

2025

Austal Limited
Annual Report



Contents

Contents.....	i
Index to the notes to the financial statements.....	ii
Chairman's report.....	1
Chief Executive Officer's report	5
Review of operations.....	16
Directors' report.....	20
Nomination & Remuneration Committee Chair's message	27
Remuneration report.....	29
Auditor independence.....	54
Consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2025	55
Consolidated statement of financial position as at 30 June 2025.....	56
Consolidated statement of changes in equity for the year ended 30 June 2025.....	57
Consolidated statement of cash flows for the year ended 30 June 2025	58
Notes to the consolidated financial statements	59
Consolidated entity disclosure statement as at 30 June 2025.....	128
Directors' declaration.....	130
Independent audit report to the members of Austal Limited	131
Shareholder information.....	136
Corporate governance statement and ESG report	137
Corporate directory	137
Glossary	138

Index to the notes to the financial statements

Basis of preparation	59
Note 1 Corporate information	59
Note 2 Basis of preparation	59
Current year performance	63
Note 3 Operating segments	63
Note 4 Revenue	66
Note 5 Other profit and loss	72
Note 6 Earnings per share (EPS)	75
Note 7 Reconciliation of net profit after tax to net cash flows from operations	76
Note 8 Dividends paid and proposed	77
Note 9 Income and other taxes	78
Capital structure	84
Note 10 Cash and cash equivalents	84
Note 11 Interest bearing loans and borrowings	84
Note 12 Reconciliation of financing cash flows to interest bearing debt	87
Note 13 Contributed equity and reserves	87
Note 14 Government grants relating to assets	90
Working capital	91
Note 15 Trade and other receivables	91
Note 16 Prepayments	92
Note 17 Inventories and work in progress	92
Note 18 Trade and other payables	93
Note 19 Provisions	94
Infrastructure & other assets	101
Note 20 Property, plant and equipment	101
Note 21 Leases	104
Note 22 Intangible assets and goodwill	106
Note 23 Impairment testing of non-current assets	108
Note 24 Investments and other financial assets	111
Note 25 Other non-current assets	112
Financial risk management	113
Note 26 Financial risk management	113
Note 27 Derivatives and hedging	119
Note 28 Fair value measurements	120
Unrecognised items	121
Note 29 Commitments and contingencies	121
Note 30 Events after the balance date	121
The Group, management and related parties	123
Note 31 Parent interests in subsidiaries	123
Note 32 Related party disclosures	123
Note 33 Key management personnel (KMP) compensation	124
Note 34 Share based payments	125
Note 35 Parent entity information	127

Company Overview

FY2025 marked another exciting chapter in Austal's ongoing transformation, characterised by new opportunities, innovative achievements, and continued global impact. Across our operations in Australia, the United States, the Philippines, and Vietnam, the company made significant progress on shipbuilding, in-service support, infrastructure, and technology projects—delivering tangible value to our customers, industry partners, stakeholders, and shareholders.

Austal further cemented its reputation as a trusted, innovative shipbuilder and Defence Prime contractor. In parallel with multiple commercial shipbuilding projects leading the industry's decarbonisation drive, Austal delivered defence platforms that are enhancing sovereign capability and contributing to regional and global maritime security.

In Australia, Austal continued construction on two naval shipbuilding programs for the Commonwealth while advancing negotiations on the Strategic Shipbuilding Agreement (SSA). This agreement, subsequently signed in August 2025, enables continuous naval shipbuilding from the Henderson Defence Precinct in Western Australia—with Austal as Prime contractor—supporting the efficient delivery of key defence programs. During the year, Austal delivered three Guardian-class Patrol Boats to the Department of Defence and two Evolved Cape-class Patrol Boats to the Royal Australian Navy. As of 30 June 2025, construction continues on two Guardians and four Evolved Capes (two each for the Navy and Australian Border Force).

Looking ahead, the SSA positions Austal to deliver two pilot shipbuilding programs - eighteen Landing Craft Medium (LC-M) and eight Landing Craft Heavy (LC-H) for the Australian Army - while supporting future Royal Australian Navy shipbuilding programs announced in the 2023 Defence Strategic Review and Surface Fleet Combatant Review. These include eleven General Purpose Frigates (GPF) (eight to be built in Australia) and six Large Optionally Crewed Surface Vessels (LOSVs).

Globally, Austal delivered seven ships and secured contracts for an additional seven vessels during FY2025.

Austal USA marked its 25th anniversary of shipbuilding in Mobile, Alabama, celebrating with an open house and shipyard tours for employees and industry partners in December 2024. With thirty two ships delivered to the US Navy since 2009, Austal USA is currently constructing vessels across seven US Navy and US Coast Guard programs. These include Expeditionary Fast Transport (EPF 16), Towing, Salvage and Rescue Ships (T-ATS 11, 12, 13), Auxiliary General Ocean Surveillance Ships (T-AGOS), Auxiliary Floating Dock Medium (AFD-M), the Overlord Unmanned Surface Vessel 'Vanguard' (OUSV-3), Landing Craft Utility vessels (LCU 1710, 11 and 12), and the Stage 2 Heritage-class Offshore Patrol Cutters (WSMM919 and 920).

FY2025 highlights from the US included the delivery of EPF 15, USNS Point Loma, and the completion of LCS 38, USS Pierre—the 19th and final Independence-variant Littoral Combat Ship. The Mobile shipyard also commenced major infrastructure projects: the Final Assembly 2 facility (FA2) and Module Manufacturing Facility 3 (MMF3), designed to support large-ship construction and submarine module manufacturing. Austal USA also delivered a Virginia-class submarine module and two aircraft elevators for Gerald R. Ford-class aircraft carriers, and launched its first steel ship, USNS Billy Frank Jr. (T-ATS 11).

Austal Philippines continued its commercial success with the delivery of a 32-metre passenger ferry to Rottneest Fast Ferries (Western Australia) and the start of two major low-emissions vessel projects. In July 2024, French firm VELA contracted Austal to build a 66-metre, 100% wind-powered sailing cargo trimaran. The hull turnover was completed in June 2025, with delivery on track for mid-2026. In February 2025, Swedish operator Gotlandsbolaget awarded Austal Philippines the contract to build 'Horizon X'—a 130-metre hydrogen-ready, flexible-fuel catamaran. Once completed, Horizon X will be the largest ship ever built by Austal and a flagship for the decarbonisation of the commercial ferry industry.

In Vietnam, Austal made excellent progress on the 71-metre steel-hulled Dory 2 roll-on-roll-off (RORO) passenger cargo vessel for the Degage Group (French Polynesia), while preparing to support module construction on 'Horizon X'.

Innovation continued to drive Austal's operations in FY2025. The company made advances in additive manufacturing, vessel autonomy, and digital asset management—enhancing shipbuilding efficiency and vessel performance. In Australia, investment continues in autonomous vessel development for future naval operations. In the US, Austal leads additive manufacturing efforts through the US Navy's Additive Manufacturing Center of Excellence in Danville, Virginia—developing supply chain and fabrication solutions for the next generation of naval platforms.

Austal's FY2025 achievements underscore the company's strength, resilience, and forward momentum as a global shipbuilder and Defence Prime. With a dedicated workforce, valued partners, and the trust of our customers, Austal is exceptionally well positioned for long-term, sustainable growth.


\$1.823B
Revenue


\$13.1B
Order Book
[including options]


7
Ships
delivered


7
Ships
ordered


49
Ships scheduled
or under construction


73
Vessels under
sustainment



4,479
Employees





Austral Australia

Strategic Shipbuilding Agreement

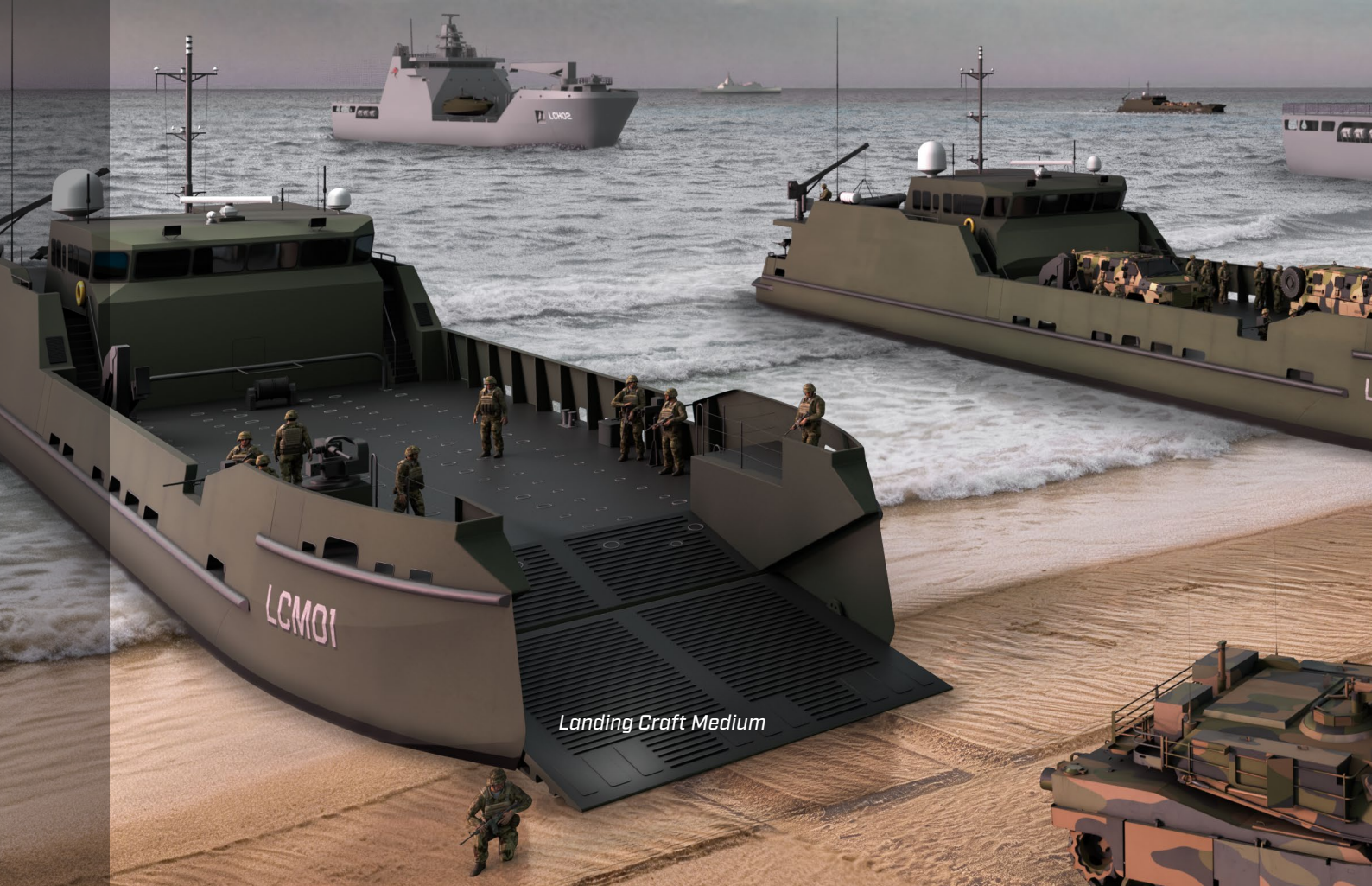
Continuous naval shipbuilding has landed

Austal Australia made significant progress in FY2025, preparing for the two pilot programs announced under the Strategic Shipbuilding Agreement (SSA) - Landing Craft Medium (LC-M) vessels and Landing Craft Heavy (LC-H) vessels for the Australian Army.

A new entity, Austal Defence Shipbuilding Australia (Austal Defence Australia) was established and a new team formed, drawing on

Austal's proven workforce in Western Australia and recruiting additional expertise from local, national and international pools of talent.

Signed in August 2025, the SSA enables Austal to proceed with the construction of eighteen 50 metre LC-M and eight LC-H vessels at the Henderson shipyard in Western Australia, as Prime contractor, following their respective contract negotiations.





Landing Craft Heavy



Evolved Cape-class and Guardian-class Patrol Boats

Austral Australia delivered two Evolved Cape-class Patrol Boats and three Guardian-class Patrol Boats from the Henderson shipyards in FY2025, continuing an industry-leading rate of shipbuilding production that has seen more than 30 ships delivered to the Royal Australian Navy and Australian Department of Defence over the past seven years.

Production on a further two Evolved Cape-class Patrol Boats for the Navy, and two Guardian-class Patrol Boats for the Australian Department of Defence continues, while construction on two more Evolved Cape-class Patrol Boats for the Australian Border Force commenced in FY2025, following a contract award in December 2024.

The six vessels under construction as of 30 June 2025 are helping to build Australia's 'Continuous Naval Shipbuilding and Sustainment Enterprise' and sovereign capability, with hundreds of businesses from across Australia engaged in a supply chain achieving over 65% Australian industry content (AIC).

*RFNS Timo
(Fiji)*



*Te Mataili III
(Tuvalu)*



*Tabwaan Mainiku
(Kiribati)*



Evolved Cape-class and Guardian-class Patrol Boats alongside at Austral Australia's shipyard in Henderson, Western Australia.



HMAS Cape Schanck



HMAS Cape Solander





Austal USA

LCS and EPF Programs

Austal USA completed construction of the final Independence-variant Littoral Combat Ship (LCS), the future USS Pierre (LCS 38), in FY2025 and the vessel was formally delivered to the US Navy on 11 July 2025.

While the delivery brings to a close the acquisition phase of the program, which saw a total of 19 ships delivered to the US Navy, Austal USA will continue to provide service and support to the fleet from the company's service centres in San Diego and Singapore.

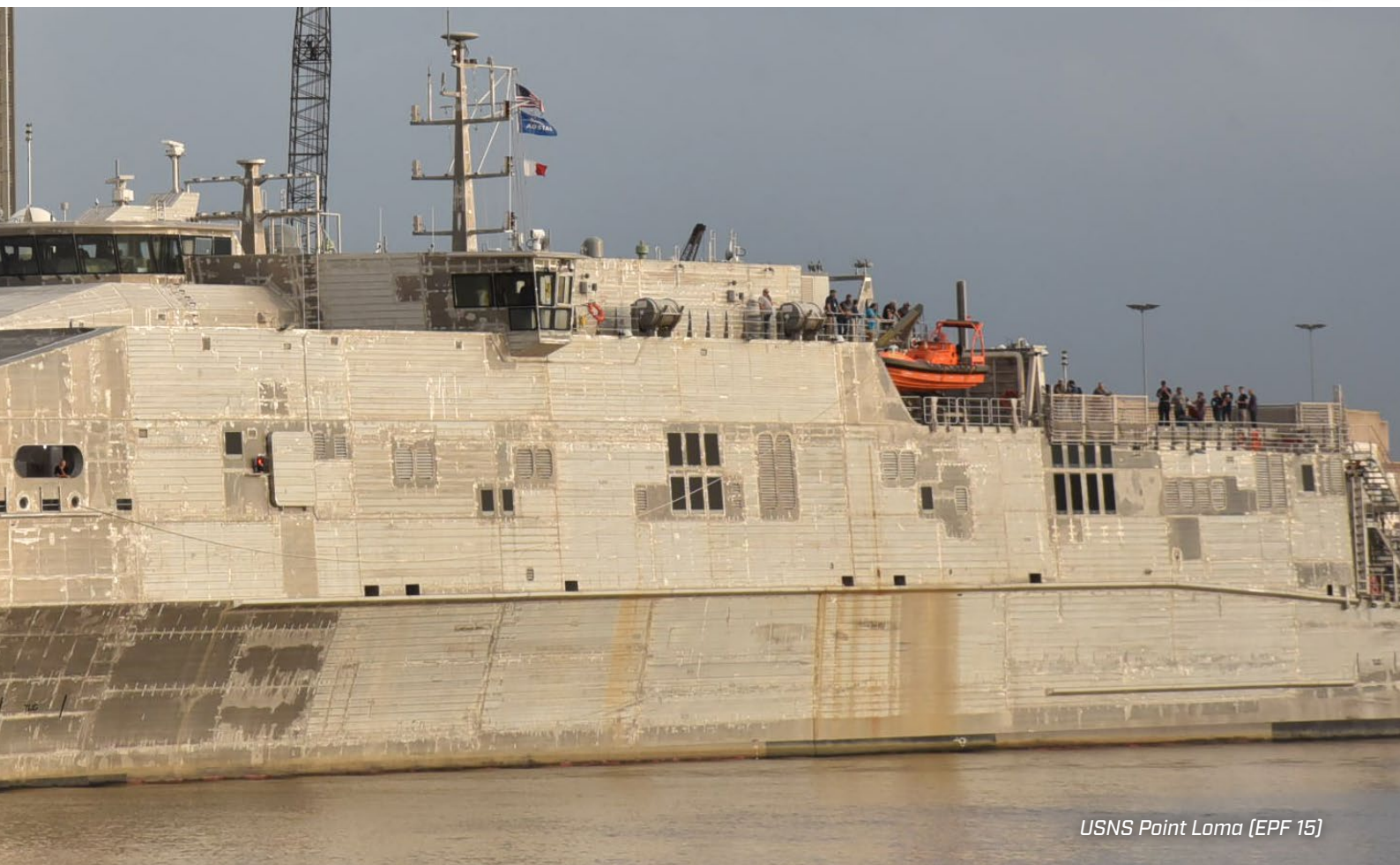


The Expeditionary Fast Transport (EPF) program continued over the reporting period with construction commencing on the final vessel, USNS Lansing (EPF 16), and the delivery of USNS Point Loma (EPF 15) in June 2025.

Detailed design work continues on the three Expeditionary Medical Ships (EMS 1, 2, 3) prior to the start of construction in FY2026.



USS Pierre (LCS 38)



USNS Point Loma (EPF 15)



Austal USA

Towing, Salvage and Rescue [T-ATS]



USNS Billy Frank Jr. (T-ATS 11)





The Austal USA team launched their first steel vessel for the US Navy, USNS Billy Frank Jr. (T-ATS 11) in June 2025. The Towing, Salvage and Rescue ship is one of three under construction at Austal USA and the first steel product of the company's state-of-the-art automated steel panel line.

At 3,100 metric tons, T-ATS 11 is the heaviest ship Austal USA has launched to date and upon delivery, will provide the US Navy with ocean-going towing, salvage and rescue capabilities to support fleet operations.



Additive Manufacturing

Austal USA's advanced technologies team is spearheading the effort to revolutionise the US Navy's supply chain through the implementation of additive manufacturing for castings, forgings, and fittings; and in August 2024, cut the ribbon on an expanded research centre in Charlottesville, Virginia.

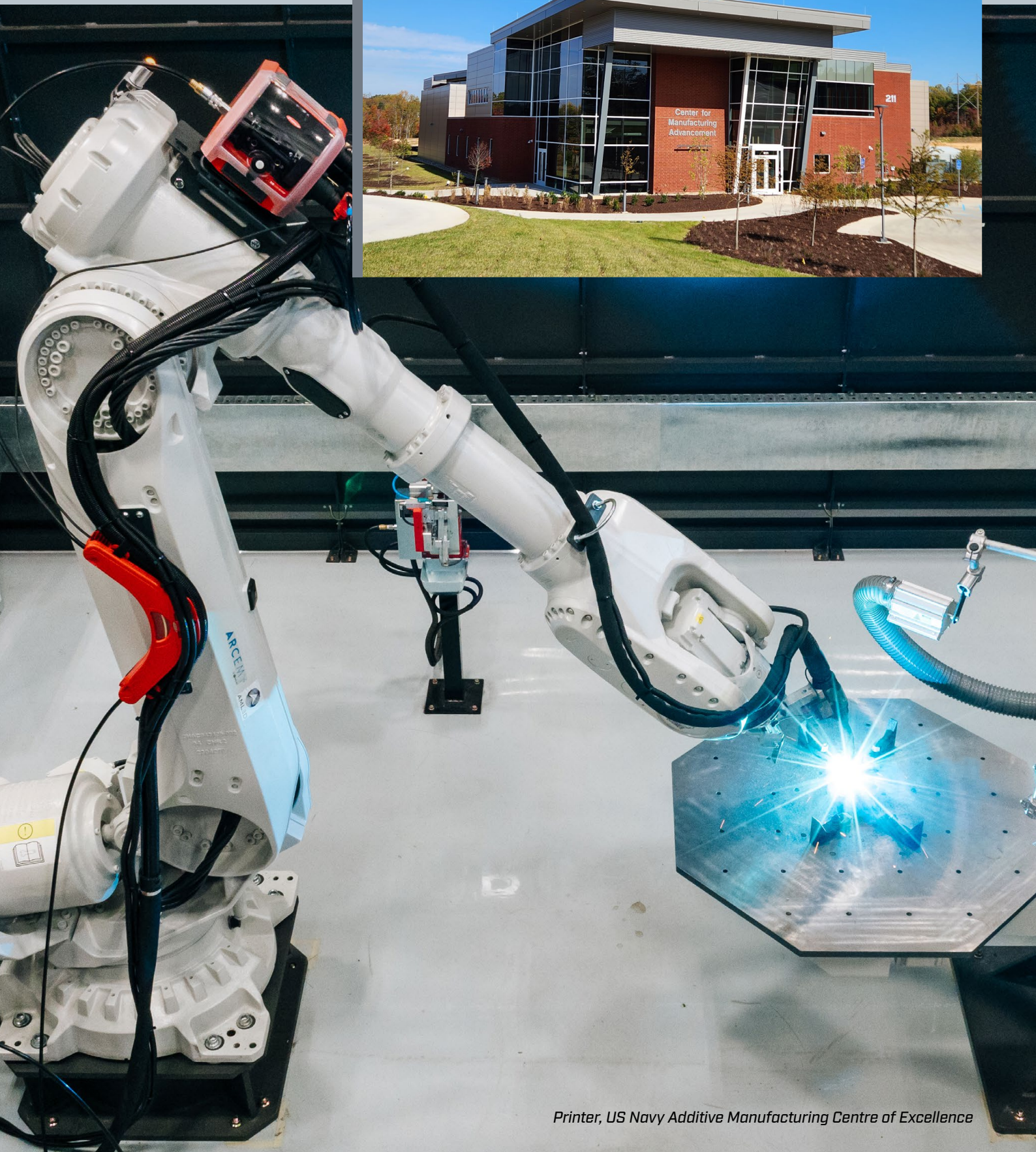
The 25,000 square feet (2,322 square metres) facility houses equipment for 'Industry 4.0' application development and has enabled the development of innovative technologies such as augmented reality tools for workforce training and shipyard manufacturing automation.

Leading a team of industry partners, Austal USA's advanced technologies team also operates the US Navy's Additive Manufacturing Centre of Excellence (CoE) in Danville, Virginia; the US Navy's flagship for additive manufacturing of components for the next generation of naval shipbuilding and repair.

The CoE in Danville passed a major milestone in FY2025, with the printing of the 100th part in support of the US Navy's submarine fleets and industrial base.



*US Navy Additive Manufacturing
Centre of Excellence
Danville, Virginia, USA*



Printer, US Navy Additive Manufacturing Centre of Excellence



Philippines

Austal Philippines demonstrated their industry stewardship towards decarbonisation with two major commercial projects awarded in FY2025 that highlight flexible fuel technologies that provide a path towards net zero emissions.

In July 2024, the Balamban, Cebu shipyard was awarded a landmark contract for a 66-metre sailing cargo trimaran from VELA transport of France, that will cross the Atlantic Ocean using 100% wind power.

Later, in February 2025, Gotlandsbolaget of Sweden contracted Austal Philippines to design and construct a truly groundbreaking vessel - a 130-metre, hydrogen-ready catamaran with a future ready, combined cycle LNG solution.

The Austal Philippines team also achieved an impressive production record, delivering the 32-metre catamaran 'Ocean Master' to Rottne Fast Ferries in December 2024, less than 12 months after commencing construction.



'L'avion des Mers' - 66-metre sailing cargo trimaran



Render of 'Horizon X' - 130-metre hydrogen ready catamaran



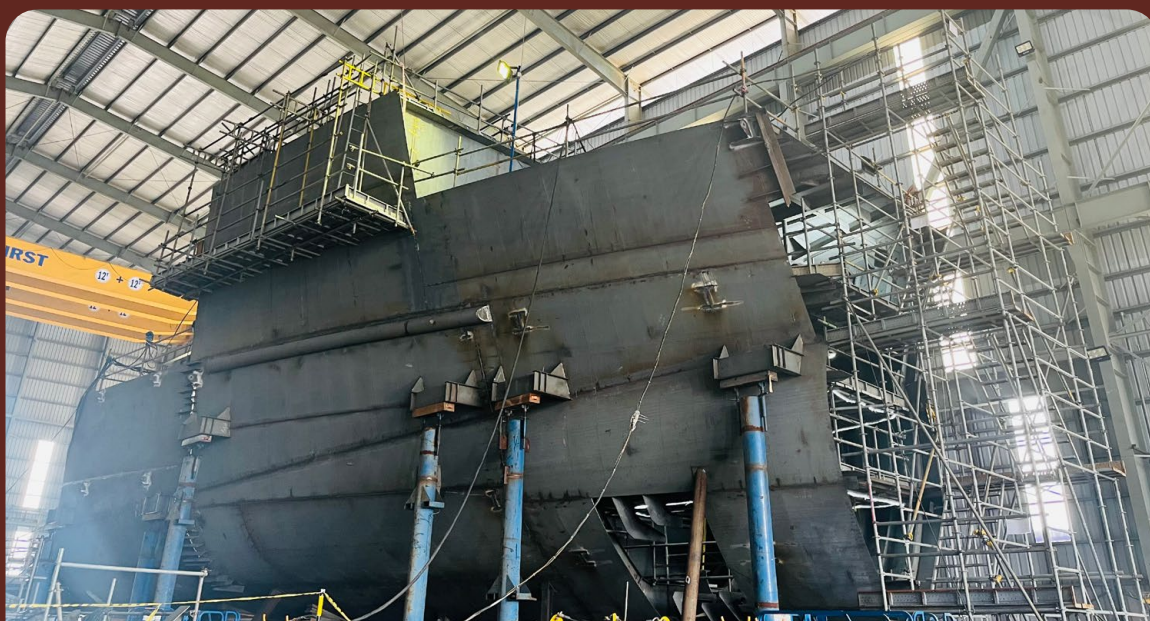
Hull of 'L'avion des Mers'



Vietnam

Austal Vietnam continued construction on a 71-metre roll-on-roll-off (RORO) passenger cargo vessel for The Degage Group of French Polynesia, the first steel vessel to be constructed by the shipyard.

The monohull ferry includes an aluminium superstructure accommodating up to 140 seated passengers and 17 crew, and has a main cargo deck area of 494 sqm; capable of transporting a combination of 10' and 20' containers, palletised cargo and vehicles.



'Dory 2' hull under construction



3D render of 'Dory 2'



'Dory 2' hull under construction



Chairman's report



Financial Year Highlights

- Earnings before interest and tax increased by 101% to \$113.4 million.
- Austal's order book has grown to \$13.1 billion, on the basis all contract option agreements are exercised.
- Funding secured and work commenced to build Final Assembly Hall 2 facility (FA2) and Module Manufacturing Facility 3 (MMF3) to expand our operational footprint and deliver on a large number of programs, including US nuclear submarines.
- The signing of the Strategic Shipbuilding Agreement with the Commonwealth of Australia will provide opportunities for further substantial increase in order book.
- Strong cash balance of \$583.9 million at 30 June 2025, despite a significant capital investment program and the loss-making T-ATS contract (30 June 2024: \$173.5 million).

I am pleased to present Austal's FY2025 Annual Report to shareholders on behalf of the Board of Austal Limited, my first as Chairman of the Company.

When I commenced with Austal on 1 July 2024, I noted that as an interested observer:

"I have kept a close watch on the Company's progress in the USA. Its expansion from a two-ship yard to a multi-program provider, including command deck modules for the United States' nuclear submarines, has been impressive."

Now, after 12 months as a Company insider, I am even more impressed.

Everything from Board cohesion and strategic approach, through to the commitment and skills of our management and workforce has been more

impressive than I had viewed from the outside at first.

I expected, and was prepared for, a busy 12 months as Austal's pioneering Littoral Combat Ship program wound down and was being replaced by a variety of new programs.

It has exceeded my high expectations with a \$220 million capital raising and \$488 million debt refinance to support our \$1.2 billion capital expansion program, readmission to the ASX 200 and corporate activity.

Most importantly, the blueprint for growth that the Board set out and that management is now successfully implementing, is creating rewards for Austal shareholders who placed their trust in that ambition.

Three FY2025 figures stand out:

An order book of \$13.1 billion.

Austal keeps winning work - and it wins that work because the US Navy and US Coast Guard, as well as Australian Navy and our commercial customers, have confidence in the efficiency and workmanship of Austal to build vessels that meet their specific maritime requirements.

The order book is recognition of the quality of work and the efficiency of the build process, at a time when there is considerable focus on operational readiness in Australia and the United States.

The EBIT of \$113.4 million, an increase of 101% on FY2024.

The previous year's EBIT figure was a transition figure as important legacy programs wound down (particularly, Littoral Combat Ships) and construction on new programs started to mature.

Our shipbuilders in the USA, Australia, Philippines and Vietnam are incredibly efficient, and as they work on maturing build programs, they have created an impressive earnings trajectory.

The US\$600 million other organisations have invested in infrastructure to increase Austal's role in constructing US nuclear submarines.

Austal is building Command and Control Systems Modules (CCSM) for Virginia-class submarines and Electronic Deck Modules (EDM) for Colombia-class submarines. These are the two top priorities for the US Department of Defense.

Defence primes sub-contracting out module construction to a small number of approved and expert third-party suppliers is core to the US's strategy to increase the delivery rate of Virginia-class submarines from the current delivery rate of 1.1 to

1.3 submarines per year to the required production rate of 2.33 submarines per year to meet the US's AUKUS commitments, including the transfer of submarines to Australia, while also fulfilling its own domestic needs.

As part of that outsourcing strategy, in September 2024, Austal was awarded a US\$450 million (approx. A\$670 million) contract by General Dynamics Electric Boat to build a bespoke Module Manufacturing Facility 3 (MMF3) to manufacture these modules.

MMF3 is an enabler for future work in submarine modules.

And then just a month later, Austal was awarded a US\$150 million contract from the US Navy to invest in enhancing ancillary infrastructure and facilities adjacent to Austal USA's facilities and around the Mobile area, with the objective of increasing submarine work.

Subsequent to the completion of the FY2025 financial year, another key enabler of future work was signed with the Australian Government.

The Strategic Shipbuilding Agreement (SSA) positions Austal as Prime contractor to build all certain vessels nominated in Australia's surface fleet review.

Under the SSA, Austal will build eighteen Landing Craft Medium (LC-M) followed by eight Landing Craft Heavy (LC-H). Provided those build programs are successful, we will then move on to build eight General Purpose Frigates (GPF) in partnership with the vessels' designer, Mitsubishi Heavy Industries, and then Large Optionally Crewed Surface Vessels (LOSVs).

This provides Austal with a decades-long runway of work for our Henderson yard, providing Austal with the confidence to invest in the future of that business.

While much focus has deservedly been on Austal's defence business, our commercial arm warrants recognition.

Our shipbuilders in the Philippines are currently constructing the Vela sail-powered cargo trimaran and completing the design of the 130-metre combined cycle, 'hydrogen-ready' vehicle passenger ferry for Gotlandsbolaget of Sweden. The Vietnam team is building the 'Dory 2' for the Degage Group of French Polynesia. It is a 71-metre roll-on-roll-off (RORO) passenger cargo vessel and is the first steel hull ship to be constructed by Austal Vietnam.

These contract awards reflect the innovative approach that runs deep through Austal's DNA and the confidence our commercial partners possess in the ability of our designers and fabricators to

develop an innovative concept and turn it into an ocean-going reality.

The trend towards alternative-powered vessels is well established in the commercial ferry market and Austal is starting to capture the benefits of the leadership position that it has established in this sector.

Finally, it is important that we acknowledge the resolution of the US regulatory investigation into legacy issues with respect to the events leading up to the write back of work in progress (WIP) in July 2016.

This was concluded and announced just two days before the release of our FY2024 annual report.

As part of the resolution 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.

Strategic initiatives

When I accepted the position as Chairman, I noted that I did not envisage any strategic U-Turns as Austal has just commenced its strategy to achieve its 2050 vision. Our focus therefore continues to be on long-term, sustainable and profitable growth, where we meet the requirements of our customers and shareholders. This will be achieved across shipbuilding, support and systems. In Australia, we are now positioned as a Sovereign Defence Prime Shipbuilder, with a pipeline of work that extends decades. In the US, we are growing our shipbuilding position, as we deliver the programs we have won, in tandem with continuing to invest in, and expand, our shipyard as we win more work.

The expansion is real and it will increase our operational footprint.

Importantly, it is fully funded. The combination of cash contributions from partners, our \$220 million equity raise in March 2025, our \$488 million debt refinance in June 2025 and the cashflow we are generating from operations will fund the large capital works program underway in Mobile, most notably on FA2 and MMF3.

At 30 June 2025, Austal had a net cash position of \$453.1 million, a significant improvement on the prior year net cash position of \$3.9 million. Undrawn debt facilities of \$333.8 million plus up to a US\$150 million loan facility being progressed with Export Finance Australia (EFA) provide further funding capacity.

With net assets of \$1.3 billion at 30 June 2025, Austal has considerable scope to fully utilise these debt facilities while keeping balance sheet gearing and leverage at conservative levels.

Risks & opportunities

While the Company in the US has been, correctly, focused on growth and the transition from two aluminium-build programs to multiple steel programs, it is important that we make sure that our cost base remains a focus of our business as well.

The Board has approved an independent cost review to ensure that we manufacture every vessel and submarine module as efficiently as possible.

I do want to be clear that this is not a headcount reduction exercise. With the capital works program currently underway to expand our operational footprint, we need more people, not less. Instead, the review is 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.

In June 2025, we launched Austal's first US-manufactured steel vessel, the Navajo-class Towing and Salvage Vessel (T-ATS), the future USNS Billy Frank Jr. (T-ATS 11).

The program was designed to establish Austal's first steel production line in preparation for other steel shipbuilding programs in the portfolio, OPC and T-AGOS.

In Australia, we are manufacturing the Evolved Cape-class Patrol Boats for Australian Border Force while details are finalised for the construction contract for Landing Craft Medium (LC-M) between the CoA, vessel designer Birdon and Austal.

Austal is working hard to ensure that the end of the current Evolved Cape-class Patrol Boat program dovetails into the start of the Landing Craft Medium (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.

In FY2026, Austal will complete the build of the remaining 2 vessels in the Guardian-class Pacific Patrol Boat Replacement program.

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

Austal is continuing to work closely with US Navy on the design of the T-AGOS ocean surveillance vessels. The vessels use a unique Small Waterplane Area Twin Hull (SWATH) design, in which the ship's upper part sits on two struts that extend down to a pair of submerged, submarine-like hulls. The struts have a narrow cross-section at the waterline

(i.e. they have a small waterplane area). The SWATH design is incredibly complex given the forces they are exposed to and therefore is taking additional time to mature.

Ultimately, the pivot to steel, in tandem with the expansion of our support business and increasingly diversified order book, has put us in a great place in the US, and now Australia too through the Strategic Shipbuilding Agreement.

Board update

The Austal Board had undergone a significant refresh in the past two years.

In FY2025, Sarah Adam-Gedge and Chris Indermaur retired from the Board and Brent Cubis and Richard Gibb were appointed.

I would like to thank Sarah and Chris for their service to Austal. Both made considerable and meaningful contributions to Austal's Board during their tenure.

Brent is a highly experienced international finance executive and Board member. He has performed CFO and/or NED roles for large international and domestic companies including ARN Media, A2B (formerly Cabcharge) and Cochlear.

Richard possesses important international finance, M&A and capital management skills. Most recently he served as the CEO of Credit Suisse Australia for five years to 2024. Prior to that, he worked in a variety of positions at Deutsche Bank including Co-Head of Corporate Finance, Asia Pacific in Hong Kong; Co-Head of Global Financial Institutions in New York; and Chief Operating Officer, Global Banking in London. He has also held positions at Merrill Lynch and Bankers Trust in the United States and Asia Pacific.

Both Brent and Richard are appointees of Austal's largest shareholder, Tattarang.

The Board had previously indicated it was considering recruiting an additional Non-Executive Director with strong manufacturing, delivery and contracting experience to bring this expertise to the Board.

I am pleased that in August 2025, we announced the appointment Sue Murphy AO to the Board effective 1 September 2025. Sue brings extensive executive leadership experience in engineering, infrastructure and corporate governance during her 40-year career.

At this point, it is worth noting that South Korean shipbuilder Hanwha has applied to Australia's Foreign Investment Review Board to increase its shareholding in Austal from 9.9% to 19.9%. The Treasurer has publicly stated he intends to make a determination on this in September.

It is important that a Company Chair and CEO work cohesively, with appropriate levels of governance and oversight. I'm pleased to report to shareholders that relationship was quickly established with Austal CEO Paddy Gregg who continued to lead Austal's corporate strategy while overseeing our shipbuilding and maintenance operations. Paddy works closely with Austal USA President Michelle Kruger, who was appointed to that position in April 2024, and Austal USA CFO Stephen Adams, who was appointed in November 2024. With Paddy's assistance they are leading the transformation and expansion of the Mobile yard.

HSEQ

As always, our prime focus is ensuring that our employees go home safely every day. 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.

Corporate responsibility

Austal continues to ensure that its operations grow and evolve in a sustainable manner.

Our focus is to continue to build on a range of ESG initiatives with a particular focus on environmental and social risks and opportunities in the year ahead. We remain committed to our published targets: By 2030, a 50% reduction of embodied emissions (Scope 1, 2 and 3-upstream) and by 2050, a Net Zero commitment consistent with Science-Based Targets.

Austal continues to advance research and development projects targeting improved methods to design and construct vessels with increased fuel efficiency and reduced emissions, or even no emissions (with the recently announced Austal-built cargo sailing ship), or ships that are ready for fuels of the future to be utilised. We continue to develop in areas such as additive manufacture, running the Additive Manufacturing Centre of Excellence in Danville, which looks like it will play a vital role in submarine build and support going forward.

Thank-you

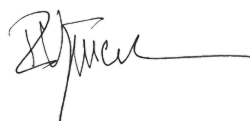
On behalf of the Board, I would like to thank each and every Austal employee for their enthusiasm and professionalism.

Building naval vessels, and also commercial ferries, is a privilege given their strategic importance to the nations that commission their build and the crew who serve upon them.

Our employees can't, and don't, take that responsibility for granted.

Similarly, we undertake those builds on behalf of our owners, our shareholders. And we have a responsibility to you, to provide both growth and a return on investment that rewards you for choosing to invest in Austal.

I look forward to building on the base we have established to serve the needs of both.



Hon. Richard V. Spencer

Chairman

Chief Executive Officer's report



Group financial results

	2025 \$'000	2024 \$'000
Revenue	1,823,337	1,468,907
EBITDA ¹ / Underlying EBITDA	186,485	126,128
EBIT ² / Underlying EBIT	113,354	58,852
NPAT ³	89,733	14,876
EBITDA margin	10.2%	8.6%
EBIT margin	6.2%	4.0%
Net assets	1,308,655	1,004,665
Net cash position	453,112	3,902
Net cash flow	410,423	(5,691)
Earnings per share (\$ per share)	0.236	0.041
Dividends per share (\$ per share)	-	-
Payout ratio	-	-

Reconciliation of statutory results to underlying results for FY2024 ⁴		
	EBIT ²	EBITDA ¹
Statutory results	56,465	123,741
<i>Non-underlying items:</i>		
Gain on disposal of land and buildings	(54,373)	(54,373)
DoJ/SEC penalty and related costs	56,760	56,760
Underlying results	58,852	126,128

- Earnings before interest, tax, depreciation and amortisation (EBITDA).
EBITDA is comprised of EBIT with depreciation and amortisation (\$73.1 million) added back.
- Earnings before interest and tax (EBIT).
EBIT is comprised of NPAT with finance income (\$13.3 million) and finance costs (\$18.2 million) added back.
- Net profit after tax (NPAT).
- Statutory EBIT & EBITDA were equal to the underlying results in FY2025.

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 24% to \$1,823.3 million in FY2025.
- FY2025 EBIT increased significantly to a profit of \$113.4 million, compared to EBIT of \$56.5 million in FY2024.
- Austal reported a NPAT of \$89.7 million in FY2025 compared to NPAT of \$14.9 million in FY2024.
- Austal delivered operating cash flow of \$406.3 million (FY2024: \$(13.0) million) and FY2025 net cash flow of \$410.4 million (FY2024: \$(5.7) million).
- Austal has maintained a strong cash balance of \$583.9 million at 30 June 2025, despite a significant capital investment program and the loss-making T-ATS contract (30 June 2024: \$173.5 million).
- Net cash was \$453.1 million at 30 June 2025 (30 June 2024: \$3.9 million).
- Austal received a number of new contract awards during FY2025 in line with previously announced multi-hull programs, as well as commercial awards. If all options on these programs are exercised the order book equates to \$13.1 billion.
- In FY2024 we have reported underlying results alongside our statutory results to adjust for two large one-off items.

It has been a seminal year for Austal, with results of significant hard work over the past four years now starting to yield significant results. This has been recognised by investors with the re-rate of the share price and inclusion into the ASX 200. The highlight between the 2024 and 2025 Annual Reports has undoubtedly been the Strategic Shipbuilding Agreement signed between Austal and the Commonwealth of Australia, and the down select of the General Purpose Frigate (GPF) to Mitsubishi's Mogami-class Frigate. Austal has worked with owners in 52 countries over the last 37 years and we look forward to working with Mitsubishi in Japan.

The record order book has been discussed at length and provides the backbone for growth over coming years. One of the highlights of the year was the \$220 million capital raise to support investment in facilities to deliver the order book and future programs that this investment will enable us to bid for. The raise was significantly oversubscribed and the subsequent increase in

share price will have made those who supported us and participated particularly pleased. Another major financial achievement this year was the restructuring of our debt facilities. Again, we were oversubscribed, securing \$488 million in credit facilities from a group of Tier 1 financial institutions, including Australian and international banks and Export Finance Australia (EFA). In addition, Austal has negotiated \$634 million of contingent instruments with several of the credit providers as well as other US-based Tier 1 financial institutions to backstop Austal's existing \$136 million in Go Zone Bonds through Letters of Credit as well as commercial guarantees where required.

The debt package is the final funding piece of our \$1.2 billion capital expansion program in the United States.

The unprecedented award of a US\$450 million (approx. A\$670 million) contract by General Dynamics Electric Boat provided us with the confidence to make these investments. The contract will enable Austal USA to expand production capacity at its US shipyard in support of the US Navy Submarine Industrial Base (SIB). This contract award will fund Austal USA to enhance its existing infrastructure by designing, constructing and outfitting a new module fabrication and outfitting facility at its Mobile shipyard to support the US Navy goal of delivering one Columbia-class and two Virginia-class submarines annually. Construction of the new building has commenced and be substantially complete in 2026. 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 build 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.

This capital investment program is being made to support the substantial order book of \$13.1 billion, which was largely won in the past two years. The transition from the mature LCS and EPF programs is well underway and the delivery of the final (19th) LCS demonstrates much of the revenue is now coming from new programs. While we undertake the design work for the new programs and as we transition from design to procure and build, revenue will continue to grow in future years.

This success in winning work in the US is set to be repeated in Australia with the Strategic Shipbuilding Agreement (SSA).

In November 2023 we announced that we had entered into a Heads of Agreement (HoA) with the Commonwealth of Australia to progress to an SSA.

The SSA has now been agreed and signed establishing Austal as the Commonwealth's Strategic Shipbuilder at Henderson, Western Australia, where all Tier Two vessels are proposed to be built. Under the SSA, Austal will construct and deliver the Landing Craft Medium (LC-M) capability to the Australian Army under the Commonwealth's LAND 8710 project. This will be followed by the Landing Craft Heavy (LC-H) and the CoA has down selected a design by Damen. Although the final signing of the SSA has extended beyond expected timeframes we are in an early implementation contract on both LC-M and LC-H enabling progress to continue.

In addition, the Commonwealth also ordered two additional Evolved Cape-class Patrol Boats under a contract extension, to be delivered to the Australian Border Force (ABF). The \$137.0 million contract brings the total number of Evolved Cape-class Patrol Boats to be constructed by Austal to twelve, with eight delivered to date.

Despite Austal's strong cash position and forward outlook the Board decided not to declare a dividend for FY2025 due to the upcoming investment program in the US.

Austal delivered 7 ships in FY2025 and maintained a strong balance sheet with a full debt refinance, while allocating considerable enhancing capital as we strengthened our strategic position in both the defence shipbuilding sector, and commercial sector in Asia. This underpinned the strong financial performance. The investment in steel capability in San Diego, and future investment in consolidation sheds, launch and recovery facilities in Mobile, allows the business to keep delivering and growing. Clearly the investment, in partnership with our major customer, in adding a steel production line to our aluminium capability has been money well spent. The option to expand into the facility next door to our site provides long term strategic options for growth.

In Australia, we delivered 5 defence vessels – 3 Guardian-class Patrol Boats to the Commonwealth of Australia and 2 Evolved Cape-class Patrol Boats to the Royal Australian Navy. We also delivered a 32-metre catamaran to Rottnest Fast Ferries. Over the past seven years, we have delivered 37 ships from the Australian business which is very impressive compared to the lack of deliveries from other companies in Australia constructing defence vessels.

Austal USA continued its success on long term programs. In August, the US Navy commissioned USS Kingsville (LCS 36) following our delivery of the vessel, and we also delivered the future USS Pierre (LCS 38) to the US Navy in July 2025, the second ship delivered by Austal USA to the Navy in less than a month. LCS 38 is the 19th Independence-variant Littoral Combat Ship (LCS) delivered by the Company and is the last of the Independence-variants that will be delivered.

FY2024 was a tough year for commercial shipbuilding in both the Philippines and Vietnam. We made a strategic decision to keep the yards open and although this impacted the Company financially last year, as was evident in the Australasia segment reporting, it is pleasing to see this significantly turn around this year returning the segment to profitability.

The contract from Gotlandsbolaget of Sweden, valued between A\$265 and A\$275 million, for the design and construction of a 130-metre combined cycle, 'hydrogen-ready' vehicle passenger ferry was important to our business. 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 will be designed by Austal with construction at the Austal Philippines shipyard commencing in the first half of CY2026. 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.

The success of the Company has not gone unnoticed and Austal has received interest from South Korean shipbuilding firm Hanwha. Hanwha has built a 9.9% stake in Austal with a request to Foreign Investment Review Board to increase this to 19.9%. The Federal Treasurer has said he will make a decision on that application by September. Austal has appointed Jeffries as its corporate defence advisor.

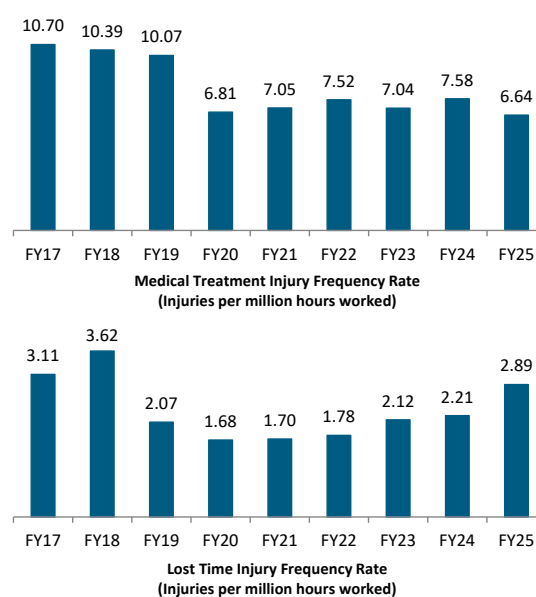
In August 2024, we advised the market that we had reached a global resolution with both the US Department of Justice (DoJ) and the US Securities Exchange Commission (SEC) to resolve previously disclosed investigations into the events leading up to the write back of work in progress (WIP) in July 2016.

People & Safety

Austal is committed to safeguarding the health, safety and wellbeing of its workforce through management systems, risk management and a strong culture of safety across all operations.

Austal is committed to protecting the safety and wellbeing of its workforce by embedding internationally recognised health, safety and environmental (HSE) standards across all operations.

The following tables illustrate Health and Safety incidence performance for the Group against the pcip.



Austal recorded a slight decrease in Medical Treatment Injury Frequency Rate this reporting period, while Lost Time Injury Frequency Rate unfortunately increased slightly. We will continue to focus on safety to reduce harm.

Austal continues to conduct management reviews focused on areas of opportunity to reduce our injury rates and improve safety culture across the business.

Austal USA's shipbuilding team once again demonstrated their commitment to safety in the workplace by earning the American Equity Underwriter's (AEU) Excellence in Safety Award for performance in 2024. As the leading provider of workers' compensation for waterfront employers, AEU presents safety awards each year to its best performing members nationwide.

This is the sixth AEU safety award earned by Austal USA over the last decade. Combined with other awards recognising workplace safety in the maritime industry, Austal USA has received a total of 28 awards.

Further details on Health, Safety and Environmental initiatives at Austal can be found in Austal's Environmental, Social and Governance (ESG) Report FY2025.

USA

Strategy

Austal USA remains the core driver of Austal's financial performance, constituting more than three-quarters of the Company's revenue in FY2025. The conclusion of the DoJ investigation allowed us to finalise funding for the desired investment in our steel ship consolidation facility and associated launch and recovery syncro-lift. Significant focus has been placed on the T-ATS program and the comprehensive analysis required to support the basis for the Request for Equitable Adjustment (REA) which has been submitted and is under discussion with US Navy. Its resolution will remain a key focus for us in FY2026.

Our growth strategy over the last three years has been clear and successful, as demonstrated by the order book. Our main focus remains on safely and efficiently delivering on the programs we have won, but there is still opportunity to grow in four important areas:

- Submarine module manufacture has commenced, and we will look to grow this program with our partner General Dynamics Electric Boat. As this work increases, it will demonstrate to the market the potential size and longevity of the business and the strategic importance in the context of AUKUS.
- Submarines may be the focus of AUKUS in Pillar 1, but Pillar 2 brings exciting opportunities for Austal technology in areas such as additive manufacture and 3D printing. In October 2022, we opened the Navy's Additive Manufacturing Centre of Excellence (AM CoE) in Danville, Virginia, where Austal leads a consortium of experts providing program management and oversight of all development and production efforts. The AM CoE will promote growth and resiliency of the US Navy's Submarine Industrial Base (SIB) through establishment and expansion of dedicated additive manufacturing and non-destructive testing (NDT) capabilities, and other supporting technologies.

Recognising the compelling need to increase manufacturing capacity within the defence industrial base, the US Navy established the AM CoE to design a "build-to-print" capability aimed at long lead time parts in

order to achieve schedule adherence, build production reserves, and ultimately deliver Virginia and Columbia-class submarines to the USA and AUKUS.

- Autonomy will become an increasingly attractive option for navies, whether through efficiency and reduced or re-tasked crewing, or simply taking humans out of harm's way in a combat situation. Austal remains well placed to be able to integrate autonomous technology into naval platforms, as demonstrated on the EPF and Overlord programs, or even build bespoke autonomous vessels such as Saildrone.
- In San Diego the new floating dock, "Independence", has arrived, and as previously discussed, forms a key part of our Support growth model. It has taken longer to commission than anticipated due to increased environmental checks and approvals and will be commissioned mid this financial year. Once in service it will help us achieve our growth targets on Sustainment.

Shipbuilding

From July 2024 through to June 2025, Austal USA was awarded several significant US Navy (USN) and US Coast Guard (USCG) contracts adding to our well-balanced portfolio, further solidifying our backlog of contracts for the Navy and Coast Guard. While winning new work, we also achieved several important milestones for our current programs.

In July 2024, Austal USA was awarded a \$55 million fixed-priced incentive contract modification to the previously awarded contract to exercise the options for the construction of two Landing Craft Utility (LCU) 1700-class craft. This award expanded the program to five craft under construction at our Mobile, AL facility.

In September 2024, Austal USA was awarded a US\$152 million contract to support continued strategic expansion of the US Navy Submarine Industrial Base (SIB) capability and capacity. We also received a contract for US\$450 million that supports the design and construction of a new module fabrication and outfitting facility that will be dedicated to manufacturing submarine modules. The construction of this facility, MMF3, is critical to increasing production of both the Virginia-class and Columbia-class submarine programs.

The EPF program has continued to demonstrate stability and success with the delivery of EPF 15 in June of this year. EPF 16, the last ship in this 16 ship program, is progressing through the Mobile facility with a planned launch in Q3 of FY2026. However, the EPF design has been

utilised in the design of Expeditionary Medical Ships (EMS) and construction of three EMS will follow the last EPF.

Like the EPF program, our LCS program hasn't missed a beat. We delivered the future USS Pierre (LCS 38) in July 2025. LCS 38 is the last ship in the LCS Independence-variant class of ships providing versatility to the Navy as she performs specialised missions such as mine countermeasures and anti-surface warfare.

A significant milestone was achieved in June 2025 when Austal USA launched its first steel vessel (the future Billy Frank Jr. (T-ATS 11)) and is moving toward trials beginning on Q3 CY2025.

Austal USA has submitted an REA under the terms of the contract to seek recoveries for some of the additional costs incurred in the T-ATS project. Negotiations have begun and settlement of this matter is expected before mid-year FY2026.

The Auxiliary Floating Dock Medium (AFDM) for the US Navy is in production. All units are being worked and are nearing launch.

Two Offshore Patrol Cutter (OPC) ships, for the US Coast Guard, have begun construction and are progressing through the module manufacturing facility. This program, for up to 11 ships, has a potential value of US\$3.3 billion.

The award of the T-AGOS contract to Austal USA was announced in May 2023, when the Company was awarded a US\$113.9 million fixed-price incentive (firm target) and firm-fixed-price contract for detail design of the Ocean Surveillance Ship T-AGOS 25-class for the US Navy, including options for detail design and construction of up to seven T-AGOS 25-class vessels. Detailed design continues with a path to Program Design Review in late CY2025.

Support

Austal USA's Repair and Services business also achieved success with new contract awards.

In December 2024, Austal USA was awarded a contract modification for \$48 million to execute Option Year Two of a maintenance and emergent repair IDIQ contract supporting deployed Littoral Combat Ships in the Western Pacific and Indian Oceans.

In May 2025, Austal USA was awarded an indefinite-delivery/indefinite-quantity, multiple award contract for the repair, maintenance and modernisation requirements of Littoral Combat Ships homeported in San Diego, CA. The total combined contract value for all awardees, not just Austal, is not to exceed \$2.6 billion.

Additionally, at our Austal USA San Diego facility, we completed the California Environmental Quality Act (CEQA) process and have obtained an Authority to Construct (ATC) along with the necessary operational permits to allow us to complete the capital project and place the Floating Dry Dock, aptly named "Independence", in service later this calendar year. This will allow the team to pursue docking availabilities beginning in Q3 FY2026.

These contracts underscore Austal USA's expanding role in naval steel hull construction, operational support services, and critical infrastructure development for both surface and submarine programs.

Overall, the Austal USA service and support business delivered, with growth in EBIT. It recorded \$76.3 million in EBIT this financial year (FY2024: \$67.8 million), demonstrating further profitability in this segment.

Milestones

Austal USA broke ground on a new Final Assembly Hall 2 facility (FA2) in Mobile, AL on 9 July 2024. FA2 is designed to erect modules for the USCG Offshore Patrol Cutter (OPC) and USN T-AGOS programs. The new building will also include a shiplift, enabling the launch of the OPC, T-AGOS and in the future the Navy FFG (if required), as well as similar sized vessels.

In August 2024, Austal USA started construction on its first OPC, USCGC Pickering, OPC 5. Austal USA also christened Expeditionary Fast Transport (EPF 15). Also in August, the US Navy commissioned USS Kingsville (LCS 36) in Kingsville, TX.

In September 2024, Austal USA laid the keel of the final EPF, USNS Lansing (EPF 16), the last of a 16 ship program.

To wrap up CY2024, Austal USA laid the keel for its first Landing Craft Utility, (LCU 1711), on 18 December 2024.

In March 2025, Austal USA christened our first steel-hulled vessel, the future USNS Billy Frank Jr. (T-ATS 11), marking a significant advance in the addition of steel ship manufacturing in the Mobile facility. The vessel was launched in June 2025.

Austal USA laid the keel for the future USNS Solomon Atkinson (T-ATS 12) on 16 April 2025, the second Navajo class T-ATS to be built at Austal USA. Also in April, Austal USA started construction on LCU 1712.

Austal USA Solutions

In response to evolving demands in the defence and commercial markets, we have launched a new business segment, Austal USA Solutions, dedicated to Advanced Maritime Solutions and Autonomous Systems. This strategic initiative focuses on developing, integrating and delivering cutting-edge autonomous platforms, artificial intelligence-enabled systems and next-generation mission technologies and life-cycle support solutions.

The segment will include our Unmanned Surface Vehicles (USVs) portfolio, coupled with future growth in uncrewed naval surface and undersea systems and advanced maritime technologies. These capabilities are designed to enhance operational effectiveness and increase the agility and scalability of both defence and industrial missions.

With dedicated investment in innovation, partnerships with emerging technology leaders, and a multidisciplinary team of engineers and domain experts, this new segment positions the Company at the forefront of autonomous maritime and advanced defence technology markets. The business will build on the momentum of our past performance with unmanned systems development programs.

Outlook

While Austal has faced some challenges on its first steel programs, production processes and performance on those programs has stabilised. The state-of-the-art steel panel line is performing consistently and demonstrating improvement, as are the steel shipbuilding processes throughout the yard. Austal embarked on a transformation effort in January 2025 to establish scalable, repeatable management and execution processes to increase throughput and efficiency while improving overall schedule performance reliability. These transformation efforts are achieving improvement benchmarks through the first six months of the effort.

Support opportunities continue to grow as we deliver more vessels. The San Diego facility and drydock will be fully commissioned later this calendar year providing us with an opportunity for further growth.

Austal technology may be a small part of our business today, but it has considerable strategic importance and I'm confident this will be a new and healthy revenue stream that is well aligned with our support and submarine module business.

Looking ahead, Austal enters FY2026 with a nearly \$13.1 billion order book, much of its unexercised options for the US Navy and

US Coast Guard extending through to the early 2030s.

Austal USA's focus has been on broadening the order book with investment in facilities and capability; while delivering existing contracts, winning future build programs and ensuring we are strategising and collaborating to shape our long-term pipeline of work. The record order book clearly demonstrates this strategy is working.

Australasia

Strategy

Austal's focus on sovereign capability has been rewarded with its appointment as Strategic Shipbuilder in Western Australia as announced by the Federal Government. This means that, providing we continue to deliver, Austal will be the builder of all Federal Government program ships in Western Australia into the future. The programs that have been announced for construction in WA are Landing Craft Medium (LC-M) and Landing Craft Heavy (LC-H) for Army, General Purpose Frigate (GPF) and Large Optionally Crewed Surface Vessel (LOSV). None of these are yet included in the order book which will only occur when the contracts are finalised. This brings continuous naval shipbuilding to Austal and a longevity of pipeline we have never before experienced.

We are seeing a resurgence in the commercial market with three orders won and a pipeline of opportunities. Making the strategic decision to keep the Philippines and Vietnam yards open negatively impacted the financial results this year and last but was the right decision for the long term.

Shipbuilding

Both the Philippines and Vietnam operations had a very quiet year in FY2024. Both yards significantly ramped up in FY2025 and continue to do so to deliver the 3 commercial contracts currently on order. The first of these is to design and construct a 71-metre roll-on-roll-off (RORO) passenger cargo vessel for The Degage Group of French Polynesia. The new steel monohull ferry design includes an aluminium superstructure accommodating up to 140 seated passengers and 17 crew and features a main cargo deck area of 494 sqm capable of transporting a combination of 10' and 20' containers, palletised cargo and vehicles.

The second contract, announced in July 2024, was for a sail-powered cargo trimaran for Vela Transport of Bayonne, France. It is a unique concept and we look forward to working with Vela Transport to progress its design and construction.

The third contract, valued between A\$265 million and A\$275 million for Gotlandsbolaget of Sweden, was for the design and construction of a 130-metre combined cycle, 'hydrogen-ready' vehicle passenger ferry. This is another very exciting vessel that will propel Austal into the reduced emissions market.

The Philippines yard successfully delivered a 32-metre catamaran for Rottneast Fast Ferries, based in Hillarys, Western Australia. Collaborating with vessel designer Incat Crowther, Austal delivered the vessel at the end of H1.

Our Australian operations continue to support the Royal Australian Navy and Border Force on the new build and sustainment of vessels. We had a successful year as we continue to deliver Evolved Cape-class and Guardian-class Patrol Boats. We delivered 3 Guardian-class Patrol Boats (GCBP 20, 21 and 22), and a total of 22 Guardian-class Patrol Boats have gone to 12 Pacific Island Nations under the Australian Government's Pacific Maritime Security Program since 2018. We have an additional 2 Guardian-class Patrol Boats to deliver taking the total to 24.

The Evolved Cape-class Patrol Boat program is also on track with the delivery of the 8th vessel, and like the Guardian-class Patrol Boat program, we received an order for an additional 2 vessels bringing the total number of Evolved Cape-class Patrol Boats being delivered to the Navy, under the SEA1445-1 project, to 12.

As noted previously, the Strategic Shipbuilding Agreement signed between Austal and the Commonwealth of Australia establishes Austal as the Sovereign Shipbuilder of all surface vessels to be built in Henderson, Western Australia.

Under the SSA, Austal will construct and deliver the Birdon designed Landing Craft Medium (LC-M) (18 expected) to the Australian Army under the Commonwealth's LAND 8710 project. The Government also intends to build the Damen-designed Landing Craft Heavy (LC-H) (8 expected) capability through Austal under the framework of the SSA.

The Commonwealth has down selected its future General Purpose Frigate (GPF) to Japanese shipbuilder Mitsubishi Heavy Industries, with the intention that three will be built offshore with a further eight built by Austal in Henderson (subject to approvals).

Following the General Purpose Frigate (GPF) is a Large Optionally Crewed Surface Vessel (LOSV) (6 anticipated). This would bring in the autonomy skillset Austal has been developing.

The Surface Combatant Fleet review also mentioned the potential for additional

Evolved Cape-class vessels, and we have received orders for 2 of these with long lead orders for an additional 2.

This pipeline of continuous naval shipbuilding will provide decades of work and more certainty than we have ever experienced.

Support

The support yards in Cairns and Brisbane are fully operational with Brisbane mainly focused on commercial work and Cairns on Navy and Border Force work. Many of the newly built Evolved Cape-class Patrol Boats will be home ported in Cairns, and as the fleet grows, we anticipate our revenue will grow too. It is encouraging to see improvement in the profitability of this business too.

As the Defence Strategic Review increases the size of the Royal Australian Navy fleet over coming years, there will be more vessel sustainment activities being undertaken in Perth, Darwin and Cairns, where we are already established.

Austal's Asset Management solution LUSI (Lifecycle Upkeep Sustainment Intelligence) has had a successful year and continues to be used operationally on all of the Royal Australian Navy's Cape-class Patrol Boats. A companion product for the air domain, ALFI (Aviation Lifecycle & Fleet Management Intelligence) was deployed as a Proof of Concept for most of the last year. This has been successful and ALFI has now transitioned into a long-term production deployment.

Systems & Innovation

Technology is a critical pillar within Austal's operational strategy and there have been many activities and developments of note this year.

Austal's trusted Control & Monitoring solution, MARINELINK, has been deployed for over 20 years on Austal vessels. Austal's next generation version MARINELINK-Prime has seen steady growth and adoption through this year. MARINELINK-Prime continues to be the solution of choice for the Royal Australian Navy's Evolved Cape-class Boats with all ECCPBs delivered in FY2025 with MARINELINK-Prime. MARINELINK-Prime was also delivered on the Ocean Master commercial high-speed ferry delivered to Rottneast Fast Ferries during the year. Existing vessels have seen upgrades to MARINELINK-Prime. This includes an upgrade on Bay Ferries Limited vessel 'The Cat' during the year. FY2026 deployments of MARINELINK-Prime are expected to be significant with the product contracted as the

Control & Monitoring solution for vessels in both the defence and commercial space, and with additional upgrade orders received.

Austal's Asset and Fleet Management solutions continue to be in service and utilised by the ADF. The LUSI (Lifecycle Upkeep and Sustainment Intelligence) product continues to be deployed with each Evolved Cape-class Patrol Boat for the Royal Australian Navy. The ALFI (Aviation Lifecycle Fleet Management) solution continues to be in active use in support of the Royal Australian Air Force.

Reduced Crewing and Autonomous Operations for large surface vessels continues to be an R&D priority for Austal. There is a need for technology and automation to allow future, larger Australian naval surface fleet to operate with a minimal increase to crew complement, and there is a stated intention to procure Large Optionally Crewed Surface Vessels (LOSVs) by the Royal Australian Navy. In FY2025 we announced a strategic partnership with Greenroom Robotics, and we anticipate some of the developments that have been enabled by that partnership to be publicly announced in FY2026.

The Strategic Shipbuilding Agreement and the associated vessels that have been allocated to Western Australia for construction provides a significant opportunity for Austal to realise productivity gains through the digital transformation of our business. In FY2023, Austal completed a successful migration to a new Enterprise Resource Planning (ERP) solution from IFS, which now underpins the Austal Digital Transformation Program. In FY2026 several initiatives should complete or see major milestones achieved. This includes:

- Transitioning to a new Human Capital Management system, which will help support the workforce Austal requires for the future.
- The first deployment of a new Product Lifecycle Management (PLM) system that will provide a standardised and efficient means of creating and managing the digital artefacts for shipbuilding.
- The deployment of new systems to allow greater digital interaction and collaboration with key customers.

The goal of the digital transformation program is to enable productivity and efficiency of the Australian workforce through the use of best practice digital technologies in manufacturing and shipbuilding, and for Austal to have a digital platform that supports its operations that is equal or better than its peers.

Outlook

As is evident from the segment results, we did not incur the same the financial pain in our commercial yards this year as we did last year. The market is recovering with more hybrid technologies being discussed rather than a zero-emission solution, as demonstrated with the Gotland vessel.

The Australian Navy's Surface Combatant Fleet review and the appointment of Austal as the Strategic Shipbuilder will secure long-term work, providing continuous naval shipbuilding. Never before has the Australian business been in this enviable position which should provide decades of stability in results and growth in the business.

Management

I was pleased to appoint James Stokes as President of Australasia. With the signing of the SSA, the time is right to move towards a more stable and enduring structure for our Group. This revised structure aligns closely with our US operating model and creates clear P&L accountability for our two core business units – Australasia and the USA.

The reality is our business is evolving rapidly across the US, Australia and Asia. To navigate this pace and scale, we must build the right structure around accountability and execution.

James brings over two decades of senior leadership experience, including as a Chief Operating Officer. His background spans contractor operations, major infrastructure projects, asset maintenance, and both heavy and subsea fabrication. He has led multi-billion-dollar programs in the mining, oil and gas, energy and defence sectors.

I look forward to working closely with him throughout FY2026 and beyond.

Conclusion

The highlight of this year has undoubtedly been the Strategic Shipbuilding Agreement and selection of Mitsubishi for the General Purpose Frigate (GPF). This is closely followed by our capital raise and debt refinancing, both of which were significantly over subscribed. These resulted in a re-rated share price, helped by the global thematic on defence spend. The underlying performance of the business is strong, as can be seen with two profit upgrades this year and a very strong set of operational and financial results.

The submarine module work and the new building will provide significant growth in revenue and the investment in Final Assembly Hall 2 consolidation sheds and Module Manufacturing Facility 3 will

give capability for many classes of surface vessels and submarines for decades. The Additive Manufacturing Centre of Excellence is a keyhole to the future, and I expect will provide growth opportunities both in the US and Australia as the technology matures.

Both Austal USA and Australasia have clear direction and an agreed set of objectives to build customer relationships and target addressable markets using technologically advanced products. We are now demonstrating the ability to deliver shipbuilding, support and systems, for commercial and defence customers in both steel and aluminium. We have the most significant order book ever, and it will grow following the Strategic Shipbuilding Agreement. Austal is in a very exciting place and is clearly supported financially as evident by our recent equity raise, debt restructure and share price re-rate.

A handwritten signature in black ink, reading "Paddy Gregg". The signature is written in a cursive, flowing style.

Paddy Gregg

Managing Director and Chief Executive Officer

FY2025 – THE YEAR THAT WAS

JULY



- Awarded contract for wind-powered 66-metre trimaran for VELA
- Delivery of 20th Guardian-class Patrol Boat (GCPB)
- Final Assembly Hall 2 (FA2) groundbreaking

AUGUST



- Resolution of US Regulatory Investigation
- Austal USA awarded additional LCU1700 Contract
- Delivery of 7th Evolved Cape-class Patrol Boat (ECCPB)

SEPTEMBER



- Austal Board changes
- Contract to invest US\$150 million in US Submarine Industrial Base (SIB)
- US\$450 million contract to expand submarine module manufacturing

OCTOBER



- Module Manufacturing Facility 3 (MMF3) groundbreaking
- Delivery of 8th ECCPB
- Delivery of 21st GCPB

NOVEMBER



- Delivery of 22nd GCPB
- Australian Government selects preferred design for Landing Craft Heavy (LC-M)

DECEMBER



- 32-metre catamaran delivered to Rottnest Fast Ferries by Austal Philippines
- Award of 2 x ECCPBs for Australian Border Force (ABF)

JANUARY



- Austal apprentices to benefit from Western Australian New Defence TAFE Centre of Excellence

FY2025 – THE YEAR THAT WAS

FEBRUARY



- Awarded \$270 million Hydrogen-ready ferry contract from Gotlandsbolaget
- FY2025 Earnings guidance increased

MARCH



- \$200 million institutional placement completed to fund US shipbuilding expansion

APRIL



- \$20 million Share Purchase Plan (SPP) oversubscribed

MAY



- Appointment of new Non-Executive Director to the Board announced

JUNE



- \$488 million in Debt Refinancing to support future growth completed
- Launch of T-ATS 11
- Delivery of EPF 15
- Austal included in ASX 200

JULY



- Delivery of LCS 38

AUGUST



- AUSA receives contract and commences construction on 2nd OPC for USCG
- FY2025 Earnings guidance increased again
- Approval of Austal as Western Australia's Strategic Shipbuilder

Review of operations

USA

Financial performance

	2025 \$'000	2024 \$'000
Revenue		
Shipbuilding	1,097,856	853,904
Support	290,241	320,387
Total	1,388,097	1,174,291
EBIT		
Shipbuilding	21,323	25,101
Support	76,342	67,848
Total	97,665	92,949
EBIT Margin		
Shipbuilding	1.9%	2.9%
Support	26.3%	21.2%
Total	7.0%	7.9%

USA total segment revenue was \$1,388.1 million in FY2025 compared to \$1,174.3 million in FY2024.

EBIT increased by \$4.7 million (5.1%) in FY2025 to \$97.7 million, primarily driven by growth in the Support business year on year.

This was reflected in an EBIT margin of 7.0% in FY2025, compared to 7.9% in FY2024.

Revenue increased principally due to the diversification of new program revenue which was offset by the decline in revenue from the maturing Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) programs.

Shipbuilding

In Austal USA's 25th year of operations, the Company continued to expand significantly, with several new infrastructure and vessel programs providing greater capability to both the US defence industrial base, the US Navy and US Coast Guard.

In July 2024, Austal USA completed the groundbreaking for the new Final Assembly Hall 2 facility (FA2) which will ultimately include a ship lift capability and enable larger steel ships, including the US Coast Guard Offshore Patrol Cutters (OPC), to be assembled and serviced. The facility is due to open in 2026.

August 2024 was a very busy month, which firstly saw Austal USA awarded an additional two Landing Craft Utility (LCU 1700-class) vessels, bringing the total number of contracted vessels to 5 (of 12 announced); the launch of the future USS Pierre (LCS 38) - the final Independence-variant Littoral Combat Ship for the US Navy; the christening of USNS Point Loma (EPF 15), the 15th Expeditionary Fast Transport ship; and the opening of an expanded advanced technology

(additive manufacturing) centre in Charlottesville, Virginia.

Austal USA is leading the US Navy's effort to revolutionise their supply chain - through the implementation of additive manufacturing for castings, forgings, and fittings; and operates the Navy's Additive Manufacturing Centre of Excellence in Danville, Virginia.

At the end of August 2024, Austal USA also commenced construction on the first (of up to 11) 110-metre, steel Heritage-class Offshore Patrol Cutters for the US Coast Guard, the USCGC Pickering (WSMM919).

In September 2024, the Austal USA team launched USNS Point Loma (EPF 15), laid the keel for USNS Lansing (EPF 16) - the final Expeditionary Fast Transport Ship currently under contract - and commenced construction on the first steel hull Ocean Surveillance (T-AGOS 25) ship, contracted in May 2024.

Also in September 2024, Austal USA was awarded two major contracts to help support the US Navy's goal of delivering one Columbia-class and two Virginia-class submarines annually.

The first contract, US\$450 million from General Dynamics Electric Boat, is for the expansion of production capacity at the Mobile, Alabama shipyard. The new submarine module fabrication and outfitting facility (MMF3) is now under construction, following a groundbreaking ceremony held in October 2024.

A second contract, for US\$150 million, was awarded by the US Navy for Austal USA to invest as a limited partner in the United Submarine Alliance (USA) Qualified Opportunity Fund - a private investment fund with the objective of supporting expansion of the US Navy Submarine Industrial Base (SIB), through enhancing ancillary infrastructure facilities and adjacent to Austal USA's shipyard. Ownership of the facilities acquired by the Fund will remain with the Fund in which Austal USA is a limited partner.

In December 2024, Austal USA celebrated the Company's 25th anniversary by hosting an open day for employees' families and friends, to take a look inside the Mobile, Alabama shipyard and a number of vessels under construction.

Austal USA christened it's first steel ship, the USNS Billy Frank Jr. (T-ATS 11), a Towing Salvage and Rescue Ship for the US Navy, in March 2025. The vessel was successfully launched in June 2025.

Also in June 2025, the Austal USA team completed sea trials for both the USNS Point Loma (EPF 15) and future USS Pierre (LCS 38), prior to their delivery to the US Navy in June and July 2025 respectively.

Throughout FY2025, Austal USA continued work on other major projects for the US Navy, including; detailed design on the Expeditionary Medical Ship

(EMS), modules for the Auxiliary Floating Dock Medium (AFDM); four Virginia-class Submarine modules (1 delivered during the year); 1 Columbia-class submarine module, and six aircraft elevators for Gerald R Ford-class Aircraft Carriers (2 delivered, 4 under construction).

Support

Austal's USA support business continues to grow. The Austal USA team are now providing support to 15 Spearhead-class Expeditionary Fast Transport ships and 18 Independence-variant Littoral Combat Ships through facilities in Mobile, Alabama; San Diego, California and Singapore.

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 and second vessels have been confirmed (in addition to long lead time orders for vessel 3) and the Coast Guard has options for a further nine vessels. This program continues to mature although as previously announced to ASX, the Company will 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.

Australasia

Reporting of 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

	2025 \$'000	2024 \$'000
Revenue		
Shipbuilding	248,977	154,837
Support	188,984	148,062
Total	437,961	302,899
EBIT		
Shipbuilding	23,680	(22,474)
Support	12,328	9,909
Total	36,008	(12,565)
EBIT Margin		
Shipbuilding	9.5%	N/A
Support	6.5%	6.7%
Total	8.2%	N/A

The Australasia segment reported revenue of \$438.0 million in FY2025, compared to \$302.9 million for FY2024.

EBIT increased from an EBIT loss of \$(12.6) million in FY2024 to an EBIT profit of \$36.0 million in FY2025.

Revenue and EBIT in FY2025 increased due to new commercial and defence awards and the continued growth in the Support business in FY2025.

Shipbuilding

Over FY2025, Austal Australasia was awarded contracts for four new vessels, delivered six vessels and continued construction or scheduled construction on eight vessels, across the three major shipyards located in Australia, Philippines and Vietnam.

In Australia, Austal delivered three Guardian-class Patrol Boats (GCPB) to the Commonwealth of Australia and two Evolved Cape-class Patrol Boats (ECCPB) to the Royal Australian Navy.

Austal's unrivalled track record of success in naval ship production in Australia has now seen more than 30 ships delivered to the Commonwealth since 2018.

Following the delivery of the 22nd GCPB to the Commonwealth in November 2024, two vessels remain to be delivered under the 24 vessel Pacific Patrol Boat Replacement project (SEA3036-1); both are in final stages of construction at the Henderson shipyard (as of 30 June 2025).

Austal delivered the HMAS Cape Solander (ECCPB 8) and HMAS Cape Schanck (ECCPB 9) to the Royal Australian Navy in August and October 2024, respectively. Two more ECCPB's are under construction for the Navy, and following a contract award in December 2024, a further two ECCPB's are now under construction for the Australian Border Force (ABF).

In June 2025, James Stokes was appointed as President, Austal Australasia, with management and accountability for the Australian, Philippines and Vietnam shipyards and associated business units, including service and support.

Following negotiations that continued throughout FY2025, Austal and the Commonwealth of Australia finalised the Strategic Shipbuilding Agreement (SSA), announced by the Australian Government in November 2023.

The SSA, signed by Austal and the Commonwealth in August 2025, sees Austal appointed as the Commonwealth's Strategic Shipbuilder in Western Australia. As part of a pilot project to be undertaken under the SSA, the Commonwealth has nominated Austal to construct and deliver eighteen Landing Craft Medium vessels (LC-M) for the Australian Army, under the LAND 8710-1 project.

Subject to the LC-M program's performance, Austal understands the Government intends for Austal to build eight larger Landing Craft Heavy vessels (LC-H) under the framework of the SSA.

Additionally, future naval vessel programs that Austal may bid for under the SSA and announced in the Commonwealth's Defence Strategic Review and subsequent Independent Analysis of Navy's Surface Combatant Fleet, include eleven General Purpose Frigates (GPF) and six Large Optionally Crewed Surface Vessels (LOSVs).

The Australian Government announced that the Mogami-class Frigate, from Mitsubishi Heavy Industries of Japan, is the preferred design for the Royal Australian Navy's GPF. The first three vessels will be constructed in Japan, and the following 8 vessels to be constructed at the Henderson shipyard in Western Australia.

Following the delivery of the 32-metre catamaran ferry, 'Ocean Master', to Rottnest Fast Ferries in December 2024 (less than 12 months since the start of construction), Austal Philippines commenced construction on a unique new project for VELA Transport of France.

The 66-metre sailing cargo trimaran, to be named "L'avion des Mers" ("The Sea Plane"), will be 100% wind-powered and operate across the Atlantic Ocean between France and the United States.

Austal Philippines also commenced detailed design and planning for the construction of the 130-metre hydrogen-ready high speed catamaran 'Horizon X' for Gotlandsbolaget of Sweden. The ferry will be the largest ever constructed by any Austal shipyard worldwide and will initially operate with a combined cycle LNG powerplant, capable of running on hydrogen in the future.

Meanwhile, Austal Vietnam continued construction on a 71-metre Roll on roll off (RORO) steel hull passenger-cargo monohull ferry for The Degage Group of French Polynesia during FY2025.

Support

Australasia Support activity in FY2025 included continuing servicing and support for the Australian Border Force fleet of 8 Cape-class Patrol Boats, the Royal Australian Navy's two Cape-class Patrol Boats, Cape Fourcroy and Cape Inscription and eight Evolved Cape-class Patrol Boat fleet. Austal Cairns and the In-Service Support (ISS) team provide ongoing support to all the Guardian-class Patrol Boats delivered to Pacific Island nations under the Pacific Patrol Boat Replacement project.

Austal Darwin continues to provide In-Service Support for the Evolved Cape-class operating out of Darwin and throughout Northern Australia; and offers ad-hoc support to visiting US Navy vessels.

Material business risks - Australasia

Henderson Precinct Consolidation

On 5 August 2025, Austal was pleased to announce the Commonwealth Government's approval of its appointment as Australia's Sovereign Strategic Shipbuilder. This appointment will commence with the construction of eighteen Landing Craft Medium vessels (LC-M) and eight Landing Craft Heavy vessels (LC-H) for the Australian Army. It is the result of years of engagement and demonstration of expertise by Austal and will be the principal medium through which the Henderson Shipbuilding Precinct, in Perth, Western Australia, is developed into a world class defence shipbuilding location.

Construction of these projects relies to a degree on ensuring all of the required shipbuilding facilities are designed, built and operational in timelines that support the Government's timetables for launch of these vessels. This in turn relies partly on third-party stakeholders such as the Western Australian Government and other industry participants substantively participating in the Henderson consolidation process in order to ensure all required construction facilities and proposed precinct segregation are completed in a manner that supports the Commonwealth's timeframes and those of Austal. Delays in access or facility redevelopment could delay the delivery of these shipbuilding programs which can impact financial forecasts and returns.

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.

Changes to Australian Government procurement priorities, strategy and timing

Austal was pleased to announce the Government's formal approval of its appointment as the Commonwealth's strategic shipbuilding partner in Western Australia under a Strategic Shipbuilding Agreement (SSA). As described above, this framework establishes Austal as the Government's designated shipbuilder for substantial surface vessels such as Medium and Heavy Landing Craft. Subject to performance on those projects, Austal understands that the Government also intends that the General Purpose Frigates (GPF) to be built in Australia should

also be delivered by Austal as the Strategic Shipbuilder, although the award of the GPF project remains subject to performance on the landing craft programs and the Government has not confirmed its intention to appoint Austal to deliver this program at this stage.

Austal and the Commonwealth will continue to discuss arrangements for the GPF project and the Company will continue to support the Commonwealth by ensuring it delivers the landing craft programs; however there is always a risk that the Commonwealth's strategic, defence or political priorities change and that delays or other issues on these pilot programs mean that further shipbuilding programs are delayed, revisited, re-prioritised, manufactured offshore or cancelled.

Each of these potential actions would have a material impact on the future of Austal's Australasian business although Austal has taken a conservative approach to earnings and operational forecasts and these do not currently include the GPF project.

Operations at Austal Vietnam

Austal, through its wholly-owned subsidiary Austal Viet Nam Co., Ltd, has operated a medium-sized shipyard in Vung Tau, Vietnam since 2017. Several successful commercial projects have been delivered from this facility including the 97-metre vehicle/passenger ferry for the Government of Trinidad & Tobago and several other commercial projects.

The Company's lease over this facility is scheduled to terminate in the coming years and may not be extended (Austal is not in a position to describe the exact termination date as it risks undermining commercial discussions). While there are some years left on the current lease, in light of the potential duration of large shipbuilding projects Austal has commenced a process to identify and secure alternative premises in Vietnam, however it is possible that a suitable alternative may not be available or may not be available in a timeframe that meets Austal's requirements.

If this were to eventuate, it could place additional pressure on Austal's other shipyards including the Philippines, to deliver projects that may otherwise have been constructed in Vietnam. This additional pressure could be beyond the capacity of existing facilities and/or resources, which could mean delays and/or cost overruns on these projects.

Austal continues to review and assess other facilities in Vietnam and its objective is to secure an appropriate alternative, however planning is also being undertaken to cater for the possibility that an appropriate alternative cannot be secured in the necessary timeframe.

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.

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.

Directors' report

The Board of Directors of Austal Limited submit their report for the year ended 30 June 2025.

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 was promoted to the position of Austal's Managing Director and Chief Executive Officer on 1 January 2021, following 4 years as Austal's Chief Operating Officer.

Paddy is a highly regarded senior leader with significant project management, manufacturing and business experience acquired within the high-technology Nuclear Defence Industry, Rail Industry and Naval Shipbuilding Industry.

Immediately prior to joining Austal, Paddy was working for Network Rail in the United Kingdom. During his time there he was responsible for major infrastructure enhancements and renewals.

Paddy has extensive experience in the naval sector having worked for BAE Systems Submarines, based in Barrow-in-Furness, England. Paddy was the Head of Project for the second Astute-class hunter killer nuclear submarine build. In this role he worked closely with both the United Kingdom Ministry of Defence and Navy to ensure the project was successfully delivered.

As Chief Operating Officer at Austal, Paddy had responsibility for the shipbuilding and sustainment operations in Australia, Philippines and Vietnam. This responsibility covered both new build of commercial and naval vessels, and the sustainment stream of the business focussed on support for the Australian Border Force and Royal Australian Navy.

As Managing Director and Chief Executive Officer, Paddy oversees a global company comprising 5 shipyards and 8 service centres in 4 countries, with more than 4,400 employees worldwide.

Paddy is a Chartered Engineer and fellow of the Institution of Mechanical Engineers, with a Masters Degree in Mechanical Engineering from the University of Newcastle-upon-Tyne, and a Masters in Business Administration from the Warwick Business School.

John Rothwell AO – Non-Executive Director



John has played a major role in the development of the Australian aluminium shipbuilding industry approaching 50 years of experience in boat and shipbuilding. He is the architect responsible for the establishment of Austal and was the founding Managing Director. John identified markets for high speed ferries throughout Asia which resulted in Austal's rapid growth. He saw the potential for US Defense contracts for high speed aluminium naval ships and he led the formation of a new shipyard in Mobile, Alabama in 1999.

John was appointed as an Officer of the Order of Australia (AO) in January 2004 for services to the Australian shipbuilding industry, and for significant contributions to vocational education and training. He was named "Australian Entrepreneur of the Year" by Ernst and Young in 2002 and he was awarded the Western Australia Citizen of the Year in the category of Industry and Commerce in 1999.

John stepped down as Executive Chairman in 2008 to continue as Non-Executive Chairman after managing the Company for 20 years. John retired from his position as the Non-Executive Chairman on 30 June 2024 and remains on the Board of Directors as a Non-Executive Director.

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, the Australian Missile Corporation, Southern Launch, 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 earth's 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 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 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 20 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), 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, marking his second non-executive directorship following his appointment to the ANZ Board in 2024, where he serves as Chairman of the Risk Committee and sits on the Audit and Technology Committees. 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 is also currently 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, including Co-Head of Banking for Asia Pacific (Hong Kong), Co-Head of Global Institutions (New York) and Chief Operating Officer for Global Banking (London).

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.

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	-	977,240
Mr John Rothwell	18,601,692	-	-
Mr Lee Goddard	-	17,742	-
Ms Kathryn Toohey	-	5,131	-
Mr Brent Cubis	-	5,131	-
Mr Richard Gibb	-	-	-

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 profit after tax of the consolidated entity for the financial year was \$89.7 million (FY2024: \$14.9 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 16.

Share price

The closing share price of Austal at 30 June 2025 was \$6.28 (30 June 2024: \$2.49).

Dividends

No dividends were paid after the FY2025 H1 results (FY2024 H1: None) and no further dividend has been declared for FY2025 post 30 June 2025 (FY2024 H2: None).

Significant events after the balance date

On 5 August 2025, the Group announced that it has finalised its Strategic Shipbuilding Agreement with the Commonwealth of Australia, which will appoint a newly created Special Purpose Vehicle and Austal subsidiary, Austal Defence Shipbuilding Australia, as the Commonwealth's Strategic Shipbuilder for Tier 2 surface combatants at Henderson, Western Australia.

On 6 August 2025, the Group announced that Austal USA has received a contract option award from the US Coast Guard (USCG) for the construction of the second Stage 2 Heritage-class Offshore Patrol Cutter (OPC) and the acquisition of long lead-time material to support construction of a third Stage 2 OPC. The US\$273 million option is part of a contract that includes options for up to 11 OPC's, with a potential value of US\$3.3 billion.

On 18 August 2025, the Group announced that Austal Australasia has been awarded a contract in the range of \$14 million - \$16 million to construct a 36-metre catamaran for Cruise Whitsundays, part of Australia's leading experiential tourism group, Journey Beyond.

On 20 August 2025, the Group announced the appointment of an experienced company director with important engineering and contracting expertise to its board. Susan Murphy AO will commence as a Non-Executive Director of Austal on 1 September 2025. She will also join both the Board's Nomination & Remuneration Committee and Audit & Risk Committee.

On 28 August 2025, the Group announced the official signing of the Strategic Shipbuilding Agreement (SSA) between the Commonwealth of Australia and Austal Defence Shipbuilding Australia, a newly created, wholly owned subsidiary of Austal Limited.

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 5 and the Review of Operations on page 16.

Significant changes in the state of the affairs

Mr Ian McMillan resigned as Chief Operating Officer Australasia, effective 26 July 2024.

Mr Brent Cubis was appointed as Non-Executive Director, effective 21 October 2024. Please refer to the ASX announcement titled "Austal Board Changes" on 27 September 2024 for further information.

Mr Chris Indermaur resigned as Non-Executive Director, effective 1 November 2024. Please refer to the ASX announcement titled "Austal Board Changes" on 27 September 2024 for further information.

Mrs Sarah Adam-Gedge resigned as Non-Executive Director, effective 28 February 2025. Please refer to the ASX announcement titled "H1 FY2025 Results Announcement" on 21 February 2025 for further information.

Mr Richard Gibb was appointed as Non-Executive Director, effective 2 June 2025. Please refer to the ASX announcement titled "Austal appoints new Non-Executive Director" on 23 May 2025 for further information.

Mr James Stokes was appointed as President Australasia, effective 23 June 2025.

During the year ended 30 June 2025, the Group successfully completed a capital raising to provide funding for the Final Assembly Hall 2 facility (FA2) steel shipbuilding expansion project, which once complete, will facilitate the delivery of large steel vessels in the current pipeline for the US Navy and US Coast Guard.

On 14 March 2025, the Group issued 52,631,579 fully paid ordinary shares at an issue price of \$3.80 per share, raising gross proceeds of \$200.0 million. The raising was conducted via an institutional placement.

On 8 April 2025, the Group issued 5,263,158 fully paid ordinary shares at an issue price of \$3.80 per share, raising gross proceeds of \$20.0 million. The raising was conducted via a share purchase plan.

Transaction costs of \$4.8 million, net of tax, were incurred and accounted for as a deduction from contributed equity.

On 27 June 2025, Austal entered into new debt facilities with a \$681.5 million revolving credit facility, inclusive of a \$333.8 million cash loan sublimit (of which \$178.8 million can be utilised for contingent instruments). The new 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 have a 5 year maturity date. The interest rate is variable, based upon a drawn margin above BBSY and SOFR for AUD and USD principal borrowings respectively.

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. No environmental breaches have been notified by any Government agency during the year ended 30 June 2025.

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

There were 3,611,571 unvested performance rights, 1,945,560 unvested service rights and 100,000 unvested short-term service rights at 30 June 2025.

2,285,739 performance rights, 709,489 service rights, 100,000 short-term service rights and 793,000 indeterminate rights were granted during FY2025.

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 and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. 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 ¹	Mr Richard Spencer ¹
Mrs Sarah Adam-Gedge ²	Mrs Sarah Adam-Gedge ²
Mr Chris Indermaur ³	Mr Chris Indermaur ³
Mr Lee Goddard	Mr Lee Goddard
Ms Kathryn Toohey	Ms Kathryn Toohey
Mr Brent Cubis ⁴	Mr Brent Cubis ⁴
Mr Richard Gibb ⁵	Mr John Rothwell

1. Mr Richard Spencer was appointed as Non-Executive Chairman and member of the Nomination & Remuneration Committee and Audit & Risk Committee on 1 July 2024.
2. Mrs Sarah Adam-Gedge resigned from the Board and all subcommittees on 28 February 2025.
3. Mr Chris Indermaur resigned from the Board and all subcommittees on 1 November 2024.
4. Mr Brent Cubis was appointed a member of both subcommittees on 21 October 2024 and subsequently as Chair of the Audit & Risk Committee on 1 December 2024.
5. Mr Richard Gibb was appointed as a member of the Audit & Risk Committee on 2 June 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	8	4	3
Number of meetings attended:			
Mr Richard Spencer ¹	6	3	2
Mr Paddy Gregg ²	8	4	3
Mr John Rothwell ³	7	n/a	3
Mrs Sarah Adam-Gedge ⁴	4	3	2
Mr Chris Indermaur ⁵	2	1	1
Mr Lee Goddard	8	4	3
Ms Kathryn Toohey	8	4	3
Mr Brent Cubis ⁶	6	3	2
Mr Richard Gibb ⁷	1	1	1

1. Mr Richard Spencer was appointed as Non-Executive Chairman and member of the Nomination & Remuneration Committee and Audit & Risk Committee on 1 July 2024.
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 is not a member of the Audit & Risk Committee.
4. Mrs Sarah Adam-Gedge resigned from the Board and all subcommittees on 28 February 2025.
5. Mr Chris Indermaur resigned from the Board and all subcommittees on 1 November 2024.
6. Mr Brent Cubis was appointed as Non-Executive Director and member of the Audit & Risk Committee and the Nomination & Remuneration Committee on 21 October 2024. He was subsequently appointed as Chair of the Audit & Risk Committee on 1 December 2024.
7. Mr Richard Gibb was appointed as Non-Executive Director and member of the Audit & Risk Committee on 2 June 2025. Mr Gibb is not formally a member of the Nomination & Remuneration Committee but attended as a guest.

Nomination & Remuneration Committee Chair's message

Dear Shareholder,

The Board of Directors is pleased to present the Remuneration Report for the year ended 30 June 2025, outlining the nature and amount of remuneration for Austal's Non-Executive Directors and other Key Management Personnel (KMP), and changes in KMP in the financial year.

2024 Remuneration Report Resolution

I would like to thank shareholders for the overwhelming support provided in favour of remuneration related resolutions at the 2024 AGM.

KMP remuneration

Remuneration for KMP requires ongoing attention to ensure the remuneration framework is competitive and effectively attracts and retains talent, and rewards KMP for achieving business outcomes. The Executive remuneration framework is reviewed annually for relevance and competitiveness and recent reviews of the framework by the Nomination & Remuneration Committee (NRC) has resulted in adjustments to the salary mix and structure to remain competitive against market and identified competitors.

In accordance with the Remuneration policy, external remuneration consultants were engaged to benchmark Non-Executive Director and KMP remuneration. Specifically, Austal Limited engaged WTW to provide detailed compensation benchmarking data for members of the Austal Limited Board, the USA subsidiary Board and approximately 22 Austal Limited and Austal USA executive roles to assess the competitiveness of Austal's compensation framework. For the Non-Executive Directors, other than the Chair, increases in directors fees were recommended by WTW in line with independent benchmarks and these will be adjusted over the next two financial years. The benchmarking also identified an increasing gap between market benchmarked total direct compensation and the current remuneration for senior executives. These remuneration increases are likewise planned to be adjusted over the next two financial years.

FY2025 was a highly successful year for the Austal Group, underscoring the strength of our global shipbuilding and sustainment operations. Across Australia, the US, the Philippines, and Vietnam we advanced major programs, secured new long-term contracts and delivered vessels that highlight our ability to innovate and execute at scale. With nearly 50 vessels under construction and more than 70 under sustainment worldwide, our pipeline reflects both immediate delivery milestones and sustained growth for years ahead. We strengthened strategic partnerships, expanded our capabilities in additive manufacturing and autonomous technologies, and progressed flagship projects that demonstrate our leadership in sustainable maritime solutions. Together, these achievements reinforce the Group's position as a trusted partner to governments and industry.

For Austal Australia KMP, the expectation is that Short-Term Incentives for FY2025 is forecast at circa 100% of stretch (stretch ranges from 60.0% - 67.5% of TFR), while for Austal USA KMP the expectation for FY2025 is forecast at circa 58.7% of stretch (stretch is 97.5% of TFR). Refer to section 4.II for further information on FY2025 award opportunities.

In addition, the FY2023 Long Term Incentive awards are forecast to be at 66.67%.

KMP update

We have seen a number of changes to KMP in FY2025:

- Mr Ian McMillan resigned as Chief Operating Officer Australasia effective 26 July 2024.
- Mr Brent Cubis was appointed to the Board effective 21 October 2024.
- Mr Chris Indermaur resigned from the Board effective 1 November 2024.
- Mrs Sarah Adam-Gedge resigned from the Board effective 28 February 2025.
- Mr Richard Gibb was appointed to the Board effective 2 June 2025.

Board Diversity

Austal remains committed to increasing female representation on the Board. In August 2025, we announced the appointment of Susan Murphy AO which takes our Board female representation to 25%. We recognise that diversity extends beyond gender to include a broad range of skills, knowledge, industry experience, backgrounds, cultures and perspectives, ensuring a well-rounded and effective governance team.

Commitment to ongoing feedback, and shareholder support

The Board looks forward to the continued support of shareholders for remuneration related resolutions at the upcoming AGM. The Board will continue to consider further improvements to remuneration governance, policies and practices, and commits to engaging with shareholders and their representatives on these matters.

The Board will be pleased to receive feedback in relation to this report.

A handwritten signature in black ink, appearing to read 'Kathryn Toohey', with a stylized flourish at the end.

Yours sincerely,

Kathryn Toohey AM, CSC

Chair, Nomination & Remuneration Committee

Remuneration report

This Remuneration Report for the year ended 30 June 2025 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.....	30
2.	Remuneration governance framework.....	31
	I. Nomination & Remuneration Committee Charter.....	31
	II. Share trading policy.....	31
	III. Executive remuneration consultant engagement policy.....	31
	IV. Stakeholder engagement.....	31
	V. Remuneration framework.....	32
3.	Executive KMP remuneration policy.....	33
	I. Structure.....	33
	II. Total fixed remuneration.....	33
	III. Short term incentive (STI) policy.....	33
	IV. Long term incentive (LTI) policy.....	36
4.	Executive KMP remuneration.....	39
	I. 5 year performance.....	39
	II. FY2025 award opportunities.....	39
	III. CEO remuneration.....	40
	IV. STI targets and outcomes.....	41
	V. LTI vesting.....	42
	VI. Realised Executive remuneration (non-statutory disclosure).....	43
	VII. Statutory remuneration disclosure.....	44
	VIII. Reconciliation of realised remuneration and statutory remuneration.....	45
5.	Non-Executive Director remuneration.....	45
	I. Application.....	45
	II. Fee policy.....	45
	III. Share rights.....	46
	IV. NED remuneration in FY2025.....	47
6.	Equity instruments held by KMP.....	48
	I. FY2023 performance rights vesting.....	48
	II. FY2024 performance rights.....	48
	III. FY2025 performance rights grant.....	49
	IV. Changes in equity held by KMP.....	50
	V. Minimum equity holdings of KMP and NED employed at 30 June 2025.....	51
7.	Other related matters.....	51
	I. Board composition.....	51
	II. Details of contractual provisions for KMP.....	51
	III. Other transactions with KMP.....	52
	IV. Remuneration of KMP at Austal USA.....	52
	V. Use of external remuneration consultants.....	53

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 2025 were:

Senior Executives

Mr Paddy Gregg	Chief Executive Officer and Managing Director since January 2021
Ms Michelle Kruger	President USA since April 2024 Interim President USA from August 2023 until appointed permanently
Mr Christian Johnstone	Chief Financial Officer since April 2023

The following person resigned and ceased to be a Senior Executive during FY2025:

Mr Ian McMillan	Chief Operating Officer Australasia since January 2021 until his resignation effective 26 July 2024
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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 John Rothwell	Chairman from 1998 to 2008 and Non-Executive Chairman from 2008 to 30 June 2024 Non-Executive Director since July 2024 Member of the Nomination & Remuneration Committee since December 1998
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 since December 2024 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

The following persons resigned and ceased to be a Non-Executive Director during FY2025:

Mrs Sarah Adam-Gedge	Non-Executive Director since August 2017 Deputy Chair of the Board from September 2019 to February 2025 Member of the Audit & Risk Committee from August 2017 to December 2022 Chair of the Audit & Risk Committee from December 2022 to November 2024 Member of the Audit & Risk Committee from December 2024 to February 2025 Chair of the Nomination & Remuneration Committee from September 2018 to December 2022 Member of the Nomination & Remuneration Committee from December 2022 to February 2025
Mr Chris Indermaur	Non-Executive Director from October 2018 to November 2024 Member of the Audit & Risk Committee from October 2018 to November 2024 Member of the Nomination & Remuneration Committee from August 2019 to December 2022 Chair of the Nomination & Remuneration Committee from December 2022 to November 2024

2. Remuneration governance framework

The following framework and strategy broadly outlines 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 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

- Base Packages should be set with reference to the market practice of ASX and US listed companies at the 50th percentile, where 50% of the comparator group are above the median level and 50% are below the median level.
- TRP at Target bonus levels (being the Base Package plus incentive awards intended to be paid for targeted levels of performance) should be between the 50th and 75th percentile range of the relevant market practice to create a strong incentive to achieve targeted objectives in both the short and long term.
- Remuneration will be managed within a range to allow for the recognition of individual differences such as individual experience, knowledge or competency with which they fulfil a role (a range of + / - 20% is generally targeted in line with common market practices).

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) with a minimum holding period of 1 year irrespective of continued employment.

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.

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 50% 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 FY2025 KPI are contained in the STI targets and outcomes section commencing on page 41.

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 FY2025 STI award opportunities are contained in the STI targets and outcomes section on page 41.

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.

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 FY2025 LTI grant are contained on page 49.

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 LTI grant, 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. In line with market practice, management moved from a 1 month volume weighted average price (VWAP) to a 5 day VWAP for the FY2024 LTI grant onwards.

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				
		2021	2022	2023	2024	2025
Earnings measures						
EBIT (Earnings before interest & tax)	\$'000	114,619	120,662	(4,842)	56,465	113,354
EBITDA (Earnings before interest, tax, depreciation & amortisation)	\$'000	160,326	165,350	54,973	123,741	186,485
NPAT (Net profit after tax)	\$'000	81,057	79,565	(13,774)	14,876	89,733
EPS (Earnings per share)	\$ / share	0.23	0.22	(0.04)	0.04	0.24
Dividends paid	\$ / share	0.09	0.08	0.07	-	-
Share price						
Closing	\$ / share	2.05	1.80	2.37	2.49	6.28

II. FY2025 award opportunities

The tables below depict the Target and Stretch (Maximum) remuneration for KMP in FY2025 including:

- The 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	1,094,800	45.0%	492,660	50.0%	547,400	2,134,860
Ms Michelle Kruger	883,115	65.0%	574,025	50.0%	441,558	1,898,698
Mr Christian Johnstone	621,100	40.0%	248,440	35.0%	217,385	1,086,925

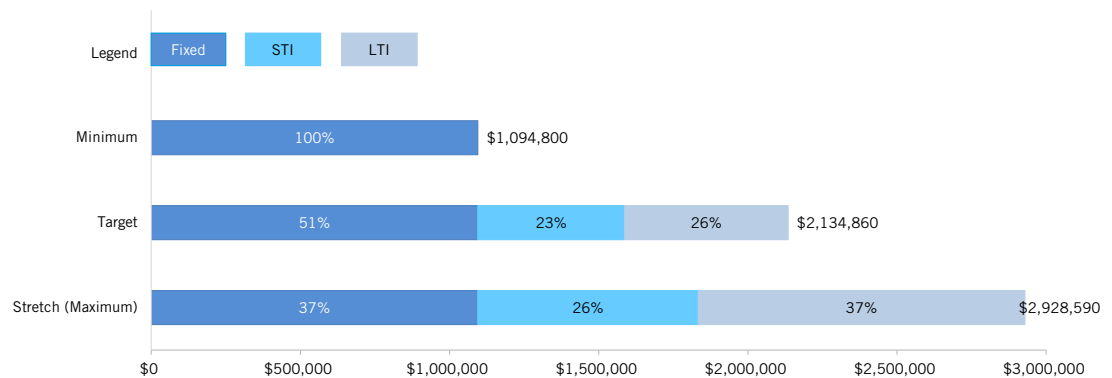
ii. Stretch (Maximum) remuneration

KMP	TFR \$	STI Opportunity		LTI Opportunity		Total \$
		% of TFR	\$	% of TFR	\$	
Mr Paddy Gregg	1,094,800	67.5%	738,990	100.0%	1,094,800	2,928,590
Ms Michelle Kruger	883,115	97.5%	861,037	100.0%	883,115	2,627,267
Mr Christian Johnstone	621,100	60.0%	372,660	70.0%	434,770	1,428,530

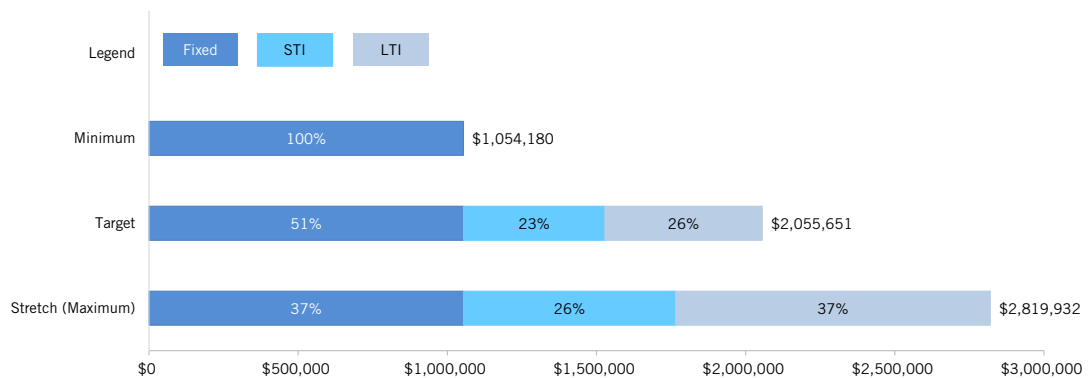
III. CEO remuneration

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).

FY2025 CEO Remuneration - Mr Paddy Gregg









FY2024 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 FY2025, given the business plans approved by the Board at the commencement of the financial year.







Chief Executive Officer - Mr Paddy Gregg

Measures	Weight	Actual Performance			Targets			
		Below	Stretch	Award	Threshold	Target	Stretch	Actual
Group EBIT	25.0%			100.0%	\$ 67.9 m	\$ 80.0 m	\$ 88.0 m	\$ 103.7 m
Group Free Cash flow	15.0%			100.0%	\$ (46.8) m	\$ (49.3) m	\$ (54.2) m	\$ 554.7 m
New Vessel Orders - Australasia	10.0%			100.0%		Commercial in Confidence		
Strategic Growth - USA	35.0%			100.0%		Commercial in Confidence		
Strategic Growth - Australasia	15.0%			100.0%		Commercial in Confidence		
Total	100.0%			100.0%				

President USA - Ms Michelle Kruger

Measures	Weight	Actual Performance			Targets			
		Below	Stretch	Award	Threshold	Target	Stretch	Actual
USA Revenue (USD)	10.0%			87.0%	\$ 799.7 m	\$ 841.8 m	\$ 926.0 m	\$ 893.2 m
USA EBIT (USD)	20.0%			68.0%	\$ 56.4 m	\$ 59.3 m	\$ 65.3 m	\$ 59.6 m
USA Free Cash flow (USD)	20.0%			100.0%	\$ 73.2 m	\$ 77.0 m	\$ 84.7 m	\$ 262.2 m
New Vessel Orders - USA	30.0%			27.9%		Commercial in Confidence		
Strategic Growth - USA	15.0%			20.0%		Commercial in Confidence		
Safety (Total Recordable Incident Rate)	5.0%			100.0%	-	2.5	2.4	2.4
Total	100.0%			58.7%				

Chief Financial Officer - Mr Christian Johnstone

Measures	Weight	Actual Performance			Targets			
		Below	Stretch	Award	Threshold	Target	Stretch	Actual
Group EBIT	25.0%			100.0%	\$ 67.9 m	\$ 80.0 m	\$ 88.0 m	\$ 103.7 m
Group Free Cash flow	15.0%			100.0%	\$ (46.8) m	\$ (49.3) m	\$ (54.2) m	\$ 554.7 m
New Vessel Orders - Australasia	10.0%			100.0%		Commercial in Confidence		
Strategic Growth - USA	35.0%			100.0%		Commercial in Confidence		
Strategic Growth - Australasia	15.0%			100.0%		Commercial in Confidence		
Total	100.0%			100.0%				

Chief Operating Officer Australasia - Mr Ian McMillan

Mr Ian McMillan resigned effective 26 July 2024 and hence his FY2025 STI award was zero.

V. LTI vesting

i. FY2023 Performance rights grant

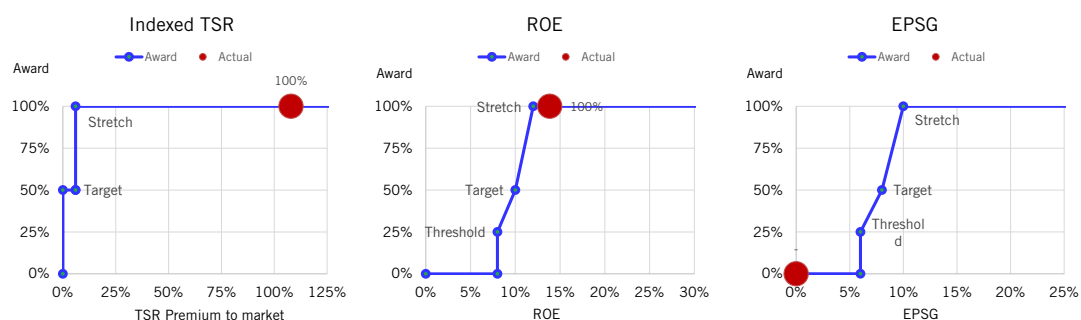
416,862 performance rights were granted to KMP in FY2023, who were still employed by Austal at 30 June 2025.

ii. Measurement period

100% of the performance rights granted in FY2023 had a 3 year measurement period from 1 July 2023 – 30 June 2025.

iii. FY2023 LTI vesting performance

The performance criteria relating to the FY2023 grant of performance rights to KMP are detailed below resulting in a 66.67% vesting:



Indexed TSR = Austal TSR Premium to Market

ROE = NPAT / Equity (Excluding Reserves)

EPSG = CAGR¹ EPS (Base Year) to EPS (Final Year)

1. CAGR = Compound Annual Growth Rate.

iv. FY2023 LTI vesting awards

KMP	Tranche	Weight	Granted	Vesting		Value @
				%	Number	Grant Date (\$)
VWAP @ Grant Date						1.95
Mr Paddy Gregg	iTSR	33.33%	138,954	100.00%	138,954	270,960
	ROE	33.33%	138,954	100.00%	138,954	270,960
	EPSG	33.33%	138,954	-	-	-
	Total	100.00%	416,862	66.67%	277,908	541,920

VI. Realised Executive remuneration [non-statutory disclosure]

The Realised Remuneration tables below are provided to convey the actual remuneration awarded to KMP during FY2025 and FY2024 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.

FY2025

KMP	Total Fixed Remuneration				Payout Termination Benefits ²	FY2025 STI Awarded			LTI	Total
	Cash \$	Super- annuation / Pension \$	Other Benefits ¹ \$	Total \$		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 ⁵	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

FY2024

KMP	Total Fixed Remuneration				Payout Termination Benefits ²	FY2024 STI Awarded			LTI	Total
	Cash \$	Super- annuation / Pension \$	Other Benefits ¹ \$	Total \$		Cash \$	Indeterminate Rights \$	Total \$	FY2022 Vesting \$	Total \$
Value @ Grant VWAP ³									0.88	
Mr Paddy Gregg	1,026,680	27,500	-	1,054,180	-	256,171	256,171	512,342	134,002	1,700,524
Mr Ian McMillan	529,528	27,500	-	557,028	-	-	-	-	49,565	606,593
Ms Michelle Kruger ⁶	652,948	51,836	59,528	764,312	-	407,172	-	407,172	-	1,171,484
Mr Christian Johnstone	570,488	27,500	-	597,988	-	129,168	129,168	258,336	-	856,324
Mr Rusty Murdaugh ⁷	134,951	19,025	12,204	166,180	102,708	-	-	-	-	268,888
Mrs Christy Taylor ⁸	253,418	24,286	12,178	289,882	73,913	128,951	-	128,951	-	492,746
Total	3,168,013	177,647	83,910	3,429,570	176,621	921,462	385,339	1,306,801	183,567	5,096,559

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.

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. Mr Ian McMillan resigned effective 26 July 2024.

6. Ms Michelle Kruger was appointed as Interim President USA from August 2023 to April 2024 when appointed permanently.

7. Mr Rusty Murdaugh resigned effective 30 August 2023.

8. Mrs Christy Taylor resigned effective 15 December 2023.

VII. Statutory remuneration disclosure

The following table outlines the remuneration received by Executive KMP during FY2025 and FY2024, prepared according to statutory disclosure requirements and accounting standards:

FY2025

KMP	Fixed Remuneration					Variable Remuneration		Payout	Total
	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 ⁵	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

FY2024

KMP	Fixed Remuneration					Variable Remuneration		Payout	Total
	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	1,091,554	27,500	-	28,338	1,147,392	512,342	165,621	-	1,825,355
Mr Ian McMillan	533,813	27,500	-	5,436	566,749	-	112,959	-	679,708
Ms Michelle Kruger ⁶	693,256	51,836	59,528	-	804,620	407,172	32,389	-	1,244,181
Mr Christian Johnstone	593,488	27,500	-	1,647	622,635	258,336	128,703	-	1,009,674
Mr Rusty Murdaugh ⁷	142,689	19,025	12,204	-	173,918	-	(512,415)	102,708	(235,789)
Mrs Christy Taylor ⁸	267,914	24,286	12,178	-	304,378	128,951	(4,027)	73,913	503,215
Total	3,322,714	177,647	83,910	35,421	3,619,692	1,306,801	(76,770)	176,621	5,026,344

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. Mr Ian McMillan resigned effective 26 July 2024.

6. Ms Michelle Kruger was appointed as Interim President USA from August 2023 to April 2024 when appointed permanently.

7. Mr Rusty Murdaugh resigned effective 30 August 2023.

8. Mrs Christy Taylor resigned effective 15 December 2023.

VIII. Reconciliation of realised remuneration and statutory remuneration

The following table reconciles the realised remuneration received by Executive KMP during FY2025 and FY2024 with the statutory remuneration disclosures for those years.

FY2025	Remuneration			Explanation of Variance			
	Realised	Statutory	Variance	LTI Vesting versus Expense	Long Service Leave Provision	Leave Provision Movement	Total
KMP	\$	\$	\$	\$	\$	\$	\$
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.

FY2024	Remuneration			Explanation of Variance			
	Realised	Statutory	Variance	LTI Vesting versus Expense	Long Service Leave Movement	Leave Provision Movement	Total
KMP	\$	\$	\$	\$	\$	\$	\$
Mr Paddy Gregg	1,700,524	1,825,355	(124,831)	(31,619)	(28,338)	(64,874)	(124,831)
Mr Ian McMillan	606,593	679,708	(73,115)	(63,394)	(5,436)	(4,285)	(73,115)
Ms Michelle Kruger	1,171,484	1,244,181	(72,697)	(32,389)	-	(40,308)	(72,697)
Mr Christian Johnstone	856,324	1,009,674	(153,350)	(128,703)	(1,647)	(23,000)	(153,350)
Mr Rusty Murdaugh ¹	268,888	(235,789)	504,677	512,415	-	(7,738)	504,677
Mrs Christy Taylor ¹	492,746	503,215	(10,469)	4,027	-	(14,496)	(10,469)

1. Mr Rusty Murdaugh's & Mrs Christy Taylor'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 FY2020 to FY2024 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 is targeted to be at the 50th percentile (where 50% of a reasonable comparator group are above the median level and 50% are below the median level) for FY2025.
- NED remuneration was externally benchmarked in FY2024. The fees were adjusted for CPI in FY2025.
- NED remuneration was externally benchmarked in FY2025. The fees will be adjusted over the next two financial years.
- 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:

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
FY2024	Role		
	Chair \$	Deputy Chair \$	Member \$
Board of Directors	221,011	121,286	110,418
Audit & Risk Committee	21,736	N/A	10,868
Nomination & Remuneration Committee	21,736	N/A	10,868

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 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 Mrs Sarah Adam-Gedge, Mr Chris Indermaur, Mr Lee Goddard, Ms Kathryn Toohey and Mr Brent Cubis were approved by shareholders during the 2024 Annual General Meeting.

KMP	Earned Number	Average fair value per right \$	Fair value \$
Mrs Sarah Adam-Gedge	7,550	3.05	23,047
Mr Chris Indermaur	3,889	2.72	10,581
Mr Lee Goddard	9,020	3.52	31,744
Ms Kathryn Toohey	5,131	4.12	21,163
Mr Brent Cubis	5,131	4.12	21,163

IV. NED remuneration in FY2025

The following table outlines the remuneration received by NED of the Company during FY2025 and the previous year, prepared according to statutory disclosure requirements and applicable accounting standards:

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 ¹	62,009	7,131	23,047	92,187	17,828	2,050	19,878	112,065
Mr Chris Indermaur ²	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 ³	65,793	2,090	21,163	89,046	21,921	571	22,492	111,538
Mr Richard Gibb ⁴	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

FY2024

	Board Fees				Committee Fees			Total
	Cash \$	Super- annuation \$	Share Rights \$	Total \$	Cash \$	Super- annuation \$	Total \$	Total \$
Mr John Rothwell	199,109	21,902	-	221,011	9,791	1,077	10,868	231,879
Mrs Sarah Adam-Gedge	81,950	9,014	30,322	121,286	29,373	3,231	32,604	153,890
Mr Chris Indermaur ⁶	75,327	8,286	27,605	111,218	29,373	3,231	32,604	143,822
Mr Mick McCormack ^{5,6}	75,327	8,286	-	83,613	14,687	1,616	16,303	99,916
Mr Lee Goddard ⁶	83,257	9,158	18,403	110,818	19,582	2,154	21,736	132,554
Ms Kathryn Toohey	38,898	4,279	-	43,177	7,092	780	7,872	51,049
Total	553,868	60,925	76,330	691,123	109,898	12,089	121,987	813,110

1. Mrs Sarah Adam-Gedge resigned as NED in February 2025.

2. Mr Chris Indermaur resigned as NED in November 2024.

3. Mr Brent Cubis was appointed as NED in October 2024.

4. Mr Richard Gibb was appointed as NED in June 2025.

5. Mr Mick McCormack resigned as NED in March 2024.

6. Mr Chris Indermaur's and Mr Mick McCormack's FY2023 board fees paid were \$800 below the NED rates due to an administrative error.

Mr Lee Goddard's FY2023 board fees paid were \$400 below the NED rates due to an administrative error.

The shortfalls were paid in full in FY2024.

6. Equity instruments held by KMP

I. FY2023 performance rights vesting

Further information relating to the FY2023 Performance Rights vesting is provided on page 42.

II. FY2024 performance rights

i. Performance rights

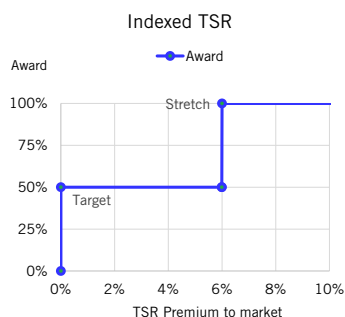
623,439 performance rights were granted to KMP in FY2024, who were still employed by Austal and whose rights were not lapsed, forfeited or vested at 30 June 2025.

ii. Measurement period

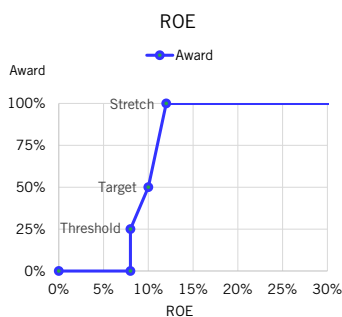
100% of the Performance rights granted in FY2024 have a 3 year measurement period from 1 July 2023 – 30 June 2026.

iii. Performance criteria

The performance criteria relating to the FY2024 grant of Performance rights to KMP are detailed below:



Indexed TSR = Austal TSR Premium to Market



ROE = NPAT / Equity (Excluding Reserves)



EPSG = CAGR¹ EPS (Base Year) to EPS (Final Year)

1. CAGR = Compound Annual Growth Rate.

III. FY2025 performance rights grant

i. Performance rights grant

Performance rights granted to KMP in FY2025 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 2025 award opportunities on page 39.

Name	Rights granted			Total	Value @ grant date (\$)
	ITSR	ROE	EPSP		
Fair Value per right (28 October 2024) ¹	\$ 2.46	\$ 3.27	\$ 3.27	\$ 3.00	\$ 3.00
Fair Value per right (1 November 2024) ²	\$ 2.35	\$ 3.16	\$ 3.16	\$ 2.89	\$ 2.89
Mr Paddy Gregg	148,873	148,873	148,873	446,619	1,290,774
Ms Michelle Kruger	115,221	115,221	115,221	345,663	1,036,678
Mr Christian Johnstone	59,121	59,121	59,121	177,363	531,929
Total	323,215	323,215	323,215	969,645	2,859,381

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.
2. The grant for Mr Paddy Gregg was subject to shareholder approval which was obtained at the AGM on 1 November 2024.

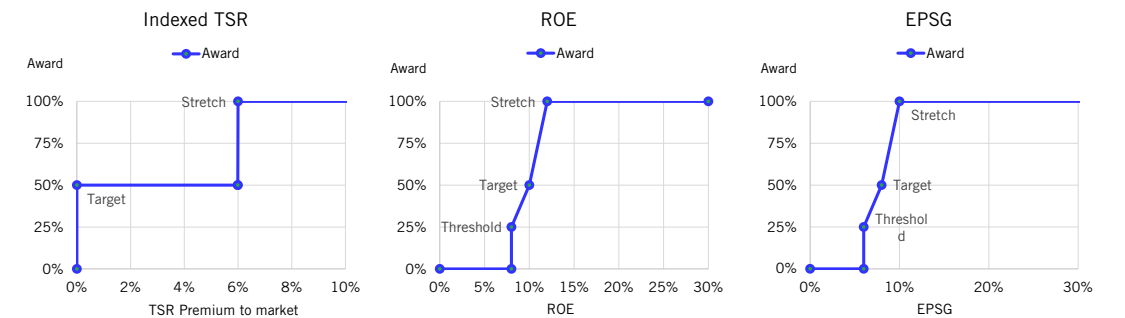
969,645 Performance rights were granted to KMP in FY2025, who were still employed by Austal and whose rights were not lapsed, forfeited or vested at 30 June 2025.

ii. Measurement period

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

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)

EPSP = CAGR¹ EPS (Base Year) to EPS (Final Year)

1. CAGR = Compound Annual Growth Rate.

IV. Changes in equity held by KMP

		FY2025 Movements								
Balance at 30 June 2024		Granted	Vested	Exercised	Lapsed / Forfeited	Bought (Sold)	Other ²	Balance at 30 June 2025	Vested	Unvested
Executives										
Mr Paddy Gregg										
Shares	242,399	-	-	-	-	-	-	242,399	242,399	-
Indeterminate Rights ³	594,828	104,504	277,908	-	-	-	-	977,240	977,240	-
Performance Rights	863,106	446,619	(277,908)	-	(138,954)	-	-	892,863	-	892,863
Total	1,700,333	551,123	-	-	(138,954)	-	-	2,112,502	1,219,639	892,863
Ms Michelle Kruger										
Shares	-	-	-	-	-	-	-	-	-	-
Performance Rights	44,592	345,663	-	-	-	-	-	390,255	-	390,255
Total	44,592	345,663	-	-	-	-	-	390,255	-	390,255
Mr Christian Johnstone										
Shares	-	-	-	-	-	-	-	-	-	-
Indeterminate Rights ³	-	52,694	-	-	-	-	-	52,694	52,694	-
Performance Rights	177,195	177,363	-	-	-	-	-	354,558	-	354,558
Total	177,195	230,057	-	-	-	-	-	407,252	52,694	354,558
Mr Ian McMillan										
Shares	88,274	-	-	-	-	-	(88,274)	-	-	-
Indeterminate Rights ³	56,646	-	-	-	(56,646)	-	-	-	-	-
Performance Rights	319,248	-	-	-	(319,248)	-	-	-	-	-
Total	464,168	-	-	-	(375,894)	-	(88,274)	-	-	-
Non-Executive Directors										
Mr Richard Spencer										
Shares ¹	-	-	-	-	-	1,000,000	-	1,000,000	1,000,000	-
Total	-	-	-	-	-	1,000,000	-	1,000,000	1,000,000	-
Mr John Rothwell										
Shares	32,761,692	-	-	-	-	(14,160,000)	-	18,601,692	18,601,692	-
Total	32,761,692	-	-	-	-	(14,160,000)	-	18,601,692	18,601,692	-
Mrs Sarah Adam-Gedge										
Shares	20,000	-	-	88,802	-	-	(108,802)	-	-	-
Share Rights	81,252	7,550	-	(88,802)	-	-	-	-	-	-
Total	101,252	7,550	-	-	-	-	(108,802)	-	-	-
Mr Chris Indermaur										
Shares	-	-	-	66,542	-	-	(66,542)	-	-	-
Share Rights	62,653	3,889	-	(66,542)	-	-	-	-	-	-
Total	62,653	3,889	-	-	-	-	(66,542)	-	-	-
Mr Lee Goddard										
Shares	-	-	-	-	-	-	-	-	-	-
Share Rights	8,722	9,020	-	-	-	-	-	17,742	17,742	-
Total	8,722	9,020	-	-	-	-	-	17,742	17,742	-
Ms Kathryn Toohey										
Shares	-	-	-	-	-	-	-	-	-	-
Share Rights	-	5,131	-	-	-	-	-	5,131	5,131	-
Total	-	5,131	-	-	-	-	-	5,131	5,131	-
Mr Brent Cubis										
Shares ¹	-	-	-	-	-	-	-	-	-	-
Share Rights ¹	-	5,131	-	-	-	-	-	5,131	5,131	-
Total	-	5,131	-	-	-	-	-	5,131	5,131	-
Mr Richard Gibb										
Shares ¹	-	-	-	-	-	-	-	-	-	-
Share Rights ¹	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

1. Mr Richard Spencer, Mr Brent Cubis and Mr Richard Gibb did not have any equity holdings at the time of their appointment in FY2025.
2. Denotes the shares held by Mr Ian McMillan, Mrs Sarah Adam-Gedge and Mr Chris Indermaur at the time of their resignation in FY2025.
3. Further information on Indeterminate rights is provided in the Executive KMP remuneration policy.

V. Minimum equity holdings of KMP and NED employed at 30 June 2025

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 2025		FY2025	Equity Holding % of TFR		Target
	Equiv't Shares	Value (\$)	TFR (\$)	30 Jun 2025	Target	Introduced
Value / share		2.41				
Executives						
Mr Paddy Gregg	1,219,639	2,940,095	1,094,800	269%	100%	Jan 2021
Non-Executive Directors						
			Board Fees¹			
Mr Richard Spencer	1,000,000	2,410,627	376,999	639%	100%	Jul 2024
Mr John Rothwell	18,601,692	44,841,740	178,413	25134%	100%	Nov 2017
Mr Lee Goddard	17,742	42,769	126,976	34%	100%	Oct 2023
Ms Kathryn Toohey	5,131	12,369	126,976	10%	100%	Nov 2024
Mr Brent Cubis	5,131	12,369	89,046	14%	100%	Nov 2024

1. Includes Board Fees and excludes Committee Fees.

2. Richard Gibb has not yet been approved by shareholders to maintain a minimum equity holding.

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 Benefits ¹
			Group	Individual	
Mr Paddy Gregg	Austal Limited	Unlimited	6 months	6 months	6 months
Ms Michelle Kruger	Austal USA LLC	Unlimited	None	None	None
Mr Christian Johnstone	Austal Limited	Unlimited	3 months	3 months	3 months
Mr Ian McMillan ²	Austal Ships Pty Ltd	Unlimited	6 months	6 months	6 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. Mr Ian McMillan resigned effective 26 July 2024 and was paid a termination benefit.

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 transactions occurred with related parties:

- Mr Richard Spencer is the Global Chairman of Bondi Partners, an advisory firm based in Australia offering strategic counsel to corporate and government clients. In December 2023, prior to Richard Spencer's appointment as Chairman of Austal Limited on 1 July 2024, Austal Limited engaged Bondi Partners at arms-length to provide strategic advisory services. A total of approximately \$1.0 million was paid in FY2024 and \$5.4 million was paid in FY2025 to Bondi Partners and its affiliates. As at the date of this report, no further amounts are payable to Bondi Partners or their affiliates.
- On 7 March 2025, the Company entered into a Joint Activities Agreement with Austro Pty Ltd (an entity associated with Mr John Rothwell) which provided for the appointment of Euroz Hartleys and JP Morgan together as joint lead managers to undertake the institutional placement, and to appoint Euroz Hartleys alone to undertake the sell down of up to 30,000,000 Austal shares held by Austro / Mr Rothwell and be the sole bookrunner and lead manager for that transaction (as announced to ASX on 11 March 2025).

Separately, it should also be noted that:

- Austal entered into a Placement Agreement with Euroz Hartleys and JP Morgan regarding their appointment as joint lead managers for the placement; and
- Mr Rothwell entered into a Block Trade Agreement with Euroz Hartleys in relation to its appointment as sole bookrunner and lead manager for the sell down.

No fees or quantifiable financial benefits were paid by Austal to or on behalf of Mr Rothwell in relation to the Joint Activities Agreement. Additionally, as Austal was not a party to the Block Trade Agreement nor was Mr Rothwell a party to the Placement Agreement, no fees or financial benefits were provided by Austal to or on behalf of Mr Rothwell under these arrangements either.

- 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 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 FY2025:

- Benchmarking for remuneration (US\$72,591).

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



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29 August 2025

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

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 statements of Austal Limited for the year ended 30 June 2025, 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; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink, appearing to read "David Newman".

David Newman
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network

Consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Continuing operations			
Revenue	4	1,823,337	1,468,907
Cost of sales		(1,593,416)	(1,296,397)
Gross profit		229,921	172,510
Other income and expenses	5	32,299	79,660
Administration, legal and settlement expenses	5	(132,097)	(178,865)
Marketing expenses		(16,769)	(16,840)
Finance income	5	13,275	3,901
Finance costs	5	(18,179)	(19,030)
Profit before income tax		108,450	41,336
Income tax expense	9	(18,717)	(26,460)
Profit after tax		89,733	14,876
Other comprehensive income (OCI)			
Amounts that may subsequently be reclassified to profit and loss:			
Cash flow hedges			
- Net gain		5,704	248
- Income tax expense	9	(1,487)	(116)
- Total		4,217	132
Foreign currency translations			
- Net gain		9,150	315
- Total		9,150	315
Amounts not to be reclassified to profit and loss in subsequent periods:			
Asset revaluation reserve			
- Net (loss) / gain		(22,704)	65,855
- Income tax benefit / (expense)	9	5,307	(16,815)
- Total		(17,397)	49,040
Other comprehensive (loss) / income for the period		(4,030)	49,487
Total comprehensive income for the year		85,703	64,363
Earnings per share (\$ per share)			
Basic earnings per share	6	0.236	0.041
Diluted earnings per share	6	0.233	0.041

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 2025

	Notes	2025 \$'000	2024 \$'000
Assets			
Current			
Cash and cash equivalents	10	583,933	173,510
Inventories and work in progress	4, 17	601,389	401,455
Trade and other receivables	15	147,695	171,641
Prepayments	16	38,456	33,160
Derivatives	27, 28	2,082	551
Income tax receivable	9	1,534	4,553
Total		1,375,089	784,870
Non - current			
Property, plant and equipment	20	1,170,790	1,045,830
Intangible assets and goodwill	22	37,826	39,148
Prepayments	16	38,579	45,989
Derivatives	27, 28	6,774	349
Right of use assets	21	173,077	154,620
Other financial assets	24	14,138	13,458
Other non-current assets	12	7,897	-
Deferred tax assets	9	121,125	8,963
Total		1,570,206	1,308,357
Total		2,945,295	2,093,227
Liabilities			
Current			
Interest bearing loans and borrowings	11	-	(39,999)
Progress payments received in advance	4	(249,209)	(223,769)
Trade and other payables	18	(334,410)	(253,184)
Provisions	19	(100,882)	(116,327)
Derivatives	27, 28	(2,012)	(620)
Income tax payable	9	(22,422)	(56,157)
Lease liabilities	21	(6,672)	(4,832)
Deferred grant income	14	(17,530)	(14,681)
Total		(733,137)	(709,569)
Non - current			
Interest bearing loans and borrowings	11	(130,821)	(129,609)
Progress payments received in advance	4	(502,497)	-
Provisions	19	(25,950)	(36,279)
Derivatives	27, 28	-	(195)
Lease liabilities	21	(129,496)	(106,618)
Deferred grant income	14	(114,739)	(92,735)
Deferred tax liabilities	9	-	(13,557)
Total		(903,503)	(378,993)
Total		(1,636,640)	(1,088,562)
Net assets		1,308,655	1,004,665
Equity attributable to owners of the parent			
Contributed equity	13	361,512	145,065
Reserves		414,375	416,608
Retained earnings		532,768	442,992
Total		1,308,655	1,004,665

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 2025

	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	Total Equity \$'000
Equity at 1 July 2023	147,775	(3,257)	435,153	142,641	10,788	597	(17,594)	232,715	948,818
Comprehensive income									
Profit for the year	-	-	14,876	-	-	-	-	-	14,876
Other comprehensive income	-	-	-	315	-	132	-	49,040	49,487
Total	-	-	14,876	315	-	132	-	49,040	64,363
Other equity transactions									
Dividends provided for or paid	-	-	(10,873)	-	-	-	-	-	(10,873)
Transfer of asset revaluation reserve upon disposal	-	-	3,836	-	-	-	-	(3,836)	-
Share based payments expense	-	-	-	-	2,127	-	-	-	2,127
Shares issued to Employee Share Trust	114	(114)	-	-	-	-	-	-	-
Shares or proceeds transferred to beneficiaries	4	543	-	-	(547)	-	-	-	-
Remeasurement gain on retirement benefits	-	-	-	-	230	-	-	-	230
Total	118	429	(7,037)	-	1,810	-	-	(3,836)	(8,516)
Movement	118	429	7,839	315	1,810	132	-	45,204	55,847
Equity at 30 June 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

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 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		2,182,265	1,373,216
Payments to suppliers and employees		(1,610,937)	(1,329,548)
Income tax paid		(160,102)	(41,586)
Interest paid		(18,179)	(19,030)
Interest received	5	13,275	3,901
Net cash from / (used in) operating activities	7	406,322	(13,047)
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(194,918)	(66,420)
Payment for intangible assets	22	(726)	(3,496)
Proceeds from sale of property, plant and equipment		463	48,167
Receipts of government infrastructure grants		45,954	9,047
Net cash (used in) investing activities		(149,227)	(12,702)
Cash flows from financing activities			
Dividends paid		-	(10,873)
Principal component of lease payments	21	(11,812)	(9,514)
Repayment of borrowings	12	(40,381)	-
Payment of borrowing costs	12	(9,284)	(505)
Proceeds from borrowings	12	-	40,414
Proceeds from issue of shares, net of transaction costs		215,233	-
Net cash from financing activities		153,756	19,522
Net increase / (decrease) in cash and cash equivalents		410,851	(6,227)
Cash and cash equivalents			
Cash and cash equivalents at beginning of year		173,510	179,201
Net increase / (decrease) in cash and cash equivalents		410,851	(6,227)
Net foreign exchange differences		(428)	536
Cash and cash equivalents at end of year	10	583,933	173,510

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 2025 was authorised for issue in accordance with a resolution of the Directors on 29 August 2025.

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.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) (unless otherwise stated) under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. 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 2025.

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 provisions	19
Estimation of useful lives of property, plant and equipment and intangible assets	20, 22
Estimation of fair values of land and buildings	20
Impairment of goodwill and non-financial assets	20, 23
Estimation uncertainties and judgements made in relation to lease accounting and lease terms	21
Estimation of onerous contracts and probable REA recoverability	19
Share-based payments - determining the achievement of non-market based conditions	34

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 2024, including:

- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

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 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (as amended)
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2024-2 Amendments to Australian Accounting Standards – Classification and measurement of financial instruments
- AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity

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

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 statement of financial performance and providing management-defined performance measures within the financial statements.

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. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'Finance costs' might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - AASB 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Group currently recognises some gains or losses in gross profit and others in 'Finance costs', there might be a change to where these gains or losses are recognised, and the Group is currently evaluating the need for change.
 - There may be other potential impacts, however these are still under assessment by the Group.

Current year performance

Note 3 Operating segments

I Disclosures

	USA			Australasia			Elimination /		
	Shipbuilding	Support	Total	Shipbuilding	Support	Total	Unallocated	Adjustments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)

Year ended 30 June 2024	USA			Australasia			Unallocated	Elimination / Adjustments	Total
	Shipbuilding	Support	Total	Shipbuilding	Support	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue									
External customers	853,904	320,387	1,174,291	148,424	146,230	294,654	-	(38)	1,468,907
Inter-segment ¹	-	-	-	6,413	1,832	8,245	-	(8,245)	-
Total	853,904	320,387	1,174,291	154,837	148,062	302,899	-	(8,283)	1,468,907
Profit / (loss) before income tax									
Earnings before interest and tax	25,101	67,848	92,949	(22,474)	9,909	(12,565)	(24,367)	448	56,465
Finance income	-	-	-	-	-	-	3,901	-	3,901
Finance expenses	-	-	-	-	-	-	(19,030)	-	(19,030)
Profit / (loss) before income tax	25,101	67,848	92,949	(22,474)	9,909	(12,565)	(39,496)	448	41,336
Depreciation and amortisation	(36,059)	(13,369)	(49,428)	(10,995)	(6,853)	(17,848)	-	-	(67,276)
Balance sheet									
Segment assets	1,416,207	250,014	1,666,221	253,332	145,192	398,524	29,016	(534)	2,093,227
Segment liabilities	(721,141)	(101,153)	(822,294)	(73,233)	(84,632)	(157,865)	(121,499)	13,096	(1,088,562)

1. Inter-segment revenues, investments, receivables and payables are eliminated on consolidation.

	2025 \$'000	2024 \$'000
Group Revenue from external customers		
By geographical location of customers		
USA	1,388,097	1,174,291
Australia	408,917	282,479
Europe	17,778	1,163
Asia	2,155	1,871
South America	6,390	8,893
Middle East	-	210
Total	1,823,337	1,468,907
	2025 \$'000	2024 \$'000
Analysis of unallocated		
Profit / (loss) before income tax		
Administration, legal and settlement expenses	(24,314)	(24,546)
Marketing expenses	(6,670)	(8,895)
Research and development credits	9,743	7,837
Foreign exchange gains	632	1,237
Finance expenses	(18,179)	(19,030)
Finance income	13,275	3,901
Total	(25,513)	(39,496)
Segment assets		
Cash	289,455	14,687
Other non-current assets	7,897	-
Deferred tax assets	121,125	7,507
Other receivables	697	148
Income tax receivable	1,534	4,525
Other	208	2,149
Total	420,916	29,016
Segment liabilities		
Deferred tax liabilities	-	(10,927)
Creditors and provisions	(36,496)	(110,572)
Total	(36,496)	(121,499)

	2025	2024
	\$'000	\$'000
Group Non-current assets ¹		
Geographical location		
USA	1,190,091	1,040,139
Australia	133,007	136,349
Asia	58,595	63,110
Total	<u>1,381,693</u>	<u>1,239,598</u>
Composition		
Property, plant and equipment	1,170,790	1,045,830
Intangible assets	37,826	39,148
Right of use assets	173,077	154,620
Total	<u>1,381,693</u>	<u>1,239,598</u>

1. Excludes financial instruments, prepayments, other financial 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

	2025 \$'000	2024 \$'000
Revenue		
Shipbuilding	1,346,433	1,002,290
Support	476,904	466,617
Total	1,823,337	1,468,907

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 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).

Satisfaction of performance obligations over time or 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.

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 2025 is set out below:

Transaction price allocated to remaining performance obligations pursuant to customer contracts

	2025 \$'000	2024 \$'000
Committed but not recognised as liabilities:		
- Within one year	1,285,394	899,173
- One to five years	3,112,180	2,883,977
Total	4,397,574	3,783,150

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

	2025 \$'000	2024 \$'000
Work in progress (see Note 17)	596,577	393,576
Progress payments received in advance	(751,706)	(223,769)

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 \$114.9 million recognised in the current period was included in the progress payments received in advance (PPIA) balance at the beginning of the period (FY2024: \$134.5 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, 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 (see Note 19, III.3.).

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 FY2026 and 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

T-ATS

Austal was awarded its first steel construction contract by the US Navy in September 2021 to build Towing, Salvage and Rescue Ships. These vessels are the first to be constructed in the Company's new steel panel line and risks may exist for the remaining vessels until future events become known such as continued achievement of productivity improvements, future overhead rates which are directly impacted by the volume and timing of future contract awards and other vessel specific risks. Further detail about potential risks is provided in Note 19, III.3.

Contingencies held at 30 June 2025 for undelivered vessels for the T-ATS program were \$Nil (2024: \$107 million (US\$71 million) - these contingencies formed part of the forecast costs which are taken into account when calculating the onerous loss provision).

Australasia

Australasia is completing a number of vessels under multi vessel contracts, as well as individual vessel projects.

Contingencies held at 30 June 2025 for undelivered vessels in the Australasia business unit were \$17 million (FY2024: \$7 million). This was equivalent to 4.5% of ETC (FY2024: 6.5%).

3. 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.

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 \$6.2 million in relation to this contract has been recognised during the year to 30 June 2025, 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 (\$23.3 million) and non-current (\$502.5 million) progress payments in advance, with the non-current portion being recognised as revenue over the remaining contract term of 8.5 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

	2025 \$'000	2024 \$'000
Other income and expenses		
Government infrastructure grants amortised	22,290	17,732
Sale of scrap materials	1,219	1,244
Sundry income	6,067	6,298
Vessel warranties	(871)	(694)
Gain on disposal of land and buildings ¹	-	54,373
Loss on disposal of plant and equipment	(37)	(532)
Loss on inventory	(325)	165
Net foreign exchange gain	3,956	1,074
Total	32,299	79,660
Finance income		
Interest income	13,275	3,901
Finance costs		
Interest payable to unrelated parties	(17,315)	(18,373)
Amortisation of capitalised loan origination costs	(864)	(657)
Total	(18,179)	(19,030)
Net finance costs	(4,904)	(15,129)
Depreciation and amortisation		
Depreciation of property, plant and equipment	(57,790)	(54,134)
Depreciation of right of use assets	(13,073)	(10,521)
Amortisation of intangible assets	(2,268)	(2,621)
Total	(73,131)	(67,276)
Employee benefits ²		
Wages and salaries	(502,054)	(454,933)
Annual leave expense	(26,780)	(23,917)
Post-retirement benefits - defined contribution	(12,840)	(11,026)
Post-retirement benefits - defined benefit	(351)	(302)
Workers' compensation costs	(350)	(2,536)
Share based payments expense	(2,960)	(2,127)
Long service leave expense	(1,742)	(1,844)
Total	(547,077)	(496,685)
Research and development credits ³		
Research and development credits	9,743	5,182
Other costs ⁴		
DoJ/SEC penalty and related costs	(330)	(56,760)

1. In FY2024, Austal USA concluded negotiations for the sale of land, a total of 6.75 acres. In consideration, Austal USA received cash consideration of \$48.0 million (US \$31.5 million) and land adjacent to Austal USA's existing facilities, a total of 7.98 acres, independently valued at \$15.2 million (US \$9.9 million).

2. Included within 'cost of sales', 'administration, legal and settlement', and 'marketing' expenses.

3. Included within 'cost of sales'.

4. Included within 'administration, legal and settlement' expenses. This amount includes the provision in FY2024 (refer to Note 19) for further information and other related costs.

	2025	2024
	\$	\$
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	(2,074,748)	(1,960,841)
Controlled entities	(155,673)	(142,444)
Total	<u>(2,230,421)</u>	<u>(2,103,285)</u>
Non-audit services		
Taxation advice and compliance services	(295,277)	(171,868)
Total	<u>(295,277)</u>	<u>(171,868)</u>
Total	<u>(2,525,698)</u>	<u>(2,275,153)</u>
Other auditors and firms:		
Audit or review of the financial reports		
Subsidiaries	(48,845)	(53,879)
Non-audit services		
Taxation advice and compliance services	(25,110)	(33,025)
Consulting services	-	(33,271)
Total	<u>(73,955)</u>	<u>(120,175)</u>
Total	<u>(2,599,653)</u>	<u>(2,395,328)</u>

1. The portion of the auditors' remuneration payable in USD was converted at an AUD / USD exchange rate of 0.6477 in FY2025 (FY2024: 0.6557).

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 FY2025 was \$9.7 million (FY2024: \$5.2 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 FY2025 (FY2024: 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

		2025	2024
Net profit after tax			
Net profit after tax attributable to ordinary equity holders of the parent	\$'000	89,733	14,876
Weighted average number of ordinary shares			
Basic	Number	379,489,572	362,510,175
Effect of dilution	Number	4,825,412	2,579,440
Diluted	Number	384,314,984	365,089,615
Earnings per share			
Basic earnings per share	\$ / share	0.236	0.041
Diluted earnings per share	\$ / share	0.233	0.041

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.

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 3,316,572 performance rights that were potentially dilutive at 30 June 2025 (30 June 2024: 1,607,425 performance rights).

Further information relating to the performance rights is provided in Note 34.

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 34.

3. Service rights

Service rights are included in the determination of diluted EPS. There were 1,471,884 service rights that were potentially dilutive at 30 June 2025 (30 June 2024: 972,015 service rights).

Further information relating to the service rights is provided in Note 34.

4. Short-term service rights

Short-term service rights are included in the determination of diluted EPS. There were 50,521 service rights that were potentially dilutive at 30 June 2025 (30 June 2024: Nil short-term service rights).

Further information relating to the short-term service rights is provided in Note 34.

5. Other equity transactions

Austal issued 796,145 shares to the Employee Share Trust during the year ended 30 June 2025 in relation to the vesting of the FY2022 LTI plan, FY2024 STI equity (indeterminate rights), FY2020 service rights and share rights issued to Non-Executive Directors.

During the year ended 30 June 2025, the Group successfully completed a capital raising. Refer to Note 13 for further information.

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

	2025 \$'000	2024 \$'000
Net profit after tax	89,733	14,876
Adjustments for non cash profit and loss items:		
Depreciation and amortisation	73,131	67,276
Net loss / (gain) on disposal of property, plant and equipment	37	(53,841)
Loss on derecognition of subsidiary	43	-
Share based payments expense	2,960	2,127
Interest expense	6,275	4,028
Amortisation of borrowing costs	864	657
Deferred government grant income	(22,290)	(17,732)
Research and development tax credits recognised	(9,743)	(5,182)
Non-cash mark to market revaluations	(2,550)	-
Total	48,727	(2,667)
Changes in assets and liabilities:		
(Decrease) in income tax (current and deferred)	(141,385)	(15,126)
(Decrease) in provisions	(25,362)	(47,994)
Decrease / (increase) in trade and other receivables	23,946	(36,594)
(Increase) in inventories and work in progress	(199,934)	(72,318)
Decrease in prepayments	2,114	18,790
(Increase) / decrease in other financial assets	(680)	2,831
Increase in trade and other payables	81,226	118,598
Increase in progress payments received in advance	527,937	6,557
Total	267,862	(25,256)
Net cash from / (used in) operating activities	406,322	(13,047)

Note 8 Dividends paid and proposed

I Dividends on ordinary shares

	2025 \$'000	2024 \$'000
Dividends paid on ordinary shares		
Unfranked final dividend for the prior year, 0 cps (2024: unfranked, 3 cps)	-	(10,873)
Unfranked interim dividend for the current year, 0 cps (2024: unfranked, 0 cps)	-	-
Total	-	(10,873)
Dividend declared subsequent to the reporting period end (not recorded as liability)		
Unfranked final dividend for the current year, 0 cps (2024: unfranked, 0 cps)	-	-

The dividend declared in the prior year is an estimate of the amount that would be paid and hence may not match the actual amount paid during the current year.

II Franking credit balance

	2025 \$'000	2024 \$'000
Opening balance	3,403	3,403
Franking credits movement from the (refund) of income tax	(3,403)	-
Movement	(3,403)	-
Closing balance	-	3,403

Note 9 Income and other taxes

I Income tax expense

	2025 \$'000	2024 \$'000
Major components of tax expense:		
Consolidated profit and loss		
Current income tax		
Current income tax charge	(162,525)	(83,416)
Adjustments in respect of current income tax of the previous year	20,236	(5,486)
Total	(142,289)	(88,902)
Deferred income tax		
Relating to origination and reversal of temporary differences	141,426	60,938
Adjustments in respect of deferred income tax of the previous year	(17,854)	1,504
Total	123,572	62,442
Total income tax expense	(18,717)	(26,460)
Other comprehensive income (OCI)		
Current and deferred income tax related items charged or credited directly to OCI		
Current and deferred (gains) on foreign currency contracts	(1,487)	(116)
Deferred losses / (gains) on revaluation of property, plant and equipment	5,307	(16,815)
Total income tax benefit / (expense) charged to OCI	3,820	(16,931)
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax from continuing operations	108,450	41,336
Income tax at the Group's statutory income tax rate of 30% (2024: 30%)	(32,535)	(12,401)
USA combined federal and state income tax rate of 25% (2024: 25%)	6,186	1,062
Philippines gross income tax (GIT) regime	253	120
Other foreign tax rate differences	110	(599)
USA revalued deferred balances for change in weighted average state rate	(3,090)	(263)
USA withholding tax leakage due to losses in Australia	-	(649)
Non-taxable R&D credits in cost of sales	(2,447)	(2,058)
Recognition of prior year unrecognised Australian tax group losses	6,843	-
Carry forward tax losses not recognised	-	(3,110)
Income tax credits generated	5,371	3,613
Valuation of share based payments	(897)	(668)
Non-deductible fines and penalties	-	(9,064)
Other (non-assessable) or non-deductible items	(893)	1,539
Adjustments in respect of current and deferred income tax of the previous year	2,382	(3,982)
Total adjustments	13,818	(14,059)
Income tax expense reported in the profit and loss	(18,717)	(26,460)
Income tax receivable / (payable)		
Income tax receivable	1,534	4,553
Income tax payable	(22,422)	(56,157)

II Analysis of temporary differences

	Statement of Financial Position		Movement in Profit and Loss	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Deferred income tax - USA				
Deferred tax assets				
Deferred grant income	33,199	26,717	6,201	(1,957)
Payables	1,946	3,037	(1,145)	1,685
Trade and other receivables	-	408	(419)	349
Provisions	17,276	15,756	1,327	(22,603)
Deferred gains and losses on foreign currency contracts	83	173	-	-
Lease liabilities	20,151	13,619	6,428	(194)
Losses available for offset against future taxable income	9	9	-	(20)
R&D	49,597	25,832	23,708	11,727
Work in progress - net	-	36,209	(37,131)	64,745
Progress payments received in advance	133,498	-	135,113	-
Other	-	-	-	(188)
Total	255,759	121,760	134,082	53,544
Deferred tax liabilities				
Property, plant and equipment	(116,574)	(122,601)	2,368	6,024
Intangibles	(118)	(101)	(15)	55
Right of use assets	(18,001)	(12,300)	(5,605)	625
Work in progress - net	(5,906)	-	(5,978)	-
Payables	34	(229)	-	-
Deferred gains and losses on foreign currency contracts	(1,404)	(86)	-	-
Total	(141,969)	(135,317)	(9,230)	6,704
Net deferred tax asset / (liability)	113,790	(13,557)	124,852	60,248
Deferred income tax - Australia				
Deferred tax assets				
Provisions	11,658	11,324	333	(626)
Payables	355	589	(234)	6
Deferred gains and losses on foreign currency contracts	505	37	-	-
Lease liabilities	14,430	14,412	18	914
Other	729	665	64	52
Total	27,677	27,027	181	346
Deferred tax liabilities				
Property, plant and equipment	(2,949)	(1,598)	(1,351)	3,391
Deferred gains and losses on foreign currency contracts	(978)	(167)	-	-
Right of use assets	(15,270)	(15,730)	591	(3,051)
Prepayments	-	(591)	461	1,171
Other	(2,075)	(16)	(2,059)	(77)
Total	(21,272)	(18,102)	(2,358)	1,434
Net deferred tax asset	6,405	8,925	(2,177)	1,780
Deferred income tax - Other				
Deferred tax assets	930	38	897	414
Net deferred tax asset / (liability)	121,125	(4,594)	123,572	62,442

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 2025.

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.

Any impact arising from the Pillar Two top-up tax will be presented as current tax in the period when it is incurred.

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% (FY2024: 21.0%) and the weighted average of individual US states in which Austal operates was 4.10% for FY2025 (FY2024: 4.01%). 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.

The Group has not recognised a deferred tax asset on the carry forward tax losses and Australian R&D credits because there is sufficient uncertainty in the Group's ability to utilise these in the short term. The Group will continue to assess the recognition criteria against the probability of future taxable profits.

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.

Unrecognised deferred tax assets in respect of the Australian Consolidated Tax Group losses at 30 June 2025 were:

	2025 \$'000	2024 \$'000
Unrecognised Australian tax losses (tax effected values)		
Opening balance	30,212	2,765
True-up of prior year tax losses	1,826	24,595
Losses (utilised) / incurred in the current year	(6,843)	2,852
Total	(5,017)	27,447
Closing balance	25,195	30,212

Austal also claimed R&D tax offsets in FY2024. The offset was claimed by adding back accounting expenditure subject to R&D tax incentive and reduced carried forward losses for those years. See Note 25 for details of unrecognised R&D tax credits carried forward.

Due to the Group's hybrid approach to recognising R&D tax offsets partially as an income tax and partially as a government grant, the amounts disclosed in Note 25 include amounts that are partially unrecognised deferred tax assets and partially unrecognised government grants that may arise in the future.

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

	2025 \$'000	2024 \$'000
Cash		
Cash at bank and in hand	583,933	173,510
Total	<u>583,933</u>	<u>173,510</u>

II Recognition and measurement

Cash and short term deposits in the Balance Sheet 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

	2025 \$'000	2024 \$'000
Current		
Revolving credit facility - cash loans	-	(39,999)
Non-current		
Go Zone Bonds	(130,821)	(129,609)
Total	<u>(130,821)</u>	<u>(169,608)</u>

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 3.0203% in FY2025 (FY2024: 3.4926%). 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 FY2025 was 1.771% (FY2024: 1.5312%). 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 (FY2024: US\$137.5 million) of GZB funds and owes US\$87.5 million at 30 June 2025 (30 June 2024: 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 Revolving credit facility

	2025 \$'000	2024 \$'000
Total facility limit - cash loans and contingent instruments		
Revolving credit facility - cash loans	333,750	65,000
Revolving credit facility - contingent instruments	347,750	215,000
	<u>681,500</u>	<u>280,000</u>
Revolving credit facility - cash loans allowed for contingent instruments	178,750	65,000

The Syndicated Facility Agreement which had a \$280 million revolving credit facility, inclusive of a \$65 million cash loan sublimit, was terminated on 27 June 2025. Prior to termination, in December 2024, Austal had extended the Syndicated Facility Agreement to 3 April 2026. \$Nil million had been drawn down at termination date (30 June 2024: \$40.0 million – 1 month tenor). The interest rate was variable, based upon a drawn margin above BBSY and SOFR for AUD and USD principal borrowings respectively.

On 27 June 2025, Austal entered into new debt facilities with a \$681.5 million revolving credit facility, inclusive of a \$333.8 million cash loan sublimit (of which \$178.8 million can be utilised for contingent instruments). The new 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 have a 5 year maturity date. The interest rate is variable, based upon a drawn margin above BBSY and SOFR for AUD and USD principal borrowings respectively.

In addition to the facilities detailed above, Austal is continuing to progress the Export Finance Australia (EFA) loan facility – this has been credit approved for up to US\$150 million and is subject to completion of finance documentation and satisfaction of conditions precedent. This facility has a 10 year maturity date and will also be subject to the common terms deed.

V Revolving credit facility – Cash Loans

	2025 \$'000	2024 \$'000
Revolving credit facility - cash loans		
Total facility limit	333,750	65,000
Facilities used at reporting date	-	(39,999)
Facilities unused at reporting date	<u>333,750</u>	<u>25,001</u>

VI Performance guarantees [bonding] facilities

	2025 \$'000	2024 \$'000
Total facilities available		
Revolving credit facility	526,500	280,000
Surety facilities	150,459	100,459
Total	<u>676,959</u>	<u>380,459</u>
Facilities used at reporting date		
Revolving credit facility	(109,745)	(60,743)
Surety facilities	(762)	(759)
Total	<u>(110,507)</u>	<u>(61,502)</u>
Facilities unused at reporting date		
Revolving credit facility	416,755	219,257
Surety facilities	149,697	99,700
Total	<u>566,452</u>	<u>318,957</u>

As at 30 June 2025, any unused portion of the \$681.5 million (30 June 2024: \$280.0 million) revolving credit facility can be used as follows:

- non-financial performance guarantees up to \$526.5 million (30 June 2024: \$280.0 million),
- financial performance guarantees up to \$343.0 million (30 June 2024: \$5.0 million), and
- cash loans up to \$333.8 million (30 June 2024: \$65.0 million).

As at 30 June 2025, Austal had a total of \$150.5 million of uncommitted Surety facilities (30 June 2024: \$100.5 million uncommitted and unsecured Surety facilities).

Note 12 Reconciliation of financing cash flows to interest bearing debt

I Reconciliation

FY2025

		Cash charges		Non-cash changes		
	30 June 2024 \$'000	Debt repay / (Drawdown) \$'000	Payment of borrowing costs \$'000	Foreign exchange movement \$'000	Amortisation of borrowing costs \$'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)

FY2024

		Cash charges		Non-cash changes		
	30 June 2023 \$'000	Debt repay / (Drawdown) \$'000	Payment of borrowing costs \$'000	Foreign exchange movement \$'000	Amortisation of borrowing costs \$'000	30 June 2024 \$'000
Current borrowings	-	(40,414)	-	415	-	(39,999)
Non-current borrowings	(129,499)	-	505	42	(657)	(129,609)
Total financing liabilities	(129,499)	(40,414)	505	457	(657)	(169,608)

Note 13 Contributed equity and reserves

I Contributed equity

1. Net carrying amount

	Shares		\$'000	
	2025	2024	2025	2024
Ordinary shares on issue				
1 July	362,489,162	362,441,875	147,893	147,775
Shares issued to Employee Share Trust	796,145	47,287	2,555	114
Shares or proceeds transferred for beneficiaries	-	-	(193)	4
Shares issued for capital raising, net of transaction costs and tax	57,894,737	-	215,233	-
30 June	421,180,044	362,489,162	365,488	147,893
Reserved shares				
1 July	(1,267,695)	(1,456,775)	(2,828)	(3,257)
Shares issued to Employee Share Trust	(796,145)	(47,287)	(2,555)	(114)
Shares or proceeds transferred for beneficiaries	486,883	236,367	1,407	543
30 June	(1,576,957)	(1,267,695)	(3,976)	(2,828)
Net	419,603,087	361,221,467	361,512	145,065

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 2025 is comprised of shares issued as part of the employee share plans and capital raising.

- 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 796,145 shares to the trust during the year ended 30 June 2025 in relation to the vesting of the FY2022 LTI plan, FY2024 STI equity (indeterminate rights), FY2020 service rights and share rights issued to Non-Executive Directors (30 June 2024: 47,287 shares to the trust for the share rights issued to Non-Executive Directors).
- During the year ended 30 June 2025, the Group successfully completed a capital raising to provide funding for the FA2 steel shipbuilding expansion project, which once complete, will facilitate the delivery of large steel vessels in the current pipeline for the US Navy and US Coast Guard.

On 14 March 2025, the Group issued 52,631,579 fully paid ordinary shares at an issue price of \$3.80 per share, raising gross proceeds of \$200.0 million. The raising was conducted via an institutional placement.

On 8 April 2025, the Group issued 5,263,158 fully paid ordinary shares at an issue price of \$3.80 per share, raising gross proceeds of \$20.0 million. The raising was conducted via a share purchase plan.

Transaction costs of \$4.8 million, net of tax, were incurred and accounted for as a deduction from contributed equity.

II Reserves

The reserves are shown within the Consolidated Statement of Changes in Equity for the year ended 30 June 2025.

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 34.

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.

Note 14 Government grants relating to assets

I Net carrying amount

	2025 \$'000	2024 \$'000
Deferred grant income		
Current		
Infrastructure development	(17,530)	(14,681)
Total	(17,530)	(14,681)
Non - current		
Infrastructure development	(114,739)	(92,735)
Total	(114,739)	(92,735)
Total	(132,269)	(107,416)
Movements in deferred grant income		
1 July	(107,416)	(115,958)
Grants received during the year	(45,954)	(9,047)
Amortised to the profit and loss	22,290	17,732
Effects of foreign exchange	(1,189)	(143)
Net movement	(24,853)	8,542
30 June	(132,269)	(107,416)

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

	2025 \$'000	2024 \$'000
Trade and other receivables		
Trade amounts owing by unrelated entities	150,625	173,276
Loss allowance	(2,930)	(1,635)
Total	147,695	171,641

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 allowance	Total
		Not yet due	0-30	31-60	61-90	90+		
30 June 2025	\$'000	124,373	11,019	9,561	2,283	3,389	(2,930)	147,695
30 June 2024	\$'000	127,888	24,460	11,158	2,565	7,205	(1,635)	171,641

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

	2025 \$'000	2024 \$'000
Prepayments		
Current	38,456	33,160
Non-current	38,579	45,989
Total	77,035	79,149

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

	2025 \$'000	2024 \$'000
Inventories and work in progress		
Work in progress	596,577	393,576
Other inventory	4,812	7,879
Total	601,389	401,455

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 2025 the allowance for expected credit loss on work in progress was \$2.4 million (FY2024: \$Nil).

IV Other inventory

Other inventories are stated at the lower of cost and net realisable value in line with AASB 102.

Note 18 Trade and other payables

I Disclosure

	2025 \$'000	2024 \$'000
Trade and other payables		
Trade and other payables owed to unrelated entities ¹	(334,410)	(253,184)
Total	<u>(334,410)</u>	<u>(253,184)</u>

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 2024	(51,302)	(5,729)	(29,239)	(8,050)	(9,183)	(49,103)	(152,606)
Arising during the year	(226,307)	(1,748)	-	(4,423)	(440)	(4,995)	(237,913)
Change in estimate of provision	-	-	(29,358)	-	-	-	(29,358)
Utilised	214,930	4,515	20,906	4,284	-	46,512	291,147
Unused amounts reversed	2,627	-	-	600	282	388	3,897
Effects of foreign exchange	(352)	(90)	(254)	(7)	-	(1,296)	(1,999)
Movement	(9,102)	2,677	(8,706)	454	(158)	40,609	25,774
Provisions at 30 June 2025	(60,404)	(3,052)	(37,945)	(7,596)	(9,341)	(8,494)	(126,832)

	Employee Benefits \$'000	Workers' Compensation \$'000	Onerous Contracts \$'000	Warranty \$'000	Remediation \$'000	Other \$'000	Total \$'000
Provisions at 30 June 2024							
Current	(48,980)	(5,729)	(15,347)	(8,050)	(3,600)	(34,621)	(116,327)
Non-current	(2,322)	-	(13,892)	-	(5,583)	(14,482)	(36,279)
Total	(51,302)	(5,729)	(29,239)	(8,050)	(9,183)	(49,103)	(152,606)
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)

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	Total \$'000
Provisions at 30 June 2024	-	(29,239)	(29,239)
(Net of cost utilised and consideration recognised in the year) / Utilised ¹	(32,388)	53,294	20,906
Change in estimate of provision ²	29,164	(58,522)	(29,358)
Effects of foreign exchange	50	(304)	(254)
Movement	(3,174)	(5,532)	(8,706)
Provisions at 30 June 2025	(3,174)	(34,771)	(37,945)

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 for the T-ATS Program comprises a reduction in estimated costs (\$176.5 million), net of a reduction in estimated REA recovery (\$147.3 million).

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 new steel panel line.

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 \$158.7 million (30 June 2024: \$187.4 million), inclusive of an assumed REA recovery, and an onerous contract provision of \$3.2 million at 30 June 2025 (June 2024: \$Nil million).

Forecast program EAC hours:

Management and the program office conducts regular reviews of costs contained within the EACs. Consistent with the Group's experience in previous years, during FY2025, this process identified a number of drivers of further increased costs as a result of the immature detailed design for the vessels which led to an increase of material quantities and cost inflation on materials, whilst labour hours remained consistent. There were also increased forecast costs for testing, trials and delivery. The cost increases were offset by the removal of all contingencies contained within the EACs and other adjustments in line with current REA negotiations detailed further below.

Management evaluated various program office EAC scenarios and determined that one was a realistic scenario given the current stage of completion of the program as at 30 June 2025. Management has adopted this scenario to calculate the onerous contract provision. The program was 64% complete (weighted) at 30 June 2025 (30 June 2024: 35%).

Request for equitable adjustment:

During FY2024, an independent third-party expert was engaged to work alongside a dedicated team at AUSA to prepare a Rough Order of Magnitude (ROM) related to a REA submission. As directed by the US Navy, management submitted a formal notification on 1 December 2023 informing the US Navy of the updated ROM value which superseded the prior REA which was submitted in August 2022. Further work on preparation of the REA submission by the independent third-party expert continued after formal notification of the ROM was made.

During FY2025, work continued by management's independent third-party expert, working alongside a dedicated team at AUSA, to prepare the quantum of the REA claim. The certainty of the estimate increased as Austal made progress on ship construction, completing more tasks enabling more cases of productivity measurements to be factored into the analysis. The independent expert's work included developing ranges of potentially recoverable amounts for the REA, with the ranges based on generally accepted approaches with respect to the quantification of REAs. 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 confidential discussions between both parties continuing as at the date of approval of these financial statements, in advance of the REA being finalised. The calculation of the onerous loss as at 30 June 2025 includes an estimate of the amount of the REA that the Company believes is probable of recovery.

Management considered the REA recoverability ranges that were calculated by the independent expert, and the ongoing negotiations with and offers made to the US Navy when determining the probable amount of the REA that is recoverable as at 30 June 2025.

Variable consideration and contract asset:

Variable consideration, such as the REA, is included in the onerous contract provision based on the amount deemed probable of recovery. Revenue 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 revenue of \$168.7 million recognised during the year (30 June 2024: \$Nil), and a corresponding contract asset (included in work in progress).

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 new 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 \$113.0 million (30 June 2024: \$54.1 million) and an onerous contract provision of \$34.8 million at 30 June 2025 (30 June 2024: \$29.2 million).

Forecast program EAC hours:

Management and the program office conducts regular reviews of costs contained within the EACs. Consistent with the Group's experience in previous years, during FY2025, this process identified a number of drivers of increased cost which included updated material quantities and cost inflation on materials, updated transportation and subcontractor costs which were not included in EACs in previous periods due to a change in construction strategy in the current year, offset by a decrease in labour hours.

Management evaluated various program office EAC scenarios and determined that one was a realistic scenario given the current stage of completion of the program as at 30 June 2025. Management has adopted this scenario to calculate the onerous contract provision. The program was 65% complete at 30 June 2025 (30 June 2024: 38%).

Management has performed sensitivities of certain key assumptions in the onerous contract provision calculation which are discussed below.

Significant accounting judgement and estimates relating to the T-ATS and AFDM 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 and AFDM contracts. These estimates require significant management judgement, given the time period over which the vessels will be constructed, with construction continuing up to FY2027 and FY2029 for the AFDM and T-ATS programs respectively, 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 3.9% (30 June 2024: 4.5%) has been applied to the provision based on the time phasing of the estimate to complete / forecast costs.

Request for Equitable Adjustment [REA]: As noted above, with respect to the T-ATS program, management have assessed the estimated REA recovery ranges provided by the independent third-party expert as submitted in the REA claim to the US Navy, and the ongoing negotiations with

and offers made to the US Navy to calculate the amount of REA that is deemed probable and highly probable of recovery at 30 June 2025. The certainty of the estimate will increase over time as Austal and the US Navy continue to discuss and assess the key drivers of the REA and the US Navy completes their review of the current offer. The calculation of the onerous loss as at 30 June 2025 includes an estimate of the amount of the REA that the Company expects to recover based on the probable assessment at 30 June 2025. Additionally, variable consideration has been recognised during the period based on an estimate of the amount of the REA that is deemed highly probable of recovery as at 30 June 2025. Management will continue to assess the quantum of the REA that is deemed probable and highly probable of recovery, and consequently of the benefits expected to arise. As confidential discussions between the Company and the US Navy progress, the ultimate amount that may be recovered under the REA may increase or decrease compared to the amounts assumed as being probable and highly probable of recovery as at 30 June 2025. Any significant change to the amount of the REA deemed probable of recovery may have an impact, positively or negatively, on the onerous loss, and future profitability of the T-ATS program. Further profit recognition, and ultimately the future profitability of the T-ATS program is therefore dependent on the outcome of confidential discussions between the Company and the US Navy, and consequently the ultimate resolution of the REA claim.

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 costs, discount rates and amounts ultimately recoverable under the REA claim have been displayed in the sensitivity table below.

T-ATS program

Concept	Change	Increase / (decrease) in provision ¹	
		\$'000	\$'000
		+	-
Labour hours	5%	3,721	(3,705)
Materials	5%	3,331	(3,290)
Overhead rate	2%	881	(1,177)
Discount	1%	238	(253)
Settlement of REA and variable consideration	US\$5 million	(2,385)	2,385

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	5%	799	(799)
Materials	5%	2,054	(2,020)
Overhead rate	2%	162	(161)
Discount	1%	(641)	660

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.

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. Austal continues to discuss the scope and term of the monitor's appointment with both the DoJ and the US Navy and will endeavour to ensure that both DoJ and 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 \$13.4 million payable (30 June 2024: \$37.3 million provision) based on the agreed and ordered penalties remaining and a \$4.0 million provision (30 June 2024: \$10.9 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 2025, provisions have been booked for any estimated potential liability associated with outstanding disputes at 30 June 2025. 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 2024 (FY2024 H1: 0 cents per share).

No unfranked dividend has been declared post year end (FY2024: 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 2024					
Gross carrying amount at fair value	956,228	-	-	-	956,228
Gross carrying amount at cost	-	57,157	358,864	118,067	534,088
Accumulated depreciation and impairment	(201,860)	(18,505)	(224,121)	-	(444,486)
Net carrying amount	754,368	38,652	134,743	118,067	1,045,830
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

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 2023	705,476	37,071	149,761	70,233	962,541
Additions	15,204	337	11,205	54,865	81,611
Transfer in / (out)	(2,848)	3,625	5,428	(6,205)	-
Disposals	(12,128)	-	(595)	-	(12,723)
Depreciation charge for the year	(20,444)	(2,387)	(31,303)	-	(54,134)
Revaluation	69,068	-	-	-	69,068
Effects of foreign exchange	40	6	247	(826)	(533)
Total	48,892	1,581	(15,018)	47,834	83,289
Balance 30 June 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

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.

	2025 \$'000	2024 \$'000
Land and Buildings valued using cost model		
Cost	583,433	573,266
Accumulated depreciation and impairment	(177,921)	(163,521)
Net carrying amount	405,512	409,745

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.

Refer to Note 5 for details in relation to the sale of land in Austal USA in FY2024.

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 determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risk of the property.

The Company engages external, independent valuers to determine the fair value of the land and buildings whom 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 2024 and 30 June 2025 were members of either the Australian Property Institute or the USA Appraisal Institute.

The valuation methodologies for Australia and the USA 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
- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

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 a level 2 because the inputs and assumptions used in arriving at the at the fair value are observable.

The last independent revaluation of the Australia land and buildings occurred during FY2023. This resulted in an increase in the valuation of \$9.0 million (before deferred tax) recognised in Other Comprehensive Income in FY2023.

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

	2025 \$'000	2024 \$'000
Right of use assets		
Properties	173,046	154,620
Motor vehicles	31	-
Total	173,077	154,620
	2025 \$'000	2024 \$'000
Lease liability		
Current lease liability	(6,672)	(4,832)
Non-current lease liability	(129,496)	(106,618)
Total	(136,168)	(111,450)

Additions to the right of use assets during the reporting period were \$30.9 million (FY2024: \$6.0 million). The maturity analysis of lease liabilities is included in Note 26.

II Amounts recognised in the statement of profit and loss

	2025 \$'000	2024 \$'000
Amounts recognised in the Profit and Loss		
Depreciation for right of use assets		
Properties	(13,049)	(10,521)
Motor vehicles	(24)	-
Total	(13,073)	(10,521)
Interest expense (included in finance costs)	(6,275)	(4,028)
Expense relating to short term leases, low value leases and leases with variable payments	(6,189)	(6,860)
Financing cash flows for repayment of principal element of lease liability	(11,812)	(9,514)

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 (FY2024: Lease terms range between 2 and 31 years, with an average lease term of 15 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 2024				
Cost	33,952	31,870	4,308	70,130
Accumulated amortisation and impairment	(28,902)	-	(2,080)	(30,982)
Net carrying amount	5,050	31,870	2,228	39,148
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

II Reconciliation of movement for the year

	Computer Software \$'000	Goodwill \$'000	Other Intangibles \$'000	Total \$'000
Balance 1 July 2023	3,891	31,870	2,567	38,328
Additions	3,496	-	-	3,496
Disposals	(7)	-	-	(7)
Amortisation for the year	(2,282)	-	(339)	(2,621)
Effects of foreign exchange	(48)	-	-	(48)
Total	1,159	-	(339)	820
Balance 30 June 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

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.

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 \$6.8 million
- Australasia Support – a carrying amount of \$25.2 million

IV Assessment of recoverable amounts and sensitivity to changes in assumptions

For the year ended 30 June 2025, management assessed whether there were any indicators of impairment. The Company concluded that no triggers were present within the CGUs. However, 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 2025.

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

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. In addition, in September 2024, Austal USA was awarded a US\$450 million contract by General Dynamics Electric Boat. The contract will fully fund 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.

2. USA Support

The recoverable amount of the USA Support CGU was assessed, and the Company concluded that the recoverable amount of the CGU is greater than its carrying value.

Key factors supporting this decision is 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 early FY2026, and increased capacity to conduct support activities in Singapore post COVID-19. Consequently, no impairment is required as a result of this analysis.

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

Austal has been announced as the 'Sovereign Shipbuilder of Western Australia'. A Heads of Agreement (HoA) has been signed between Austal and the Commonwealth of Australia to establish a Strategic Shipbuilding Agreement (SSA) (which was subsequently finalised on 5 August 2025), with specific awards of 2 additional Evolved Cape-class Patrol Boats and Austal being nominated as shipbuilder for both the Australian Army's Landing Craft Medium and Heavy (Littoral Manoeuvre Vessels) under the Commonwealth's LAND 8710 project. The likelihood of further defence contracts is expected to be solidified by the SSA mentioned above, with potential future Evolved Cape-class Patrol Boat (ECCPB), General Purpose Frigate and Large Optionally Crewed Vessel (LOSV) contracts allocated to Henderson, Western Australia.

Commercial shipbuilding has also seen increased demand, with the award of four contracts, being a 71-metre roll-on-roll-off (RORO) passenger cargo vessel and a 32-metre catamaran during FY2024 and a 66-metre sailing cargo trimaran and 130-metre combine cycle, 'hydrogen-ready' vehicle passenger ferry during FY2025. 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, and the Company concluded that the recoverable amount of the CGU is greater than its carrying value.

Throughput and profitability is expected to remain consistent based on long term defence sustainment contracts, assuming current contracts continue to be extended. Two such contracts were renewed or extended in FY2024.

Further disclosure in relation to the Australasia Support CGU impairment assessment is shown below in the significant accounting judgement and estimates section.

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 Support and Australasia Support CGUs:

Concept	USA Support Assumption	Australasia Support Assumption
Growth assumptions	Contract awards	Contract awards
EBIT margin	Commercial in Confidence	Commercial in Confidence
Perpetuity growth rate	2.5%	2.5%
Post tax discount rate	7.7%	7.7%
Average inflation on costs	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 Support - expansion of the San Diego operations with dockings commencing in FY2026 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.

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% (FY2024: 2.5%) perpetuity growth rate in Australasia and a 2.5% (FY2024: 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 7.7% (FY2024: 9.6%) 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 Support CGUs as detailed above, no impairment was required as at 30 June 2025.

Note 24 Investments and other financial assets

I Net carrying amount

	2025 \$'000	2024 \$'000
Other financial assets		
Collateral ¹	13,466	12,229
Security deposits	672	1,229
Total	14,138	13,458

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 in the case of a financial asset not measured at fair value through the Profit and Loss.

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.

Collateral in the statement of financial position 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 has 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, has 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 is 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.

Note 25 Other non-current assets

I Net carrying amount

	2025 \$'000	2024 \$'000
Research and development credits		
Recognised		
USA	-	-
Total	-	-
Unrecognised		
Australia	25,711	25,711
Total	25,711	25,711

II Recognition and measurement

All USA R&D credits that were generated have been utilised to partially offset the FY2025 income tax liability and hence there are no carried forward R&D credits as at 30 June 2025.

III Unrecognised R&D credits

A non-current asset has not been recognised in relation to \$25.7 million (FY2024: \$25.7 million) of carry forward R&D tax credits that have been generated in the Australian Consolidated Tax Group because there is sufficient uncertainty in the Group's ability to utilise these in the short term. The Group will continue to assess the recognition criteria against the probability of future taxable profits.

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

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.

I 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:

	2025 \$'000	2024 \$'000
Financial assets		
Cash and cash equivalents	583,933	173,510
Derivatives - forward foreign exchange contracts	8,856	900
Total	592,789	174,410
Financial liabilities		
Interest bearing liabilities	(130,821)	(169,608)
Derivatives - forward foreign exchange contracts	(2,012)	(815)
Total	(132,833)	(170,423)
Net exposure	459,956	3,987

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.

	2025 \$'000	2024 \$'000
Post tax gain / (loss)		
+1.00% (100 basis points)	1,467	133
-1.00% (100 basis points)	(1,467)	(133)

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 2025 were:

All values are stated in AUD equivalent					
	AUD \$'000	USD ¹ \$'000	EUR ² \$'000	Other \$'000	Total \$'000
Balance 30 June 2025					
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)

All values are stated in AUD equivalent					
	AUD \$'000	USD ¹ \$'000	EUR ² \$'000	Other \$'000	Total \$'000
Balance 30 June 2024					
Financial assets					
Cash and cash equivalents	167	119	9	1,639	1,934
Trade and other receivables	-	214	6,296	719	7,229
Derivatives - forward foreign exchange contracts	7	43	491	359	900
Total	174	376	6,796	2,717	10,063
Financial liabilities					
Trade and other payables	(128)	(1,908)	(1,318)	(463)	(3,817)
Derivatives - forward foreign exchange contracts	(125)	(13)	(650)	(27)	(815)
Total	(253)	(1,921)	(1,968)	(490)	(4,632)

1. Spot AUD / USD exchange rate at 30 June 2025 was 0.6580 (30 June 2024: 0.6667).

2. Spot AUD / EUR exchange rate at 30 June 2025 was 0.5581 (30 June 2024: 0.6221).

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)	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Judgement of reasonable possible movements				
AUD / USD - 10% lower	6,498	7,618	(2,072)	194
AUD / USD - 10% higher	(5,316)	(6,233)	1,695	(159)
AUD / EUR - 10% lower	886	551	925	779
AUD / EUR - 10% higher	(725)	(451)	(757)	(637)

1. Spot AUD / USD exchange rate at 30 June 2025 was 0.6580 (30 June 2024: 0.6667).
2. Spot AUD / EUR exchange rate at 30 June 2025 was 0.5581 (30 June 2024: 0.6221).

Prior to intra-Group eliminations, the Group had US\$720.3 million of USD denominated net assets at 30 June 2025 (FY2024: US\$730.2 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.

	2025				2024			
	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	0.6498	7,493	0.6552	(3,978)	0.6602	12,843	0.6860	(5,728)
3 - 12 months	0.6391	12,675	0.6563	(30,256)	0.6637	13,846	0.6616	(17,140)
> 12 months	-	-	0.6480	(96,252)	0.6646	9,633	0.6626	(20,011)
		20,168		(130,486)		36,322		(42,879)
EUR		Buy EUR		(Sell EUR)		Buy EUR		(Sell EUR)
less than 3 months	-	-	0.5937	(7,475)	0.5986	4,360	0.6058	(8,743)
3 - 12 months	0.5592	8,547	0.5849	(12,983)	0.6033	7,325	0.6039	(10,895)
> 12 months	0.5646	22,618	-	-	0.5920	9,421	0.5969	(9,318)
		31,165		(20,458)		21,106		(28,956)
Other currencies		Buy Other		(Sell Other)		Buy Other		(Sell Other)
less than 3 months		4,468		(631)		1,132		(4,091)
3 - 12 months		23,155		(1,032)		13,153		(6,156)
> 12 months		79,120		(414)		10,297		(196)
		106,743		(2,077)		24,582		(10,443)
Total		158,076		(153,021)		82,010		(82,278)

II 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.

III 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			Total ¹ \$'000
	0 - 1 \$'000	1 - 5 \$'000	> 5 \$'000	
Balance 30 June 2025				
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)
Revolving credit facility - cash loans	-	-	-	-
Total	(339,605)	(182,888)	(154,822)	(677,315)
Balance 30 June 2024				
Derivative financial assets / (liabilities)				
Forward foreign exchange contracts				
Outflow	(52,753)	(29,525)	-	(82,278)
Inflow	52,658	29,352	-	82,010
Net derivative financial assets / (liabilities)	(95)	(173)	-	(268)
Non-derivative financial liabilities				
Trade and other payables	(239,636)	-	-	(239,636)
Go Zone Bond facility	-	(131,303)	-	(131,303)
Lease liabilities	(11,088)	(37,365)	(155,473)	(203,926)
Revolving credit facility - cash loans	(39,999)	-	-	(39,999)
Total	(290,723)	(168,668)	(155,473)	(614,864)

1. Contractual cash flows include interest.

The Group had \$333.8 million (FY2024: \$25.0 million) of unused cash loan credit facilities at the reporting date and \$583.9 million (FY2024: \$173.5 million) in cash and cash equivalents, which can be used to meet its liquidity needs.

IV 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 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)
Balance 30 June 2024				
Financial assets				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Forward foreign exchange contracts	-	900	-	900
Financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Forward foreign exchange contracts	-	(815)	-	(815)

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 \$130.8 million (30 June 2024: \$169.6 million) which equals their fair value. Further information is provided in Note 11.

Unrecognised items

Note 29 Commitments and contingencies

	2025 \$'000	2024 \$'000
Capital commitments		
Property, plant and equipment ¹	(40,942)	(22,448)
Total	(40,942)	(22,448)
Guarantees		
Bank performance guarantees ²	(109,745)	(20,744)
Sureties	(762)	(759)
Total	(110,507)	(21,503)

1. Capital commitments as at 30 June 2025 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\$333 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 FY2025 post 30 June 2025 (FY2024 final: None).

II Other

On 5 August 2025, the Group announced that it has finalised its Strategic Shipbuilding Agreement with the Commonwealth of Australia, which will appoint a newly created Special Purpose Vehicle and Austal subsidiary, Austal Defence Shipbuilding Australia, as the Commonwealth's Strategic Shipbuilder for Tier 2 surface combatants at Henderson, Western Australia.

On 6 August 2025, the Group announced that Austal USA has received a contract option award from the US Coast Guard (USCG) for the construction of the second Stage 2 Heritage-class Offshore Patrol Cutter (OPC) and the acquisition of long lead-time material to support construction of a third Stage 2 OPC. The US\$273 million option is part of a contract that includes options for up to 11 OPC's, with a potential value of US\$3.3 billion.

On 18 August 2025, the Group announced that Austal Australasia has been awarded a contract in the range of \$14 million - \$16 million to construct a 36-metre catamaran for Cruise Whitsundays, part of Australia's leading experiential tourism group, Journey Beyond.

On 20 August 2025, the Group announced the appointment of an experienced company director with important engineering and contracting expertise to its board. Susan Murphy AO will commence as a Non-Executive Director of Austal on 1 September 2025. She will also join both the Board's Nomination & Remuneration Committee and Audit & Risk Committee.

On 28 August 2025, the Group announced the official signing of the Strategic Shipbuilding Agreement (SSA) between the Commonwealth of Australia and Austal Defence Shipbuilding Australia, a newly created, wholly owned subsidiary of Austal Limited.

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.

The Group, management and related parties

Note 31 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.

Company	Country of incorporation	Principal place of business	Equity Interest	
			2025	2024
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 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%

Note 32 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 Richard Spencer is the Global Chairman of Bondi Partners, an advisory firm based in Australia offering strategic counsel to corporate and government clients. In December 2023, prior to Richard Spencer's appointment as Chairman of Austal Limited on 1 July 2024, Austal Limited engaged Bondi Partners at arms-length to provide strategic advisory services. A total of approximately \$1.0 million was paid in FY2024 and \$5.4 million was paid in FY2025 to Bondi Partners and its affiliates. As at the date of this report, no further amounts are payable to Bondi Partners or their affiliates.
- On 7 March 2025, the Company entered into a Joint Activities Agreement with Austro Pty Ltd (an entity associated with Mr John Rothwell) which provided for the appointment of Euroz Hartleys and JP Morgan together as joint lead managers to undertake the institutional placement, and to appoint Euroz Hartleys alone to undertake the sell down of up to 30,000,000 Austal shares held by Austro / Mr Rothwell and be the sole bookrunner and lead manager for that transaction (as announced to ASX on 11 March 2025).

Separately, it should also be noted that:

- Austal entered into a Placement Agreement with Euroz Hartleys and JP Morgan regarding their appointment as joint lead managers for the placement; and
- Mr Rothwell entered into a Block Trade Agreement with Euroz Hartleys in relation to its appointment as sole bookrunner and lead manager for the sell down.

No fees or quantifiable financial benefits were paid by Austal to or on behalf of Mr Rothwell in relation to the Joint Activities Agreement. Additionally, as Austal was not a party to the Block Trade Agreement nor was Mr Rothwell a party to the Placement Agreement, no fees or financial benefits were provided by Austal to or on behalf of Mr Rothwell under these arrangements either.

- 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.

Note 33 Key management personnel [KMP] compensation

	2025 \$'000	2024 \$'000
KMP Compensation		
Short-term employee benefits	6,038	5,554
Post-employment benefits	245	251
Long-term benefits	18	35
Share-based payments	1,032	(1)
Total	7,333	5,839

Detailed remuneration disclosures are provided in the Remuneration Report commencing on page 29.

Note 34 Share based payments

I Performance rights

The following changes in performance rights took place during the year:

Grant Year	Balance at 30 June 2024	Granted	Vested	Forfeited / Lapsed	Balance at 30 June 2025	Expiry date
FY2023	1,323,438	-	(680,648)	(642,790)	-	30 Jun 2025
FY2024	1,830,144	-	-	(330,390)	1,499,754	30 Jun 2026
FY2025	-	2,285,739	-	(173,922)	2,111,817	30 Jun 2027
Total	3,153,582	2,285,739	(680,648)	(1,147,102)	3,611,571	

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 2024	Granted	Vested	Forfeited / Lapsed	Balance at 30 June 2025	Expiry date
FY2021	267,817	-	(241,322)	(26,495)	-	30 Jun 2025
FY2022	455,157	-	-	(66,723)	388,434	30 Jun 2026
FY2023	458,181	-	-	(56,508)	401,673	30 Jun 2027
FY2024	590,295	-	-	(82,350)	507,945	30 Jun 2028
FY2025	-	709,489	-	(61,981)	647,508	30 Jun 2029
Total	1,771,450	709,489	(241,322)	(294,057)	1,945,560	

Service rights were introduced in FY2020 to offer a long term incentive to non-KMP. 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 2024	Granted	Vested	Forfeited / Lapsed	Balance at 30 June 2025	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. 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:

	2025 \$'000	2024 \$'000
Share-based payments expense		
Expense arising from equity-settled share-based payment transactions	(2,960)	(2,127)

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 35 Parent entity information

Information relating to Austal Limited, the parent entity, is detailed below:

	2025 \$'000	2024 \$'000
Balance sheet		
Assets		
Current	386,026	211,021
Non-current	344,330	336,107
Total	730,356	547,128
Liabilities		
Current	(14,216)	(45,211)
Non-current	(19,265)	(17,750)
Total	(33,481)	(62,961)
Net assets	696,875	484,167
Equity		
Contributed equity	361,512	145,065
Employee benefits reserve	13,437	11,691
Asset revaluation reserve	17,665	17,665
Retained earnings	304,261	309,746
Total	696,875	484,167
Income		
Net (loss) / profit after tax	(5,484)	17,098
Other comprehensive (loss) / income	(5,484)	16,725

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 Philippines Pty Ltd and Austal Holdings Vietnam Pty Ltd.

Consolidated entity disclosure statement as at 30 June 2025

Entity name	Entity type	Body corporates		Tax residency	
		Place formed or incorporated	% of share capital held	Australian tax resident	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 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 Middle East Pty Ltd	Company	Australia	100%	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 Strategic Shipbuilding Pty Ltd	Company	Australia	100%	Yes ¹	N/A
Austal Subic Bay Holdings Pty Ltd	Company	Australia	100%	Yes ¹	N/A
Austal Systems Pty Ltd	Company	Australia	100%	Yes ¹	N/A
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
Seastate Pty Ltd	Company	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 2025 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 128 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 2025.



Hon. Richard V. Spencer
Chairman

on behalf of the Board

29 August 2025

Independent audit report to the members of Austal Limited



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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 2025, 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 2025 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.

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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Revenue recognition</p> <p>As disclosed in Note 4, Shipbuilding revenue for the year ended 30 June 2025 was \$1,346 million (USA Shipbuilding \$1,098 million, Australasia Shipbuilding \$248 million – refer Note 3).</p> <p>Vessel construction revenues are recognised over time as performance obligations are fulfilled after assessing factors relevant to each contract, including the following, as applicable:</p> <ul style="list-style-type: none"> 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; determining the contractual entitlement and assessment of customer approval of contract variations, and acceptance of claims. <p>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 high level of judgement required in estimating and accounting for cost contingencies and claims.</p>	<p>Our audit procedures performed in relation to revenue recognition included, but were not limited to:</p> <ul style="list-style-type: none"> 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; testing a sample of costs incurred to date and agreeing these to supporting documentation; evaluating the probability of recovery of contract assets by reference to the underlying contracts, status of contract negotiations, historical recoveries and other supporting documentation; evaluating the reasonableness of revenues recognised associated with the Towing, Salvage and Rescue Ships (T-ATS) program in relation to the Request for Equitable Adjustment (REA), and whether revenues have 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; assessing the level of cost contingencies for reasonableness; 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 historical accuracy of forecasted costs to complete by comparing actual performance to forecasts. <p>We also assessed the adequacy of the relevant disclosures in Note 4 of the financial statements.</p>

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>T-ATS onerous contract provision</p> <p>As disclosed in Note 19, an onerous contract provision of \$3 million (30 June 2024: \$nil) has been recognised in relation to the T-ATS contract as at 30 June 2025.</p> <p>The quantification of the onerous contract provision requires significant judgement and estimation including, but not limited to the following matters:</p> <ul style="list-style-type: none"> identifying and quantifying the costs that relate to the T-ATS contract, including an allocation of costs that relate directly to fulfilling the contracts; quantifying the non-recurring hours and costs associated with the first two vessels in the T-ATS program (T-ATS 11-12); estimating the assumed learning curve associated with the construction of the subsequent vessel (T-ATS 13); forecasting future labour and material costs and rates; and identifying and quantifying program risks and estimating the additional revenue to be claimed in respect of the Request for Equitable Adjustment (REA) that is expected to be recovered from the customer. <p>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 the REA 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.</p> <p>This, in turn, leads to a high degree of auditor judgement and effort in performing procedures and evaluating the Group's methodology, significant assumptions and estimates.</p>	<p>Our procedures with respect to the forecast contract losses included, but were not limited to:</p> <ul style="list-style-type: none"> evaluating the design and implementation of controls in respect of the calculation of the T-ATS onerous contract provision; agreeing forecast hours per vessel to underlying program office data; evaluating the reasonableness of the forecast labour hours per vessel by: <ul style="list-style-type: none"> analysing the forecast hours growth during the year for T-ATS 11 and 13, 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 utilising our internal engineering specialists to assist in assessing the reasonableness of forecast labour hours on T-ATS 12 for a sample of activities, based on project-to-date productivity trends on T-ATS 12 and comparison to historic data from T-ATS 11. assessing the reasonableness of the learning curve assumption, by comparing it to historic actual data across the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) 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. <p>Our procedures with respect to the REA included, but were not limited to:</p> <ul style="list-style-type: none"> Obtaining management's internal analysis with respect to the REA, including the contractual basis of the claim and estimate of amount expected to be recovered; Obtaining reports from management's external expert regarding the Group's entitlement to make an REA claim; and Evaluating the reasonableness of the amount of the REA deemed probable of recovery by management, based on the negotiations held to date between Austal USA and the customer. <p>We tested the calculation of the overall onerous contract provision for mathematical accuracy.</p> <p>We also assessed the adequacy of the relevant disclosures in Note 19 of the financial statements.</p>

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 2025, 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.

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 of the Company 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 29 to 53 of the Directors' Report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Austal Limited, for the year ended 30 June 2025, 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, 29 August 2025

Shareholder information

The following information was extracted from the Company's share register at 30 June 2025:

Distribution of shares

Individual shareholding	Number of shares	% of Total issued capital	Number of holders
1 - 1000	1,774,636	0.42%	3,758
1,001 - 5,000	8,530,710	2.03%	3,258
5,001 - 10,000	7,955,648	1.89%	1,080
10,001 - 100,000	24,085,464	5.72%	999
100,001 and over	378,833,586	89.94%	74
Total	421,180,044	100.00%	9,169

Twenty largest shareholders

Rank	Shareholder	Number of shares	% of Total issued capital
1	HSBC Custody Nominees (Australia) Limited	153,017,645	36.33%
2	Citicorp Nominees Pty Limited	86,086,117	20.44%
3	J P Morgan Nominees Australia Pty Limited	42,138,536	10.00%
4	HAA No. 1 Pty Ltd	41,700,000	9.90%
5	Austro Pty Ltd	18,601,692	4.42%
6	BNP Paribas Nominees Pty Limited	11,837,421	2.81%
7	National Nominees Limited	2,654,769	0.63%
8	Ace Property Holdings Pty Ltd	2,450,000	0.58%
9	Pacific Custodians Pty Limited	2,342,995	0.56%
10	Mr Garry Heys & Mrs Dorothy Heys	2,044,670	0.49%
11	Onyx (WA) Pty Ltd	1,662,500	0.39%
12	Mossisberg Pty Ltd	1,500,000	0.36%
13	Bond Street Custodians Limited	1,396,511	0.33%
14	Neweconomy Com AU Nominees Pty Limited	1,225,446	0.29%
15	Mr William Robert Chambers	1,000,000	0.24%
16	Warbont Nominees Pty Limited	990,671	0.24%
17	Kenny Nominees (NT) Pty Ltd	777,881	0.18%
18	Netwealth Investments Limited	745,525	0.18%
19	UBS Nominees Pty Ltd	546,469	0.13%
20	Mr Donald Stewart Anson	485,384	0.12%
	Total	373,204,232	88.62%

Substantial shareholders

Rank	Shareholder	Number of shares	% of Total issued capital
1	Tattarang Ventures Pty Ltd	81,370,589	19.32%
2	HAA No. 1 Pty Ltd	41,700,000	9.90%
3	Jarden Australia Pty Ltd	41,700,000	9.90%
	Total	164,770,589	39.12%

Voting rights

All ordinary shares issued by Austal Limited carry one vote per share without restriction.

Corporate governance statement and ESG report

The Company has elected to post its Corporate Governance Statement on its website in accordance with ASX Listing Rule 4.10.3 along with its Environmental, Social and Governance Report (ESG Report).

The Corporate Governance Statement and ESG Report can be found at the following URL:

<http://www.austal.com/corporategovernance>

Corporate directory

Directors

Non-Executive Directors

Mr Richard Spencer
Mr John Rothwell
Mr Lee Goddard
Ms Kathryn Toohey
Mr Brent Cubis
Mr Richard Gibb

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

100 Clarence Beach Road
Henderson 6166
Australia
Telephone: +61 8 9410 1111

Share registry

Link Market Services Limited
QV1 Building, Level 12
250 St Georges Terrace
Perth 6000
Australia
Telephone: +61 1300 554 474

ABN

73 009 250 266

Glossary

AFDM	Auxiliary Floating Dock Module
CCPB	Cape-class Patrol Boat
ECCPB	Evolved Cape-class Patrol Boat
EMS	Expeditionary Medical Ships, a special medical version of EPF
EPF	Spearhead-class Expeditionary Fast Transport (formerly Joint High-Speed Vessels)
FA2	Final Assembly Hall 2 (for completion of large steel vessels)
FFG	Constellation Frigate
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
MMF3	Module Manufacturing Facility 3 (for submarine modules)
OPC	Offshore Patrol Cutter
OUSV	Ghost Fleet Overlord Unmanned Surface Vessels
SIB	Submarine Industrial Base
T-ATS	Navajo-class Towing and Salvage Ships
T-AGOS	Discovery-class Ocean Surveillance Vessel
USCG	United States Coast Guard



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