



COMPANY ANNOUNCEMENT
27 AUGUST 2024

RESOLUTION OF US REGULATORY INVESTIGATION

Austal Limited (Austal) (ASX: ASB) advises that it has reached a global resolution with both the US Department of Justice (DoJ) and the US Securities Exchange Commission (SEC) to resolve previously disclosed investigations into the events leading up to the write back of work in progress (WIP) in July 2016. The investigations focused on the actions between 2013 and 2016 of former Austal USA employees to misstate Austal USA's performance and financial condition in Austal USA's financial statements that were consolidated into the consequential statements and financial reports of Austal Limited.

Under the terms of the resolution, which are subject to US judicial approvals:

1. AUSA will pay a penalty of US\$24 million. This amount will be made available by the SEC to distribute to shareholders who demonstrate that they suffered loss in the relevant period. Details of how the distribution arrangements will work will be published by the SEC in due course;
2. AUSA has entered into plea agreement with the DOJ to resolve criminal charges. Austal Limited was not charged in this matter but, with AUSA, has agreed to certain compliance and compliance reporting obligations;
3. Austal and Austal USA have settled with the SEC by consenting to the entry of a final judgment that permanently restrains and enjoins them from violating certain provisions of the US federal securities laws. As part of the SEC resolution, Austal Limited does not admit or deny the SEC's allegations; and
4. Austal USA has agreed to engage an independent monitor for a period of three years to assess and monitor compliance with the DOJ plea agreement and confirm the effectiveness of its compliance program and internal controls.

In addition, Austal is in advanced discussions with the US Navy regarding the impact of these issues, and is seeking to enter into an associated Administrative Agreement with the US Navy. This Administrative Agreement would set out the remedial measures taken by the company to

date, ongoing commitments to compliance and providing access to US Navy representatives to Management, future reporting obligations, and the retention of an independent compliance monitor. This is a key element of the Company maintaining its standing as a presently responsible contractor to the US Government – a requirement for eligibility to undertake contracts for the US Navy and Coast Guard.

“Settling this action is the best outcome for Austal. Upon learning of this issue, Austal conducted its own independent investigation. The responsible individuals are no longer with the Company, and we have made numerous governance changes to prevent similar issues from occurring again. Austal is committed to maintaining strong financial systems and controls,” said Austal Non-Executive Director and immediate past Chairman John Rothwell.

“The investigations focused on conduct that occurred over 8 years ago, and with a large order book of work ahead of us, we need to concentrate on the future—not the past.”

Mr Rothwell said that Austal had kept its customers informed of the issue, and they had remained supportive throughout, ordering billions of dollars’ worth of vessels.

“Our customers have been understanding that the actions of a few do not represent the values of Austal and the 5,000 people it employs,” he said.

“Prior to resolving this action we satisfied ourselves, through discussions with our main customers, that it would not affect current or potential build programs. The Administrative Agreement being discussed with the US Navy contributed to that view.”

The U.S. global resolution, once approved, ends all investigations into the events leading up to the July 2016 write back. In September 2022, Austal resolved an investigation by the Australian Securities and Investment Commission, agreeing to a civil contravention and a A\$650,000 penalty. As the incident occurred from 2013 to 2016, the limitation period for further civil action in Australia has expired.

Financial impact on Austal

The penalty is payable in instalments over the 12 months following court approval.

The financial settlement is considered an abnormal item and does not impact Austal’s underlying operations. Austal therefore maintains FY2024 underlying EBIT margin guidance of 3% to 4%.

A US\$32 million (A\$48.1 million) provision will be booked in Austal's FY2024 accounts, which includes the fine/restitution, some legal costs and expected costs of complying with other terms of the settlement.

This ASX announcement has been approved and authorised for release by the Board of Austal Limited.

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About Austal:

Austal is Australia's global shipbuilder and defence prime contractor designing, constructing and sustaining some of the world's most advanced commercial and defence vessels.

For 35 years Austal has contracted more than 350 vessels for over 122 commercial and defence operators in 59 countries, worldwide.

Austal is Australia's largest defence exporter and first ASX-listed shipbuilder. Austal has industry-leading shipyards in Australia, the United States of America, Philippines and Vietnam with service centres worldwide, including the Middle East.

Austal delivers iconic monohull, catamaran and trimaran commercial vessel platforms – including the world's largest trimaran ferry and multiple defence programs such as the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) for the United States Navy.

Austal has grown to become the world's largest aluminium shipbuilder and is Australia's largest defence exporter.

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