



COMPANY ANNOUNCEMENT
27 OCTOBER 2026

CHAIRMAN'S ADDRESS TO SHAREHOLDERS
2026 ANNUAL GENERAL MEETING

Chairman: Hon. Richard V. Spencer

Venue: Fremantle Sailing Club, Fremantle Western Australia

Date: Tuesday, 27 October 2026, 2.00pm (Perth time)

Austal shareholders, guests, ladies and gentlemen.

When I stood in this position in 2025, I remarked on high level of activity that had occurred in the past 12 months.

Well, 2026 looked at 2025 and said:

I'll show you activity because instead of pausing for breath, the cadence of activity actually increased.

Also, when I stood here in 2025, we had just signed the Strategic Shipbuilding Agreement with the Commonwealth of Australia.

And I said at that time, the importance of the SSA to Austal "could not be overstated", because it effectively anointed Austal as the shipbuilder of the Tier 2 surface vessels for the next 20+ years, providing outstanding forward visibility of our production schedule and a potential order book in the tens of billions of dollars when those programs are combined.

That description was quickly franked six weeks later when Austal signed a A\$1 billion contract to build 18 Landing Craft Medium for the Australian Army.

And then two months later, we signed a A\$4 billion contract to build the 8 of the Damen-designed Heavy Landing Craft here in Henderson.

So that was A\$5 billion of new contracts, for Australian construction, in just two months.

The benefits of those contracts for Austal are enormous. They:

- Fill our orderbook, and our facilities, for the next 10-plus years
- Provide see through revenue visibility for the next 10-plus years
- Provide certainty to invest in capital upgrades in Henderson
- Give our employees the opportunity to develop meaningful careers with Austal
- Offer opportunities for our supply chain partners
- Give us the ability to showcase our skills and efficiency, so that the future award of the General Purpose Frigate build program to Austal is compelling for the Commonwealth, and
- Strengthen Austal's position as a leading local employer and contributor to West Australian and Australian economies.

We have spent most of calendar year 2026 refining the designs for Landing Craft Medium and getting into the minutia for the already mature Landing Craft Heavy Design from Damen.

The Landing Craft Medium will be built at our existing facilities at Henderson.

Modules for the Landing Craft Heavy will be built at both Henderson and our Hope Valley Road operations. The modules will then be assembled at the Common User Facility.

Shareholders may have seen last week's announcement that the National Reconstruction Fund Corporation is contributing A\$245m to finance the infrastructure required to turn the CUF into a major defence shipbuilding facility.

The next opportunity for us is the *Mogami*-class General Purpose Frigate to be built at Henderson.

Winning the contract to build is a significant opportunity for Austal, and one that we will be pursuing vigorously.

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

The other major development during the year, which has dominated investor attention of late, has been the offer we received in February by Hanwha for the purchase of Austal's USA business. This was followed by a subsequent offer from Wildcat Infrastructure to purchase Austal USA from Austal Limited.

The level of activity in Australia, the Strategic Shipbuilding Agreement with the Commonwealth, the associated Landing Craft Medium and Heavy contracts and the Mogami opportunity I have just talked about have allowed Austal to view these offers through an entirely different prism than we would have viewed them 12 months ago.

Prior to that SSA, a sale of Austal USA, despite its contracting issues, would have been difficult to entertain and harder to navigate, because the size and scale of the Australian business would not have been sufficient to support the continued listing on the ASX.

But now, with a A\$5 billion order book, a 10-plus year runway of work, and the opportunity to secure the General Purpose Frigate, Austal Australasia can definitely stand alone financially.

Turning our attention to those two non-binding, indicative offers that Austal has received to sell the Austal USA business, Austal remains in negotiations with both companies.

- But I can say that the Hanwha negotiations are significantly more advanced, and we announced to the market on October 14th that we had afforded Hanwha more time to submit a binding proposal.

At this point in time we are yet to receive a binding proposal from Hanwha, and there is no guarantee that we will receive a binding proposal, based on the negotiations that are occurring, and the fact we are down to discussing transaction documentation, I have every confidence that it's not far away.

Our October 14th announcement also noted that negotiations were proceeding under the original parameters of the transaction.

That wording was important, as it clearly signaled that after conducting significant due diligence, the original price range of US\$1.05-US\$1.2 billion remained on foot and would be the basis on which transaction documentation could progress.

The board will assess any final, binding offer against the usual metrics used to assess whether the transaction meets the board's requirement to act in the best interests of shareholders.

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

In describing Austal USA as an asset, it's not limited to the land and infrastructure at Mobile. It's the contracts it possesses now, the contracts available to it in the future, our role in accelerating the delivery of strategically crucial US nuclear submarines, and the availability, skills and workmanship of the 5000 men and women in Mobile, Alabama, that deliver high quality ships and submarine modules on a regular basis to our key partners.

Austal was the first international ship builder contracted to deliver vessels for United States Defense Forces. Our shipyard in the United States was established in 1999 and we have invested considerable capital, technology, and effort over nearly three decades to build the business to where it is today.

But at the same time, we have to acknowledge that the US operations lost a significant amount of money in FY2026, the contracts are onerous, and the Request for Equitable Adjustment process is long and uncertain.

We had hoped to negotiate accelerated contractual relief instead of going down the longer, more formal REA process, but earlier this year the Department of War indicated they would not agree to that; at least not for now.

This was obviously disappointing but it's important to also note that Austal's contractual right to be made whole for the numerous variations, and for assuming the role of lead yard instead of follow yard for three different programs, hasn't been disputed...only the process used to recover the variations has changed.

I do want to acknowledge the work that our executive team members, at both corporate headquarters and Austal USA, who have been working day and night to respond to data requests as part of the Due Diligence process.

It has been a massive task that they have tackled stoically.

While our defence business has been in the spotlight, I do want to shine some light on our smaller, commercial ferry operations in Vietnam and the Philippines.

The trend towards the construction the low, and in some cases zero, emission commercial ferries is now well established.

That is evident in our build of the 130-metre combined cycle, 'hydrogen-ready' vehicle passenger ferry for Gotlandsbolaget's 'Horizon X' program.

This high speed ROPAX catamaran isn't just the largest vessel ever constructed by Austal, we are unaware of any other companies employing this highly efficient combined (gas and steam turbines) cycle propulsion system for high speed craft anywhere else in the world.

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

It has been engineered to operate on 100 per cent wind propulsion, supported by solar generation and hydrogenator, to transport high-value, low-volume cargo including cosmetics and luxury goods across the Atlantic Ocean.

These are important contracts and trends, and I look forward to the continued contribution from that part of the Australasian business.

Financial results

Paddy will go into our FY2026 financial results in more detail, but I think it's important to acknowledge:

- For only the second time in Austal's history, revenue topped the A\$2 billion mark in FY2026

- As explained earlier, contract issues in the US meant that we didn't derive the earnings we should have from that revenue figure, so our operations there incurred a A\$173 million EBIT loss.
 - However, the A\$62 million EBIT recorded in Australasia was 72 per cent higher than the prior corresponding period. Australasian profits will be an increasingly relevant going forward, particularly if the Austal USA business is divested.

So when put together, the group recorded a loss of A\$112.8m at the EBIT level (FY2025: A\$113.4m) and a loss of A\$106.4m after interest and tax.

Austal does retain a robust balance sheet and liquidity position with significant cash at bank and undrawn debt facilities of A\$435 million, which provides sufficient liquidity to support the ongoing operations and growth embedded in its excellent order book.

There was a large, expected cash spend in FY2026, as we progressed our two largest expansion programs in Mobile, the build of Final Assembly 2 (FA2 – vessels such Offshore Patrol Cutters) and Module Manufacturing Facility 3 (MMF3 – submarines).

These will be tremendous assets for Austal USA, now and into the future. MMF3 is already part-operational, after Phase One was opened in June just past.

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

HSEQ

As I have noted previously, our prime focus is ensuring that our employees go home safely every day. Safety is a non-negotiable.

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

Conclusion

On behalf of the Board, I would like to thank each and every Austal employee for their contribution to our Company, and to our shareholders for their ongoing support. I would also like to thank our customers for recognising the capabilities and talents of our people, and trusting us with their shipbuilding needs.

As a former marine, I know more than most the importance of quality vessels to defend our nations' borders and protect those who serve aboard.

Austal is absolutely invested in making sure we meet the demands of our customers to meet that mark.

At the same time, we also need to meet the requirements of our shareholders to build and sustain these vessels profitably. That hasn't occurred in FY2026, for the reasons explained earlier.

The Board and management are 100 per cent focused on returning Austal to profitability in FY2027, and then growing our business in whatever form it might take.

This ASX announcement has been approved and authorised for release by Richard V. Spencer, Austal Limited's Chairman.

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Media Contact:

Cameron Morse
+61 433 886 871
cameron.morse@fticonsulting.com

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. In August 2025 the Strategic Shipbuilding Agreement was entered into between the Commonwealth of Australia and Austal Defence Shipbuilding Australia Pty Ltd, a subsidiary of Austal.

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, the 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.

Austal Limited ACN 009 250 266

100 Clarence Beach Road

Henderson, Western Australia 6166