



COMPANY ANNOUNCEMENT
1 OCTOBER 2025

AUSTAL SETTLES REQUEST FOR EQUITABLE ADJUSTMENT FOR T-ATS CONTRACT

Austal Limited (ASX: ASB) advises shareholders that it has reached agreement with the United States Navy to resolve Austal's Request for Equitable Adjustment (REA) in relation to the Towing, Salvage, and Rescue Ship (T-ATS) program under construction at Austal's Alabama shipyard in the USA.

The T-ATS program was awarded in September 2021 and was Austal's first steel vessel construction contract for the United States Navy. The fixed price incentive contract was initially valued at US\$145 million for two vessels (T-ATS 11 and 12), with the exercise of options bringing the total order to five vessels (T-ATS 13 to 15) and a total contract value of US\$380 million. As disclosed in previous announcements, the T-ATS program experienced significant challenges, primarily due to late receipt of technical data and design discrepancies. The contract has been treated as onerous by Austal in the Company's financial accounts.

Austal has been in discussions with the United States Navy to seek an equitable adjustment for the additional costs incurred in the program and lodged its REA in November 2024. As a part of this process, Austal and the Navy agreed to temporarily stop work on the T-ATS 14 and T-ATS 15 ships construction while the REA was being discussed.

The successful resolution reached with the Navy on the T-ATS REA results in the pause on construction of T-ATS 14 and T-ATS 15 becoming permanent, with the construction contract now being limited to three vessels with only limited alternation on the overall original contract value. While the specific amounts agreed in respect of the REA are confidential, the Company notes that it is in line with previous provisions related to the T-ATS contract as well as amounts expected to be achieved from resolution of the REA. Contingencies held at 30 June 2025 for undelivered vessels under the program were nil, and the resolution of the REA is therefore expected to have no further impact to Austal's revenue or earnings.

This ASX announcement has been approved and authorised for release by Austal Limited CEO Paddy Gregg.

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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 its 38 years of operations, Austal has built more than 350 vessels for 122 commercial and defence operators in 59 countries.

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

Austal delivers iconic monohull, catamaran and trimaran commercial and defence vessel platforms.

Although the Company's roots are in aluminium shipbuilding – it is the world's largest aluminium shipbuilder – Austal builds conventional and autonomous ships in both steel and aluminium, as well as a range of other bespoke maritime build programs such submarine modules.

Austal was the first, and remains one of only two, foreign-owned prime contractors designing, constructing and sustaining ships for the US Navy.

Austal has signed a Strategic Shipbuilding Agreement with the Commonwealth of Australia to build all of Australia's Tier 2 Surface Combatants.

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