COMPANY ANNOUNCEMENT
31 AUGUST 2026

INCREASED REVENUE AND STRONG AUSTRALASIAN EARNINGS THE HIGHLIGHT IN AUSTAL FY2026 FULL YEAR FINANCIAL RESULTS

Austal Limited (**Austal**) (ASX:ASB) has today released its results for the financial year ended 30 June 2026 (FY2026).

SUMMARY:

- Strong growth in Group revenue and Australasia EBIT
  - Revenue surpasses $2 billion mark at $2,028.0 million (FY2025: $1,823.3 million), up 11% YoY driven by continued ramp-up of shipbuilding in USA and Australia and strong order book
  - EBIT loss of $125.2 million (FY2025: $113.4 million profit), reflecting previously announced non-cash provision on US onerous contracts
  - Record Australasia EBIT of $85.3 million
  - Net Loss After Tax of $53.6 million (FY2025: $89.7 million profit)
- Cash position of $311.9 million supports substantial and strategic capital investment program
  - Cash at bank: $311.9 million (30 June 2025: $583.9 million)
  - Net cash position of $186.3 million (30 June 2025: $453.1 million)
- Strategic Shipbuilding Agreement drives record $5 billion+ Australasian order book
  - Major contract awards included $1.029 billion Landing Craft Medium (18 vessels) and ~$4 billion Landing Craft Heavy (8 vessels), plus additional Evolved Cape-class Patrol Boat contracts
  - Strongly positioned to add further defence project opportunities in Australia
- Hanwha proposal to acquire Austal USA
  - Hanwha granted due diligence following conditional, non-binding proposal to acquire Austal USA for US$1.05-$1.2 billion
  - Proposal is focused solely on Austal USA, preserving the full value of Austal Australasia.

Austal Chief Executive Officer Patrick Gregg said: *"FY2026 has been a year of significant strategic achievements for Austal, both in Australia and the US. In Australia, the execution of the Strategic Shipbuilding Agreement has delivered a record Australasian order book with a $5+ billion, 12-year build program, for Landing Craft Medium and Heavy, plus the General Purpose Frigate is a very real* *and valuable future opportunity. Our Australian operations delivered a record result with EBIT more than doubling to $85 million, demonstrating the strength of our defence and commercial programs.*

"The Group result was influenced in the near term by the previously announced non-cash provision relating to onerous contracts at Austal USA, where its request for accelerated contractual relief was not agreed to by the US Department of War, despite previous positive discussions. We have commenced the longer, formal process to recover value on these contracts and our position is supported by a documented factual and contractual record.

"In Australia, we were awarded the $1.029 billion Landing Craft Medium contract and the $4 billion Landing Craft Heavy contract under the Strategic Shipbuilding Agreement, along with additional Evolved Cape-class Patrol Boat contracts. Negotiations have commenced with Mitsubishi Heavy Industries on the Mogami-class General Purpose Frigate, which represents a significant opportunity for Austal. We welcomed the announcement by the Deputy Prime Minster last Monday regarding the Defence Precinct and the progress towards delivering continuous naval shipbuilding.

"The receipt of an indicative, non-binding and conditional proposal from Hanwha Defence USA, Inc. to acquire Austal USA was a major development. Austal has determined that it merits further evaluation and approved Hanwha to undertake due diligence to improve the certainty of any proposal.

"The Board and management are committed to delivering a return to profitability in FY2027. We have a strong contractual position in relation to the onerous contracts, and other programs and sustainment business in the US remain profitable with a strong order book and outlook. Outside of the US, never before has the Australian business been in such an enviable position, with a long-term order book and a strategic agreement that will provide decades of stability and growth."

FINANCIAL RESULTS

Austal recorded revenue of $2,028.9 million (FY2025: $1,823.3 million), an increase of 11%. It is just the second time that Austal's revenue has surpassed the $2 billion mark and was driven by the ramp-up of shipbuilding programs in both the USA and Australasia, including progress on new defence contracts awarded under the Strategic Shipbuilding Agreement in Australia.

Earnings Before Interest and Tax (EBIT) was finalised as a loss of $125.2 million as part of the year end closing adjustments, with an unmodified audit opinion being issued in relation to the 30 June 2026 financial statements (FY2025: $113.4 million profit). The result was necessary following a reassessment of recoverability of contractual claims after accelerated contractual relief was not agreed to by the US Department of War. This was partially counterbalanced by a record Australasia EBIT of $85 million, up 137% on the prior year, which was a record result at the time.

Net Loss After Tax was $53.6 million (FY2025: $89.7 million profit).

USA SEGMENT

Austal's USA segment reported an EBIT loss of $202.8 million in FY2026 (FY2025: $97.7 million profit). The loss was largely driven by the non-cash provision referred to above. Segment revenue was stable at $1,382.6 million (FY2025: $1,388.1 million).

Shipbuilding revenue increased by 3.9% to $1,140.2 million (FY2025 $1,097.9 million), supported by new program revenue from Offshore Patrol Cutters (OPC) and increased revenue from submarine module manufacturing, more than counterbalancing the completion of the Littoral Combat Ship (LCS) and near completion of the Expeditionary Fast Transport (EPF) programs. USA Shipbuilding EBIT was a loss of $224.9 million (FY2025 $21.3 million profit), due to the provisions mentioned above.

In October 2025, Austal USA reached agreement with the United States Navy to resolve the Request for Equitable Adjustment (REA) in relation to the T-ATS program, which included right-sizing the program to three ships. However, Austal USA's transition from 'follow yard' to 'lead yard' on the T-ATS, OPC and LCU programs resulted in Austal USA undertaking additional early stage design, rectification and commissioning activities, and associated costs. Austal is confident it can recover these additional costs through an REA.

Austal USA has commenced the formal contractual process for adjustment, by submitting Notices of Change and requests for a Contracting Officer's Final Decision, with formal REAs to follow. Austal USA's position is supported by a documented factual and contractual record not a diminishment of Austal USA's underlying operational capability or long-term contract portfolio.

Construction of the Module Manufacturing Facility 3 (MMF3), funded by General Dynamics Electric Boat, is due to complete in December 2026. Phase 1 of the facility was opened in June 2026 and is already part-operational with nuclear submarine module construction work underway. When fully operational, the facility will support approximately 1,000 jobs. The continued award of submarine module work is expected to be a very important long-term revenue and earnings stream.

US support revenue was 16.5% below the prior year to $242.4 million (FY2025 $290.2 million), primarily due to the extended vessel deployments influencing planned service schedules. EBIT from

US support work was $22.2 million (FY2025 to $76.3 million). Austal USA continues to provide sustainment support to 15x EPFs and 17x LCS.

Austal has received a non-binding indicative and conditional offer from Hanwha Defence USA, Inc. (Hanwha) to acquire the business entities and operations of Austal USA for an indicative enterprise value of US$1.05 – 1.20 billion. The Offer is for Austal USA only, so the value of Austal's Australasian operations is preserved for shareholders.

AUSTRALASIA SEGMENT

This segment reported a remarkable 49% increase in revenue to $650.7 million (FY2025 $438.0 million) and a record EBIT of $85.3 million, a significant 137% rise from $36.0 million in FY2025. The Segment delivered strong performance across both shipbuilding and sustainment activities in Australia, the Philippines and Vietnam. The three operations continued to operate as an integrated regional enterprise, leveraging shared resources, expertise and production capacity to deliver naval and commercial programs while supporting a growing global fleet.

Australasia Shipbuilding revenue was up 80% to $447.9 million (FY2024 $249.0 million). This followed on from the strong 61% growth delivered in FY2025. EBIT increased by $31.8 million to $55.5 million (FY2025 $23.7 million).

The Australasia result was underpinned by the completion of the Pacific Patrol Boat Replacement Program (24 vessels delivered to 13 countries over 10 years), continued construction of Evolved Cape-class Patrol Boats for the Royal Australian Navy and Australian Border Force, and commercial ferry construction in the Philippines and Vietnam.

Under the Strategic Shipbuilding Agreement signed in August 2025, Austal was awarded the $1.029 billion Design and Build Contract for Landing Craft Medium (LC-M) (18 vessels) in December 2025, and the approximately $4 billion Landing Craft Heavy (LC-H) contract (8 vessels) in February 2026. Construction of the first LC-M is scheduled to commence in 2026 with the final vessel scheduled for delivery in 2032. Construction of the LCH vessels is also scheduled to commence in 2026 with the final vessel scheduled for delivery in 2038. The Australian Government also issued contracts in FY2026 for four additional Evolved Cape-class Patrol Boats for the Australian Border Force, valued at over A$285 million in aggregate.

Australasia support revenue advanced 7% to $202.7 million (FY2025 $189.0 million) and EBIT grew by $17.5 million to $29.8 million (FY2025 $12.3 million). This was driven by the start of the mid-life deep maintenance dockings on Capes and increased Patrol Boats in the fleet.

CASH AND CAPITAL MANAGEMENT

Austal's cash at bank at 30 June 2026 was $311.9 million (30 June 2025: $583.9 million). Net cash was $186.3 million (30 June 2025: $453.1 million). The planned movement in cash reflects significant capital investment program underway. Net operating cash flow for FY2026 was $62.5 million (FY2025: $406.3 million boosted by the one-time receipt of MMF3 funds) despite the transitional US result, demonstrating the underlying cash generation capability of the broader business.

Capital expenditure during the year was $352.7 million, a significant increase on the $194.9 million invested in FY2025. This was at elevated levels as construction progressed on both the Final Assembly 2 (FA2) (for vessels such as OPC and T-AGOS) and MMF3 (for submarine modules) expansion projects.

Austal retains a robust balance sheet and liquidity position. In addition to cash at bank of $311.9 million, the Company has undrawn debt facilities of $435 million, providing substantial financial flexibility to support ongoing operations, the capital expansion program, and its order book. Austal's position at 31 July 2026 had already improved to cash at bank of $366 million and a net cash position of $240 million.

In line with the Board's disciplined capital management approach, the Board has elected to reinvest available capital into the business, so no dividends were declared for FY2026 to support Austal's next phase of growth (FY2025: Nil dividend).

OUTLOOK

Austal's order book continued to strengthen during FY2026 following the award of major contracts under the Strategic Shipbuilding Agreement (SSA). The Australasian order book now comprises a $5+ billion, 12-year build program, providing decades of stability and growth for the Australian business.

Looking longer term, the Commonwealth has announced plans to build 8x Mogami-class General Purpose Frigates and 6x Optionally Crewed Surface Vessels in Western Australia. Negotiations with Mitsubishi Heavy Industries have commenced. Early discussions have been promising, though contract award is expected to progress to a FY2029 signing.

"With our existing and expected contracts, we see a clear pathway to doubling the revenue of our Australasian business in the next five years," Mr Gregg said.

Austal's two major expansion projects in the USA are progressing well and will drive future revenue.

The commercial ferry market is recovering with more hybrid fuel technologies being discussed with potential customers, as demonstrated by the dual-fuel Gotland vessel currently under construction.

The Board and management are committed to delivering a return to profitability in FY2027 and accelerating growth from the company's robust order book with more than a decade of projects. In the US, the company will work with Hanwha on the accelerated due diligence timetable, towards a transaction that is in the best interests of shareholders.

Subject to any unforeseen events or delays, the Company's Annual general meeting will be held on Tuesday 27 October at 2pm in Perth. Further details will be provided in due course.

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

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About Austal

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

In November 2024 the Australian Commonwealth Government appointed Austal as its Strategic Shipbuilder for the construction of key Defence vessels in Western Australia.

For almost 40 years Austal has contracted more than 360 vessels for over 122 commercial and defence operators in 59 countries, worldwide.

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

Austal manufactures and delivers large, complex vessels to the United States Department of Defense, United States Coast Guard, Australian Department of Defence and Australian Department of Home Affairs and other defence and border force agencies around the world.

Having designed, manufactured and delivered iconic monohull, catamaran and trimaran commercial vessel platforms – including the world's largest trimaran ferry and multiple defence programs such as the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) for the United States Navy, Austal's capability has expanded to include the delivery of Offshore Patrol Cutters for the United

States Coast Guard, nuclear submarine modules for US Virginia and Columbia class submarines, auxiliary vessels for the United States Navy and landing craft and patrol boats for the Australian Department of Defence.

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