Profit and Loss.

A revaluation deficit is recognised in the Profit and Loss except to the extent that it offsets an existing surplus on the same asset recognised in the Asset Revaluation Reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation reserve relating to the particular asset being sold is transferred to retained earnings upon disposal.

IV De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit and Loss in the year the asset is derecognised.

V Key judgements and accounting estimates

1. Impairment of non-financial assets

The Group assesses whether there is an indication that an asset may be impaired at each reporting date. The Group considered impairment triggers including observable indications, significant market, technological, economic or legal changes that have occurred, significant decreases in market interest rates or market rates of return, the market capitalisation of the Group compared to the net assets of the Group, evidence that any major asset or process is obsolete or damaged and other evidence from internal reporting.

Further information relating to impairment testing of non-current assets is provided in Note 23.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value of the asset may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. The estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in assessing value in use.

The recoverable amount for an asset that does not generate largely independent cash inflows is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses on plant and equipment are recognised in the Profit and Loss.

The asset or cash-generating unit that suffered an impairment is tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

The key assumptions used to determine the recoverable amount for cash-generating units (CGU) are disclosed and further explained in Note 23.

2. Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Depreciation is calculated on a straight-line or diminishing value basis over the estimated useful life of the asset.

The following useful lives have been adopted as follows:

- Buildings – 20 to 40 years.
- Plant and Equipment – 2 to 10 years.
- Leasehold Improvements – term of lease.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted at the reporting date as appropriate.

3. Revaluation of land and buildings

The Company's land and buildings consist of shipyard facilities in Australia and USA.

The Company engages external, independent valuers to determine the fair value of the land and buildings who have appropriate qualifications and recent experience in the fair value measurement of land and buildings in the relevant locations. The valuers engaged for 30 June 2025 and 30 June 2026 were members of either the Australian Property Institute or the USA Appraisal Institute.

The valuation methodologies for Australia and the USA may utilise a variety of sources and approaches based on highest and best use which is consistent with the Group's current use of the assets, including:

- The cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence;
- Capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence; and
- Discounted cash flow projections, based on forecast net income streams over a defined investment horizon, incorporating a range of assumptions including a target or pre-selected internal rate of return, rental growth, occupancy levels, capital expenditure, and costs of disposal, with a terminal value reflecting the anticipated sale of the property, and with cash flows discounted to present value using a rate reflective of market conditions and asset-specific risks.

The independent revaluation is renewed every three to five years or earlier as required. The Company undertakes an assessment in the years in between obtaining independent valuations to ensure that the latest independent valuation remains appropriate and representative of fair value as at the reporting date. The Company categorises the fair value measurement as either a level 2 or level 3 within the fair value hierarchy, depending on the significance of the inputs and assumptions used in arriving at the fair value. Level 2 measurements are based on observable inputs, while level 3 measurements incorporate significant unobservable inputs.

The last independent revaluation of the Australia land and buildings occurred during FY2026. This resulted in an increase in the valuation of $31.6 million (before deferred tax) recognised in Other Comprehensive Income in FY2026.

The last independent revaluation of the USA land and buildings occurred during FY2025. This resulted in a decrease in the valuation of $(22.7) million (before deferred tax) recognised in Other Comprehensive Income (FY2024: $69.1 million (before deferred tax) recognised in Other Comprehensive Income).

Note 21 Leases

I Amounts recognised in the statement of financial position

	2026 $'000	2025 $'000
Right of use assets		
Properties	197,820	173,046
Motor vehicles	16	31
Total	197,836	173,077

	2026 $'000	2025 $'000
Lease liability		
Current lease liability	(11,101)	(6,672)
Non-current lease liability	(158,036)	(129,496)
Total	(169,137)	(136,168)

Additions to the right of use assets during the reporting period were $46.9 million (FY2025: $30.9 million). The maturity analysis of lease liabilities is included in Note 26.

II Amounts recognised in the statement of profit and loss

	2026 $'000	2025 $'000
Amounts recognised in the Profit and Loss		
Depreciation for right of use assets		
Properties	(14,051)	(13,049)
Motor vehicles	(16)	(24)
Total	(14,067)	(13,073)
Interest expense (included in finance costs)	(6,533)	(6,275)
Expense relating to short term leases, low value leases and leases with variable payments	(6,828)	(6,189)
Financing cash flows for repayment of principal element of lease liability	(14,522)	(11,812)

III Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis by discounting the following lease payments to their present value:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Subsequent to initial recognition, lease liabilities are carried at amortised cost. Payments are allocated between repayment of principal and borrowing costs, which are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

IV Right of use assets

Right of use assets are initially recognised at cost, comprising:

- The amount of the lease liability;
- Any lease payments made at or before the commencement date, less any incentives received;
- Initial direct costs; and
- Restoration costs.

Subsequently, right of use assets are depreciated over the shorter of the asset's useful life and lease term on a straight-line basis.

V Short-term leases, leases of low value assets and leases containing variable payments

Payments associated with short-term leases of equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

VI Key judgements and accounting estimates

The Group determines the lease term as the non-cancellable term of the lease. The non-cancellable term is adjusted for periods covered by an option to extend the lease if it is reasonably certain that the option will be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain that it will exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group leases several assets including land & buildings and plant & equipment. Lease terms range between 1 and 31 years, with an average lease term of 14 years (FY2025: Lease terms range between 1 and 31 years, with an average lease term of 14 years).

The interest rate implicit in the lease cannot readily be determined. The Group therefore uses an Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right of use asset, in a similar economic environment, over a similar term and with a similar security. The use of an IBR therefore requires estimation when no observable rates are available.

Note 22 Intangible assets and goodwill

I Net carrying amount

	Computer Software $'000	Goodwill $'000	Other Intangibles $'000	Total $'000
Balance 30 June 2025				
Cost	34,781	31,959	4,364	71,104
Accumulated amortisation and impairment	(30,829)	-	(2,449)	(33,278)
Net carrying amount	3,952	31,959	1,915	37,826
Balance 30 June 2026				
Cost	33,951	31,627	4,149	69,727
Accumulated amortisation and impairment	(30,833)	(1,790)	(2,654)	(35,277)
Net carrying amount	3,118	29,837	1,495	34,450

II Reconciliation of movement for the year

	Notes	Computer Software $'000	Goodwill $'000	Other Intangibles $'000	Total $'000
Balance 1 July 2024		5,050	31,870	2,228	39,148
Additions		726	-	-	726
Disposals		(5)	-	-	(5)
Amortisation for the year		(1,918)	-	(350)	(2,268)
Effects of foreign exchange		99	89	37	225
Total		(1,098)	89	(313)	(1,322)
Balance 30 June 2025		3,952	31,959	1,915	37,826
Additions		807	-	-	807
Amortisation for the year		(1,472)	-	(332)	(1,804)
Derecognition of goodwill	23	-	(1,790)	-	(1,790)
Effects of foreign exchange		(169)	(332)	(88)	(589)
Total		(834)	(2,122)	(420)	(3,376)
Balance 30 June 2026		3,118	29,837	1,495	34,450

III Recognition and measurement

Intangible assets acquired separately are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against the Profit and Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least once per financial year.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which results in a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

1. Computer software

Computer software is initially measured at cost and amortised on a diminishing value basis over the estimated useful life of each asset.

The following useful lives have been adopted as follows:

- Computer software – 2 to 5 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted at the reporting date as appropriate.

2. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed in a business combination.

Goodwill is measured at cost less any accumulated impairment losses after initial recognition. Goodwill acquired in a business combination is allocated to each of the Group's Cash Generating Units (CGU) that are expected to benefit from the combination from the acquisition date for the purpose of impairment testing, irrespective of whether other assets or liabilities acquired are assigned to those units.

Goodwill is tested annually for impairment regardless of whether impairment indicators are identified. The impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. An impairment loss is recognised when the recoverable amount of the CGU is less than its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill allocated to a CGU that has a partial disposal of the operation within that unit is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Refer to Note 23 for details of the derecognition of goodwill of $1.8 million recognised in the year to 30 June 2026 (30 June 2025: $Nil).

Note 23 Impairment testing of non-current assets

I Review cycle

Cash generating units (CGUs) within the Group are assessed for impairment at least annually where they hold goodwill or indefinite life intangible assets. In addition to this, all CGUs are assessed for impairment when impairment indicators are identified. Non-current assets are reviewed on an annual basis in accordance with the Group's accounting policies to determine whether there is an impairment indicator. An estimate of the recoverable amount is made where an impairment indicator exists.

II Cash generating units (CGU)

The recoverable amounts are assessed at the CGU level as identified below:

- USA Shipbuilding
- USA Support
- Australasia Shipbuilding
- Australasia Support

III Allocation of assets to CGU

Corporate assets and corporate overheads have been allocated to CGUs to the extent that they are used to support the operations of the CGU.

Goodwill acquired through business combinations has been allocated to the following segments:

- USA Support – a carrying amount of $6.4 million
- Australasia Support – a carrying amount of $23.4 million (after partial derecognition)

IV Assessment of recoverable amounts and sensitivity to changes in assumptions

For the year ended 30 June 2026, management assessed whether there were any indicators of impairment. The Company concluded that no triggers were present within the Australasia Shipbuilding, Australasia Support and USA Support CGUs.

However, the Company concluded that a trigger was present within the USA Shipbuilding CGU due to current year losses driven by onerous contracts (See Note 19 III 3 for further information).

In addition, as goodwill is allocated to the USA Support and Australasia Support CGUs, management determined that these CGUs are required to be assessed for impairment at 30 June 2026. A proportion of goodwill relating to the Australian Support CGU has also been derecognised in relation to the future planned closure of Austal Darwin Pty Ltd.

The recoverable amount of the CGUs was determined based on value in use calculations using 5 year cash flow projections and terminal value cash flows.

Key inputs used in the cash flow projections include but are not limited to the profitability of currently contracted work, and the assumed value, probability, and timing of securing currently uncontracted projects.

Changes in these inputs may have an impact on the cash flow projections.

Consideration has been given below as to whether any reasonably possible changes to key assumptions may result in an impairment arising.

1. **USA Shipbuilding**

The recoverable amount of the USA Shipbuilding CGU was assessed, and the Company concluded that the recoverable amount of the CGU is greater than its carrying value.

During FY2023 and FY2024 there were multiple shipbuilding awards replenishing the order book. The Offshore Patrol Cutter (OPC), T-AGOS Surveillance Ships, Expeditionary Medical Ships (EMS) and Landing Craft Utility (LCU) awards evidence continued demand from the US Coast Guard and US Navy respectively. Furthermore, in September 2025, Austal USA was awarded contract options to fund long lead-time materials for the 4th, 5th and 6th OPCs.

In September 2024, Austal USA was awarded a US$450 million contract by General Dynamics Electric Boat. The contract fully funds Austal USA to expand production capacity at its US shipyard dedicated to manufacturing submarine modules in support of the US Navy Submarine Industrial Base (SIB). This contract award will enable Austal USA to complete a new dedicated construction facility by designing, constructing and outfitting a new module fabrication and outfitting facility at its Mobile shipyard to support the US Navy production goal of delivering one Columbia-class and two Virginia-class submarines annually.

In addition, as detailed in Note 31, the fair value less costs to sell, being the indicative, non-binding and conditional offer received, was higher than the net assets of the business entities and operations of Austal USA.

Further disclosure in relation to the USA Shipbuilding CGU impairment assessment is show below in the significant accounting judgement and estimates section.

2. **USA Support**

The recoverable amount of the USA Support CGU was assessed as goodwill is allocated to this CGU, and the Company concluded that the recoverable amount of the CGU is greater than its carrying value.

Key factors supporting this decision is the expected throughput based on long-term defence sustainment contracts (Littoral Combat Ships (LCS), Expeditionary Fast Transport (EPF) and future shipbuilding programs mentioned above. Throughput has been enhanced by the expansion of the San Diego operations which were established in December 2021 with the dry dock expected to commence dockings in the first half of FY2027 and continued capacity to conduct support activities in Singapore. Consequently, no impairment is required as a result of this analysis.

In addition, as detailed in Note 31, the fair value less costs to sell, being the indicative, non-binding and conditional offer received, was higher than the net assets of the business entities and operations of Austal USA.

Further disclosure in relation to the USA Support CGU impairment assessment is shown below in the significant accounting judgement and estimates section.

3. **Australasia Shipbuilding**

The recoverable amount of the Australasia Shipbuilding CGU was not assessed as no impairment indicators were present.

Austal has been announced as the ‘Sovereign Shipbuilder of Western Australia’. Following the signing of a Heads of Agreement (HOA) in November 2023 to establish the Strategic Shipbuilding Agreement (SSA), Austal and the Commonwealth of Australia formally entered into the SSA in August 2025. In December 2025, the first of the programs under the SSA was awarded, being a Design and Build Contract for Landing Craft Medium (LC-M) for the Australian Army. Construction of the first LC-M is scheduled to commence in 2026 with the 18th and final vessel scheduled for delivery in 2032. In February 2026, the second of the programs under the SSA was awarded, being a Build Contract for Landing Craft Heavy (LC-H) for the Australian Army. Construction of the first LC-H is scheduled to commence in 2026 with the 8th and final vessel scheduled for delivery in 2038.

In December 2025, Austal was awarded a contract extension for 2 additional Evolved Cape-class Patrol Boats for the Australian Border Force, followed by a further contract extension for 2 additional Evolved Cape-class Patrol Boats in May 2026.

The likelihood of further defence contracts is expected to be solidified by the SSA mentioned above which may arise following the Navy’s Surface Combatant Fleet Review, with potential future

Evolved Cape-class Patrol Boats (ECCPB), General Purpose Frigate (GPF) and Large Optionally Crewed Vessel (LOSV) contracts allocated to Henderson, Western Australia.

Commercial shipbuilding has also seen increased demand, with the award of five contracts over the last 3 years. This includes a 71-metre roll-on-roll-off (RORO) passenger cargo vessel (recently delivered in June 2026) and a 32-metre catamaran during FY2024, a 66-metre sailing cargo trimaran and 130-metre combine cycle, 'hydrogen-ready' vehicle passenger ferry during FY2025 and a 36-metre catamaran during FY2026. Further commercial shipbuilding awards are expected to arise as a result of the increased demand in the commercial shipbuilding market which has been observed from order enquiries and independent market assessments.

4. Australasia Support

The recoverable amount of the Australasia Support CGU was assessed as goodwill is allocated to this CGU, and the Company concluded that the recoverable amount of the CGU is greater than its carrying value.

Operational and financial performance is expected to fall to some extent due to the scheduled end of some current contracts as well as the future planned closure of Austal Darwin Pty Ltd. However, based on continuing long-term defence sustainment contracts (assuming current contracts continue to be extended) and new sustainment contracts expected to be won (including as subcontractor on contracts scheduled to end), there exists sufficient throughput and profitability in the CGU. Two such long-term defence contracts were renewed or extended in FY2025 and FY2026.

Further disclosure in relation to the Australasia Support CGU impairment assessment is shown below in the significant accounting judgement and estimates section.

5. Derecognition of goodwill

The Austal Darwin Pty Ltd business is scheduled to cease operations in early FY2027. All remaining contracts (where possible) will be novated to Austal Ships – this will ensure more sustainable and profitable activity in Darwin and enable Austal to continue to offer OEM and high value support via Austal Ships. In addition, Austal will be able to retain capability to support existing sustainment and warranty activity, as well as for future vessels based in Darwin.

As a result, an amount of goodwill allocated to the Australasia Support CGU has been derecognised on a basis relative to the operation to be disposed of.

V Significant accounting judgement and estimates

1. Recoverable amount of the CGU

The following table sets out the key assumptions used to assess the recoverable amounts in the USA Shipbuilding, USA Support and Australasia Support CGUs:

Concept	USA Shipbuilding Assumption	USA Support Assumption	Australasia Support Assumption
Growth assumptions	Contract awards	Contract awards	Contract awards
EBIT margin	Commercial in Confidence	Commercial in Confidence	Commercial in Confidence
Perpetuity growth rate	2.5%	2.5%	2.5%
Post tax discount rate	8.7%	8.7%	8.7%
Average inflation on costs	3.0%	3.0%	3.0%

2. Growth assumptions

Growth assumptions are based on future vessel service projects (awarded and uncontracted). The assumptions are based on historical experience of the size of the vessel that customers typically contract and the corresponding average tender pricing. The CGUs growth assumptions are underpinned by the following:

USA Shipbuilding – continued demand from the US Navy and US Coast Guard.

USA Support - expansion of the San Diego operations with dockings commencing in FY2027 and increased capacity to conduct support activities in Singapore post COVID-19.

Australasia Support - current contracts for which it is assumed they continue to be extended, and new sustainment contracts expected to be won.

3. EBIT margin

EBIT margins were based upon historical averages adjusted for prevailing economic conditions and forecasts. These have not been disclosed as they are considered to be commercially sensitive.

4. Perpetuity growth rate

Austal has included a 2.5% (FY2025: 2.5%) perpetuity growth rate in Australasia and a 2.5% (FY2025: 2.5%) perpetuity growth rate in USA in its calculation of the terminal value.

5. Post tax discount rate

Discount rates are determined with regards to the risks specific to each CGU, taking into consideration the location, time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

Austal has adopted a post tax discount rate of 8.7% (FY2025: 7.7%) for the USA and Australasian CGUs.

6. Inflation on costs

Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures for a period of 10 years are used if data is publicly available, otherwise historical material price movements are used as an indicator of future price movements.

As a result of the impairment assessments performed for each of the Australasia Shipbuilding, Australasia Support and USA Support CGUs as detailed above, no impairment was required as at 30 June 2026.

Note 24 Investments and other financial assets

I Net carrying amount

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	2026 $'000	2025 $'000
Investments and other financial assets		
Collateral [1]	9,876	13,466
Equity investments	4,445	-
Security deposits	1,159	672
Total	15,480	14,138

1. Austal USA has a legal obligation to provide cash collateral to ensure that workers' compensation claims will be paid if they are upheld.

II Recognition and measurement

The Group classifies its financial assets in the following measurement categories:

- Financial Assets to be measured subsequently at fair value (either through Other Comprehensive Income, or through the Profit and Loss); and
- Financial Assets to be measured at amortised cost.

The Group measures a financial asset at initial recognition at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group designates certain equity investments as measured at fair value through other comprehensive income (FVOCI) when they are not held for trading and the designation is made on an instrument-by-instrument basis. This designation is irrevocable.

The Group subsequently measures derivative financial instruments at fair value. Gains and losses on derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss for the period. The effective portion of any change in the fair value of a derivative financial instrument designated as a cash flow hedge is recognised in Other Comprehensive Income and presented in the Cash Flow Hedge Reserve in equity. Amounts recognised in equity are reclassified from reserves into the cost of the underlying transaction and recognised in the Profit and Loss when the underlying transaction affects the Profit and Loss. The ineffective portion of any change in the fair value of the instrument is recognised in the Profit and Loss immediately. Where a derivative financial instrument is designated as a fair value hedge, changes in the fair value of the underlying asset or liability attributable to the hedge risk, and gains and losses on the derivative financial instrument, are recognised in the Profit and Loss for the period.

The Group subsequently measures equity investments at fair value. Changes in fair value are recognised in Other Comprehensive Income and accumulated in the Financial Assets at FVOCI Reserve within equity. Dividend income from these equity instruments is recognised in Profit and Loss when the Group's right to receive payment is established, except where the dividends clearly represent a recovery of part of the cost of the investment, in which case they are recognised in Other Comprehensive Income. Upon disposal of an equity investment classified as FVOCI, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred directly to retained earnings. Equity investments measured at FVOCI are not subject to impairment testing as changes in fair value already reflect any impairment in value.

Collateral comprises collateral deposits with an original maturity of one year or more. Collateral and security deposits are classified as receivables and measured at amortised cost.

III United Submarine Alliance Qualified Opportunity Fund investment

In September 2024, Austal USA entered into an agreement with the US Navy to the value of US$150 million to invest in infrastructure that supports the US Navy's goal of annually delivering one Columbia-class and two Virginia-class submarines. The agreement required Austal USA to invest as a limited partner in the United Submarine Alliance Qualified Opportunity Fund (the Fund), a private investment fund with the objective of supporting expansion of the production capacity of the US Navy SIB through enhancing ancillary infrastructure and facilities adjacent to Austal USA's facilities and around the Mobile area. Ownership of facilities acquired by the Fund will remain with the Fund, in which Austal USA is a Limited Partner (LP) but is not part of the Austal Group. There are restrictions on Austal's ability to transfer, sell, dispose of, assign or encumber its interest in the Fund without prior written approval of the US Navy, additionally any economic benefits or losses of the LP investment reside with the US Navy.

The Group evaluated the transaction, and in line with the rights and obligations contained in the agreement with the US Navy and the economic substance of the agreement, concluded that no asset or corresponding liability is recognised in accordance with Australian Accounting Standards, for reasons including that all of the benefits or losses associated with the investment in the Fund reside with the US Navy. In addition, Austal USA or the Group was not subject to income tax on the transaction or from future operations of the Fund based on the rights and obligations contained in the agreement with the US Navy.

IV Edge TI equity investment

On 5 January 2026, Austal Ships Pty Ltd completed a transaction with Edge Total Intelligence Inc. (EdgeTI) pursuant to a framework collaboration agreement under which Austal transferred certain software technology assets and related intellectual property licences to EdgeTI. A number of Austal employees also transitioned to EdgeTI as part of the transaction. As consideration, Austal received 6,075,459 subordinate voting shares of EdgeTI, representing approximately 9.9% of EdgeTI's issued and outstanding subordinate voting shares on a non-diluted basis at the date of issuance. The shares are subject to contractual lock-up provisions. The agreement also provides Austal with certain ongoing rights, including a right of first refusal to jointly pursue specified marine and maritime market opportunities using the transferred assets, a conditional right to nominate a director to EdgeTI's board, potential anti-dilution protection in connection with a future uplisting transaction to the NASDAQ or NYSE, and potential reversion protection rights under defined circumstances. The transaction resulted in a gain on disposal of $4.1 million which is recognised in Other income and expenses.

Note 25 Other non-current assets

I Net carrying amount

	2026 $'000	2025 $'000
Other non-current assets		
Recognised		
Capitalised borrowing costs	8,175	7,897
Research and development credits - Australia	5,711	-
Research and development credits - USA	7,442	-
Total	21,328	7,897
Unrecognised		
Research and development credits - Australia	-	5,765
Total	-	5,765

II Recognition and measurement

The accounting policy in relation to recognition and measurement of R&D credits is detailed in Note 5 II 2.

All USA R&D credits generated in the current year have been recognised as a non-current asset. The basis for this recognition is detailed in Note 9 VI 1.

All carried forward Australian R&D credits and those generated in the current year have been recognised as a non-current asset. The basis for this recognition is detailed in Note 9 VI 1.

Loan origination costs that are incurred and directly attributable to interest bearing loans and borrowings are capitalised and initially recorded as other non-current assets (or in the initial carrying amount of the related financial liability). These costs are subsequently amortised over the term of the borrowing using the effective interest method and recognised as part of finance costs.

III Unrecognised R&D credits

For the year ended 30 June 2025, a non-current asset was not recognised in relation to $5.8 million of carry forward R&D tax credits that had been generated in the Australian Consolidated Tax Group because there was sufficient uncertainty in the Group's ability to utilise these in the short term.

Financial risk management

Note 26 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect future financial performance. Current year Profit and Loss information has been included where relevant to add further context.

Risk	Exposure arising from	Monitoring	Management
Market risk - interest rate	Short-term and long-term borrowings at variable rates	Sensitivity analysis	Sustainable gearing levels across business cycles
Market risk - interest rate	Cash, trade receivables and derivative financial instruments	Sensitivity analysis	Excess cash invested in high-interest deposit accounts
Market risk - foreign currency	Future commercial transactions and recognised financial assets and liabilities not denominated in the functional currency	Cash flow forecast, Sensitivity analysis	Forward foreign exchange contracts and forward currency options
Credit risk	Cash, short term deposits, trade receivables and derivative financial instruments	Ageing analysis, Credit ratings	Monitoring of credit allowances
Liquidity	Borrowings, trade payables and derivative financial instruments	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

I Objectives and policy

The objective of the Group's financial risk management policy is to reduce the impacts of external threats to the Group and to afford the opportunity to seek further investments.

Ultimate responsibility for identification and control of financial risks rests with the Board of Directors. The Board reviews and agrees policies for managing each of the risks identified below, including hedging cover of foreign currency, credit allowances and future cash flow forecast projections.

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the relevant notes to the financial statements.

II Market risk

Market risk is the risk that changes in interest rates and foreign exchange rates will affect the Group's earnings, cash flows and carrying values of its financial statements.

1. Interest rate risk

Source of risk

The Austal Group is exposed to interest rate risk from changes in interest rates on its outstanding borrowings, derivative instruments and investments from the possibility that changes in interest rate risk will affect future cash flows or the fair value of financial instruments.

Risk mitigation

The cash, debt and bank covenants of the Group are monitored and re-forecasted on a monthly basis in order to monitor interest rate risk. A variable interest rate policy is maintained to ensure repayments are carried out as soon as practicable, where fixed interest rates are less flexible. Consideration is given to potential renewal of existing positions and alternative financing structures.

Exposure

The Group had the following exposures to interest rate risk at the end of the reporting period:

	2026 $'000	2025 $'000
Financial assets		
Cash and cash equivalents	311,895	583,933
Derivatives - forward foreign exchange contracts	4,109	8,856
Total	316,004	592,789
Financial liabilities		
Interest bearing liabilities	(125,562)	(130,821)
Derivatives - forward foreign exchange contracts	(3,202)	(2,012)
Total	(128,764)	(132,833)
Net exposure	187,240	459,956

Sensitivity

Profit and Loss is sensitive to higher or lower interest income from cash and cash equivalents and interest expenses on borrowings as a result of changes in interest rates. There would be no material impact on other components of Equity as a result of changes in interest rates.

The following table demonstrates the sensitivity to a reasonable change in interest rates to the Profit and Loss after tax. A normal level of volatility has been assessed as 100 basis points and the sensitivity below has been calculated on that basis.

	2026 $'000	2025 $'000
Post tax gain / (loss)		
+1.00% (100 basis points)	1,527	1,467
-1.00% (100 basis points)	(1,527)	(1,467)

The sensitivity analysis assumes that the change in interest rates is effective from the beginning of the financial year and the balances are constant over the year.

2. Foreign currency risk

Source of risk

The Group is exposed to currency risk on sales, purchases or components for construction that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Australian Dollars (AUD) for the Australia operations and US Dollars (USD) for the USA, Australasia, Philippines and Vietnam operations. The Group is also exposed to foreign exchange movements (primarily in USD) on the translation of the earnings, assets and liabilities of its foreign operations.

The Group's transactions are primarily denominated in USD, AUD and EUR.

Risk mitigation

The Group's objective is to minimise the risk of a variation in the rate of foreign exchange used to convert foreign currency revenues and expenses and assets or liabilities to the functional currency of each Group entity by utilising the following techniques:

- Negotiation of contracts to adjust for adverse exchange rate movements.
- Using natural hedges.
- Using financial instruments, such as foreign currency exchange contracts and swaps.

Exposure

The Group's financial assets and liabilities exposed to foreign currency risk at 30 June 2026 were:

	All values are stated in AUD equivalent				
	AUD	USD [1]	EUR [2]	Other	Total
Balance 30 June 2026	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	195	428	35	2,737	3,395
Trade and other receivables	-	2	55	744	801
Derivatives - forward foreign exchange contracts	1,732	23	637	1,717	4,109
Total	1,927	453	727	5,198	8,305
Financial liabilities					
Trade and other payables	(633)	(1,223)	(7,108)	(2,182)	(11,146)
Derivatives - forward foreign exchange contracts	(292)	-	(1,349)	(1,561)	(3,202)
Total	(925)	(1,223)	(8,457)	(3,743)	(14,348)

	All values are stated in AUD equivalent				
	AUD	USD [1]	EUR [2]	Other	Total
Balance 30 June 2025	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	172	41	9	2,529	2,751
Trade and other receivables	519	111	5,479	1,432	7,541
Derivatives - forward foreign exchange contracts	1,399	4	2,139	5,314	8,856
Total	2,090	156	7,627	9,275	19,148
Financial liabilities					
Trade and other payables	(286)	(1,983)	(1,404)	(2,148)	(5,821)
Derivatives - forward foreign exchange contracts	(111)	-	(1,890)	(11)	(2,012)
Total	(397)	(1,983)	(3,294)	(2,159)	(7,833)

1. Spot AUD / USD exchange rate at 30 June 2026 was 0.6919 (30 June 2025: 0.6580).
2. Spot AUD / EUR exchange rate at 30 June 2026 was 0.6058 (30 June 2025: 0.5581).

Sensitivity

A 10 per cent strengthening or weakening of the Australian Dollar against the following currencies would have increased / (decreased) net profit after tax and equity below at balance date with all other variables held constant as illustrated:

	NPAT higher / (lower)		Equity higher / (lower)	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Judgement of reasonable possible movements				
AUD / USD - 10% lower	36,475	6,498	(480)	(2,072)
AUD / USD - 10% higher	(29,843)	(5,316)	392	1,695
AUD / EUR - 10% lower	4,014	886	4,016	925
AUD / EUR - 10% higher	(3,284)	(725)	(3,285)	(757)

1. Spot AUD / USD exchange rate at 30 June 2026 was 0.6919 (30 June 2025: 0.6580).
2. Spot AUD / EUR exchange rate at 30 June 2026 was 0.6058 (30 June 2025: 0.5581).

Prior to intra-Group eliminations, the Group had US$606.9 million of USD denominated net assets at 30 June 2026 (FY2025: US$720.3 million).

Summary of forward foreign exchange contracts

The following table summarises the AUD equivalent value of the forward foreign exchange agreements by currency. Foreign currency amounts are translated at rates current at the reporting date.

The 'Buy' amounts represent the AUD equivalent of commitments to purchase foreign currencies, and the 'Sell' amounts represent the AUD equivalent of commitments to sell foreign currencies.

	2026				2025			
	Buy		Sell		Buy		Sell	
	Average Forward Rate	AUD Equivalent $'000	Average Forward Rate	AUD Equivalent $'000	Average Forward Rate	AUD Equivalent $'000	Average Forward Rate	AUD Equivalent $'000
USD		Buy USD		(Sell USD)		Buy USD		(Sell USD)
less than 3 months	0.6545	9,010	0.6948	(24,118)	0.6498	7,493	0.6552	(3,978)
3 - 12 months	0.6696	5,224	0.6772	(90,536)	0.6391	12,675	0.6563	(30,256)
> 12 months	-	-	0.6650	(88,454)	-	-	0.6480	(96,252)
		14,234		(203,108)		20,168		(130,486)
EUR		Buy EUR		(Sell EUR)		Buy EUR		(Sell EUR)
less than 3 months	0.5919	7,167	0.5985	(3,878)	-	-	0.5937	(7,475)
3 - 12 months	0.5804	43,685	0.5996	(1,959)	0.5592	8,547	0.5849	(12,983)
> 12 months	0.5573	28,967	-	-	0.5646	22,618	-	-
		79,819		(5,837)		31,165		(20,458)
Other currencies		Buy Other		(Sell Other)		Buy Other		(Sell Other)
less than 3 months		17,524		(5,962)		4,468		(631)
3 - 12 months		46,321		(3,645)		23,155		(1,032)
> 12 months		58,563		(13)		79,120		(414)
		122,408		(9,620)		106,743		(2,077)
Total		216,461		(218,565)		158,076		(153,021)

III Credit risk

Credit risk is the risk of financial loss to the Group as a result of customers or counterparties to financial assets failing to meet their contractual obligations.

1. Source of risk

The Group is exposed to counterparty credit risk from trade and other receivables and financial instrument contracts that are outstanding at the reporting date.

2. Risk mitigation

Trade receivables

The Group only trades with recognised, creditworthy third parties. The Group's policy is that all customers who wish to trade on credit terms are subject to credit verification procedures, which are conducted internally. The Group, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect counterparties to fail to meet their obligations given their credit ratings.

The Group minimises concentrations of credit risk and the risk of default of counterparties in relation to cash and cash equivalents and financial instruments by spreading them amongst a number of financial institutions.

Vessel sales contracts are structured to ensure that the Group is paid milestone progress payments from the client to cover the ongoing cost of the vessel construction.

Financial instruments

The Group's policy is to minimise the risk that the principal amount will not be recovered and the risk that funds will not be available when required whilst at the same time obtaining the maximum return relative to the risk. The Group's policy is to restrict its investment of surplus cash funds to financial institutions with a Standard and Poor's credit rating of at least A-2, and for a period not exceeding 3 months to manage this risk. The Group is able to undertake investments in short-term deposits to achieve this objective.

Other financial assets

The Group's exposure to counterparty credit default risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, is equal to the carrying amount of these instruments. The maximum exposure to credit risk at the reporting date is disclosed in Note 15.

Cash and term deposits are predominantly held with three tier-one financial institutions which are considered to be low credit risk.

IV Liquidity risk

Liquidity risk is the risk that the Group is not able to refinance its debt obligation or meet other cash outflow obligations when required.

1. Source of risk

Exposure to liquidity risk derives from the Group's operations and from the external interest bearing liabilities that it holds.

2. Risk mitigation

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner.

The Group's policy is to continually review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.
Critical assumptions include input costs, project pipeline, exchange rates and capital expenditure.

The Group aims to hold a minimum liquidity buffer of $60 million between cash on hand and undrawn non-current committed funding to meet any unforeseen cash flow requirements.

Further information relating to the Group's committed finance facilities, including the maturity dates of these facilities, is provided in Note 11.

3. Exposure

The contractual cash flow and maturities of financial liabilities, including interest payments are as follows:

	Years to maturity			
	0 - 1 $'000	1 - 5 $'000	> 5 $'000	Total [1] $'000
Balance 30 June 2026				
Derivative financial liabilities				
Forward foreign exchange contracts				
Outflow	(130,099)	(87,404)	(1,062)	(218,565)
Inflow	128,932	86,565	964	216,461
Net derivative financial liabilities	(1,167)	(839)	(98)	(2,104)
Non-derivative financial liabilities				
Trade and other payables	(339,163)	-	-	(339,163)
Go Zone Bond facility	-	(126,521)	-	(126,521)
Lease liabilities	(18,971)	(61,757)	(161,513)	(242,241)
Total	(358,134)	(188,278)	(161,513)	(707,925)

	Years to maturity			
Balance 30 June 2025	0 - 1 $'000	1 - 5 $'000	> 5 $'000	Total [1] $'000
Derivative financial assets / (liabilities)				
Forward foreign exchange contracts				
Outflow	(56,355)	(96,666)	-	(153,021)
Inflow	56,338	101,738	-	158,076
Net derivative financial assets / (liabilities)	(17)	5,072	-	5,055
Non-derivative financial liabilities				
Trade and other payables	(325,180)	-	-	(325,180)
Go Zone Bond facility	-	(133,040)	-	(133,040)
Lease liabilities	(14,425)	(49,848)	(154,822)	(219,095)
Total	(339,605)	(182,888)	(154,822)	(677,315)

1. Contractual cash flows include interest.

The Group had $478.3 million (FY2025: $333.8 million) of unused cash loan credit facilities at the reporting date and $311.9 million (FY2025: $583.9 million) in cash and cash equivalents, which can be used to meet its liquidity needs.

V Offsetting financial instruments

The Group presents its assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as the International Swaps and Derivatives Associations (ISDA) master netting agreement. All outstanding transactions under an ISDA agreement are terminated in certain circumstances, for example, when a credit event such as a default occurs. The termination value is assessed and only a single net amount is payable in settlement of all transactions.

The amounts set out in the liquidity risk table represent the derivative financial assets and liabilities of the Group that are subject to those arrangements and are presented on a gross basis.

Note 27 Derivatives and hedging

I Cash flow hedges

The effective portion of any change in the fair value of a derivative financial instrument designated as a hedge of cash flows relating to a highly probable forecast transaction (income or expense) is recognised in Other Comprehensive Income and presented in the Cash Flow Hedge Reserve in equity. The ineffective portion of any change in the fair value of the instrument is recognised in the Profit and Loss immediately.

II Fair value hedges

Where a derivative financial instrument is designated as a fair value hedge, changes in the fair value of the underlying asset or liability attributable to the hedged risk, and gains and losses on the derivative instrument, are recognised in the Profit and Loss for the period.

III Fair value through profit and loss

Gains and losses on derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss for the period.

IV Financial liabilities

Loans, overdrafts, and trade and other payables are measured at amortised cost, except where fair value hedge accounting is applied.

Note 28 Fair value measurements

I Fair value

The value of the Group's financial assets and liabilities is calculated using the following techniques depending on the type of financial instrument as follows:

- The fair value of financial assets and financial liabilities traded in active markets is the quoted market price at the reporting date.
- The fair value of forward exchange contracts is calculated using discounted cash flows, reflecting the credit risk of various counterparties. Future cash flows are calculated based on the contract rate, observable forward interest rates and foreign exchange rates. Adjustments for the currency basis are made at the end of the reporting period.
- The nominal value less expected credit losses of trade receivables and payables are assumed to approximate their fair values due to their short-term maturity.

1. Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Balance 30 June 2026				
Financial assets				
Financial assets that are carried at fair value:				
Equity investments	3,000	-	1,445	4,445
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Forward foreign exchange contracts	-	4,109	-	4,109
Financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Forward foreign exchange contracts	-	(3,202)	-	(3,202)
Balance 30 June 2025				
Financial assets				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Forward foreign exchange contracts	-	8,856	-	8,856
Financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Forward foreign exchange contracts	-	(2,012)	-	(2,012)

Further details of the Group's land and buildings and information about the fair value hierarchy as at the end of the reporting period is provided in Note 20.

2. Fair value of financial assets and liabilities carried at amortised cost

Cash and cash equivalents, trade and other receivables, and trade and other payables are carried at amortised cost which equals their fair value.

Interest bearing liabilities are carried at amortised cost and have a carrying value of $125.6 million (30 June 2025: $130.8 million) which equals their fair value. Further information is provided in Note 11.

Unrecognised items

Note 29 Commitments and contingencies

	2026 $'000	2025 $'000
Capital commitments		
Property, plant and equipment[1]	(163,091)	(40,942)
Total	(163,091)	(40,942)
Guarantees		
Bank performance guarantees[2]	(138,548)	(109,745)
Sureties	(459)	(762)
Total	(139,007)	(110,507)

1. Capital commitments as at 30 June 2026 include an amount for the acquisition of property, plant and equipment in relation to the US$450 million contract awarded by General Dynamics Electric Boat (GDEB) to design, construct and outfit a new module manufacturing facility at Austal USA's Mobile shipyard. Based on construction progress to date there is approximately US$182.6 million earmarked under this contract to complete the construction obligations. Further detail on this contract can be found in Note 4.
2. The bank performance guarantees are secured by a mortgage over land and buildings and floating charges over cash, receivables, work in progress that is not owned by customers and plant and equipment.

I Commitments - Guarantees

Refer to Note 11 for information regarding performance guarantees.

II Contingencies

The Group occasionally receives claims and writs for damages and other matters arising from its operations in the course of its normal business. The Group entities may also have potential financial liabilities that could arise from historical commercial contracts. No material losses are anticipated in respect of any of those contingencies.

A specific provision is made where it is deemed appropriate in the opinion of the directors, otherwise the directors deem such matters are either without merit or of such kind or involve such amounts that would not have a material adverse effect on the results or financial position of Austal if disposed of unfavourably.

Note 30 Events after the balance date

I Dividend proposed

No unfranked dividend has been declared for FY2026 post 30 June 2026 (FY2025 final: None).

II Other

On 11 August 2026, the Group announced a market and trading update and the receipt of a non-binding conditional proposal to acquire the business operations of Austal USA.

The Directors are not aware of any other matters or circumstances that have arisen since the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Note 31 Proposed disposal of the Austal USA Group

I Austal USA Group Proposal

Austal Limited has received an indicative, non-binding and conditional offer from Hanwha Defence USA, Inc. (Hanwha) to acquire the business entities and operations of Austal USA (the Austal USA Group or proposed disposal group) for an indicative enterprise value of US$1.05 – $1.20 billion on a cash and debt-free basis, subject to a normalised level of working capital and other customary transaction adjustments (Proposal). The Proposal is subject to Hanwha undertaking due diligence on the Austal USA Group, including on the terms and economic details of Austal USA's US contracts.

The proposed purchase would be achieved through the acquisition of 100% of the shares in the relevant Austal USA holding entities or such other agreed transaction structure. Neither the acquisition of any publicly traded shares in Austal Limited nor the Austal Limited Group's core Australasia operations based in Australia, the Philippines and Vietnam are included in the Proposal. The Strategic Shipbuilding Agreement entered into with the Commonwealth of Australia in August 2025, which appointed Austal as the Commonwealth's sovereign strategic shipbuilder for key defence vessels at Henderson, Western Australia, under a 15-year framework agreement, is fully preserved and unaffected by the Proposal, ensuring continuity of Austal's sovereign shipbuilding mandate and the long-term value it delivers to Australian shareholders and the Commonwealth.

The Austal Board and its advisers have carefully assessed the Proposal, including the net cash proceeds expected to be delivered to Austal after allowing for tax and other transaction leakage, and determined that it merits further evaluation, approving Hanwha to undertake due diligence over a four-week period related to Austal USA (including a review of Austal USA Contracts) to improve the certainty of any proposal. This period will also allow relevant parties to engage with key counterparties including the US Department of War and US Navy/US Coast Guard, and if required, the Australian Department of Defence, and progress transaction documentation to enable Hanwha to present a more certain proposal. Should a more certain proposal be received from Hanwha, that proposal will be assessed by the Austal Board, having regard to the inherent value of Austal USA, and acting in the best interest of all Austal shareholders – which may require shareholder approval.

The Proposal is subject to several key conditions, including:

- Satisfactory completion of due diligence by Hanwha,
- Regulatory approvals including, as required, Committee on Foreign Investment in the United States (CFIUS), Defense Counterintelligence and Security Agency (DCSA), Hart-Scott-Rodino Antitrust Improvements Act (HSR),
- Agreeing definitive transaction agreements, and
- Other customary transaction conditions.

II Recognition and measurement

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for sale in its present condition. Such assets, or disposal groups, are measured at the lower of their carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of the asset or disposal group. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

A discontinued operation represents a separate major line of operations within the Group where the cash flows can be clearly identified and there is a plan to dispose. Classification as a discontinued operation occurs at the earlier of disposal date or when the operation meets the criteria to be classified as held for sale.

As at 30 June 2026, management remained committed to assessing options for the disposal of the Austal USA Group, however, the criteria for classification as held for sale under AASB 5 Non-current Assets

Held for Sale and Discontinued Operations had not been met, as a sale was not considered highly probable at that date. Accordingly, the assets and liabilities of the disposal group continue to be recognised and measured in accordance with their respective accounting standards and have not been presented as held for sale. The performance and results of the Austal USA Group have also not been classified as discontinued operations.

III Illustrative Disclosure of Continuing and Discontinued Operations (before a sale is considered)

The information below is provided for illustrative purposes to assist users in understanding the potential impact of the proposed disposal.

The Consolidated Statement of profit or loss has been re-presented below to separately present the financial performance of the proposed disposal group and the remaining Australasia Group for the year ended 30 June 2026:

Extract of Statement of profit and loss	USA Group	Australasia Group	Total
	2026	2026	2026
	$'000	$'000	$'000
Revenue	1,382,612	646,349	2,028,961
Cost of sales	(1,490,191)	(498,841)	(1,989,032)
Gross (loss) / profit	(107,579)	147,508	39,929
Other income and expenses	13,484	7,804	21,288
Administration, legal and settlement expenses	(103,199)	(66,960)	(170,159)
Marketing expenses	(8,640)	(7,626)	(16,266)
Finance income [1]	4,261	8,714	12,975
Finance costs [1]	(17,285)	(3,044)	(20,329)
(Loss) / profit before income tax	(218,958)	86,396	(132,562)
Income tax benefit	59,282	19,678	78,960
(Loss) / profit after tax	(159,676)	106,074	(53,602)

1. Finance income and finance costs are presented net of intercompany transactions.

Both the Austal USA and Australasia Groups in the table above includes a portion of the unallocated segment results that have been attributed to each group.

The Consolidated Statement of cash flows has been re-presented below to separately show the cash flows of the proposed disposal group and the remaining Australasia Group for the year ended 30 June 2026:

Extract of Statement of cash flows	USA Group	Australasia Group	Total
	2026	2026	2026
	$'000	$'000	$'000
Cash flows from operating activities			
Receipts from customers	1,437,328	651,319	2,088,647
Payments to suppliers and employees	(1,406,415)	(573,317)	(1,979,732)
Income tax paid	(37,012)	(2,037)	(39,049)
Interest paid	(17,285)	(3,044)	(20,329)
Interest received	4,261	8,714	12,975
Net cash (used in) / from operating activities	(19,123)	81,635	62,512
Cash flows from investing activities			
Purchase of property, plant and equipment	(346,841)	(5,898)	(352,739)
Payment for intangible assets	(380)	(427)	(807)
Proceeds from sale of property, plant and equipment	37	348	385
Receipts of government infrastructure grants	27,055	-	27,055
Net cash (used in) investing activities	(320,129)	(5,977)	(326,106)

IV Operating Segments

The proposed Austal USA disposal group is presented within the USA Shipbuilding and USA Support reportable segments, with a portion also included within Unallocated relating to corporate overheads. These comprise the reportable segments in which the related assets and liabilities are managed and monitored by the Group's chief operating decision maker in accordance with AASB 8 Operating Segments.

The Group, management and related parties

Note 32 Parent interests in subsidiaries

The consolidated financial statements include the financial statements of Austal Limited and the material subsidiaries listed in the following table.

Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

			Equity Interest	
Company	**Country of incorporation**	**Principal place of business**	**2026**	**2025**
Austal Australasia Pty Ltd	Australia	Australia	100%	100%
Austal Brisbane Pty Ltd	Australia	Australia	100%	100%
Austal Cairns Pty Ltd	Australia	Australia	100%	100%
Austal Defence Shipbuilding Australia Pty Ltd	Australia	Australia	100%	n/a [1]
Austal Holdings, Inc.	USA	USA	100%	100%
Austal Lewek Hercules Inc.	Philippines	Philippines	100%	100%
Austal Philippines Pty Ltd	Australia	Philippines	100%	100%
Austal Service Darwin Pty Ltd	Australia	Australia	100%	100%
Austal Ships Pty Ltd	Australia	Australia	100%	100%
Austal UK Limited	United Kingdom	United Kingdom	100%	100%
Austal USA Advanced Technologies, Inc.	USA	USA	100%	100%
Austal USA, LLC	USA	USA	100%	100%
Austal USA Service LLC	USA	USA	100%	100%
Austal Viet Nam Co., Ltd	Vietnam	Vietnam	100%	100%

1. Austal Defence Shipbuilding Australia Pty Ltd was formed on 20 August 2025.

Note 33 Related party disclosures

Group policy is that all transactions with related parties are conducted on commercial terms and conditions.

The following transactions occurred with related parties:

- Mr Brent Cubis and Mr Richard Gibb are nominee directors appointed to the Austal Board by Tattarang Ventures Pty Ltd (a substantial shareholder of Austal) pursuant to the terms of a Director Nomination Right Deed dated 12 March 2025.
- Austal is also a party to a Confidentiality Agreement with Tattarang in relation to the disclosure of confidential information to Tattarang, as well as an Information Sharing Protocol which manages the flow of information between Austal and the nominee directors.
- No additional fees or financial benefits were paid by Austal to the nominee directors under the terms of the Director Nomination Right Deed, Confidentiality Agreement or Information Sharing Protocol.
- There were no other transactions involving KMP other than compensation and transactions concerning shares and performance rights as discussed in other sections of the Remuneration Report.

The Group had no other related party transactions requiring disclosure during the year ending 30 June 2026 (30 June 2025: None).

Note 34 Key management personnel (KMP) compensation

KMP Compensation	2026 $'000	2025 $'000
Short-term employee benefits	5,107	6,038
Post-employment benefits	305	245
Long-term benefits	71	18
Share-based payments	1,752	1,032
Total	7,235	7,333

Detailed remuneration disclosures are provided in the Remuneration Report commencing on page 57.

Note 35 Share based payments

I Performance rights

The following changes in performance rights took place during the year:

Grant Year	Balance at 30 June 2025	Granted	Vested	Forfeited / Lapsed	Balance at 30 June 2026	Expiry date
FY2024	1,554,222	-	(610,183)	(944,039)	-	30 Jun 2026
FY2025	2,111,817	-	-	(216,603)	1,895,214	30 Jun 2027
FY2026	-	1,777,665	-	(116,640)	1,661,025	30 Jun 2028
Total	3,666,039	1,777,665	(610,183)	(1,277,282)	3,556,239	

The Board has the discretion to decide if performance rights will lapse or vest.

II Service rights

The following changes in service rights took place during the year:

Grant Year	Balance at 30 June 2025	Granted	Vested	Forfeited / Lapsed	Balance at 30 June 2026	Expiry date
FY2022	388,434	-	(340,257)	(48,177)	-	30 Jun 2026
FY2023	401,673	-	-	(37,494)	364,179	30 Jun 2027
FY2024	507,945	-	-	(64,458)	443,487	30 Jun 2028
FY2025	647,508	-	-	(59,421)	588,087	30 Jun 2029
Total	1,945,560	-	(340,257)	(209,550)	1,395,753	

Service rights were introduced in FY2020 to offer a long-term incentive to non-KMP employees. Service rights have a vesting period of 5 years. The only vesting criteria is fulfilment of the 5 year service period.

III Short-term service rights

The following changes in short-term service rights took place during the year:

Grant Year	Balance at 30 June 2025	Granted	Vested	Forfeited / Lapsed	Balance at 30 June 2026	Expiry date
FY2025	100,000	-	-	-	100,000	7 Oct 2027
Total	100,000	-	-	-	100,000	

Short-term service rights were introduced in FY2025 to offer a short-term incentive to non-KMP employees. Short-term service rights have a vesting period of 3 years. The only vesting criteria is fulfilment of the 3 year service period.

IV Recognition - equity settled transactions

The Group provides benefits to employees (including KMP) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

Equity settled benefits have been provided to senior management and Directors under the following plans in the current and prior years:

- The Long-Term Incentive Plan (LTI Plan)
- The Short-Term Incentive Plan (STI Plan)
- TFR share rights

No account is taken of any performance conditions, other than conditions linked to the price of the shares of Austal Limited (market conditions) if applicable in valuing equity settled transactions.

The cost of these equity settled transactions with employees is recorded by reference to the fair value at the date at which they are granted. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that will ultimately vest in the opinion of the Directors of the Group. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market performance conditions being met because the effect of these conditions is included in the determination of fair value at grant date. The Profit and Loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. An expense is recognised as if the terms had not been modified. An expense is also recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

An equity settled award that is cancelled is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately, however, cancelled awards and new awards are treated as if they were a modification of the original award if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, as described in the previous paragraph.

Shares in the Group held by the Employee Share Trust (EST) are classified and disclosed as Reserved Shares and deducted from equity in the Statement of Changes in Equity. Further information relating to Reserved Shares is provided in Note 13.

V Recognised share-based payment expenses

The expense recognised for share based payments during the year is shown in the table below:

	2026 $'000	2025 $'000
Share-based payments expense		
Expense arising from equity-settled share-based payment transactions	(4,110)	(2,960)

VI Significant accounting judgements and estimates

The Group is required to estimate the fair value of equity-settled share-based payment transactions with employees at the grant date. Estimating the fair value requires determination of the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share rights, volatility and dividend yield.

The Group has applied the Black-Scholes option pricing model to estimate the fair value of the rights with non-market based vesting conditions. A hybrid employee share option pricing model has been applied to estimate the fair value of rights with market based vesting conditions.

Note 36 Parent entity information

Information relating to Austal Limited, the parent entity, is detailed below:

	2026	2025
Balance sheet	**$'000**	**$'000**
Assets		
Current	383,798	386,026
Non-current	407,688	344,330
Total	791,486	730,356
Liabilities		
Current	(7,829)	(14,216)
Non-current	(31,235)	(19,265)
Total	(39,064)	(33,481)
Net assets	752,422	696,875
Equity		
Contributed equity	363,744	361,512
Employee benefits reserve	17,654	13,437
Asset revaluation reserve	39,776	17,665
Retained earnings	331,248	304,261
Total	752,422	696,875
Income		
Net profit after tax	26,982	(5,484)
Other comprehensive income	49,093	(5,484)

Austal Limited provides parent company guarantees in respect of contract performance by various members of the Austal Group including Austal USA LLC, Austal Ships Pty Ltd, Austal Defence Shipbuilding Australia Pty Ltd, Austal Philippines Pty Ltd and Austal Holdings Vietnam Pty Ltd.

Consolidated entity disclosure statement as at 30 June 2026

Entity name	Entity type	Body corporates: Place formed or incorporated	Body corporates: % of share capital held	Tax residency: Australian tax resident	Tax residency: Foreign jurisdictions
Austal Australasia Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Brisbane Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Cairns Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Cyprus Ltd	Company	Cyprus	100%	Yes [1]	N/A
Austal Defence Shipbuilding Australia Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Defence Shipbuilding Holdings Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Holdings, Inc.	Company	USA	100%	No	USA
Austal Holdings Vietnam Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Lewek Hercules Inc.	Company	Philippines	100%	No	Philippines
Austal Limited	Company	Australia	N/A	Yes [1]	N/A
Austal Muscat LLC	Company	Oman	70%	No	Oman
Austal Philippines Pty Ltd [2]	Company	Australia	100%	Yes [1]	Philippines
Austal Service Darwin Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Service Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Austal Services Subic Bay, Philippines, Inc.	Company	Philippines	100%	No	Philippines
Austal Ships Pty Ltd [3]	Company	Australia	100%	Yes [1]	Trinidad and Tobago
Austal UK Limited	Company	United Kingdom	100%	No	United Kingdom
Austal USA Advanced Technologies, Inc.	Company	USA	100%	No	USA
Austal USA, LLC. [4]	Company	USA	100%	No	USA & Singapore
Austal USA Service LLC	Company	USA	100%	No	USA
Austal Viet Nam Co., Ltd	Company	Vietnam	100%	No	Vietnam
Brisbane Slipways Assets Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Brisbane Slipways and Engineering Pty Ltd	Company	Australia	100%	Yes [1]	N/A
Brisbane Slipways Holdings Pty Ltd	Company	Australia	100%	Yes [1]	N/A
BSE Maritime Group Assets Pty Ltd	Company	Australia	100%	Yes [1]	N/A
BSE Maritime Group Pty Ltd	Company	Australia	100%	Yes [1]	N/A
The Trustee for Austal Limited Employee Incentive Trust	Trust	Australia	100%	Yes [1]	N/A

1. This entity is part of a tax-consolidated group under Australian taxation law for which Austal Limited is the head entity.
2. Austal Philippines Pty Ltd is incorporated in and operates in Australia and has a registered branch in Philippines. The branch operations have tax obligations in Philippines under the Philippines *National Internal Revenue Code of 1997.*
3. Austal Ships Pty Ltd is incorporated in and operates in Australia and has a registered branch in Trinidad and Tobago. The branch operations have tax obligations in Trinidad and Tobago under the Trinidad and Tobago *Income Tax Act Chapter 75:01 Act 34 of 1938.*
4. Austal USA, LLC is incorporated in and operates in USA and has a registered branch in Singapore. The branch operations have tax obligations in Singapore under the Singapore *Income Tax Act 1947*.

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are Austal Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements.*

The percentage of share capital disclosed for body corporates included in the statement represents the economic interest consolidated in the consolidated financial statements.

An entity is reported in the consolidated entity disclosure statement as being tax resident in Australia if it is:

- An Australian resident within the meaning of the *Income Tax Assessment Act 1997* at that time.
- A partnership at least one member of which is an Australian resident (within the meaning of the *Income Tax Assessment Act of 1997)* at that time.
- A resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936)* in relation to the year of income (within the meaning of the Act) that corresponds to the financial year.

In developing the disclosures in the statement, the directors determined tax residency considering the following sources of information:

- Applicable tax laws and regulations in the jurisdictions where the entity operates including consideration of tax residency principles under domestic and international tax treaties.
- Company incorporation documents including the entity's certificate of incorporation, articles of association, and other related legal documents that outline its registered address and jurisdiction of incorporation.
- The entities operational presence including an analysis of where the entity conducts its primary business activities, decision-making processes and physical presence.
- An examination of accounting and financial records indicating where income is generated, and expenses are incurred.
- Where relevant, tax advice regarding the residency status and obligations of the entity under relevant tax laws of a country.

Directors' declaration

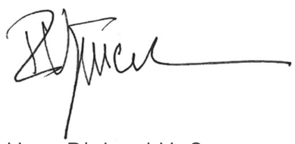
I state in accordance with a resolution of the Directors of Austal Limited, that:

In the opinion of the Directors:

- The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - Giving a true and fair view of the consolidated entity's financial position at 30 June 2026 and of its performance for the year ended on that date; and
  - Complying with Accounting Standards and the *Corporations Regulations 2001*.
- There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable at the date of this declaration.
- The consolidated entity disclosure statement on page 161 is true and correct.

The financial Statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 2.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2026.



Hon. Richard V. Spencer

Chairman

on behalf of the Board

31 August 2026

Deloitte.

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Independent Auditor's Report to the Members of Austal Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Austal Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2026 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Revenue recognition As disclosed in Note 4, Shipbuilding revenue for the year ended 30 June 2026 was $1,588 million (USA Shipbuilding $1,140 million, Australasia Shipbuilding $448 million – refer Note 3). Included within US Shipbuilding revenue (based on the total revenue estimated at completion at the relevant percentage complete) is variable revenue which is considered highly probable of $311 million, $47 million and $21 million associated with the Offshore Patrol Cutter (OPC), Towing, Salvage and Rescue Ships (T-ATS) and Landing Craft Utility (LCU) programs respectively, with onerous loss provisions recognised in relation to the T-ATS and LCU programs, and no onerous loss associated with the OPC program. Refer Note 4 Contractual Relief section for further information. Vessel construction revenues are recognised over time as performance obligations are fulfilled after assessing factors relevant to each contract, including the following, as applicable: • identifying the performance obligations; • determining the stage of completion and measurement of progress towards satisfaction of performance obligations; • estimating total contract revenue and costs, including the estimation of contingencies;	Our audit procedures performed in relation to revenue recognition included, but were not limited to: • evaluating the design and implementation of controls in respect of the underlying project costs and the recognition of revenue; • holding discussions with key project managers on the risks and opportunities in relation to certain individual contracts; • selecting a sample of contracts for testing based on a number of quantitative and qualitative factors that indicate that a greater level of judgement is required in recognising revenue, including the performance obligations present in the contract, consideration of historical issues identified, variations and claims, delay risk, high potential impact and high likelihood of risk events and potential loss-making contracts; • obtaining an understanding of the contract terms and conditions of relevant contracts to evaluate whether these were reflected in the Group's estimate of forecast costs and revenue; • utilising our internal engineering specialists to assist in assessing the reasonableness of the process for developing future cost estimates to complete the OPC, T-ATS and LCU programs; • utilising our internal engineering specialists to assist in assessing the reasonableness of progress on a sample of scheduled activities on T-ATS 12 to 13 and LCU 1; • testing a sample of costs incurred to date and agreeing these to supporting documentation; • assessing the reasonableness of the learning curve assumption, by comparing it to historic actual data across past programs, and comparison against external market data; • assessing the level of cost contingencies for reasonableness;

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• determining the entitlement to and quantum of any variable revenue recognised; and • assessing customer approval of contract variations, and acceptance of claims. We focused on recognition of vessel construction revenue as a key audit matter due to the number and type of estimation events over the course of a contract life, the unique nature of individual contract terms, and the significant judgement required in estimating and accounting for cost contingencies and the entitlement to and recognition of variable revenue. This, in turn, leads to significant auditor judgement and effort in performing procedures and evaluating the Group's methodology, significant assumptions and estimates.	• evaluating the reasonableness of the future overhead rates used in the estimation of costs in USA Shipbuilding by comparing the overhead assumptions to actual historic overhead rates, and the estimate of future overheads based on future workload in the order book, and consideration of normal production capacity; • evaluating significant exposures to liquidated damages for potential late delivery of vessels, where relevant; and • evaluating the reasonableness of variable revenue recognised and whether revenue has only been recognised to the extent that it is highly probable that there will not be a significant reversal in the amount of revenue recognised. In addition, our procedures associated with the variable revenue recognised with respect to the OPC, T-ATS and LCU programs included, but were not limited to: • obtaining management's internal analysis with respect to the variable revenue, including the contractual basis of the claim and estimate of amount expected to be recovered; • obtaining opinions from management's external legal counsel regarding the Group's entitlement to variable revenue; • reviewing correspondence between the Group and the Customer to understand the status of discussions; and • evaluating the reasonableness of the amount of the variable revenue deemed highly probable of recovery by management, based on the negotiations held to date between the Group and the customer, and the Group's estimate of reasonably possible outcomes. We also assessed the adequacy of the relevant disclosures in note 4 of the financial statements.
Onerous contract provisions As disclosed in Note 19, onerous contract provisions of $80 million and $32 million have been recognised as at 30 June 2026 in relation to the T-ATS and LCU programs respectively. No onerous contract provision has been recognised in relation to the OPC program as disclosed in Note 4 Contractual Relief section. The quantification of the onerous contract provision requires significant judgement and estimation including, but not limited to the following matters: • identifying and quantifying the costs that relate to the T-ATS and LCU	Our procedures with respect to the forecast contract losses included, but were not limited to: • evaluating the design and implementation of controls in respect of the calculation of the T-ATS and LCU onerous contract provisions; • agreeing forecast hours per vessel to underlying program office data; • evaluating the reasonableness of the forecast labour hours per vessel by: - analysing the forecast hours growth during the year, obtaining an understanding from program and finance management about the drivers of the changes, and obtaining support for key drivers on each vessel to support the changes; and

contracts, including an allocation of costs that relate directly to fulfilling the contracts; • quantifying the non-recurring hours and costs associated with the T-ATS and LCU programs; • forecasting future labour and material costs and rates; and • identifying and quantifying program risks and estimating the additional variable revenue that is expected to be recovered from the customer. The principal reasons for the onerous contract provision being a key audit matter are the quantum of the total estimated costs at completion and quantum of variable revenue expected to be recovered when estimating the total forecast loss under the contract, combined with the fact that there is a significant level of judgement applied by the Group in selecting the methodology and arriving at the assumptions mentioned above. This, in turn, leads to significant auditor judgement and effort in performing procedures and evaluating the Group's methodology, significant assumptions and estimates.	- utilising our internal engineering specialists to assist in assessing the reasonableness of progress on a sample of scheduled activities on T-ATS 12 to 13 and LCU 1, and the reasonableness of the process for developing certain EAC estimates for the T-ATS and LCU programs. • assessing the reasonableness of the learning curve assumption, by comparing it to historic actual data across past programs, and comparison against external market data; • assessing the reasonableness of forecast non-labour costs, and program risks and opportunities; • assessing the appropriateness of costs included in the onerous contract provision, including direct costs, and an allocation of other costs that relate directly to fulfilling the contract; and • evaluating the reasonableness of future overhead rates used in the onerous provision calculation by comparing the overhead assumptions to actual historical overhead rates, and the estimate of future overhead rates based on normal production capacity. Our procedures with respect to variable revenue recognised under the OPC, T-ATS and LCU programs are outlined in the Revenue Recognition Key Audit Matter above. We tested the calculation of the overall onerous contract provision for mathematical accuracy. We also assessed the adequacy of the relevant disclosures in note 19 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. The other information includes the sustainability report upon which we have performed a review and issued a separate auditor's review report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and

- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 57 - 80 of the Directors' Report for the year ended 30 June 2026**.**

In our opinion, the Remuneration Report of Austal Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

David Newman

Partner
Chartered Accountants

Perth, 31 August 2026

Shareholder information

The following information was extracted from the Company's share register at 30 June 2026:

Distribution of shares

Individual shareholding	Number of shares	% of Total issued capital	Number of holders
1 - 1000	2,389,563	0.57%	5,868
1,001 - 5,000	9,924,934	2.35%	3,849
5,001 - 10,000	8,314,151	1.97%	1,117
10,001 - 100,000	25,002,156	5.92%	1,002
100,001 and over	376,419,417	89.19%	71
Total	422,050,221	100.00%	11,907

Twenty largest shareholders

Rank	Shareholder	Number of shares	% of Total issued capital
1	Citicorp Nominees Pty Ltd	178,797,399	42.36%
2	HSBC Custody Nominees (Australia) Limited	64,112,695	15.19%
3	J.P. Morgan Nominees Australia Pty Limited	57,169,206	13.55%
4	HAA No. 1 Pty Ltd	41,700,000	9.88%
5	BNP Paribas Nominees Pty Limited	15,331,476	3.63%
6	Pacific Custodians Pty Limited	2,554,646	0.61%
7	Mr Garry Heys & Mrs Dorothy Heys	2,044,670	0.48%
8	Bond Street Custodians Limited	1,311,046	0.31%
9	J Fogarty Superannuation Pty Ltd	1,250,000	0.30%
10	Mossisberg Pty Ltd	1,060,000	0.25%
11	Austro Pty Ltd	1,000,000	0.24%
12	Mr William Robert Chambers	1,000,000	0.24%
13	Ace Property Holdings Pty Ltd	850,000	0.20%
14	Netwealth Investments Limited	744,532	0.18%
15	Kenny Nominees (NT) Pty Ltd	677,881	0.16%
16	Neweconomy.com.au Nominees Pty Limited	522,415	0.12%
17	Mr Donald Stewart Anson	485,384	0.12%
18	Dr Peter Kench	407,895	0.10%
19	UBS Nominees Pty Ltd	370,490	0.09%
20	Annapurna Pty Ltd	352,608	0.08%
	Total	371,742,343	88.09%

Substantial shareholders

Rank	Shareholder	Number of shares	% of Total issued capital
1	Tattarang Ventures Pty Ltd	81,370,589	19.28%
2	HAA No. 1 Pty Ltd	41,700,000	9.88%
3	Jarden Australia Pty Ltd	41,700,000	9.88%
	Total	164,770,589	39.04%

Voting rights

All ordinary shares issued by Austal Limited carry one vote per share without restriction.

Corporate governance statement

The Company has elected to post its Corporate Governance Statement on its website in accordance with ASX Listing Rule 4.10.3.

The Corporate Governance Statement can be found at the following URL:
http://www.austal.com/corporategovernance

Corporate directory

Directors

Non-Executive Directors

Mr Richard Spencer
Mr Lee Goddard
Ms Kathryn Toohey
Mr Brent Cubis
Mr Richard Gibb
Ms Susan Murphy

Executive Directors

Mr Paddy Gregg

Auditor

Deloitte Touche Tohmatsu
Brookfield Place, Tower 2
123 St Georges Terrace
Perth 6000
Australia

Company Secretary

Mr Adrian Strang

Registered office

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Telephone: +61 8 9410 1111

Share registry

MUFG Corporate Markets
Parramatta Square
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10 Darcy Street
Parramatta NSW 2150
Australia
Telephone: +61 1300 554 474

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73 009 250 266

Glossary

ABF	Australian Border Force
ADA	Austal Defence Shipbuilding Australia Pty Ltd
AEU	American Equity Underwriters, Inc.
AFDM	Auxiliary Floating Dock Module
AROS	Autonomous and Remotely Operated Ships
CCPB	Cape-class Patrol Boat
CUF	Australian Maritime Complex's Common User Facility
DLM	Depot Level Maintenance
DNV	Det Norske Veritas
ECCPB	Evolved Cape-class Patrol Boat
EMS	Expeditionary Medical Ships, a special medical version of EPF
EFA	Export Finance Australia
EPF	Spearhead-class Expeditionary Fast Transport (formerly Joint High-Speed Vessels)
FA2	Final Assembly Hall 2 (for completion of large steel vessels)
GAMA	Greenroom Maritime Autonomy
GCPB	Guardian-class Patrol Boat
GPF	General Purpose Frigate
LC-H	Landing Craft Heavy
LC-M	Landing Craft Medium
LCS	Littoral Combat Ship (Independence-variant)
LCU	Landing Craft Utility
LOSV	Large Optionally Crewed Surface Vessel
MHI	Mitsubishi Heavy Industries
MMF3	Module Manufacturing Facility 3 (for submarine modules)
MRO	Maintenance, Repairs and Overhaul
NBIO	Non-Binding Indicative Offer
OPC	Offshore Patrol Cutter
SCA	Shipbuilding Council of America
SIB	Submarine Industrial Base
SSA	Strategic Shipbuilding Agreement
T-ATS	Navajo-class Towing and Salvage Ships
T-AGOS	Discovery-class Ocean Surveillance Vessel
USCG	United States Coast Guard

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