

18 March 2026

Listings Compliance Perth
Australian Securities Exchange

By email: ListingsCompliancePerth@asx.com.au

Dear Madam,

Query regarding half-year report (reviewed financial report) – request for information

We refer to your letter of 12 March 2026 regarding the above ASX Listing Rule (**ASX Letter**), the requests for information set out therein and our subsequent correspondence.

Unless specifically defined otherwise, capitalised terms used in this letter have the same meaning as given in the ASX Letter.

1. Is ASB able to confirm that in the Directors' Opinion the Half-Year Report:

- (a) comply with the relevant Accounting Standards; and*
- (b) give a true and fair view of ASB's financial performance and position?*

Yes.

2. Noting ASB's Updated Earnings Guidance, is the amount of the Contractual Relief included in the Updated Earnings Guidance?

Yes.

3. If the answer to question 2 is 'yes' what was the basis for including the amount of the Contractual Relief in the Updated Earnings Guidance?

As set out in more detail in Note 4(ii)(3) to the Half-Year Report, ASB's position on the accounting treatment of the variable consideration in relation to the Contractual Relief (and, therefore, its inclusion of the Contractual Relief in the Updated Earnings Guidance) was based on a number of factors including the [extremely high] seniority of those with whom it is engaged, the constructive nature of these engagements and noting they are customary in the US Defense environment, the company's own experience in making requests for contractual relief, the particular insights from the company's own representatives with deep, senior experience in the US Department of Defense and relief being granted to other industry participants in analogous circumstances.

4. *When does ASB expect to receive the Contractual Relief?*

The timing, nature and scope of any Contractual Relief remain the subject of ongoing confidential, commercial-in-confidence and without prejudice discussions between ASB's US subsidiary and the United States Department of Defense. ASB is working towards resolving each of these matters as promptly as possible but it is not able to provide more specific guidance on when it expects to receive the Contractual Relief.

5. *What steps has ASB taken since the release of the Half-Year Report to obtain an unmodified audit opinion with regards to its future financial statements?*

As set out above, ASB is working towards resolving its request for Contractual Relief as promptly as possible through ongoing discussions and negotiations with senior US Defense Department representatives. ASB expects that resolution of these matters, or alternatively provision of evidence satisfactory to Deloitte of such matters, should be capable of facilitating the issue of an unqualified audit opinion with regards to future financial statements.

ASB notes that Deloitte's qualification arose from Deloitte being unable to obtain sufficient evidence with respect to the treatment of the Contractual Relief to meet Deloitte's internal policies regarding review opinions. This was in circumstances where ASB's request for Contractual Relief was (and remains) the subject of ongoing confidential, commercial-in-confidence and without prejudice discussions that by their nature do not generate substantial documentary material.

ASB notes that Deloitte's qualification was **not** a result of:

- insufficient information being provided to Deloitte by ASB (see the response to question 8 below for further detail);
- substantive concerns about whether contractual relief would be forthcoming; or
- any failure by ASB to adhere to the Australian Accounting Standards.

6. *Commenting specifically on the qualified opinion, does the board consider that ASB has a sound system of risk management and internal control which is operating effectively?*

Yes. The request for Contractual Relief and its potential impacts were raised with the Boards of both Austal USA and Austal Limited, and the nature, status, avenues to resolution and likely outcomes (both in a substantive sense and with regards to reporting) have been reviewed,

assessed and discussed between ASB's Australian and US management, Boards and auditors. ASB's auditors supported the position adopted by the company in relation to the underlying application for Contractual Relief and its reporting to the market and issued an audit review opinion that the financial statements for the half year to 31 December 2025 were true and fair and complied with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

7. *Given the qualified auditor's review report relates to the auditor's inability to obtain sufficient appropriate audit evidence with respect to the contractual relief, including the incremental variable revenue and partial reversal of the onerous contract provisions recognised in relation to the Contracts in the half-year financial report please explain how the directors satisfied themselves that they are appropriate and adhere to the current Australian Accounting Standards. In answering this question, reference should be made to the underlying assumptions used by the directors in coming to this conclusion, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.*

ASB refers to and repeats its response to Questions 3 and 5 above. As ASB understands it, the qualification to Deloitte's opinion was a result of the company being unable to provide sufficient evidence to enable Deloitte to adhere to its internal policies regarding review opinions. It was not related to a failure to adhere to Accounting Standards.

Further, the Directors reviewed and assessed the current and proposed measures and initiatives being adopted by the company in its engagement with the United States Department of Defense and, having considered these in detail and having discussed them with auditors, satisfied themselves that the substance of the discussions was sufficient to warrant the exercise of judgment in this manner having regard to the matters outlined in Question 3 above and as more fully described in note 4(ii)(3) to the FY 2026 H1 Half Year Report.

8. *Given the auditor's qualified review report relates to the auditor's inability to obtain sufficient appropriate audit evidence with respect to the contractual relief, including the incremental variable revenue and partial reversal of the onerous contract provisions recognised in relation to the Contracts in the half-year financial report, please explain why the auditor has been unable to obtain sufficient information to verify the amount of the Contractual Relief?*

ASB refers to and repeats its response to Questions 3, 5 and 7 above. Consistent with those responses, ASB notes that:

- the auditor's qualification arose from it being unable to obtain sufficient *evidence* to meet the auditor's own internal policies regarding review opinions – it did not arise from the provision of insufficient information; and

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- while the documentary record of the engagement with the authorised representatives of the US Department of Defense in relation to the discussions of Contractual Relief was not sufficient to satisfy the auditor's internal policies, the Directors, having discussed the matter with auditors, were sufficiently satisfied to make the relevant judgment regard to the matters outlined in Question 3 above.

9. *Please confirm that ASB is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed.

10. *Please confirm that ASB's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ASB with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed.

Yours sincerely,



Adrian Strang
Company Secretary
Austal Ltd

12 March 2026

Mr Adrian Strang
Company Secretary
Austal Limited

By email

Dear Mr Strang

Austal Limited ('ASB'): Half-year report (reviewed financial report) - Query

ASX refers to the following:

- A. ASB's Earnings Guidance Update released on ASX Market Announcements Platform ("MAP") on 12 February 2026 which updated ASB's EBIT guidance for the 2026 full year to approximately A\$110m ("Updated Earnings Guidance").
- B. ASB's half-year report for the half-year ended 31 December 2025 lodged with MAP and released on 23 February 2026 ('Half-Year Report').
- C. Note 4 of the Half Year Report which sets out ASB's policy on contract revenue including Contractual Relief on its T-ATS and AFDM Programs ("Contracts") which resulted in incremental revenue of A\$107.5 million being recognised in the half year based on the percentage of completion of each vessel ("Contractual Relief").
- D. ASX notes that the Independent Auditor's Review Report attached to the Half-Year Report ('Auditor's Report') contains a qualified opinion as set out below

Basis for Qualified Conclusion

As disclosed in Note 4 to the half-year financial report, the Group has experienced growth in realised and forecast costs across both the T-ATS and AFDM programs during the half-year and is in commercial discussions with the customer with respect to contractual relief to obtain compensation for this cost growth. We have been unable to obtain sufficient appropriate evidence with respect to the contractual relief, including the incremental variable revenue and partial reversal of the onerous contract provision recognised in relation to these contracts in the half-year financial report. Accordingly, we have been unable to determine the reasonableness of the amount of variable revenue and the partial reversal of the onerous contract provision recognised in the half-year financial report in relation to these contracts.

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board ("the Code") that are relevant to our audit of the annual 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 review report.

Request for Information

In light of the information contained in the Half-Year Report and the Auditor's Review Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is ASB able to confirm that in the Directors' Opinion the Half-Year Report:
 - (a) comply with the relevant Accounting Standards; and
 - (b) give a true and fair view of ASB's financial performance and position?
2. Noting ASB's Updated Earnings Guidance, is the amount of the Contractual Relief included in the Updated Earnings Guidance?
3. If the answer to question 2 is 'yes' what was the basis for including the amount of the Contractual Relief in the Updated Earnings Guidance?
4. When does ASB expect to receive the Contractual Relief?
5. What steps has ASB taken since the release of the Half-Year Report to obtain an unmodified audit opinion with regards to its future financial statements?
6. Commenting specifically on the qualified opinion, does the board consider that ASB has a sound system of risk management and internal control which is operating effectively?
7. Given the qualified auditor's review report relates to the auditor's inability to obtain sufficient appropriate audit evidence with respect to the contractual relief, including the incremental variable revenue and partial reversal of the onerous contract provisions recognised in relation to the Contracts in the half-year financial report please explain how the directors satisfied themselves that they are appropriate and adhere to the current Australian Accounting Standards. In answering this question, reference should be made to the underlying assumptions used by the directors in coming to this conclusion, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.
8. Given the auditor's qualified review report relates to the auditor's inability to obtain sufficient appropriate audit evidence with respect to the contractual relief, including the incremental variable revenue and partial reversal of the onerous contract provisions recognised in relation to the Contracts in the half-year financial report, please explain why the auditor has been unable to obtain sufficient information to verify the amount of the Contractual Relief?
9. Please confirm that ASB is complying with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that ASB's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ASB with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10:00 AM AWST Thursday, 19 March 2026**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ASB's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ASB to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that

it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ASB's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ASB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ASB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance