



COMPANY ANNOUNCEMENT  
3 APRIL 2023

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UPDATE ON US DEPARTMENT OF JUSTICE AND SECURITIES  
EXCHANGE COMMISSION INVESTIGATIONS

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Austal Limited (ASX:ASB) advises the United States Department of Justice (DOJ) has indicted three former Austal USA employees for allegedly making or causing to be made false and misleading statements about Austal USA's performance and financial condition between 2012 and 2016, and the U.S. Securities and Exchange Commission (SEC) also announced that it has filed civil charges against the same three individuals.

The SEC and DOJ allege the three individuals artificially reduced and suppressed an accounting metric known as "estimate at completion" (EAC) in relation to multiple LCS ships that Austal USA was building for the U.S. Navy, and in doing so caused Austal Limited to incorrectly overstate its reported earnings in its public financial statements.

The allegations have been the subject of investigations since at least 2019. They relate to actions taken between 2013 and 2016.

The revisions to EAC and related market disclosures were also the subject of a large profit writeback on 4 July 2016 and, consequently, an Australian Securities and Investment Commission investigation, which Austal settled in September last year (see ASX announcements on 9 September 2022 and 11 October 2022) with the payment of a \$650,000 penalty.

Austal USA has been cooperating fully with the DOJ, the SEC, and other agencies in their investigation into these issues, and will continue to do so if required until these matters are resolved. Austal's update to shareholders on 23 February 2021 detailed the results of its own investigation, including the decision by then Austal USA President Craig Perciavalle to tender his resignation. Since then the Company has kept shareholders advised of the progress of the investigation through its regular annual and half-year reporting.

Austal CEO Paddy Gregg said Austal had invested significant time and resources to strengthen its compliance program since the investigations began. Austal USA is committed to maintaining strong internal controls, financial accounting, compliance, and corporate governance practices

and will continue to invest in these endeavors to ensure it maintains its significantly enhanced compliance program.

“Importantly, despite the matters relating to the individuals charged and indicted, our customers remain strong supporters of Austal USA, with several new contracts worth billions of dollars awarded to the Company since the commencement of the investigation – including one of the largest contracts in the company’s history – and a significant investment into the construction of Austal’s new steel shipbuilding facilities,” he said.

“We are committed to serving the needs of those and all our other customers and conducting business with the highest level of ethics and integrity. We continue to fully cooperate with the government’s ongoing investigation and continue to focus on serving the needs of the U.S. Navy, the U.S. Coast Guard, and our other customers who protect and serve the USA, Australia and our allies around the world.”

This ASX announcement has been approved and authorised for release by Paddy Gregg, Austal Limited’s Chief Executive Officer.

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**About Austal:**

Austal is Australia’s global shipbuilder and defence prime contractor designing, constructing and sustaining some of the world’s most advanced commercial and defence vessels. For 35 years Austal has contracted more than 356 vessels for over 122 commercial and defence operators in 59 countries, worldwide.

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

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

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