Annual Report 2025–2026

CEA Technologies



Acknowledgment of Country

CEA Technologies acknowledges the Traditional Owners of Country throughout Australia and their enduring connections to land, waterways, sea and community. We pay our respects to Elders past and present and recognise those who continue to protect and promote Aboriginal and Torres Strait Islander cultures.

CEA Technologies values Traditional Knowledge and the deep history of innovation it embodies.

'Molonglo' is an original piece by Aboriginal artist Garry Purchase. It was commissioned by CEA Technologies in 2020. The depiction of the Australian platypus aligns with CEA Technologies' early and ongoing vision to design and manufacture the best radars in the world.

The platypus is a significant part of Canberra's ecosystem. Platypuses use electroreceptors located inside their duck-bill, similar to those of CEA Technologies' radars. This artwork resonates with CEA Technologies and is a meaningful connection between the company, employees, and Country, for which Aboriginal and Torres Strait Islander peoples are the true custodians.

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Images on pages 50 and 52: © Commonwealth of Australia, Department of Defence.

Transmittal letter

The Honourable Richard Marles MP
Deputy Prime Minister
Minister for Defence
Parliament House
Canberra ACT 2600

Senator the Honourable Katy Gallagher
Minister for Finance
Parliament House
Canberra ACT 2600

CEA Technologies Pty Limited 2025–26 Annual Report

Dear Ministers

I am pleased to present the 2025–26 Annual Report for CEA Technologies Pty Limited (CEA Technologies), which has been prepared in accordance with the *Public Governance Performance and Accountability Act 2013* and approved by the Board of CEA Technologies.

The 2025–26 Annual Report includes the annual audited consolidated financial statements for CEA Technologies for the financial year ended 30 June 2026, and reports on the company's performance and progress.

Yours sincerely



Ms Joycelyn Morton
Chair

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Chair's report



Ms Joycelyn Morton

It gives me great pleasure to present the CEA Technologies 2025–26 Annual Report.

The past year has been one of continued transformation for CEA Technologies. Following our transition to a majority-owned Commonwealth company and Government Business Enterprise (GBE), we have continued to optimise our operations and governance through ongoing investment in our people, systems, infrastructure and security. As CEA Technologies continues to transform, our governance and processes have evolved and matured to support the delivery of our strategic priorities.

CEA Technologies is proud of its purpose: to strengthen Australia's sovereign defence capability by providing innovative technology solutions. Through the design, development, manufacturing, sustainment and protection of our cutting-edge phased array radar systems and related technologies, we play an important role in safeguarding Australia's national defence and regional security. Our continued investment in research and development ensures we remain at the forefront of technological advancement and are well positioned to respond to evolving defence requirements.

The global strategic environment is evolving rapidly, driving increased demand for advanced defence capabilities and deeper collaboration between Australia and its allies. The 2026 National Defence Strategy and Defence Industry Development Strategy highlight the need to accelerate capability acquisition, enhance readiness, strengthen sovereign industrial capacity and build resilience. This requires stronger cooperation with Australia's key international partners.

CEA Technologies continues to work closely with the Australian Department of Defence to explore export opportunities for its Active Electronically Scanned Array radar capability and associated technologies to close allies, strengthening Australia's defence partnerships and supporting the export of sovereign Australian defence capability.

The company has also made changes to its leadership and governance. The Board welcomed Mr Geoff Brown AO as a Non-Executive Director, following the retirement of Mr Merv Davis AM after 14 years of dedicated service to the company. Mr Alan Clements AM CSC commenced as CEO in June 2026, bringing a deep understanding of Australia's strategic defence environment. We also strengthened our security governance framework by elevating and consolidating the roles of the Chief Security Officer and the Chief Information Security Officer, reinforcing security as a strategic priority across the company.

As CEA Technologies continues to mature as a GBE, we have evolved our financial reporting and governance frameworks to position the company for long-term success. Reassessment of key accounting policies during the year now provides a more consistent representation of business performance and strengthens the basis for future planning and decision-making.

The past year has laid important foundations for the future. With a clear purpose, strengthened governance and processes, and a highly skilled and committed workforce, we are well positioned for the year ahead. We are focused on execution, delivery and continued progress against our strategy.



Ms Joycelyn Morton
Chair

About CEA Technologies

Our purpose is to strengthen Australia's sovereign defence capability by providing innovative technology solutions.

CEA Technologies is a majority-owned Commonwealth company providing sovereign, leading-edge technology across maritime, land and air domains.

At the heart of the company's success and international recognition is an unwavering commitment to research and development. Across decades of sustained investment, the company has produced a scalable suite of radar solutions and associated systems that are flexible and adaptable to meet emerging defence requirements. These solutions operate in the harshest environments across maritime, land and air domains, and deliver high resilience to failure and damage.

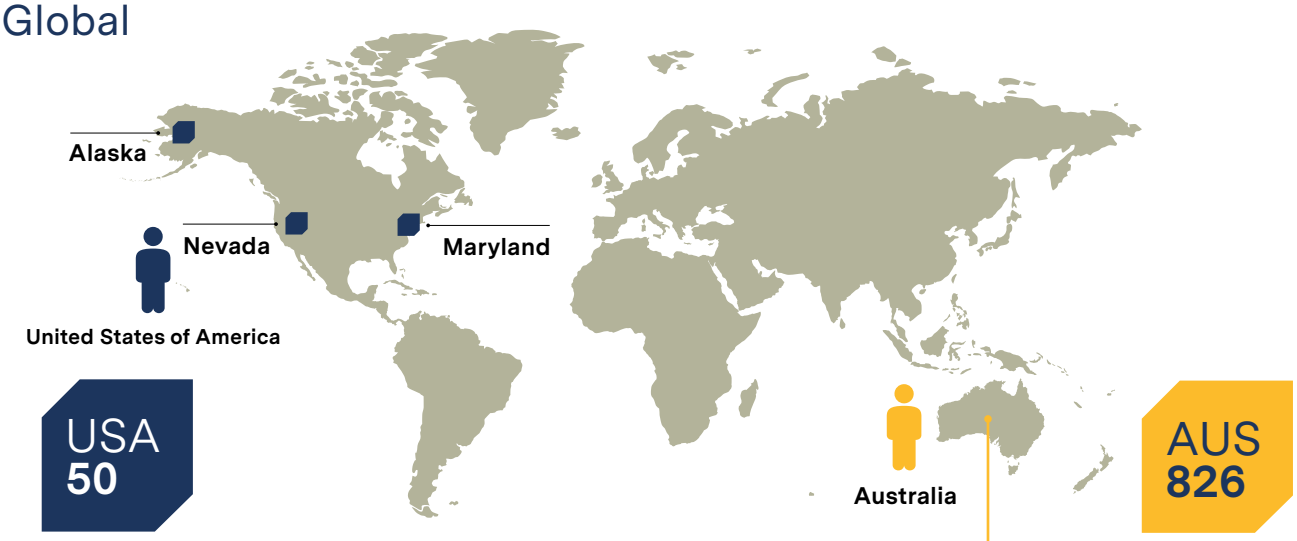
CEA Technologies' growth is both strategic and self-sustaining. It is anchored in a philosophy of continuous innovation and investment in people and infrastructure. This approach enables the company to be nimble and responsive to the changing strategic defence environment.

CEA Technologies fosters a culture of innovation and inclusion, driving workforce excellence and retention.

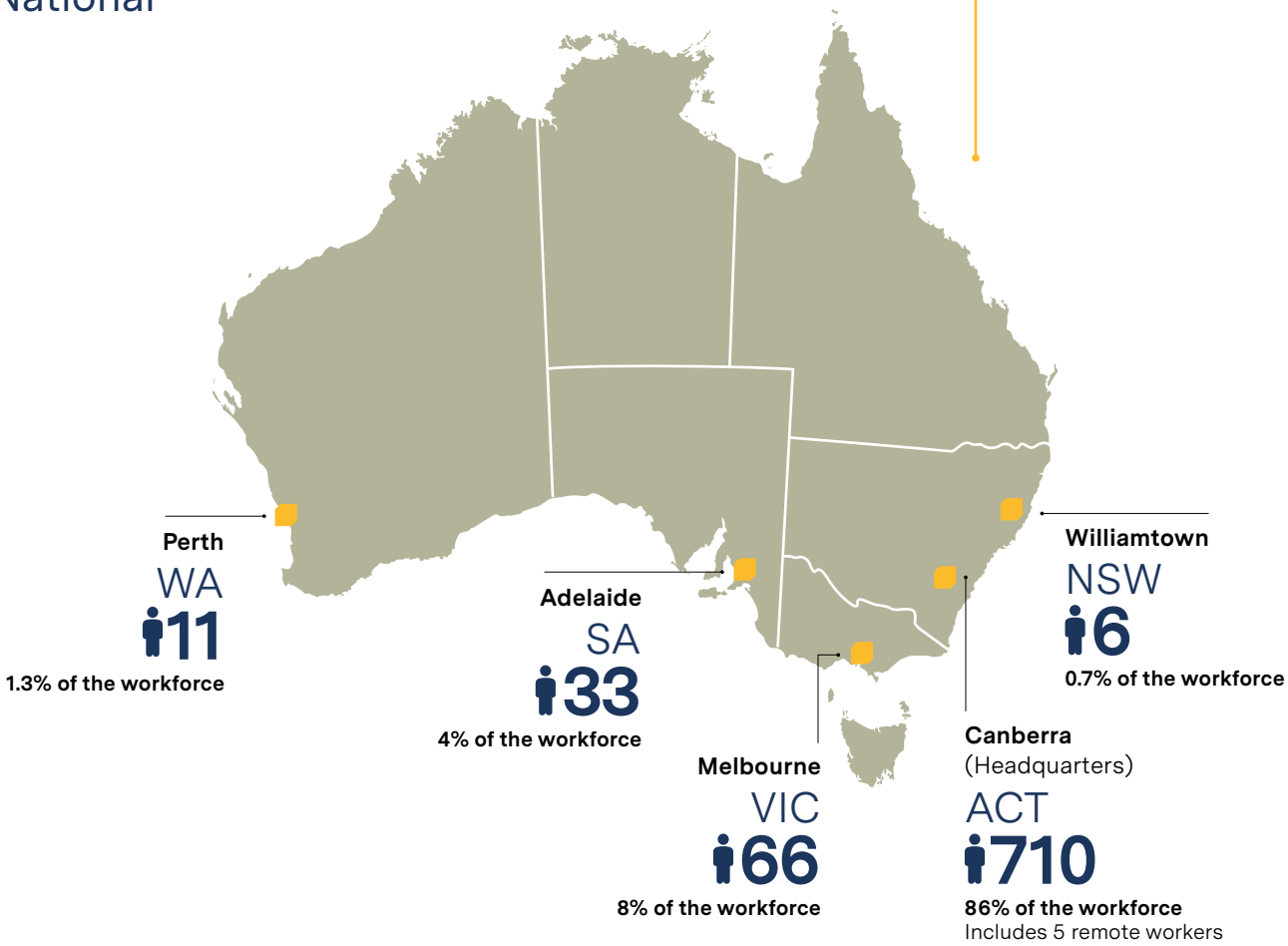
Locations and staff

CEA Technologies is headquartered in Australia's capital, Canberra. As at 30 June 2026, the company had 826 staff in locations across Australia. It also has a wholly owned subsidiary in the United States: CEA Technologies Incorporated (CEATI), with 50 staff.

Global



National



Workforce as at 30 June 2026.

Company structure



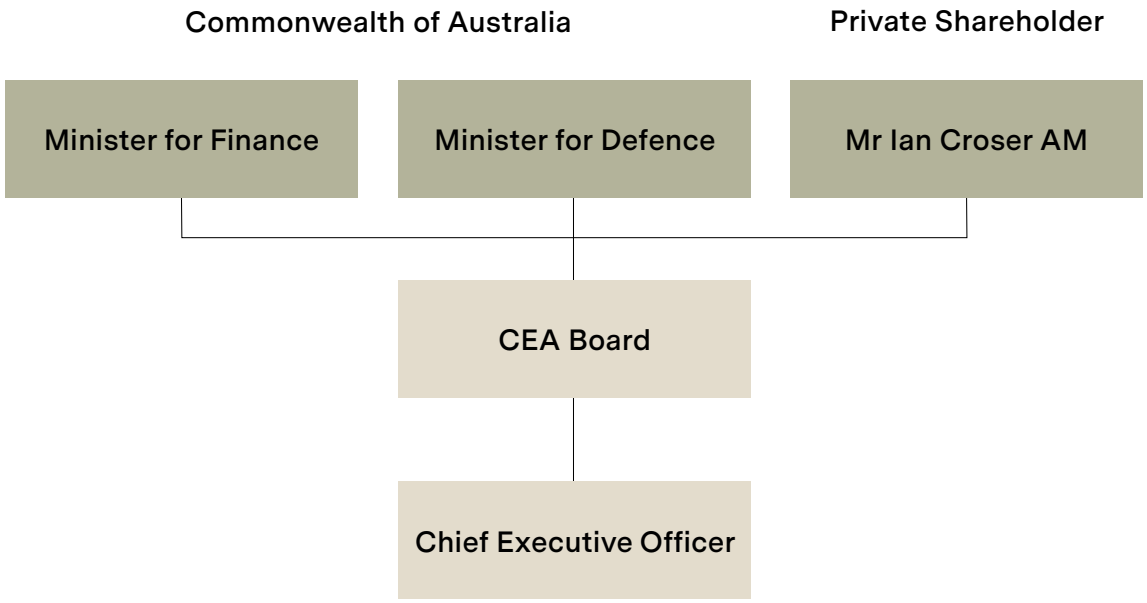
An unlisted proprietary company limited by shares incorporated under the *Corporations Act 2001* (Corporations Act), CEA Technologies is a majority-owned Commonwealth company for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Commonwealth's 72 per cent ownership interest is represented by two Shareholder Ministers:

- the Minister for Finance, Senator the Honourable Katy Gallagher
- the Deputy Prime Minister in his role as Minister for Defence, the Honourable Richard Marles MP.

The remaining 28 per cent of shares are privately owned by the remaining foundation shareholder.

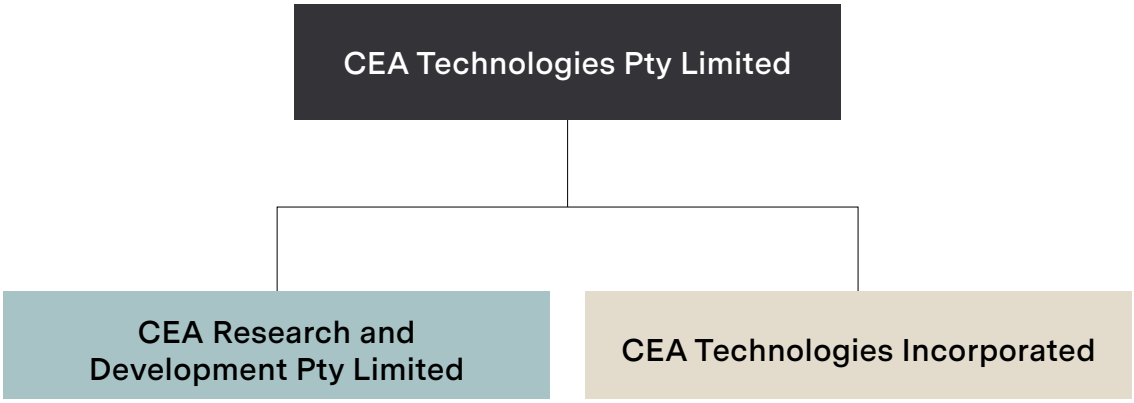
The Board of Directors is the accountable authority under the PGPA Act with ultimate responsibility for the governance and strategic oversight of the company. The board comprises of six Commonwealth appointed directors and two foundation shareholder-appointed directors.



Subsidiaries

CEA Technologies is the parent company of two subsidiaries:

- CEA Research & Development Pty Limited (CEA R&D)
- CEA Technologies Incorporated (CEATI)



CEA R&D

CEA R&D is a subsidiary, incorporated in 1985 to conduct research and development. All staff at CEA Technologies are employed through CEA R&D. CEA Technologies is responsible for commercialising the outputs of CEA R&D's research and development activities.

CEATI

CEATI is a subsidiary based in Maryland, United States, supporting the supply and sustainment of CEA Technologies' systems for the United States Department of War. This ensures critical capability is maintained within the joint security framework.

As at 30 June 2026, CEATI employed 50 technical and support staff.

Table 1: CEA R&D Board as at 30 June 2026

Directors	
Chair and Non-Executive Director	Ms Joycelyn Morton
Executive Director	Mr Ian Croser AM

Table 2: CEATI Board as at 30 June 2026

Directors	
Chair and Officer Director	Mr Tim Winter
Director	Mr Jeff Steiner
Director	Mr Frank Stewart
Director	Mr Drew Winneberger

Significant changes

1. In May 2025, following changes in ownership that resulted in CEA Technologies becoming a majority-owned Commonwealth company, CEATI commenced a transition from its existing Foreign Ownership, Control or Influence (FOCI) mitigation arrangement—a Special Security Agreement—to a Proxy Agreement, in accordance with United States government requirements. The Proxy Agreement between CEATI, CEA Technologies, and the United States Department of Defense was formalised on 6 August 2025. This arrangement is designed to address FOCI considerations and safeguard United States national security interests, while enabling CEATI to continue operating as part of the broader CEA group.

   Under the Proxy Agreement, voting control is entrusted to independent United States citizen Proxy Holders, rather than the foreign shareholder (CEA Technologies). These Proxy Holders serve as the company's directors, exercising certain prerogatives of ownership and overseeing the composition of the board. CEA Technologies' legal and commercial interests are maintained through existing sovereign and contractual protections.

   CEA Technologies appointed three Proxy Holders, including one individual who was required to have no prior or current association with CEA Technologies or CEATI. Two of the Proxy Holders, Mr Jeff Steiner and Mr Frank Stewart, were serving CEATI directors. After a review of potential candidates, Mr Drew Winneberger was appointed as the third director. Mr Winneberger brings significant expertise in defence, security, and governance, and is highly experienced in FOCI-related matters. His previous roles include Director of Counterintelligence and Security Activity with the US Defence Intelligence Agency and Director of Industrial Security Policy and Programs at the Defence Counterintelligence and Security Agency.

   The Proxy Agreement preserves CEA Technologies' legitimate interests in CEATI's performance, governance, financial position, risk profile, and strategic alignment. However, it does place certain limitations on the extent to which CEA Technologies, as the foreign parent, may direct or control specific matters, particularly those involving US national security information.

2. During the reporting period, CEA Technologies undertook a review of its accounting approach to revenue recognition. This review resulted in the identification and correction of a prior period error. The revised approach:
   - better aligns with the requirements of the Australian Accounting Standards
   - more accurately reflects the timing and delivery of contractual commitments, as well as when revenue is recognised
   - provides a consistent representation of business performance
   - strengthens the basis for future planning and decision-making.

Given these updates, there have been key changes to the financial results for 2025–26, including the correction of the prior period error. This annual report reflects the changes.

Corporate governance

CEA Technologies Board

CEA Technologies is governed by a Board of eight directors, with:

- six appointed by the Commonwealth
- two appointed by the foundation shareholder.

The performance of the Board and Chair is considered on an annual basis, with reviews alternating between internal and external processes. The most recent reviews were conducted internally in November 2025 and externally in September 2026.

Directors are supported in their ongoing education and professional development through a range of activities, including individual briefings, participation in external education, and site visits. These opportunities are planned each year and form part of the annual board and committee work plan.

During the reporting period, director education has been directed towards further enhancing the Board's understanding of the requirements for Commonwealth companies and GBEs, as well as strengthening engagement.

Table 3: CEA Technologies Board membership over the reporting period

Name	Position	Tenure
Ms Joycelyn Morton[1]	Chair	Commenced 28 January 2025
Mr Ian Croser AM[2]	Executive Director	Commenced 30 June 1983
Ms Fiona Hele[1]	Non-Executive Director and Co-Chair Audit, Risk and Security Committee	Commenced 28 July 2023
Mr Paul Symon AO[1]	Non-Executive Director and Co-Chair Audit, Risk and Security Committee	Commenced 28 January 2025
Ms Amanda Holt[1]	Non-Executive Director	Commenced 7 February 2024
Dr Rowan Gilmore[1]	Non-Executive Director	Commenced 28 January 2025
Dr Bronwyn Evans AM[1]	Non-Executive Director and Chair People and Culture Committee	Commenced 13 November 2023
Mr Geoff Brown AO[2]	Non-Executive Director	Commenced 1 May 2026
Mr Merv Davis AM[2]	Former Non-Executive Director and Chair People and Culture Committee	Retired 10 April 2026

Note(s)

1. Commonwealth-appointed Board member.
2. Foundation shareholder-appointed Board member.

CEA Technologies Board members



Ms Joycelyn Morton, Chair

BEc, FCA, FCPA (Life Member), FIPA, FAICD

Ms Joycelyn Morton was appointed as Chair of the Board for CEA Technologies on 28 January 2025.

With over 40 years of extensive business experience in Australia and internationally, Ms Morton has held senior executive and board positions across several industries in the corporate and government sectors.

Ms Morton began her career with Coopers & Lybrand (now PwC), followed by senior management and executive positions with Woolworths, and Shell Australia and International. In addition to her broad corporate experience, Ms Morton is also a Fellow and Life Member (for outstanding services to the profession) of CPA Australia. Ms Morton was National President of CPA Australia and Professions Australia, and was Australia's representative on the Board of the International Federation of Accountants. She has served on many boards, including Snowy Hydro Ltd (when it transitioned to being a GBE), and ASC Pty Ltd.

Ms Morton Chairs the Salvation Army Red Shield Doorknock Appeal for Greater Sydney, and is a member of their Sydney Corporate and Philanthropic Council. She is currently the Chair of ABx Ltd, Non-Executive Director and Chair of the Audit and Risk Committee of Felix Group Ltd, Gelion Plc and SEC Victoria Pty Ltd. She also chairs the Audit & Risk Committee for Infrastructure New South Wales.

Mr Ian Croser AM, Executive Director

BofT, FIEAust

Mr Ian Croser AM is the Co-Founder and Technical Director of CEA Technologies, a company he co-founded in 1983.

Mr Croser's technical expertise is in the design of innovative, complex systems. Mr Croser was awarded the Clunies Ross National Science and Technology Award in 1998 and 2013 for his contribution to the advancement of radar technology in Australia. In 2024, he was awarded the Australian Capital Territory Chief Minister's Pearcey Award and the Pearcey National Entrepreneur of the Year Award.

Prior to CEA Technologies, Mr Croser spent 12 years in the Royal Australian Navy, gaining experience in naval operations, command and control, systems engineering, and design and development of weapon and sensor systems. Mr Croser is a Fellow of the Institute of Engineers Australia and was made a Member of the Order of Australia in 2013 for significant service to science through electronic communication, radar and related technologies. He is a Director and Secretary of Capital Cap Systems Pty Limited, Director and Founder of ITC Innovations Pty Limited, and Director of Gaucro Pty Limited.



Ms Fiona Hele, Non-Executive Director

BCom, FCA, FAICD

Ms Fiona Hele was appointed Non-Executive Director on the Board of CEA Technologies on 28 July 2023. She also co-chairs the CEA Technologies Audit, Risk and Security Committee, leading the audit and risk aspects as part of a shared chair structure.

Ms Hele is an experienced Non-Executive Director and audit and risk Chair with a strong commercial and finance background in both the public and private sectors. Ms Hele is a Chartered Accountant with over 30 years of experience working with organisations on strategy, mergers and acquisitions, risk management and governance, across a diverse range of industries.

Ms Hele is a Fellow of the Institute of Chartered Accountants, Australia and New Zealand, and a Fellow of the Institute of Company Directors.

She is currently Chair of the Kelsian Group (ASX200;KLS); Non-Executive Director and member, Audit and Risk Committee, Argo Global Listed Infrastructure (ASX300; ALI); and Non-Executive Director and Chair, Audit and Risk Committee, Independent Gaming Corporation.

Past Directorships include the Adelaide Venue Management Corporation, South Australian Tourism Commission, Celsus Securitisation Pty Ltd, Prime Q, Adelaide Fringe Festival and SA Water.



Mr Paul Symon AO, Non-Executive Director

MDefStudies, MA (StratStudies), GAICD

Mr Paul Symon AO was appointed Non-Executive Director on the Board of CEA Technologies on 28 January 2025. He also co-chairs the CEA Technologies Audit, Risk and Security Committee, leading security matters as part of a shared chair structure.

Mr Symon served as the 12th Director-General of the Australian Secret Intelligence Service (ASIS) between 2017 and 2022. Prior to his leadership roles in ASIS, he held senior leadership positions in the Australian Army (as a former Major General).

Mr Symon began his career as Sword of Honour winner and Blamey Scholar at the Royal Military College. His senior military command positions include Deputy Chief of the Army (2008–2011), Director of the Defence Intelligence Organisation (2011–2014) and national command appointments in East Timor (1999), Solomon Islands (2003) and the Middle East (2005–2006).

Mr Symon's tertiary qualifications include a Master of Defence Studies from the University of New South Wales, and a Master of Arts (Strategic Studies) from Deakin University. He is a graduate of the Australian Institute of Company Directors and a 2007 recipient of the Order of Australia. He currently sits on the board of Safran (Australasia) and co-chairs the Group of Eight (Go8) Universities National Security and Defence Committee. He is also a strategic advisor to the University of Melbourne and Salus Ventures.



Ms Amanda Holt, Non-Executive Director

BEng, BBus, MBA, FIEAust, EngExec, CPEng, GAICD

Ms Amanda Holt was appointed Non-Executive Director on the Board of CEA Technologies on 7 February 2024. She is a member of both the Audit, Risk and Security Committee and the People and Culture Committee.

Ms Holt is a highly experienced executive and director of innovative defence, aerospace and advanced manufacturing companies based in Australia and exporting globally.

Ms Holt is the Managing Director and CEO of SYPAQ and an accomplished and respected leader in the defence industry. In recognition of her dedication to shaping Australia's defence future, Ms Holt was the recipient of the 2025 Women in Defence Awards Hall of Fame Lifetime Achievement Award.

Ms Holt has qualifications in aerospace engineering and business, as well as postgraduate studies in remote sensing, and systems and software engineering. Ms Holt holds a Senior Executive MBA from Melbourne Business School.

Ms Holt is a Fellow and engineering executive of Engineers Australia, the Chair of the RMIT University Sir Lawrence Wacket Industry Advisory Board, Co-Chair of the Defence Maritime Environmental Working Group, Executive Director for Bellinger Systems Pty Ltd, a member of the Defence Council Victoria and Non-Executive Director of PWR Holdings. Previous roles include Director of the Sir Richard Williams Foundation and Board member of the Centre for Defence Industry Collaboration and the Defence Rapid Prototyping, Development and Evaluation organisation.



Dr Rowan Gilmore, Non-Executive Director

BE (Elec Hons I), MSEE, D.Sc, FTSE

Dr Rowan Gilmore was appointed Non-Executive Director on the Board of CEA Technologies on 28 January 2025. He is a member of the People and Culture Committee.

Dr Gilmore is a Chartered Engineer who brings deep technical knowledge coupled with significant commercial experience in the defence sector. He was CEO of microwave communications company EM Solutions, which he grew to become the dominant designer and supplier of defence satellite terminals to both the Australian and multiple NATO navies. He was previously CEO at the Australian Institute for Commercialisation, after spending a decade in the United States and Europe in senior executive roles with SITA and Schlumberger.

Dr Gilmore was a pioneer in developing and applying non-linear computer aided design to microwave circuits, enabling the progressive development and uptake of communication circuits within devices such as mobile phones. He is a Fellow of the Australian Academy of Technological Scientists and Engineers, and a Non-Executive Director of the Australian National Fabrication Facility (ANFF Ltd), Analog Quantum Circuits, and Silvertech.



Dr Bronwyn Evans AM, Non-Executive Director

BE (Elec), PhD, GAID, FTSE, FIEAust

Dr Bronwyn Evans AM was appointed Non-Executive Director on the Board of CEA Technologies on 13 November 2023. She is a member of the Audit, Risk and Security Committee and Chair of the People and Culture Committee.

Dr Evans has worked at senior levels in the private sector, including CEO positions at Engineers Australia, Standards Australia, and as a senior executive at Cochlear Ltd and GE Healthcare.

She is a Fellow of the Australian Academy of Technology and Engineering and an Honorary Fellow of the University of Wollongong and was awarded an Honorary Doctor of Engineering from Swinburne University in 2021. She has served on many boards, including as Chair of MTPConnect, Chair of Medical Technology Association of Australia, Deputy Chair of The Warren Centre, a member of the Taskforce on Industry4.0, member of the New South Wales Modern Manufacturing Taskforce and a member of the Australia-Japan Foundation.

Dr Evans was appointed a Member of the Order of Australia in the 2021 Queen's Birthday Honours for her 'significant service to engineering, to standards, and to medical technology'. She is currently Non-Executive Chair of Building4.0 CRC; Non-Executive Director of EBR Systems Inc and Chair of the Audit and Risk Committee; Non-Executive Chair of ACOR Consultants; and Commissioner of the Independent Planning Commission, New South Wales.



Mr Geoff Brown AO, Non-Executive Director

BEng, MA, GAICD

Mr Geoff Brown AO was appointed as Non-Executive Director on the Board of CEA Technologies on 1 May 2026. He is a member of both the Audit, Risk and Security Committee and the People and Culture Committee.

Mr Brown has held a distinguished career within the aerospace and defence industry. He served over three decades with the Royal Australian Air Force, including a four-year tenure as Chief of Air Force, one of the most senior appointments in the ADF.

Mr Brown is a highly respected engineer, pilot and an experienced leader. He is a Fellow of the Institute of Engineering Australia and a Fellow of the Royal Aeronautical Society.

In 2012, Mr Brown was appointed an Officer of the Order of Australia for 'distinguished service to the Royal Australian Air Force', recognised for leading significant capability improvements, enhancing force structure and advancing cultural change and technology.

Since retiring from the Royal Australian Air Force (RAAF), Mr Brown has served as Strategic Advisor to Lockheed Martin (Australia); Director of Electro Optic Systems; Chair and Deputy Chair of the Sir Richard Williams Foundation; Chair of the Advisory Board of CAE Asia Pacific and Middle East; Director on the Governing Council for the Temora Air Museum; and Director of GCB Stratos Consulting.

Former director



Mr Merv Davis AM, Non-Executive Director

BEE (Hons), MBA, GAICD

Mr Merv Davis AM was appointed Non-Executive Director on the Board of CEA Technologies on 28 July 2023 and retired on 10 April 2026. During his time on the Board, Mr Davis was Chair of the People and Culture Committee and a member of the Audit, Risk and Security Committee.

Mr Davis was CEO of CEA Technologies from 2013 to 2019 and has been associated with the company for over 14 years. He has extensive senior experience in the Royal Australian Navy, the Department of Defence and defence industry.

Originally a Combat System Engineer, he held senior Project Management and Navy Command positions before retiring from the Royal Australian Navy in 2003. Subsequently, he has held several senior executive roles with international and domestic defence companies. After retiring from full time work, he has consulted to the Department of Defence, reviewing complex maritime acquisition programs.

Mr Davis is a graduate of the Australian College of Defence and Strategic Studies, and was previously a Fellow of the Institute of Engineers Australia.

Mr Davis was made a Member of the Order of Australia in 2001. He has served as an Advisor to Thomas Global Systems Pty Ltd and Defence SA Advisory Board; a member of the Surface Ships Advisory Committee, Department of Defence; and a Non-Executive Director at PMB Defence Pty Ltd. He also has Shareholding at BAE System PLC.

Board committees

The Board has two committees:

- Audit, Risk and Security Committee
- People and Culture Committee.

Audit, Risk and Security Committee

The Audit, Risk and Security (AR&S) Committee assists CEA Technologies' Board in achieving its governance and oversight responsibilities relating to:

- financial reporting
- performance reporting
- risk management, internal compliance and control
- security risks relating to protective security (facilities, assets and people) as well as cybersecurity and data protection
- external audit effectiveness, independence, scope and planning.

CEA Technologies' AR&S Committee Terms of Reference can be accessed at cea.com.au/corporate-governance.

People and Culture Committee

The People and Culture Committee (P&C Committee) assists CEA Technologies' Board in achieving its objectives relating to its human resource obligations and remuneration policies. Responsibilities include reviewing and making recommendations on:

- policies and practices relating to performance measures, remuneration components and accountability frameworks
- staff retention, talent management and succession planning
- terms and conditions of employment and code of conduct
- effectiveness of policy and practices relating to culture, leadership and recruitment
- work health and safety.

Table 4: Committee memberships as at 30 June 2026

Audit, Risk and Security Committee	
Name	**Role**
Ms Fiona Hele	Co-Chair
Mr Paul Symon AO	Co-Chair
Dr Bronwyn Evans AM	Member
Ms Amanda Holt	Member
Mr Geoff Brown AO	Member

People and Culture Committee	
Name	**Role**
Dr Bronwyn Evans AM	Chair
Ms Amanda Holt	Member
Mr Geoff Brown AO	Member
Dr Rowan Gilmore	Member

Board attendance at meetings

During 2025–26:

- the CEA Technologies' Board met eight times, including one out-of-session meeting
- the AR&S Committee met six times
- the P&C Committee met six times.

Members of the CEA Technologies' senior leadership attend Board meetings by invitation. All Directors receive committee agendas and papers so they are aware of matters to consider.

Table 5 indicates the number of Board and committee meetings held and attended during the director's tenure.

Table 5: Board meetings attendance of the annual reporting period 2025–26

	Board		AR&S Committee		P&C Committee	
Director	**Held while in position**	**Attended**	**Held while in position**	**Attended**	**Held while in position**	**Attended**
Ms Joycelyn Morton	8	8	N/A	N/A	N/A	N/A
Mr Ian Croser AM	8	8	N/A	N/A	N/A	N/A
Ms Fiona Hele	8	7	6	4	N/A	N/A
Mr Paul Symon AO	8	7	6	6	N/A	N/A
Ms Amanda Holt	8	8	6	5	6	5
Dr Rowan Gilmore	8	5	N/A	N/A	6	5
Dr Bronwyn Evans AM	8	8	6	6	6	6
Mr Geoff Brown AO[1]	1	1	1	1	1	1
Mr Merv Davis AM[1] (Former Director)	7	6	5	5	5	5

Note(s)

1. Directors who commenced or retired part-way through the reporting period: Mr Merv Davis AM retired on 10 April 2026. Mr Geoff Brown AO commenced on 1 May 2026.

Remuneration of Non-Executive Directors

Fees for all Board Directors are calculated by reference to the Commonwealth Remuneration Tribunal.

Table 6 states the amounts paid to each Non-Executive Director. Board and committee fees are listed under 'Other benefits and allowances'.

Table 6: Non-Executive Director remuneration over the reporting period 2025–26 and comparative 2024–25.

Non-Executive Directors	Role	Year	Short-term benefits		Post-employment benefits	Total remuneration $
			Other benefits and allowances $	Consulting fees $	Superannuation contributions $	
Ms Joycelyn Morton[1, 2]	Chair	**2025–26**	**102,681**	**-**	**-**	**102,681**
		2024–25	65,234	-	7,483	72,717
Ms Fiona Hele	Director Co-chair AR&S	**2025–26**	**104,387**	**-**	**12,526**	**116,913**
		2024–25	98,400	-	11,316	109,716
Mr Paul Symon AO[1]	Director Co-chair AR&S	**2025–26**	**95,566**	**-**	**11,271**	**106,837**
		2024–25	32,132	-	3,695	35,827
Dr Bronwyn Evans AM	Director Chair P&C	**2025–26**	**95,137**		**11,417**	**106,554**
		2024–25	89,370	-	10,278	99,648
Dr Rowan Gilmore[1]	Director	**2025–26**	**85,877**	**-**	**10,305**	**96,182**
		2024–25	32,132	-	3,695	35,827
Ms Amanda Holt[3]	Director	**2025–26**	**107,376**	**-**	**12,885**	**120,261**
		2024–25	80,330	-	9,238	89,568
Mr Geoff Brown AO[1]	Director	**2025–26**	**12,913**	**-**	**1,550**	**14,463**
		2024–25	-	-	-	-
Mr Merv Davis AM[1]	Former Director Former Co-Chair P&C	**2025–26**	**65,503**	**-**	**7,257**	**72,760**
		2024–25	42,279	44,774	4,862	91,915
Mr Peter Robson AO[1]	Former Chair	**2025–26**	**-**	**-**	**-**	**-**
		2024–25	-	94,322	-	94,322
Total		**2025–26**	**669,440**	**-**	**67,211**	**736,651**
		2024–25	439,877	139,096	50,567	629,540

Note(s)

1. Directors who commenced or retired part-way through the reporting period: Mr Peter Robson retired as Chair on 27 January 2025; Ms Joycelyn Morton, Mr Rowan Gilmore, Mr Paul Symon commenced on 28 January 2025; Mr Merv Davis AM retired on 10 April 2026; Mr Geoff Brown AO commenced on 1 May 2026.
2. Superannuation is not included in the reported remuneration as the individual holds a Superannuation Guarantee employer shortfall exemption for the 2025–26 financial year.
3. Includes remuneration (back pay) for 2024–25 AR&S Committee fees.

Key management personnel remuneration

Key management personnel remuneration

CEA Technologies' Executive and senior leadership remuneration is not governed by an industrial award or enterprise agreement. Remuneration is determined through individual contractual arrangements.

CEA Technologies continues to mature its approach to Executive and senior leadership remuneration. The company is focused on improving transparency, aligning with government expectations, and ensuring its practices support the retention of highly capable leaders.

The Board undertakes an annual review of key management personnel (KMP) to ensure disclosures are consistent with the requirements of the Australian Accounting Standards and to distinguish enterprise-wide control from advisory, and functional responsibilities. The Board has changed the KMP composition during the reporting period, as reflected in this Annual Report. As a result of the reassessment, the comparative information has been adjusted to align with the revised KMP cohort so as to enable appropriate comparison. Refer to the 2024–25 financial statement for the unrevised KMP remuneration information.

Table 7: CEA Technologies' key management personnel remuneration over the reporting period 2025–26[8,9] and comparative 2024–25.

Key Management Personnel[1]	Position	Year	Short term benefits			Post-employment	Other long term benefits	Termination benefits $	Total remuneration $
			Base salary and fees $	STI/ Bonuses[9] $	Other benefits and allowances $	Superannuation contributions $	Long service leave $		
Mr Alan Clements[1]	Chief Executive Officer	**2025–26**	**58,224**	**-**	**-**	**7,132**	**333**	**-**	**65,689**
		2024–25	-	-	-	-	-	-	-
Ms Joycelyn Morton[2,6]	Interim CEO	**2025–26**	**324,278**	**-**	**-**	**-**	**-**	**-**	**324,278**
		2024–25	-	-	-	-	-	-	-
Mr Paul Symon AO[2]	Interim CEO	**2025–26**	**90,182**	**-**	**-**	**10,822**	**-**	**-**	**101,004**
		2024–25	-	-	-	-	-	-	-
Mr Merv Davis AM[2]	Interim CEO	**2025–26**	**85,436**	**-**	**-**	**10,252**	**-**	**-**	**95,688**
		2024–25	-	-	-	-	-	-	-
Mr Ian Croser AM[7]	Technical Director	**2025–26**	**1,012,350**	**-**	**-**	**26,443**	**57,133**	**-**	**1,095,926**
		2024–25	1,014,823	166,038	-	30,000	78,250	-	1,289,111
Ms Jacqui Myers[3]	Chief Financial Officer	**2025–26**	**480,054**	**-**	**-**	**35,000**	**4,751**	**-**	**519,805**
		2024–25	31,321	4,174	-	3,946	211	-	39,652
Mr Mark Foster[4]	Chief Executive Officer (former)	**2025–26**	**58,374**	**-**	**-**	**12,907**	**-**	**464,855**	**536,136**
		2024–25	692,433	543,877	50,055	30,000	33,962	-	1,350,327
Mr Steve Perry[5]	Chief Financial Officer (former)	**2025–26**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2024–25	368,601	101,998	-	29,966	-	-	500,565
Total KMP		**2025–26**	**2,108,898**	**-**	**-**	**102,556**	**62,217**	**464,855**	**2,738,526**
		2024–25	2,107,178	816,087	50,055	93,912	112,423	-	3,179,655

Note(s)

1. Mr Alan Clements commenced as CEO on 1 June 2026.
2. While the company recruited for a new CEO, Directors acted in the Interim CEO role and were paid a daily rate for days they were Interim CEO. No Director fees were paid for these days.
3. Ms Jacqui Myers commenced in the role of Chief Financial Officer on 3 June 2025. Further details are included under table 8.
4. Mr Mark Foster departed the company on 31 July 2025. Further details are included under table 8.
5. Mr Steve Perry ceased to hold the Chief Financial Officer role on 3 June 2025 and remained with the company in a non-key management personnel position for the remainder of the reporting period. The disclosed remuneration relates only to the Chief Financial Officer role.
6. Superannuation is not included in the reported remuneration as the individual holds a Superannuation Guarantee employer shortfall exemption for the 2025–26 financial year.
7. Mr Ian Croser AM's 2024–25 accrued bonus was $302,547. This has been restated to the actual paid bonus amount of $166,038.
8. During the reporting period the Board reviewed the composition of the KMP to only include the Chief Executive Officer, Technical Director and Chief Financial Officer. The comparative information has been restated to only include these three positions to enable appropriate comparison.
9. No KMP Bonus has been included in the 2026 remuneration in line with a direction of the Board. For the reporting period, there are no KMP bonuses payable.

Key management personnel changes

The following table indicates changes to key management personnel during the reporting period.

Table 8: KMP changes over the reporting period 2025–26

Name	Role	From/to
Mr Mark Foster	CEO	Departed 31 July 2025.
Ms Joycelyn Morton	Interim CEO	Ms Joycelyn Morton assumed the responsibilities of interim CEO on 1 August 2025. As these duties extended beyond the ordinary responsibilities of non-executive directors, she was separately engaged for her executive services until a suitable candidate commenced. Following the appointment of the CEO, Ms Morton's services were extended for a six-week handover period through to 10 July 2026.
Mr Paul Symon AO	Interim CEO	Mr Paul Symon supported the interim CEO position from 1 August 2025 to 31 May 2026. As these duties extended beyond the ordinary responsibilities of non-executive directors, he was separately engaged for his executive services until a suitable candidate commenced.
Mr Merv Davis AM	Interim CEO	Mr Merv Davis supported the interim CEO position from 1 August 2025 to 31 May 2026. As these duties extended beyond the ordinary responsibilities of non-executive directors, he was separately engaged for his executive services until a suitable candidate commenced.
Mr Alan Clements	CEO	Commenced 1 June 2026.

Related entity transactions

Related entity transactions

Related entity transactions are approved in accordance with Board-approved processes.

Table 9 shows payments to other related Commonwealth Government entities.

Table 9: Related entity transactions over the reporting period 2025–26

Related entity	Aggregate value $	Number of transactions
Department of Defence[1]	311,603	14
Export Finance Australia	8,822,376	2

Note(s)

1. Amount shown is inclusive of $28,328 GST.

Risk management

Risk management

CEA Technologies' Integrated Enterprise Risk Management Framework (IERMF) continues to evolve. The IERMF aligns with the International Standard on Risk Management (ISO 31000:2018 Risk Management – Guidelines) and is consistent with the Commonwealth Risk Management Policy 2023.

Effective risk management is critical to the successful delivery of strategic goals. As a result, the company is committed to building, promoting and enhancing a culture of proactive risk management across all departments to:

- retain and build on the company's ability to deliver innovative technology solutions
- meet customer needs, commercial performance objectives and shareholders' expectations.

The IERMF leverages are structured around a 'Three Lines of Defence' model to support strong governance and effective risk identification, ongoing management and monitoring. Risk categories are embedded within the IERMF and aligned to CEA Technologies' key activities to support informed decision-making and positive business outcomes.

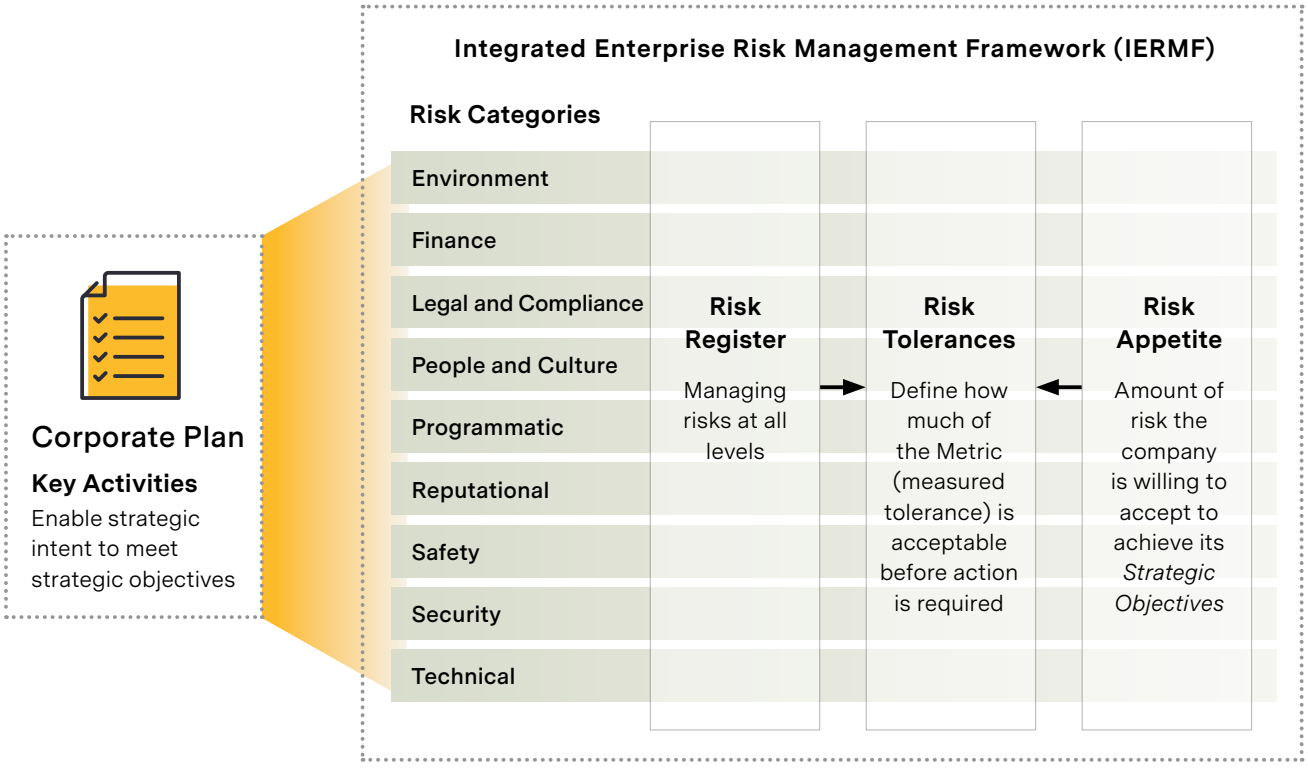
CEA Technologies' Board has overall responsibility for:

- establishing and maintaining the IERMF
- defining the organisation's risk appetite statements and risk tolerance levels.

The Board's AR&S Committee is responsible for:

- managing emerging and ongoing enterprise risks, supported by the framework
- contributing to, reviewing, and endorsing any required enhancements or changes to the IERMF.

An internal Management, Audit and Risk Committee supports the Board's AR&S Committee and the company's Executive in their risk management roles and responsibilities. This includes managing both departmental and enterprise level risks.



Capability

Capability

Innovation, research and development

Research and development continues to be at the heart of CEA Technologies' sovereign defence capability. CEA Technologies develops new, leading-edge capabilities to support existing and new applications. The company maintains its technology edge through innovation and a highly skilled, technically diverse workforce.

CEA Technologies converts strategic and tactical needs into implementable capabilities for the ADF and close allies.

For the reporting period, the company met its innovation, research and development primary objectives:

1. Continue the evolution of existing technology.
2. Branch into new technologies as driven by innovative outcomes.
3. Manage and mitigate obsolescence in existing technologies.
4. Evolve or modify technology as required for new systems and capabilities.



Workforce

The company's ability to design, manufacture, integrate, and sustain cutting-edge radar technology depends on maintaining a highly skilled workforce with the capability, experience, and commitment to respond. During the reporting period, the company continued to strengthen its workforce to support increased delivery responsibilities and ongoing maturity as a GBE.

CEA Technologies fosters a culture of innovation and inclusion, driving workforce excellence and retention. In 2025–26, its workforce saw sustained growth from 754 to 826 staff, representing a 10 per cent increase. The company has maintained an 8.2 per cent attrition rate, significantly lower than the industry standard of 15 per cent.

This growth reflects the capacity and capability building required to meet increasing customer demand and deliver an expanding program of work. It supports increased engineering, manufacturing and sustainment activity and the strengthening of critical enabling functions needed to support a larger and more complex organisation.

People and culture function transformation

The people and culture function continued its transformation to enable a high-performing, future-ready workforce.

To support sustainable growth and workforce resilience, CEA Technologies' systems, data and processes supporting its workforce have also evolved. Work continued throughout the year to improve workforce information, reporting, and systems capability, recognising the importance of reliable workforce data for effective planning, decision-making, and governance.

CEA Technologies has managed growth strategically to align with project delivery requirements, system sustainment needs and corporate enablers. The company's strategic workforce plan provided the framework for this work, supporting decisions about workforce composition, critical capability, succession, development, and investment.

Safety and wellbeing

A safe, respectful and inclusive workplace is essential to performance. Risk management, employer consultation, respectful behaviours, wellbeing and shared accountability for safety remained key areas of focus in 2025–26. The company also continued its commitment to broaden participation in technical and engineering careers, strengthening pathways for women, veterans, and emerging talent, and increasing workforce diversity by creating opportunities for people from different backgrounds and experiences.

Workforce by gender and location

As at 30 June 2026, CEA Technologies employed 826 staff located across Australia. Tables 10 and 11 show ongoing and non-ongoing staff by gender and location.

Table 10: CEA Technologies ongoing employees as at 30 June 2026

Ongoing	Man/Male			Woman/Female			Non-binary[2]			Total
State	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	6	-	6	-	-	-	-	-	-	6
SA	27	1	28	1	2	3	-	-	-	31
VIC	60	3	63	3	-	3	-	-	-	66
WA	9	-	9	1	-	1	-	-	-	10
ACT[1]	465	10	475	173	23	196	-	-	-	671
Overseas	-	-	-	-	-	-	-	-	-	-
Total	**567**	**14**	**581**	**178**	**25**	**203**	**-**	**-**	**-**	**784**

Note(s)

1. Includes five remote workers.
2. CEA Technologies is maturing its workforce data collection to include options for staff to self-identify as non-binary, veteran, Indigenous, LGBTQIA+, and culturally and linguistically diverse.

Table 11: CEA Technologies non-ongoing employees as at 30 June 2026

Non-ongoing	Man/Male			Woman/Female			Non-binary[1]			Total
State	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	-	-	-	-	-	-	-	-	-	-
SA	-	2	2	-	-	-	-	-	-	2
VIC	-	-	-	-	-	-	-	-	-	-
WA	-	1	1	-	-	-	-	-	-	1
ACT	25	3	28	9	1	10	-	1	1	39
Overseas	-	-	-	-	-	-	-	-	-	-
Total	**25**	**6**	**31**	**9**	**1**	**10**	**-**	**1**	**1**	**42**

Note(s)

1. CEA Technologies is maturing its workforce data collection to include options for staff to self-identify as non-binary, veteran, Indigenous, LGBTQIA+, and culturally and linguistically diverse.

Work health and safety

As an advanced manufacturer, CEA Technologies takes its work health and safety (WHS) obligations seriously. The company has robust processes and procedures in place to actively reduce hazards, and respond to and manage incidents. It is committed to employee safety in the workplace and continues to monitor and improve its WHS policies, procedures and facilities.

Section 35 of the *Work Health and Safety Act 2011* s35 defines notifiable incidents as the death or serious injury or illness of a person, or a dangerous incident.

Over the reporting period, CEA Technologies notified one (1) incident to Comcare.

Table 12: Notifiable incidents over the reporting period 2025–26

Notifiable incident	Number of incidents
Death	0
Serious injury or illness	0
Dangerous incidents	1

Over the reporting period, CEA Technologies reported a lost time injury frequency rate of 12.98.

Information and communications technology

In 2025–26, CEA Technologies continued to implement significant changes to upgrade ICT infrastructure and security systems. The changes aimed to improve the company's security posture and expand operational capability and capacity.

The company elevated and consolidated the roles of Chief Security Officer and Chief Information Security Officer. This reflects CEA Technologies' focus on integrating security risk management to ensure operational performance and security practices are aligned, continuously improved and optimised.

Infrastructure

CEA Technologies has continued to focus on an ongoing program of works to:

- optimise the use of existing facilities to fully utilise available space
- establish extra facilities to create sufficient capacity to grow with Defence priorities and support future order intake in the required timeframe
- progressively uplift aging facilities so they are compliant and fit for purpose in line with building codes, WHS and operational considerations
- mobilise innovative world-class technical infrastructure to enable ongoing research and development, and capability delivery.

Security

CEA Technologies is a member of the Defence Industry Security Program and adheres to the Defence Security Principles Framework. In line with evolving Defence policy requirements, the company uplifted its protective and cyber security posture. Work continues to ensure the company maintains a robust security posture against a rapidly evolving threat landscape to protect and deliver sovereign defence capability.

Performance

Performance

The key activities highlighted in the 2025–26 Statement of Corporate Intent are grouped under CEA Technologies' five strategic pillars. Table 13 summarises the five strategic pillars.

Key activities

Table 13: Summary of strategic pillars



1. Prioritise our people

We will attract and retain the best of the best. This is done by supporting all staff and giving them the opportunity to contribute to CEA Technologies' success in a safe and innovative environment.



2. Maintain technical advantage

We will invest in sovereign research, innovation and experimentation to sustain Australia's technological advantage in technical capabilities.



3. Deliver superior capability

We will deliver advanced capability of the highest quality and within budget.



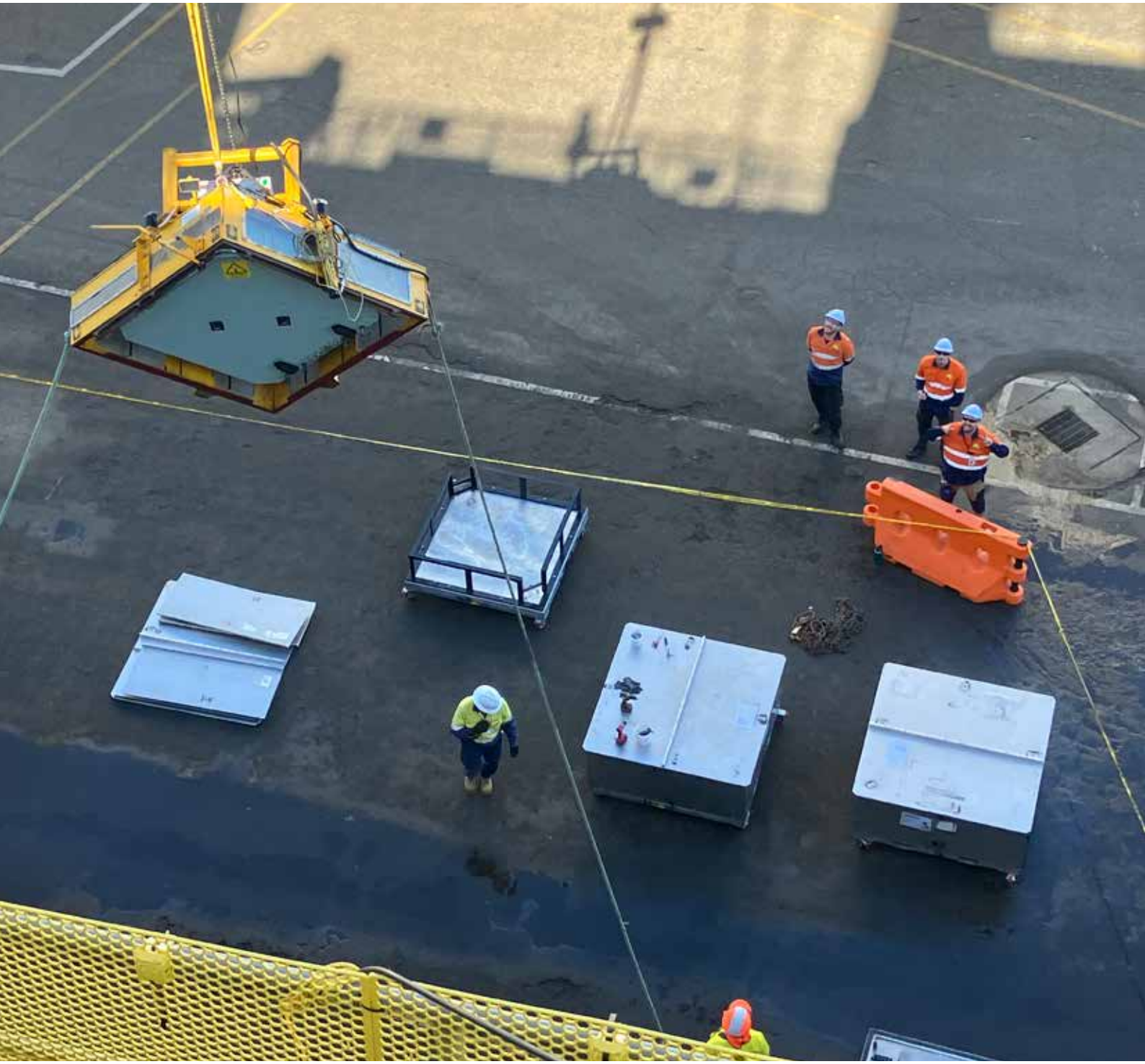
4. Prepare for the future

We will continuously improve, invest in new capabilities and work with the Commonwealth to deliver leading solutions now and into the future.



5. Optimise security

We will maintain an elevated and significant protective and cyber security posture to protect employees, intellectual property and technological advantage in the defence of Australia and close allies.





1: Prioritise our people

Building workforce capability

CEA Technologies operates in a highly competitive market for specialist engineering, technical manufacturing, security, and professional capability. During the reporting period, the company targeted the skills and capabilities needed to support its current and future priorities. Implementing the strategic workforce plan strengthened the company's approach to identifying future capability requirements, workforce risks, and critical talent priorities.

Workforce planning included continued investment in both external recruitment and developing talent from within. The company's staff retention rate remained strong at 90.4 per cent, exceeding industry standards and demonstrating the strength and commitment of its workforce. Apprenticeships, engineering work experience, graduate and other early career pathways remain an important part of creating pathways into highly specialised careers within the company, developing the technical skills required to support future projects.

Learning and capability development

The company continued to strengthen workforce capabilities through investment in initiatives that support employee capability, connection and wellbeing. CEA Technologies' learning and development program continued to focus on developing capability and creating opportunities for employees to learn, connect and share knowledge.

CEA Technologies achieved high compliance in its annual mandatory refresher training with completion rates of 98% and higher across all modules.

The company continued to invest in the technical and professional capability of its workforce through targeted qualifications and industry recognised development opportunities. This included supporting employees across production, warehouse and technical functions to attain relevance certificates and formal qualifications, strengthening both individual capability and creating organisation resilience.

CEA Technologies also continued to invest in emerging leaders through participation in the defence in Australia leadership program, building leadership and capability within the specific context of Australia's defence industry. In addition, an in house 'Successfully Navigating Change' program was designed and delivered with 75 employees completing the program over a four month period from March 2026. The strong uptake reflected both the relevance of the program and the value employees place in practical development that supports adapting to organisational change, building resilience, and contributing effectively in a growing and evolving business.

Performance, development and reward

CEA Technologies continued to strengthen its approach to performance, development and reward during the year. The performance development framework placed greater emphasis on consistency, transparency, and alignment between individual contribution, capability growth, and company priorities.

As CEA Technologies transitioned to a Commonwealth company, performance bonuses were removed and it became increasingly important to maintain a meaningful connection between contribution, capability growth and reward. Practical measures that were implemented included advancing employees through salary increments where they demonstrated increased capability and value to the company, promoting employees who assume work of greater scope and complexity, applying targeted remuneration adjustments in critical and market sensitive roles and recognising sustained high performance through departmental and career opportunities. These mechanisms provided a more transparent and sustainable basis for rewarding contribution while directing workforce investment towards the capabilities most critical to delivery of strategic priorities.

Leadership, engagement and culture

The company's values, known as the CEA Way, continued to be embedded across the employee experience.

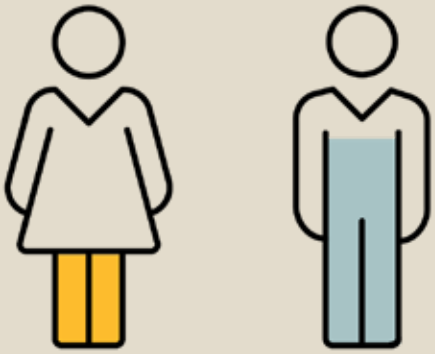
Employee feedback and engagement remained an important source of insight, helping to identify areas of strength and opportunities for improvement. Leadership and culture initiatives focused on strengthening people leadership capability, including supporting leaders to navigate and lead through change effectively.

Employee assistance program and on-site counsellor

CEA Technologies is committed to employees' wellbeing and ongoing support. Over the reporting period, the company launched an expanded suite of employee assistance services that allow staff to access general lifestyle and wellness support. The company also introduced accessible on-site counselling services to help reduce barriers to accessing confidential professional support and enable employees to seek assistance when needed.

Gender and age demographics*

The following data provides an overview of the age and gender composition of CEA Technologies.



26% Female

74% Male

Average age*

41 | Female: 40 Male: 42

Apprenticeships and work experience*

The following data highlights CEA Technologies' investment in developing future workforce talent.

Engineering work experience **10**

School-based work experience **8**



51 | Total Apprentices

* As at 30 June 2026

2: Maintain technical advantage

Investing in innovation

Over the 2025–26 reporting period, CEA Technologies continued its commitment to innovation, research and development, and attracting highly skilled talent from a tight and competitive market.

CEA Technologies maintained its technical advantage by executing its research and development plan and technical roadmap. The company prioritised investment towards new technology development and testing assets to strengthen its capabilities and support future test and trial opportunities.

Demonstrating innovation

CEA Technologies continued to demonstrate its advanced systems and new capabilities through domestic and international trials.

In June 2026, CEA Technologies played a key role in a major milestone for Australia's future air and missile defence capability, with Defence announcing the successful live-fire of a prototype medium-range, ground-based air defence system during Exercise Taipan Strike 26.

The missile firing integrated CEA Technologies' radar system with a United States weapon system and missile launcher, enabling the system to detect, track and engage the target. Producing the successful prototype required close collaboration, innovation and engineering.





3: Deliver superior capability

CEA Technologies continues to enable the National Defence Strategy, providing critical capability and phased array technology and ongoing opportunities for closer ties with Five Eyes partners through export and supply chain initiatives.

During 2025–26, CEA Technologies was in an important phase of consolidation and delivery. The company focused on executing its existing contract portfolio and supporting customers through program maturity by transitioning into sustainment contracts. Integrated, through-life support and continuous innovation ensure every system evolves alongside the changing threat environment. This equips the ADF with the most advanced capability required to rapidly respond to threats to Australia's national interests.

Program delivery

In 2025–26, CEA Technologies delivered significant milestones and progress in existing projects. The company:

- completed the initial delivery of the first of four systems to the RAAF under Project AIR6500 Tranche 1, which will significantly enhance the air defence capability of the ADF
- worked with Lockheed Martin to complete the first-of-type integration between a CEA Technologies radar and the Aegis Combat System during a landmark prototype missile defence live-fire during Exercise Taipan Strike 26.

Sustainment

CEA Technologies retains its knowledge and know-how by maintaining and sustaining its own technology. The company continued to support all supplied systems locally and internationally through its fully integrated sustainment network.

CEA Technologies and the Commonwealth of Australia signed two support contracts in 2025–26. The contracts represented the culmination of more than 12 months of ongoing collaboration between CEA Technologies and the Commonwealth of Australia and ensure operating support, engineering, maintenance, supply and training for eight systems.

Supply chain resilience

Recognising the importance of a robust supply chain, CEA Technologies prioritises strategic partnerships with Australian industry providers that enhance supply chain security. Risks of obsolescence and supplier issues are managed and escalated when required to be managed as a program or enterprise risk. Global issues including the destabilising of petrochemical related industries and the emergence of new competitors for electronic components are closely monitored due to the resulting impacts to costs.

Over the reporting period, the company progressed several supply chain initiatives to ensure supply chain resilience, including:

- regularly engaging with suppliers, distributors and manufacturers to identify and resolve risks
- completing supplier validation audits to check on quality, capacity constraints, financial viability and ownership arrangements, ensuring a focus on meeting security and policy compliance requirements including consideration of modern slavery risks as part of supplier due diligence and procurement processes
- mitigating geopolitical pressures on the supply chain through relationship management, supplier agreements, vendor-managed inventory solutions, and Defense Priorities and Allocation System registration
- maintaining appropriate levels of critical stock and having contingency plans that protect project schedules without unnecessarily increasing inventory costs
- reviewing supply chain performance and lessons learnt to strengthen processes and reduce future vulnerabilities.

4: Prepare for the future

Systems and processes

CEA Technologies continued to uplift its administrative systems, processes, and governance foundations to support future growth and operational maturity. A systematic review and update of the company governance framework and policies is enhancing a governance model that continues to support CEA Technologies' complex operating environment.

CEA Technologies is leveraging contemporary functionality to continue to improve reporting and reduce operational complexity by uplifting the company's systems to provide:

- increased functionality across the finance domain
- integration between business operations and the finance function, reducing the need for off-system work procedures
- enhanced support in all areas including payroll processing so as to be contemporary in nature and aligned to current reporting needs
- uplifted security frameworks.

Accounting processes review

CEA Technologies improved its accounting approach to revenue recognition. The updated approach:

- better aligns with the Australian Accounting Standards
- more accurately reflects the timing and delivery of contractual commitments and when revenue is recognised
- better represents business performance
- strengthens the basis for future planning and decision-making.





5: Optimise security

Security of CEA Technologies' capabilities, knowledge and know-how, and physical and digital infrastructure is vital. Over the reporting period, the company took a holistic approach to security that integrates personnel, physical, information and technology domains, overseen by the AR&S Committee. The company employs dedicated specialists and systems to secure and defend against all security threats to the company and its capabilities.

Over the reporting period, the company:

- focused on maintaining and assuring a high level of security and ongoing compliance with required Commonwealth frameworks
- continued the cycle of review and uplift of its security to ensure the protection of its sovereign defence capability.

Maintaining an elevated protective and cyber security posture

CEA Technologies continued to strengthen its security posture in a rapidly evolving threat environment to ensure its security remains fit for purpose and contemporary. In line with evolving defence priorities, the company elevated the combined Chief Security Officer and Chief Information Security Officer role to further strengthen security governance and capability.

CEA Technologies positioned itself to keep pace with company growth and respond decisively to the rapidly evolving threat environment through:

- elevating and consolidating these functions into a coordinated team
- investing in additional specialist capability and skills.

Complying with updated defence policy

CEA Technologies continued engagement with Defence security authorities to:

- ensure compliance with mandatory Defence Industry Security Program membership obligations
- progress plans to align with changing policy frameworks, particularly increased cyber security compliance.

CEA Technologies actively participated in a range of defence industry forums to benefit from, and contribute to, collective security knowledge within the sector.

Elevated security and information governance

In response to the rapidly evolving defence security landscape, CEA Technologies continued to prioritise governance of its protective and cyber security capabilities. The company continued to strengthen its cyber security controls through ongoing uplift of its Essential Eight capabilities, reinforcing the protection of critical systems and information.

The company elevated security and information governance with:

- a security governance framework
- an information governance framework
- an enhanced strategic roadmap.

The consolidated security department ensured that security functions were structured to meet evolving security obligations and the company's operational demands.

Environment and other disclosures

Environment and other disclosures

Environmental reporting

CEA Technologies' environmental management system is accredited to the ISO 14001:2015 standard to inform best practice and ensure the company:

- actively minimises its energy consumption
- conscientiously manages its water resources
- responsibly handles and disposes of its toxic and other waste
- consistently follows strict chemical management policies and procedures.

Waste management at all CEA Technologies' sites is proactively managed through:

- maintaining current WHS policies for the safe and environmentally responsible handling and disposal of waste materials generated during business activities, including information on removal services and frequency of removal
- maintaining current WHS procedures for the use, handling, storage, clean-up and disposal of dangerous goods and hazardous substances
- providing up-to-date safety data sheets for each work area relevant to the chemicals used in that area
- maintaining a master record of all safety data sheets within the company.

By recognising the importance of the environment, the company continues to look at ways to improve its environmental performance and emissions. This includes, where possible, booking economy flights and using hybrid and electric vehicles for travel and installing a rain water collection system.

Climate disclosure

Climate risks

CEA Technologies' Board and management assess the risks from the impacts of climate change on operational sustainability and the business.

Emissions reporting

As a Commonwealth company, CEA Technologies must report on Greenhouse Gas Emissions Reporting under s516A of the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act). This is CEA Technologies' first full year of reporting emissions as a Commonwealth company and GBE. As such, reported CO_2 emissions are higher than the previous year, which only accounted for emissions after the company's transition to a Commonwealth company.

CEA Technologies' emissions boundary includes facilities in:

- the Australian Capital Territory
- South Australia
- Victoria
- Western Australia.

The reported emissions are the cumulative emissions of these facilities.

Greenhouse gas emissions inventory

All Commonwealth entities and Commonwealth companies are required to report on their operational greenhouse gas emissions as part of:

- the Net Zero in Government Operations Strategy, available at finance.gov.au/government/climate-action-government-operations/aps-net-zero-2030-target
- reporting requirements under section 516A of the EPBC Act.

The Greenhouse Gas Emissions Inventory and Electricity Greenhouse Gas Emissions tables present greenhouse gas emissions over the 2025–26 financial year. CEA Technologies calculates reported greenhouse gas emissions on the basis of Carbon Dioxide Equivalents (CO_2-e).

Reporting is in line with the 2025–26 Emissions Reporting Framework, available at finance.gov.au/government/climate-action-government-operations/commonwealth-emission-reporting/emissions-reporting-framework.

Reporting is consistent with a whole-of Australian Government approach, outlined in the Net Zero in Government Operations Strategy, and Commonwealth Climate Disclosure requirements, available at finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-requirements.

The company is phasing in reporting on refrigerants as emissions reporting matures. Not all data sources were available at the time of the report. Future reports may require amendments to the data.

CEA Technologies is a Stream 1: Group 2 entity. From 1 July 2026, the company is required to submit a sustainability report under Chapter 2M of the *Corporations Act 2001*.

2025–26 Greenhouse gas emissions inventory – location-based method

Table 14 presents emissions related to electricity usage using the location-based accounting method.

CO_2-e = Carbon dioxide equivalent.

Table 14: All emissions (as available) over the period 2025–26

Emission Source	Scope 1 t CO_2-e	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e
Electricity (location-based approach)	n/a	2,157.88	109.29	2,267.17
Natural gas	83.49	n/a	21.23	104.72
Solid waste[1]	0.00	n/a	904.01	904.01
Refrigerants[2]	0.00	n/a	n/a	0.00
Fleet and other vehicles	23.07	n/a	5.76	28.83
Domestic commercial flights	n/a	n/a	111.65	111.65
Domestic hire car	n/a	n/a	14.74	14.74
Domestic travel accommodation	n/a	n/a	53.98	53.98
Other energy	216.78	n/a	53.43	270.21
Total t CO_2-e	**323.34**	**2,157.88**	**1,274.09**	**3,755.31**

Note(s)

1. Emissions from solid waste were estimated using a conservative methodology to minimise the risk of understating emissions. Due to a lack of consistent and available volume data, all waste bins were assumed to be 100% full in lieu of an observational period and a cost per volume assumption method was applied. To determine cost per volume and the respective proportions of landfill and recyclable materials across the dataset, a representative snapshot of two invoices was used to calculate total waste amounts for the tCO_2-e equations. These volume estimates were subsequently converted to weight and greenhouse gas metrics using the volume-to-weight conversions and emissions factors supplied within the National Greenhouse Accounts Factors 2025 from the DCCEEW.
2. Reporting on refrigerants is being phased in over time as emissions reporting matures and are an optional source in 2025–26 emissions reporting. More details are in the Emissions Reporting Framework.

2025–26 Electricity greenhouse gas emissions

Table 15 presents emissions related to electricity usage using both the location-based and the marketbased accounting methods.

CO_2-e = Carbon dioxide equivalent.

Electricity usage is measured in kilowatt-hours (kWh).

Table 15: Electricity emissions (as available) over the period 2025–26

Emission Source	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e	Electricity kWh
Location-based electricity emissions	2157.87	109.29	2267.16	3,399,869.04
Market-based electricity emissions	190.13	25.82	215.95	234,727.11
Total renewable electricity[1]	**n/a**	**n/a**	**n/a**	**3,165,141.93**
Renewable power percentage (RPP)[2]	n/a	n/a	n/a	587,837.36
Jurisdictional renewable power percentage (JRPP)[3]	n/a	n/a	n/a	2,577,304.58
GreenPower	n/a	n/a	n/a	0
Large-scale generation certificates (LGCs)	n/a	n/a	n/a	0

Note(s)

1. Excludes behind-the-meter solar, except generation used to create LGCs.
2. The RPP accounts for the portion of electricity used from the grid that falls within the Renewable Energy Target.
3. The Australian Capital Territory is currently the only state with a JRPP.

Other compliance reporting

Workplace gender equality targets

As an organisation with over 500 employees, CEA Technologies complies with the *Workplace Gender Equality Act 2012* and reports on gender equality targets.



Financial report

For year ended 30 June 2026

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Corporate information

ABN 99 059 951 183

This financial report covers CEA Technologies Pty Limited (the Company) as a consolidated entity comprising the Company and its controlled entities (the Group). The Group's functional and presentation currency is Australian dollars ($) and is rounded to the nearest thousand dollars.

A description of the Group's operations and its principal activities is included in the directors' report on page 63. The directors' report is not part of the financial report.

Directors

J C Morton
I T Croser
F A Hele
P B Symon
A J Holt
R J Gilmore
B J Evans
G C Brown (Appointed 1 May 2026)
M R Davis (Resigned 10 April 2026)

Registered office

55 Gladstone Street
Fyshwick ACT 2609
Australia

Principal place of business

55 Gladstone Street
Fyshwick ACT 2609
Australia
Phone 02 6213 0000

Bankers

ANZ Limited
Level 17
242 Pitt Street
Sydney NSW 2000
Australia

Auditors

Auditor-General for Australia
Australian National Audit Office
38 Sydney Avenue
Canberra ACT 2600
Australia

Directors' report

The directors present their report together with the financial report of CEA Technologies Pty Limited, being the Company and its controlled entities (the Group), for the financial year ended 30 June 2026.

Directors

The following persons were directors of CEA Technologies Pty Limited during the financial year and up to date of this report (except as noted):

Ms Joycelyn Morton	Chair (Non-Executive)
Mr Ian Croser AM	Director (Executive)
Ms Fiona Hele	Director (Non-Executive)
Mr Paul Symon AO	Director (Non-Executive)
Ms Amanda Holt	Director (Non-Executive)
Dr Rowan Gilmore	Director (Non-Executive)
Dr Bronwyn Evans AM	Director (Non-Executive)
Mr Geoff Brown AO	Director (Non-Executive) (Appointed 1 May 2026)
Mr Merv Davis AM	Director (Non-Executive) (Resigned 10 April 2026)

Dividends

A fully franked dividend for the year ended 30 June 2025 of $16.14 per share franked 100% at 30% corporate tax rate, totalling $11,804,000, was declared on 10 November 2025 and paid on 11 November 2025. No dividends for the year ended 30 June 2026 have been declared up to date of this report.

Principal activities

The principal activity of the Group during the financial year was electronic engineering, design, development and production of fixed array radar.

Operating and financial review

Consolidated loss before income tax for the 2026 financial year was $25,612,000 (2025: loss of $43,573,000).

Significant changes in the state of affairs

There are no other significant events occurring after balance sheet date requiring disclosure in the financial report.

Likely developments

Disclosure of information regarding the likely developments in the operations of the Group in future years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been included in this report.

Significant events after the balance date

On 25 August 2026 the Group entered into a binding contract to purchase 59-65 Gladstone Street, Fyshwick for an agreed price of $18,000,000 (plus GST and Stamp Duty).

Environmental regulation

The operations of the Group and the Company are subject to environmental regulations under various state legislations. The Group has complied with all applicable environmental regulations and site-specific environmental licence requirements.

Proceedings on behalf of the Group

There are no proceedings on behalf of the Group requiring disclosure in the financial report.

Indemnification and insurance of director and officers

During or since the financial year, the Group has paid premiums in respect of directors' and officers' liability insurance. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' insurance, as such disclosure is prohibited under the terms of the contract.

Indemnification of auditor

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the company or of any related body corporate against a liability incurred as an auditor.

Auditor independence

The directors have received the auditor's independence declaration as set out on page 65, and this declaration forms part of the directors' report for the financial year ended 30 June 2026.

Rounding off of amounts

The company is an entity to which section 7 of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies and in accordance with that section, amounts in the directors' report are rounded off to the nearest thousand dollars, unless other required.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Joycelyn Cheryl Morton
Director



Ian Thomas Croser
Director

Canberra ACT
13 October 2026

Auditor's independence declaration

Joycelyn Morton
Chair
CEA Technologies Pty Limited
53 Gladstone Street Fyshwick
ACT 2609

CEA TECHNOLOGIES PTY LIMITED
FINANCIAL REPORT 2025–26
AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of CEA Technologies Pty Limited (and its controlled entities) for the year ended 30 June 2026, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office



Sean Benfield
Senior Executive Director
Delegate of the Auditor-General

Canberra
12 October 2026

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Note	2026 $000	2025 Restated $000
Continuing operations			
Revenue from contracts with customers	3(a)	271,639	156,561
Cost of sales		(236,746)	(162,083)
Gross profit / (loss)		34,893	(5,522)
Other income		1,966	2,080
Gain on finance lease receivable		-	11,250
Administrative expenses	3(b)	(65,410)	(45,924)
Results from operating activities		(28,551)	(38,116)
Financing income		9,150	4,169
Finance expenses		(6,211)	(9,626)
Net financing income / (expense)		2,939	(5,457)
Profit / (loss) before tax		(25,612)	(43,573)
Income tax benefit / (expense)	4	11,968	17,872
Net profit / (loss) for the year		(13,644)	(25,701)
Other comprehensive income			
Foreign currency translation		(121)	39
Other comprehensive income / (loss) for the year, net of tax		(121)	39
Total comprehensive income / (loss) for the year		(13,765)	(25,662)

The above statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2026

	Note	2026 $000	2025 Restated $000
Assets			
Current assets			
Cash and cash equivalents	5	280,054	119,040
Trade and other receivables	6	28,233	121,957
Contract assets	6	2,515	7,353
Inventories	7	134,779	146,561
Prepayments		18,824	21,739
Income tax receivable	4	5,714	6,107
Total current assets		470,119	422,757
Non-current assets			
Property, plant and equipment	8	288,299	255,157
Intangible assets	9	124,034	112,469
Deferred tax assets	4	29,359	17,049
Total non-current assets		441,692	384,675
Total assets		911,811	807,432
Liabilities			
Current liabilities			
Trade and other payables	10	21,452	43,203
Financial liabilities	11	73,827	11,988
Income tax payable	4	119	7
Contract liabilities	12	576,606	423,202
Employee benefit obligations	13	21,115	20,475
Total current liabilities		693,119	498,875

Consolidated statement of financial position (continued)

	Note	2026 $000	2025 Restated $000
Non-current liabilities			
Financial liabilities	11	142,338	207,782
Employee benefit obligations	13	3,456	2,308
Total non-current liabilities		145,794	210,090
Total liabilities		838,913	708,965
Net assets		72,898	98,467

Equity

Total equity attributable to equity holders of the parent			
Contributed equity	14	13,234	13,234
Reserves		(106)	15
Retained earnings		59,770	85,218
Total equity		72,898	98,467

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2026

	Issued capital $000	Retained earnings $000	Foreign currency translation reserve $000	Total equity $000
As at 1 July 2025	13,234	85,218	15	98,467
Profit / (loss) for the year	-	(13,644)	-	(13,644)
Dividend paid	-	(11,804)	-	(11,804)
Other comprehensive income	-	-	(121)	(121)
As at 30 June 2026	13,234	59,770	(106)	72,898

	Issued capital $000	Retained earnings Restated $000	Foreign currency translation reserve $000	Total equity Restated $000
As at 1 July 2024	13,234	116,660	(24)	129,870
Profit / (loss) for the year	-	(25,701)	-	(25,701)
Dividend paid	-	(5,741)	-	(5,741)
Other comprehensive income	-	-	39	39
As at 30 June 2025	13,234	85,218	15	98,467

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2026

	Note	2026 $000	2025 Restated $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		578,816	420,829
Payments to suppliers and employees (inclusive of GST)		(293,901)	(285,668)
Interest received		8,673	4,003
Interest paid		(4,334)	(5,019)
Income tax received / (paid)		164	(3,313)
Other income (inclusive of GST)		791	470
Net GST paid to ATO		(28,773)	(28,772)
Net cash inflows from operating activities		261,436	102,530
Cash flows from investing activities			
Development costs		(32,256)	(31,724)
Purchase of intangible assets		(1,278)	(1,400)
Proceeds from sale of property, plant and equipment		78	70
Purchase of property, plant and equipment		(50,401)	(25,477)
Purchase of land and building		-	(144)
Security deposits		(127)	(1)
Net cash outflows from investing activities		(83,984)	(58,676)
Cash flows from financing activities			
Repayment of borrowings		(4,500)	(6,250)
Repayment / (advance) of director related loans		6	(6)
Net other loans		(392)	-
Dividend paid		(11,804)	(5,741)
Finance lease receivable in advance		7,018	13,427
Net payment of principal of finance lease liabilities		(6,766)	(6,841)
Net cash outflows from financing activities		(16,438)	(5,411)
Net increase in cash and cash equivalents		161,014	38,443
Cash and cash equivalents at beginning of year		119,040	80,597
Cash and cash equivalents at year-end	5	280,054	119,040

The above statement of cash flows should be read in conjunction with the accompanying notes.


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Notes to the consolidated financial statements

For the year ended 30 June 2026

1. General information

The financial statements of CEA Technologies Pty Limited (the Company or CEA Technologies) for the year ended 30 June 2026 was authorised for issue in accordance with a resolution of the directors on 13 October 2026.

CEA Technologies Pty Limited is a for-profit majority-owned Commonwealth company limited by shares, incorporated and domiciled in Australia. The majority shareholding is held by the Commonwealth of Australia (CoA) and it operates as a Corporations Act company with an independent Board of Directors. The consolidated financial statements of the Company for the financial year ended 30 June 2026 comprises the Company and its subsidiaries (the Group).

The nature of the operations and principal activities of the Group are described in the directors' report.

2. Summary of material accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with:

(1) Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) – Simplified Disclosures;
(2) the Corporations Act 2001 (Cth); and
(3) the Public Governance, Performance and Accountability Act 2013 (Cth) (PGPA Act).

The financial statements have been prepared on an historical cost basis, except for derivative financial instruments which are held as fair value through profit or loss. The accounting policies used in the preparation of this financial report, as described below, are consistent with previous years, except where specifically noted.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of CEA Technologies Pty Limited and its subsidiaries (as outlined in Note 15) as at 30 June each year. Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an entity if and only if the Group has:

- power over the entity (that is, existing rights that give it the current ability to direct the relevant activities of the entity);
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including:

- the contractual arrangement(s) with the other vote holders of the entity;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control of the subsidiary until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the statement of profit or loss. Any investment retained is recognised at fair value.

Investments in subsidiaries held by CEA Technologies Pty Limited are accounted for at cost in the separate financial statements of the Parent, less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss of the Parent and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the Parent will assess whether there are any indicators of impairment of the carrying value of the investment in the subsidiary. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

(c) New accounting standards and interpretations

The following pronouncements apply mandatorily for the 2025-26 financial year:

- **AASB 2023-5** Amendments to Australian Accounting Standards – Lack of Exchangeability
- **AASB 2024-4** Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB10 and AASB 128 [Deferral of equity accounting-related amendments]
- **AASB 2026-1** Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements.

The above pronouncements had no impact on the disclosures for the Group for the 2025-26 financial year.

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that may cause a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are as follows.

(i) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and lease terms (for leased equipment). Adjustments to useful lives are made when considered necessary. Depreciation charges are included in Note 8 and amortisation expense in Note 9.

(ii) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and sale. Refer to Note 2(j).

(iii) Revenue recognition

A significant driver of revenue of the Group is derived through long term acquisition contracts. In assessing the stage of completion of these contracts, the directors considered the detailed criteria as set out in AASB15 Revenue from Contracts with Customers. Specifically, judgements are required with regards to the evaluation of performance obligations under the contract and the expected costs to complete the performance obligations in future periods. The assessment of the stage of completion is impacted by the quantum and timing of costs to be incurred in future periods.

2. Summary of material accounting policies (continued)

(iv) Business model assessment

Classification and measurement of financial assets depends on the results of the 'solely payments of principal and interest' (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(v) Calculation of loss allowance

When measuring expected credit loss (ECL) the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(vi) Lease terms

Determining the lease term of contracts with renewal and termination options – Group as lessee.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 11 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Leases – estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs, such as rates applied to core secured bank lending facilities when available.

(e) Revenue recognition

Types of contracts

The Group typically enters into contracts for the sale of equipment and services under the following types of engagement. All contracts of a similar nature are grouped and treated in a similar manner.

(i) Production contracts

Production contracts require the Group to manufacture and deliver service specific items of equipment for delivery to its customers. CEA Technologies' customers are represented by each individual contract with a differing Commonwealth representative that are responsible for the outcomes of the individual performance obligations.

(ii) Support contracts

The Group provides support services separately to the initial sale of equipment. Support services are usually provided following the conclusion of any warranty period associated with the production contract and may be provided on either an ad hoc or a stand-ready basis. These contracts are treated as a separate contract or performance obligation.

(iii) Other contracts

The Group enters into other contracts for the supply of goods and services outside production and support contracts. Other contracts may be on a time and materials basis or a fixed-price basis. These contracts may involve the supply of goods and services or the development of intellectual property which remains the property of CEA.

Transaction price

In determining the transaction price of an engagement, the Group considers the effects of the performance obligations, contract term, whether any of the consideration is variable in nature and the existence or not of any significant financing component.

(i) Performance obligations

The Group's commercial engagements are typically established on a fixed-price basis against an agreed scope of work. The Group considers the undertakings in a contract to determine the number and nature of the performance obligations comprising the engagement. Where the engagement contains separate distinct performance obligations, the transaction price is allocated between the different obligations relative to their estimated individual value.

(ii) Contract term and conditions

Contract term impacts the allocation of the transaction price and determination of the method of revenue recognition attending the performance obligations identified under a contract. The conditions under which a contract may be terminated and the Group's enforceable rights to payment are key considerations in determining the term of a contract and therefore the most appropriate method of revenue recognition.

(iii) Variable consideration

Some contracts may contain provisions that result in elements of the consideration being variable or dependent upon achieving agreed events or levels of performance, such as profit-at-risk or liquidated damages. Where a contract includes a variable element of consideration, the transaction price is measured on an expected value basis. Revenue recognition is constrained such that a significant reversal will not be necessary when the uncertainty associated with the variable element is subsequently resolved.

(iv) Significant financing component

A contract may include a significant financing component where the payment terms are significantly forward loaded (i.e., client financing) or back loaded (i.e., vendor financing). The presence of a significant financing component in the Group's commercial engagements and the resulting impact on revenue recognition is discussed separately in the following pages.

2. Summary of material accounting policies (continued)

Recognising revenue from contracts with customers

(i) Production contracts

Under AASB 15 Revenue from Contracts with Customers, revenue is recognised for production contracts when a customer obtains control, and therefore satisfy the associated performance obligations. The Group's performance under production contracts gives rise to recognition of revenue over time because it meets the following criteria:

- It does not create an asset which the Group can put to an alternative use, and the Group has an enforceable right to payment for the performance completed to date at any point during the term of the contract (AASB15 35[c])
- It creates or enhances an asset that the customer controls as that asset is created or enhanced (AASB15 35[b])

Meeting either criteria is sufficient to give rise to revenue recognition over time.

CEA Technologies has elected to use the input cost method to recognise revenue over time as this method faithfully depicts CEA Technologies' performance in the supply of goods or services under production contracts.

The measure of progress is intended to depict an entity's performance in transferring control of goods or services promised to the customer. Costs that result in a transfer of the control of goods or services to the customer are included in both the costs incurred and total estimated costs in the cost-to-cost method, regardless of whether these costs were anticipated in the contract price. Costs that do not depict progress are excluded from the cost-to-cost method. This will include costs of wasted materials, labour and other resources that represent inefficiencies in the entity's performance, rather than costs contributing to the progress in transferring control of a good or service. Judgement is required to determine if the costs contribute to the progress of the contract, based on specific facts and circumstances.

(ii) Support contracts

(a) Ad-hoc support

Ad-hoc support services are provided on demand, without the benefit of an overarching agreement, and are typically low value individual engagements. Revenue from ad-hoc support services is recognised on a point in time basis.

(b) Stand-ready support

Stand-ready support services are provided under an overarching agreement that incorporates a defined scope of work against a periodic fee. The Group therefore accepts the risk of both the cost and timing of the effort required to provide the agreed levels of support over the term of the contract. These agreements may include variable pricing considerations, such as profit-at-risk mechanisms, and may permit scope extensions on a time-and-materials or not-to-exceed pricing basis, neither of which are significant compared to the full transaction price. The intrinsic nature of stand-ready support services is the promise that the customer will have access to the goods or service, rather than the specific delivery of the underlying goods or service. Stand-ready support services therefore fall under AASB15 [35(a)], and so the revenue from such contracts is recognised over time.

(iii) Other contracts

(a) Time and materials

Other contracts performed on a time and materials basis are typically limited to lower value, shorter term engagements. Revenue from time and materials other contracts is recognised on a point in time basis.

(b) Fixed-price

Fixed-price other contracts are established under an overarching agreement that incorporates a defined scope of work against the agreed fee. Fixed-price other contracts are subject to similar conditions as production contracts, wherein the Group accepts the risk of both the cost and timing of the effort required to perform the agreed work and demonstrate the required results. The Group therefore recognises revenue from other contracts over time.

Warranty obligations

When a warranty obligation is not identified as a contractual performance obligation, it will be recognised and measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. In such instances, a provision for warranty is made upon delivery of a product based on an estimate of future costs for warranty repairs. The estimate is based on the Group's history of warranty claims made on similar products within the warranty period. The Group subsequently monitors the provision to ensure it is adequate for all know warranty claims and estimation for unknown claims. Any increases or decreases in the provision is taken to the consolidated statement of profit or loss.

Where a warranty forms part of the performance obligation of a contract, the estimated warranty costs are assessed at inception and included in the cost to complete for the project. At the time the system is delivered and the warranty period commences, the costs and associated revenue, are recognised over the warranty period. Over the same period, should costs be appropriately tracked, a reassessment is made at the reporting period end of the warranty costs to complete reflecting costs incurred to date and the project managers expectation of future costs.

Significant financing component

With the exception of low value support and other contract engagements (for example, time-and-materials style engagements with payment upon completion), the Group generally does not accept significantly back loaded payment profiles and typically negotiates engagements which remain at least cash flow neutral or better. While small-value engagements may be entirely back loaded, these are not considered significant in terms of the value or cost of the Group's overall portfolio of engagements.

The Group's production engagements typically require a significant level of expenditure in the early months of the contract, in order to procure the materials required for subsequent manufacturing and production. The payment schedules attached to such contracts are correspondingly forward loaded, resulting in large initial cash surpluses (relative to the transaction price) which are then consumed as project procurement progresses. Given the initial cash surpluses are typically eroded within the first 12 months of a contract (typically 25% to 30% of the overall contract term), production engagements do not include a significant financing component.

Support and other contracts do not accumulate cash surpluses and so do not include a significant financing component.

Principal versus agent

The Group has concluded that it acts as principal in its commercial engagements, across all contract types, because it is primarily responsible for fulfilling the promise to provide the specified goods or services. Conversely, the Group has concluded that it does not act as an agent in its commercial engagements because it does not simply arrange for the supplies to be provided to the customer by another party.

The supplies delivered under the Group's commercial engagements are typically highly complex, especially in the case of production contracts, and may from time to time include the provision of finished goods sourced from other entities which have been combined with, or integrated into, the final form of the supplies. The Group considers that it acts as principal in such instances because it typically controls the goods or services before transferring them to the customer.

(iv) Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, then the contract is held to contain a lease.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities and make good provisions. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, and less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and machinery	3 to 5 years
Motor vehicles	5 years
Buildings	3 to 19 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2(r).

(i) Lease liabilities

The Group recognises lease liabilities at the commencement date of the lease, measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of any purchase option that is held to be reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses, unless they are incurred to produce inventories, in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its IBR from core secured bank lending facilities, at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings. Refer to Note 11.

(ii) Short-term leases and leases of low-value assets

The Group does not apply the short-term or low value lease recognition exemption to its short-term leases (that is, leases with terms of 12 months or less and which do not contain a purchase option).

Group as a lessor

(i) Finance lease

Leases in which the Group transfers substantially all the risks and rewards incidental to ownership of an asset are classified as a finance lease. Customer leasing of Group constructed assets is accounted for as a finance lease to which a corresponding capital asset and deferred finance lease income is recognition prior to the commencement of the lease period which is ordinarily at the time the asset is completed. In most instances the total value of the finance lease receivable is paid in advance in full, resulting in the finance lease at the commencement of the lease period being derecognised.

(ii) Operating lease

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash on hand, cash at bank and short-term deposits with maturities of three months or less.

(i) Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised initially at fair value less an allowance for any ECL. An allowance for credit losses is made when there is objective evidence that the Group will not be able to collect the debts. Debts that are known to be uncollectible are written off when identified.

(j) Inventories

The inventory balance at reporting date comprises the Group's general inventory and contractual inventory balances, valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group's accounting policy is to expense contractual inventory as a contractual input cost, when it is issued to production in execution of the performance obligation.

(k) Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its foreign currency and interest rate risks. Hedge accounting principles have not been applied. Derivative financial instruments are initially recognised at fair value on the date on which they are entered into and are subsequently re-measured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Held-for-trading derivative assets and liabilities are classified as current in the statement of financial position. Derivative assets and liabilities are classified as non-current when the remaining term to maturity is greater than 12 months, or current when the remaining term to maturity is less than 12 months. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(l) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the Group is Australian dollars ($). The functional currency of CEA Technologies Incorporated, the Group's United States subsidiary, is USD which is translated to the presentation currency at balance date.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the presentation currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the presentation currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation, which are recognised in OCI until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item. That is, translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

(iii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at average monthly rates prevailing at the dates of the transactions. The equity of foreign operations is translated into Australian dollars at the historical exchange rate. The exchange differences arising on translation for consolidation purposes are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

(m) Income tax

(i) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to calculate that amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates or generates taxable income.

Current income tax relating to items recognised directly in equity, is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred income tax is provided using the liability method for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- where the taxable temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures or joint arrangements, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures or joint arrangements, in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(iii) Tax consolidation legislation

The Company and its 100 per cent owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2003. CEA Technologies Pty Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing arrangement dated 26 November 2020 in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

In addition to its own current and deferred tax amounts, the Company also recognises the current and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or expense items or as part of the cost of acquisition of the asset as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from (payable to) the taxation authority is included as part of receivables (payables) in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from (payable to) the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from (payable to) the taxation authority, are classified as part of operating cash flows.

(o) Property, plant and equipment

(i) Recognition and measurement

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, the cost of inspection is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of profit or loss as incurred.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment.

(ii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	25 to 40 years
Leasehold improvements	3 to 19 years
Plant and equipment	2 to 25 years
Furniture and fittings	3 to 20 years
Plant and equipment under lease	3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted prospectively if appropriate.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(p) Intangible assets

(i) Separately acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of separately acquired intangible assets are assessed to be either finite or indefinite. The Group has no indefinite life intangible assets.

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period on a prospective basis. The amortisation expense of intangible assets with finite lives is recognised in the statement of profit or loss as in the expense category consistent with the function of the intangible asset.

(ii) Internally generated intangible assets

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the:

- technical feasibility of completing the project so that the intangible asset will be available for use or sale;
- intention to complete the project and its ability to use or sell the intangible asset;
- availability of resources to complete the asset;
- intangible asset will generate future economic benefits; and
- ability to reliably measure the expenditure during development.

Following initial recognition of the development expenditure as an intangible asset, the intangible asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the intangible asset is available for use and progresses over the period of expected future benefit.

(iii) Summary

Policy	Software licenses	Development costs
Useful lives	Finite	Finite
Amortisation method used	Amortised on a straight-line basis over the period of expected future benefits (5–10 years).	Amortised over the period of expected future benefit from the related project on a straight-line basis (1–10 years).
Internally generated or acquired	Acquired	Internally generated

(q) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Financial assets are classified at initial recognition and subsequently measured at either amortised cost, fair value through OCI, or fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, contract assets and related party receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to irrevocably classify its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separately embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments. Derivatives are measured at fair value through profit or loss with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (that is, removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The Group's customers are comprised predominantly of sovereign governments or agents of those governments, dominated by the CoA and prime contractors to the CoA. The credit quality of the Group's customers is therefore generally of a very good standard, and historically the Group has had very limited experience of defaulting debtors. The Group does at times see some extension of debtor terms and therefore delays in receiving the associated payments. The ECL against trade receivables are therefore measured using a combination of the risk of default and the opportunity cost of deferral, based on forward looking estimates that reflect current and forecast credit conditions specific to the debtors and the economic environment.

The Group considers a financial asset is in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9 "Financial Instruments".

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and then only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, realising the assets and settling the liabilities simultaneously.

(r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is objective evidence that an asset may be impaired. If any such evidence exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or the Group's assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Trade and other payables

Trade and other payables are carried at amortised costs and are not discounted due to their short-term nature. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised.

(u) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be met. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs for which the grant is intended to compensate are expensed. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

(v) Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Such liabilities are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(iii) Long service leave

Liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(w) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or a cash equivalent unless restricted from being exchanged or committed to being used to settle a liability or at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Refer to Note 14.

(y) Statement of compliance

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

(z) Rounding off of amounts

The Company is an entity to which section 7 of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies. In accordance with that section, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise required.

(aa) Going concern basis of preparation

The Company has prepared the financial statements under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- the Group reported a net loss after tax of $13,644,000 (2025: $25,701,000) and had net current liabilities of $223,000,000 (2025: $86,118,000)
- the Group generated positive cash flows of $161,014,000 (2025: $38,443,000)
- management prepares an annual budget and longer-term strategic plan, including an assessment of cash flow requirements, and continue to monitor actual performance against budget and plan throughout the reporting period. The budget for the forthcoming financial year indicates a profit before tax and continued generation of net cash inflows
- the nature of the business is long term acquisition contracts which results in large upfront cash receipts that are recorded as current liabilities (contract liabilities). However, these amounts are not due and payable over the forthcoming 12 months and will be reduced as the related projects are delivered over their respective contract periods. Contract periods for existing contracts extend for up to 10 years.
- as detailed in note 11 (iii), $64,000,000 of borrowings was classified as current as at 30 June 2026. A waiver has been received subsequent to 30 June 2026, resulting in the balance no longer being current.

	2026 $000	2025 Restated $000

3. Revenue and expenses

Revenue and expenses from operations

(a) Revenue from contracts with customers

Breakdown of sale of goods and delivery of projects:

Production contracts	231,019	110,293
Support contracts	36,124	39,537
Other contracts	4,496	6,731
Total revenue from contracts with customers	271,639	156,561

Timing of revenue recognition:

Revenue transferred over time	235,515	124,507
Revenue transferred at a point in time	36,124	32,054
Total revenue from contracts with customers	271,639	156,561

Revenue sources

The Group recognises revenue from the following major sources:

- delivery of goods and services under acquisition contracts (production contracts);
- delivery of goods and services under sustainment contracts (support contracts); and
- delivery of goods and services through other contracts.

Production contracts

The Group enters into long term production contracts which involve the design, build, testing and delivery of major systems to customers. These contracts are normally entered into with the Department of Defence to deliver the specific physical capability. Such contracts ordinarily identify a single performance obligation being the delivery of the capability to the customer. Revenue is recognised over time based on the percent complete which is calculated on the cost to cost input methodology.

Support contracts

The Group enters into long term support contracts which involve the ongoing support and maintenance of capability that is owned by the customer. In most instances these support contracts relate to the initial production contract for the capability.

Depending on the nature of the support and the cost profile that is expected to be incurred under the contractual arrangement, the revenue is recognised:

- over time based on the percent complete which is calculated on the cost to cost input methodology where the cost profile of the support contract significantly varies depending on the work schedule that has been agreed under the contract and the monthly invoices are not reflective of the effort that is required to be undertaken; or
- at a point in time based on the amount invoiced for the month and the costs incurred for that month.

3. Revenue and expenses (continued)

	2026 $000	2025 $000
(b) Administration expenses		
Employee benefits expense:		
· Wages and salaries expenses	20,045	14,967
· Superannuation	2,743	2,056
· Leave and other entitlements	4,792	5,175
· Separations and redundancies	1,428	317
Amortisation	13,343	9,323
Depreciation	8,067	7,444
Impairment	7,491	-
Office and occupancy costs	1,747	1,146
Business development expenses	1,204	2,130
Other administration expenses	4,550	3,366
	65,410	45,924

Amortisation expense of the software development pool of $1,135,000 (2025: $922,000) has been included in the costs of goods sold line. Total amortisation expense is $14,478,000 (2025: $10,245,000).

Depreciation expense of $10,382,000 (2025: $9,510,000) has been included in the costs of goods sold line. Total depreciation expense is $18,449,000 (2025: $16,954,000).

	2026 $000	2025 Restated $000

4. Income tax

The major components of income tax expense / (benefit) are:

Current income tax:		
Current income tax charge	342	144
Adjustments in respect of current income tax of previous years	-	(72)
Deferred tax:		
Relating to origination and reversal of temporary differences	(12,310)	(17,944)
Income tax expense / (benefit) reported in the statement of profit or loss	(11,968)	(17,872)

A reconciliation between tax expense / (benefit) and the product of accounting profit / (loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit / (loss) before tax from operations	(25,612)	(43,573)
At the Group's statutory income tax rate of 30% (2025: 30%)	(7,684)	(13,072)
Adjustments in respect of current income tax of previous years	-	(72)
Non-deductible research and development expenditure	8,768	9,370
Expenditure not allowable for income tax	47	43
Foreign tax rate adjustment	(20)	(47)
Research and development tax offset	(13,124)	(14,139)
Other	45	45
Income tax expense / (benefit) reported in the statement of profit or loss	(11,968)	(17,872)

As at 30 June 2026, the Group had $70,502,000 in tax losses (DTA $21,151,000) and carried-forward R&D tax offset of $27,274,000 for a total of $48,425,000 net tax credits available to offset against future tax payable.

As at 30 June 2025, the Group had $70,249,000 in tax losses (DTA $21,075,000) and carried-forward R&D tax offset of $14,150,000 for a total of $35,225,000 net tax credits available to offset against future tax payable.

As at 30 June 2026, there was no recognised or unrecognised deferred income tax liability (2025: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group’s subsidiaries as the Group has no liability for additional taxation should such amounts be remitted.

4. Income tax (continued)

Tax consolidation

The Company and its 100 per cent owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2003. CEA Technologies Pty Limited is the head entity of the tax consolidated group. Members of the Group entered into a tax sharing arrangement dated 26 November 2020 in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for allocating income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement dated 26 November 2020. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112: Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, CEA Technologies Pty Limited.

In preparing the Company's accounts for the current year, the following amounts have been recognised as tax-consolidation contribution adjustments.

4. Income tax (continued)

	Statement of financial position		Statement of profit or loss	
	2026 $000	2025 Restated $000	2026 $000	2025 Restated $000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Prepayments	(12)	(13)	1	(5)
Depreciation	(3,468)	(4,856)	1,388	981
Unrealised foreign exchange gains	-	(71)	71	(71)
Right-of-use assets	(10,721)	(11,454)	733	145
Tax concession for research and development	(36,667)	(32,359)	(4,308)	(5,934)
	(50,868)	(48,753)		
Deferred tax assets				
Provision for obsolete inventory	6,122	4,708	1,414	4,214
Employee entitlements	7,371	6,835	536	(357)
Accruals	495	294	201	(31)
Doubtful debts	28	201	(173)	87
Lease liabilities	12,791	13,194	(403)	142
Deferred income - contribution government	3,535	3,952	(417)	627
Asset impairment	257	257	-	-
Unrealised foreign exchange losses	900	-	900	(106)
Deferred losses on foreign exchange contracts	-	799	(799)	799
Section 40–880 tax deductions	303	337	(34)	(34)
Net tax offsets available for offset against tax payable	48,425	35,225	13,200	17,487
Gross deferred income tax assets	80,227	65,802		
Deferred tax income			12,310	17,944

Current asset		
Income tax receivable / (payable) – tax consolidated group	5,714	6,107
Current liability		
Income tax receivable / (payable) – CEATI (foreign entity)	(119)	(7)
Non-current asset		
Deferred Tax Assets	80,227	65,802
Deferred Tax Liabilities	(50,868)	(48,753)
Net Deferred Tax	29,359	17,049

	2026 $000	2025 $000
5. Cash and cash equivalents		
Cash at bank	279,819	119,040
Cash on hand and other short-term deposits	235	-
	280,054	119,040

Cash at bank earns interest at floating rates on daily deposit rates.

	2026 $000	2025 Restated $000
6. Trade and other receivables		
Current		
Trade receivables – related party	24,954	121,420
Trade receivables – external party	1,552	672
	26,506	122,092
Allowance for expected credit loss	(92)	(671)
Trade receivables – net	26,414	121,421
Loans – related party	20	26
Loans – external	400	-
Other receivables	1,399	510
	28,233	121,957
Contract assets	2,515	7,353
	2,515	7,353

The Group lent $392,000 to a supplier under a short-term credit agreement. The balance as at 30 June 2026 included $8,000 in outstanding interest that is due to repaid upon termination of the loan.

	2026 $000	2025 Restated $000
7. Inventories		
Raw materials	155,185	162,254
Provision for obsolescence	(20,406)	(15,693)
Total inventories at the lower of cost and net realisable value	134,779	146,561

Cost of inventories used in the rendering of goods and services amounting to $118,502,000 was recognised as an expense during the year (2025: $65,708,000).

During 2026, an additional obsolescence provision of $4,713,000 (2025: $(576,000)) was included in the profit and loss.

	Land & Buildings	Plant and equipment	Right-of-use assets	Total
	$000	Restated $000	$000	$000
8. Property, plant and equipment				
Year ended 30 June 2026				
As at 1 July 2025, net of accumulated depreciation and impairment	80,504	130,029	44,624	255,157
Additions	-	50,401	1,438	51,839
Disposals	-	(194)	(11)	(205)
Depreciation charge for the year	(3,454)	(9,836)	(5,159)	(18,449)
Exchange adjustment	-	(24)	(19)	(43)
As at 30 June 2026, net of accumulated depreciation and impairment	77,050	170,376	40,873	288,299
Year ended 30 June 2025				
As at 1 July 2024, net of accumulated depreciation and impairment	83,811	113,837	45,964	243,612
Additions	144	25,477	3,528	29,149
Disposals	-	(634)	(27)	(661)
Depreciation charge for the year	(3,451)	(8,655)	(4,848)	(16,954)
Exchange adjustment	-	4	7	11
As at 30 June 2025, net of accumulated depreciation and impairment	80,504	130,029	44,624	255,157
As at 30 June 2026				
Cost	90,123	227,644	72,745	390,512
Accumulated depreciation and impairment	(13,073)	(57,268)	(31,872)	(102,213)
Net carrying amount	77,050	170,376	40,873	288,299
As at 30 June 2025				
Cost	90,122	177,759	71,546	339,427
Accumulated depreciation and impairment	(9,618)	(47,730)	(26,922)	(84,270)
Net carrying amount	80,504	130,029	44,624	255,157

8. Property, plant and equipment (continued)

Buildings have been capitalised at cost. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount. No impairment was recognised in the 2026 year (2025: $Nil). Land is held at cost of $1,573,000 and is not depreciated (2025: $1,573,000).

Plant and equipment includes $84,952,000 assets under construction as at 30 June 2026 (2025: $54,921,000). As at 30 June 2026 the Group had outstanding contractual commitments of $1,199,000 in relation to the plant and equipment in progress (2025: $521,000).

Right-of-use assets includes plant and equipment held under hire purchase contracts and leased premises that satisfy right-of-use requirements. The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2026 was $5,136,000 (2025: $6,444,000). Additions during the year include $12,000 (2025: $677,000) of plant and equipment held under finance leases and hire purchase contracts. The carrying amount of right-of-use leased premises as at 30 June 2026 was $35,737,000 (2025: $38,180,000). Additions during the year were $1,426,000 (2025: $2,851,000).

Leased assets and assets under hire purchase contracts were pledged as security for the related finance lease and hire purchase liabilities as disclosed in Note 11.

9. Intangible assets

	Development costs	Software licences	Software development pool	Total
	Restated $000	$000	$000	$000
Year ended 30 June 2026				
As at 1 July 2025, net of accumulated amortisation and impairment	108,308	2,027	2,134	112,469
Additions – internal development	32,256	-	-	32,256
Additions – purchased	-	565	713	1,278
Amortisation	(12,562)	(781)	(1,135)	(14,478)
Impairment	(5,779)	-	(1,712)	(7,491)
As at 30 June 2026, net of accumulated amortisation and impairment	122,223	1,811	-	124,034
Year ended 30 June 2025				
As at 1 July 2024, net of accumulated amortisation and impairment	85,664	2,021	2,348	90,033
Additions – internal development	31,281	-	-	31,281
Additions – purchased	-	692	708	1,400
Amortisation	(8,637)	(686)	(922)	(10,245)
As at 30 June 2025, net of accumulated amortisation and impairment	108,308	2,027	2,134	112,469
As at 30 June 2026				
Cost (gross carrying amount)	224,219	10,129	4,496	238,844
Accumulated amortisation and impairment	(101,996)	(8,318)	(4,496)	(114,810)
Net carrying amount	122,223	1,811	-	124,034
As at 30 June 2025				
Cost (gross carrying amount)	191,963	9,568	3,783	205,314
Accumulated amortisation and impairment	(83,655)	(7,541)	(1,649)	(92,845)
Net carrying amount	108,308	2,027	2,134	112,469

Development costs have been capitalised at cost and relate to internally developed intellectual property to develop new capabilities that support existing systems and new products, techniques and technologies. This resulting intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of 10 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount. Impairment of $5,779,000 was recognised in the 2026 year (2025: Nil).

The software development pool consists of labour costs of system engineers for the development of in-house software. In 2026, the balance was fully impaired (2025: Nil).

No capital commitments were entered into for intangible assets as at 30 June 2026 (2025: Nil).

	2026 $000	2025 $000
10. Trade and other payables		
Current		
Trade payables	12,889	36,140
Other payables	8,563	7,063
	21,452	43,203

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

	Interest rate	Maturity	2026 $000	2025 Restated $000
11. Financial liabilities				
Current				
Foreign exchange forward contracts (i)			-	2,664
Lease liabilities (iv)	2.87% – 5.95%		5,327	4,824
Secured EFA loan (iii)	BBSY + 2.0%		68,500	4,500
Total – current			73,827	11,988
Non-current				
Lease liabilities (iv)	2.87% – 5.95%	2027 – 2044	39,651	43,613
Deferred finance lease income (ii)			102,687	95,669
Secured EFA loan (iii)	BBSY + 2.0%	2032	-	68,500
Total – non-current			142,338	207,782

(i) Foreign exchange forward contracts

CEA enters into foreign exchange forward contracts to reduce level of foreign currency risk for expected future purchases in USD where there is insufficient USD receipts to cover expected payments.

(ii) Deferred Finance Lease Income – unsecured at amortised cost

Through the process of implementing the revised revenue recognition methodology, a number of contracts were identified as not meeting the requirements of AASB 15. Some of these contracts were for the construction of an asset and subject to a leasing arrangement. Refer to note 21 for details regarding the prior period restatements as a result of a prior period error.

(iii) Secured EFA loan – secured at amortised cost

CEA has entered into a security deed with Export Finance Australia (EFA) over the secured property. This loan was used for funding development costs of 55 Gladstone St, Fyshwick. The loan is payable over a 10 year period in 6 monthly instalments, each being 2.5 per cent ($2,250,000) of the original commitment. The balance of $45,000,000 is payable on the termination date of 24 September 2032. As at 30 June 2026, a total of $4,500,000 in principal repayments (2025: $6,250,000) had been made, which included no voluntary repayments (2025: $1,750,000).

The loan agreement includes financial covenants based on gearing ratio, total leverage ratio, debt service coverage and guarantor coverage. The implementation of the revised revenue recognition policy, including the impact of the prior period error has resulted in CEA Technologies not meeting the revised covenants. The loan agreement requires CEA Technologies to advise EFA where there is a breach of the financial covenants. CEA Technologies advised EFA formally on 9 September 2026 based on the year-end (unaudited) financial information.

The impact of the revised revenue recognition methodology has resulted in a technical breach of the loan covenant. A waiver of the breach could not be provided by EFA prior to the end of the financial year. Should a waiver had been received prior to the end of the financial year, the maturity of the debt would have reflected the loan agreement requirements (that is, $4,500,000 as current and $64,000,000 as non-current). Instead, the full amount has been classified as current as required by Accounting Standards. A waiver was provided by EFA subsequent to year-end on 21 September 2026.

(iv) Lease Facility

The Company had a leasing facility available with ANZ Bank. As at 30 June 2026, $2,059,000 (2025: $4,038,000) had been used of the available facility of $30,000,000 (2025: $30,000,000).

Group as a lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between three and five years, while motor vehicles generally have lease terms of five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below. The Group does not apply the 'short term' and 'lease of low-value assets' recognition exemption for these leased assets.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (refer Note 2(g)).

The Group has assessed all future rental payments relating to the periods following the exercise date of extension and termination options that are not included in the lease term. All extension options are expected to be exercised.

	2026 $000	2025 $000
11. Financial liabilities (continued)		
Lease liabilities		
Opening balance	48,437	49,830
Additions	1,428	3,510
Accretion of interest	1,879	1,938
Payments	(6,766)	(6,841)
	44,978	48,437
Presented below is a maturity analysis of future lease payments:		
Not later than 1 year	6,958	6,612
Later than 1 year but not later than 5 years	18,362	19,594
Later than 5 years	33,963	38,378
Total future lease payments	59,283	64,584
Less: unexpired interest	(14,305)	(16,147)
	44,978	48,437

Finance leases are secured by a charge over the related assets.

	2026 $000	2025 Restated $000

12. Contract liability

Unearned income

As at 1 July	423,202	142,399
Movement for the year	153,404	280,803
As at 30 June	576,606	423,202

The amounts relate to unearned income and is based on cash receipts in excess of revenue earned on the related contract.

	2026 $000	2025 $000

13. Employee benefit obligations

Employee benefits (i)	23,673	19,499
Other (ii)	898	3,284
	24,571	22,783
Current	21,115	20,475
Non-current	3,456	2,308
	24,571	22,783

(i) Employee benefits

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated based on employees' remuneration at reporting date, including on costs for superannuation, payroll tax and workers compensation. The liability for long service leave has been determined by reference to the attrition rates for the Group as at 30 June 2026 and discounted using corporate bond rates.

(i) Other

The other employee benefit obligations includes provision for bonus in accordance with principles from PGPA Act.

	2026 $000	2025 $000
14. Contributed equity		
"ORD" Class ordinary shares – 731,380 shares	13,234	13,234
	13,234	13,234

Change in ownership

In July 2023, the CoA acquired a non-controlling shareholding in CEA Technologies of 358,413 ordinary shares (49%). On 28 January 2025, the CoA acquired a further 167,002 ordinary shares to take total holding to 525,415 ordinary shares (72%) resulting in CEA Technologies becoming a majority owned Commonwealth company. CEA Technologies become a Government Business Entity (GBE) on 15 March 2025. The founding director Ian Croser holds the remaining 205,965 ordinary shares (28%).

15. Related party disclosure

The consolidated financial statements include the financial statements of CEA Technologies and the subsidiaries listed in the following table.

Name	Country of Incorporation	Equity Interest		Investment	
		2026 %	2025 %	2026 $	2025 $
CEA Research and Development Pty Limited	Australia	100	100	2	2
CEA Technologies Incorporated	United States	100	100	5	5
				7	7

CEA Technologies is incorporated in Australia and became a Commonwealth company from 28 January 2025 and a GBE from 15 March 2025. The CoA is the ultimate parent entity as it has a majority holding.

15. Related party disclosure (continued)

Name	Financial Year	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		$	$	$	$
Shareholders:					
Commonwealth of Australia	2026	266,562,768	283,275	27,059,370	572,023,731
	2025	150,250,687	711,124	128,773,339	418,747,992
Subsidiaries:					
CEA Research and Development Pty Limited	2026	76,058,958	50,414,840	-	153,582,180
	2025	97,494,975	47,429,922	-	150,260,577
CEA Technologies Incorporated	2026	14,626,965	14,670,638	-	-
	2025	14,720,105	14,744,969	303,078	-

Outstanding balances at year end are at call, unsecured, interest free and settlement occurs in cash.

Sales to and purchases from related parties are made in arm's length transactions at nominal market prices and on normal commercial terms and amounts reported are exclusive of GST.

The amount owed to related parties for the CoA is unearned income where invoicing to date is ahead of percentage completed for a project (see note 12). The amount owed by related parties for CEA Technologies Incorporated relates to an unsecured loan which was repaid in full in 2026.

Other related parties:
Australian Government ministers

There have been no transactions with any Australian Government ministers during the financial year (2025: Nil).

Shareholders

In performing its contracts, the Group has transacted on normal commercial terms and conditions with CoA and its related entities.

Loan with Export Finance Australia (EFA)

Due to CEA Technologies becoming a majority owned Commonwealth company, EFA is now considered a related party as it is owned by the CoA. During 2026, CEA Technologies paid $8,822,000 to EFA consisting of $4,500,000 principal repayments and $4,322,000 interest. The loan balance as at 30 June 2026 was $68,500,000 (2025: $73,000,000).

	2026 $	2025 $

16. Director and executive disclosures

(a) Directors and key management personnel (KMP) compensation

The directors and key management personnel compensation are as follows (i):

Short term benefits (ii), (iii), (iv)	2,778,338	3,552,293
Post-employment benefits	169,767	144,479
Other long-term benefits	62,217	112,423
Termination benefits	464,855	-
	3,475,177	3,809,195

There were 12 Directors and KMP at the end of, or during, the financial year ended 30 June 2026 (30 June 2025: 12).

(b) Loans to directors and key management personnel

Loans to directors and key management personnel (v)	19,608	26,296

(i) During the financial year, the Board reviewed the composition of the KMP. This review resulted in KMP being assessed as comprising the directors, Chief Executive Officer, Technical Director and the Chief Financial Officer. As a result of the reassessment, the comparative information has been adjusted to align with the revised KMP cohort so as to enable appropriate comparison. Refer to the 2024-25 financial statement for the unrevised KMP remuneration information.

(ii) In 2026, $807,682 was paid in KMP bonuses related to the prior year. In 2025, $944,191 was included in short term benefits for this bonus payable. Subsequent to the signing of the 30 June 2025 financial statements an evaluation of the bonus payable in line with the relevant KPI's was undertaken. This resulted in the bonus paid reducing by $136,509 to $807,682. The short term benefits for 2025 have been adjusted to reflect the actual amount paid. No KMP bonus has been included in the 2026 remuneration in line with a direction of the Board.

(iii) In 2025, prior to becoming a GBE, all outstanding bonuses were paid in full. Total bonuses paid to KMP in 2025 were $855,611 which included $640,516 in short term benefits and $215,095 related to prior period long term incentives approved, accrued and disclosed in the prior period comparative. For the reporting period, there are no KMP bonuses payable.

(iv) In 2026, directors fees include eight non-executive directors paid $736,651. While the company recruited for a new CEO, Directors acted in the Interim CEO role and were paid a daily rate for days they were interim CEO. No Director fees were paid for these days. The total paid during 2026 was $520,970.

(v) All loans to directors and KMP are unsecured and interest free. The principal amounts are repayable at call. The remaining balance of the loan of $19,608 was paid in full on 16 July 2026.

(b) Share based payment schemes

There were no share-based payments made during the financial year ending 30 June 2026 (2025: Nil).

(c) Defined benefit schemes

There were no defined benefit superannuation schemes in place for directors and KMP for the financial year ending 30 June 2026 (2025: Nil).

	2026 $	2025 $

17. Auditors' remuneration

CEA Technologies Pty Limited became a GBE on 15 March 2025 and the auditor changed to ANAO. The ANAO has contracted Ernst & Young Australia to provide audit services.

Amounts received or due and receivable by ANAO for:

An audit or review of the financial report of the entity and any other entity in the consolidated group	290,000	275,000
	290,000	275,000

	2026 $000	2025 $000

18. Commitments and contingencies

Guarantees

The Group has the following guarantees:

Financial Guarantee – Limit	3,000	3,000
Financial Guarantee – Utilised	(2,104)	(1,996)
Financial Guarantee – Available	896	1,004

The utilised guarantees are for security for property leases for the Group.

Contingent liabilities

The Group recognised a contingent liability of $1,800,000 in relation to the contract to provide the Commonwealth access to the Storage and Test Platform (SATP). The CoA contributed $9,000,000 to enable the SATP to be made available to the customer under the contract. The contribution is released as deferred income over a 10-year basis from when SATP was commissioned in July 2024. As the contribution is released, a contingent liability will be recognised on the basis that under the contract the customer can request the full amount of the contribution to be returned if specific termination events occur.

Commitments

At 30 June 2026, the Group had commitments of $1,199,000 relating to orders for Plant and Equipment that will be delivered and installed in 2027 (2025: $521,000).

19. Subsequent events

On 25 August 2026 the Group entered into a binding contract to purchase 59–65 Gladstone Street Fyshwick for an agreed price of $18,000,000 (plus GST and Stamp Duty).

20. Information relating to CEA Technologies Pty Limited (the Parent)

The accounting policies of the Parent are the same as those disclosed in Note 2 other than:

Tax consolidation:

CEA Technologies Pty Ltd and its wholly owned Australian controlled entities are members of a tax-consolidated group under Australian tax law. The Company is the head entity of the tax consolidated group and accounts for its own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

	2026 $000	2025 Restated $000
Current assets	467,585	435,946
Total assets	815,620	754,063
Current liabilities	758,217	642,914
Total liabilities	964,371	865,793
Issued capital	13,234	13,234
Retained earnings / (accumulated losses)	(161,985)	(124,964)
Profit / (loss) of the Parent entity	(23,823)	(58,876)

The Parent has issued the following guarantees in relation to the debts of its subsidiary:

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, CEA Technologies and CEA Research & Development Pty Ltd have entered into a deed of cross guarantee on 20 February 2024. The effect of the deed is that CEA Technologies has guaranteed to pay any deficiency in the event of winding up CEA Research & Development Pty Ltd or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. CEA Research & Development Pty Ltd has also given a similar guarantee in the event that CEA Technologies is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The closed group financial position and performance is materially consistent with the consolidated group.

21. Prior period error – revenue recognition and finance leases

Revenue recognition

During the financial year, as part of addressing an audit finding raised in the previous financial period, CEA Technologies undertook a review of the revenue recognition process.

The review identified that the methodology for revenue recognition that had been applied in previous financial periods was not reflective of the requirements of Australian Accounting Standard AASB 15: Revenue from Contracts with Customers (AASB 15). Based on the detailed understanding of management and the manner in which long term construction contracts are serviced and delivered, it was identified that the historical methodology applied had:

- Recorded as part of the cost of completing the construction contract obligation the value of materials at the time they were received into the warehouse. However, such material is not issued to the contract for the purposes of satisfying the performance obligation until a later date – in some instances, years after the acquisition. Accordingly, until the materials are issued to the project, the material better represents inventory under AASB 102: Inventories (AASB 102) and should have been recorded as inventory at the time of receipt. The inclusion of the value of inventory into the calculation of the percentage of completion (being the measure of the stage of satisfying the performance obligation and hence the driver of revenue to be recognised in the reporting period) before the use of the material to satisfy the performance obligation resulted in a higher percent complete calculation. As a result, revenue was recognised earlier than when the materials were used under the contract; and
- In determining the expected total costs of delivering the contractual requirements, the estimated costs to come excluded amounts for contingencies and warranties. The expected time and cost for contingencies and warranties were included within the transaction price associated with the identified performance obligation. The omission resulted in the transaction price including the value for contingency and warranty while the costs to complete excluded the associated costs, driving a calculation error. As a result, the percent complete was overstated and resulted in more revenue being recognised than should have been in previous financial periods.

The adjustment to correct the methodology so as to better reflect the requirements of AASB 15 has resulted in the following related impacts:

- The increase in inventory holdings has required a reassessment of the value of inventory on hand pursuant to AASB 102 at each previous reporting period. This has resulted in an increase in the inventory provision for obsolescence;
- Decrease in revenue and cost of goods sold as a result of the increase in inventory (removed from cost of goods sold) and the impact on the contract percentage complete (reducing revenue);
- Adjustments on the recorded tax balances as a result of the revised profit and loss outcomes; and
- The classification of contract asset and contract liability within the balance sheet, aligning with the current/non-current definitions.

21. Prior period error – revenue recognition and finance leases (continued)

Finance lease receivable

A number of contracts were identified as not meeting the requirements of AASB 15. The identified contracts were either for undertaking research and development activities or the construction of an asset which was subject to a leasing arrangement. Accordingly, these contracts are required to be accounted for under either AASB 138: Intangibles (AASB 138) or AASB 16: Leases (AASB 16).

The impact of the reassessment of these contracts has been to correct the error by:

- derecognising the revenue and cost of sales associated with the contract as initially recognised through the application of AASB 15;
- recognising the asset under construction based on the costs incurred in accordance with AASB 116: Property, Plant and Equipment;
- recognising the payments received under the contract as deferred finance lease payments which are then offset against the finance lease receivable at the time the finance lease commences;
- where the asset has been completed and is available for use, the recognition of the associated finance lease receivable and the gain or loss on the difference between the finance lease receivable and the cost the constructed asset; and
- where relevant, the reclassification in the statement of cashflows of amounts paid for the construction of the asset from payments to suppliers to amounts paid for the acquisition of property, plant and equipment and amounts received under the contracts from receipts from customers to finance lease receivable receipts.

Impact of the prior period error

Detailed in the tables below is the aggregate impact on the beginning of the comparable period (being the year ended 30 June 2024) and the comparative period (being the year ended 30 June 2025) of both of the above restatements. In addition to the adjustments in the tables below, where relevant, the comparative columns throughout the financial statements have been updated to reflect that the balances are restated.

21. Prior period error – revenue recognition and finance leases (continued)

					Impact of error				
	Reported 30 June 2024	Impact of Error	Restated 30 June 2024	Reported 30 June 2025	Opening Balance Adjustment	Revenue Recognition	Finance Lease Receivable Contracts	Tax Impact	Restated 30 June 2025
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION									
ASSETS									
Current assets									
Cash and cash equivalents	80,597	-	80,597	119,040	-	-	-	-	119,040
Trade and other receivables	50,237	-	50,237	121,957	-	-	-	-	121,957
Inventories	9,127	71,539	80,666	8,662	71,539	78,274	(11,914)	-	146,561
Contract assets	11,177	(8,015)	3,161	8,415	(8,015)	6,194	759	-	7,353
Prepayments	11,490	-	11,490	21,739	-	-	-	-	21,739
Income tax receivable	3,210	16,613	19,823	4,507	16,613	-	-	(15,013)	6,107
Total current assets	**165,838**	**80,137**	**245,974**	**284,320**	**80,137**	**84,468**	**(11,155)**	**(15,013)**	**422,757**
Non-current assets									
Property, plant, and equipment	206,135	37,477	243,612	201,403	37,477	-	16,277	-	255,157
Intangible assets	92,455	(2,422)	90,033	115,334	(2,422)	(443)	-	-	112,469
Contract assets	3,781	(3,781)	-	5,741	(3,781)	(1,960)	-	-	-
Deferred tax asset	-	-	-	-	-	-	-	17,049	17,049
Total non-current assets	**302,371**	**31,274**	**333,645**	**322,478**	**31,274**	**(2,403)**	**16,277**	**17,049**	**384,675**
Total assets	**468,209**	**111,411**	**579,620**	**606,798**	**111,411**	**82,065**	**5,122**	**2,036**	**807,432**
LIABILITIES									
Current liabilities									
Trade and other payables	27,411	-	27,411	43,203	-	-	-	-	43,203
Financial liabilities	9,533	25,329	34,862	11,988	25,329	-	(25,329)	-	11,988
Provisions	148	(148)	-	116	(148)	32	-	-	-
Income Tax Payable	280	-	280	7	-	-	-	-	7
Contract liabilities	82,351	60,049	142,400	162,817	60,049	186,319	14,017	-	423,202
Employee benefit obligations	20,514	-	20,514	20,475	-	-	-	-	20,475
Total current liabilities	**140,237**	**85,230**	**225,467**	**238,606**	**85,230**	**186,351**	**(11,312)**	**-**	**498,875**
Non-current liabilities									
Financial liabilities	119,547	83,767	203,314	112,113	83,767	-	11,902	-	207,782
Contract liabilities	18,822	(18,822)	-	38,761	(18,822)	(19,939)	-	-	-
Deferred tax liabilities	17,509	-	17,509	22,576	-	-	-	(22,576)	-
Employee benefit obligations	3,460	-	3,460	2,308	-	-	-	-	2,308
Total non-current liabilities	**159,338**	**64,945**	**224,283**	**175,758**	**64,945**	**(19,939)**	**11,902**	**(22,576)**	**210,090**
Total liabilities	**299,575**	**150,175**	**449,750**	**414,364**	**150,175**	**166,412**	**590**	**(22,576)**	**708,965**
Net assets	**168,634**	**(38,764)**	**129,870**	**192,434**	**(38,764)**	**(84,347)**	**4,532**	**24,612**	**98,467**
Total equity attributable to equity holders									
Contributed equity	13,234	-	13,234	13,234	-	-	-	-	13,234
Reserves	(24)	-	(24)	15	-	-	-	-	15
Retained Earnings									
Opening	155,424	(38,764)	116,660	155,424	(38,764)	-	-	-	116,660
Profit for the year	-	-	-	29,502	-	(84,347)	4,532	24,612	(25,701)
Cash Dividend	-	-	-	(5,741)	-	-	-	-	(5,741)
Closing	155,424	(38,764)	116,660	179,185	(38,764)	(84,347)	4,532	24,612	85,218
Total equity	**168,634**	**(38,764)**	**129,870**	**192,434**	**(38,764)**	**(84,347)**	**4,532**	**24,612**	**98,467**

21. Prior period error – revenue recognition and finance leases (continued)

		Impact of error				
	Reported 30 June 2025	Opening Balance Adjustment	Revenue Recognition	Finance Lease Receivable Contracts	Tax Impact	Restated 30 June 2025
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS						
Continuing Operations						
Revenue from contracts with customers	348,196	-	(162,146)	(29,489)	-	156,561
Cost of sales	(262,654)	-	77,799	22,771	-	(162,083)
Gross Profit / (loss)	**85,542**	**-**	**(84,347)**	**(6,718)**	**-**	**(5,522)**
Other income	2,080	-	-	11,250	-	13,330
Marketing expenses	(2,130)	-	-	-	-	(2,130)
Administrative expenses	(43,794)	-	-	-	-	(43,794)
Results from operating activities	**41,698**	**-**	**(84,347)**	**4,532**	**-**	**(38,116)**
Finance income	4,169	-	-	-	-	4,169
Finance expenses	(9,626)	-	-	-	-	(9,626)
Net financing income (expense)	**(5,457)**	**-**	**-**	**-**	**-**	**(5,457)**
Profit / (Loss) before tax	**36,241**	**-**	**(84,347)**	**4,532**	**-**	**(43,573)**
Income tax (expense)/benefit	(6,739)	-	-	-	24,612	17,873
Net profit / (loss) for the year attributable to members	**29,502**	**-**	**(84,347)**	**4,532**	**24,612**	**(25,701)**

21. Prior period error – revenue recognition and finance leases (continued)

		Impact of error				
	Reported 30 June 2025	Opening Balance Adjustment	Revenue Recognition	Finance Lease Receivable Contracts	Tax Impact	Restated 30 June 2025
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED STATEMENT OF CASH FLOWS						
Cash flows from operating activities						
Receipts from customer (inclusive of GST)	434,256	-	-	(13,427)	-	420,829
Payments to suppliers and employees (inclusive of GST)	(301,945)	-	-	16,277	-	(285,668)
Interest received	4,003	-	-	-	-	4,003
Interest paid	(5,019)	-	-	-	-	(5,019)
Income tax received / (paid)	(3,313)	-	-	-	-	(3,313)
Other income (inclusive of GST)	470	-	-	-	-	470
Net GST paid to ATO	(28,772)	-	-	-	-	(28,772)
Net cash inflows from operating activities	**99,680**	**-**	**-**	**2,850**	**-**	**102,530**
Cash flows from investing activities						
Development costs	(31,724)	-	-	-	-	(31,724)
Proceeds from sale of property, plant and equipment	70	-	-	-	-	70
Purchase of property, plant and equipment	(9,200)	-	-	(16,277)	-	(25,477)
Purchase of land and buildings	(144)	-	-	-	-	(144)
Security deposits	(1)	-	-	-	-	(1)
Purchase of intangible assets	(1,400)	-	-	-	-	(1,400)
Net cash outflows from investing activities	**(42,399)**	**-**	**-**	**(16,277)**	**-**	**(58,676)**
Cash flows from financing activities						
Repayment of borrowings	(6,250)	-	-	-	-	(6,250)
Repayment / (advance) of director related loans	(6)	-	-	-	-	(6)
Other loans	-	-	-	-	-	-
Dividends paid	(5,741)	-	-	-	-	(5,741)
Finance lease receivable in advance	-	-	-	13,427	-	13,427
Net payment of plincipal of finance lease liabiltiies	(6,841)	-	-	-	-	(6,841)
Net cash outflows from financing activities	**(18,838)**	**-**	**-**	**13,427**	**-**	**(5,411)**
Net increase/(decrease) in cash and cash equivalents	38,443	-	-	-	-	38,443
Cash and cash equivalents at beginning of year	80,597	-	-	-	-	80,597
Cash and cash equivalents at year end	**119,040**	**-**	**-**	**-**	**-**	**119,040**

21. Prior period error – revenue recognition and finance leases (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Issued Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve $'000	TOTAL $'000
As at 1 July 2024	**13,234**	**155,424**	**(24)**	**168,634**
Restatement of prior period:				
Revenue recognition restatement (net of tax)	-	(18,243)	-	(18,243)
Finance lease receivable restatement (net of tax)	-	(20,521)	-	(20,521)
Restated balance as at 1 July 2024	**13,234**	**116,660**	**(24)**	**129,870**
Profit/(loss) for the year	-	(25,701)	-	(25,701)
Cash dividend	-	(5,741)	-	(5,741)
Other comprehensive income	-	-	39	39
As at 30 June 2025	**13,234**	**85,218**	**15**	**98,467**

Consolidated entity disclosure statement

The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 is as follows:

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
CEA Research and Development Pty Limited	Private company	Australia	100	Australia
CEA Technologies Incorporated	Incorporated company	United States	100	United States

Directors' declaration

In accordance with a resolution of the directors of CEA Technologies Pty Limited (the Company), the Directors declare that in the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity (the Group) for the financial year ended 30 June 2026 are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards to the extent outlined in Note 2(a);

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(c) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 is true and correct.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

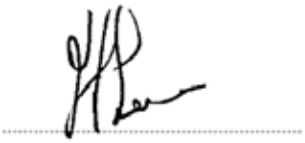
In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which ASIC Corporations (Wholly owned Companies) Instrument 2016/785 applies, as detailed in note 20 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Joycelyn Cheryl Morton
Director



Ian Thomas Croser
Director

Canberra ACT
13 October 2026

Independent auditor's report





INDEPENDENT AUDITOR'S REPORT

To the members of CEA Technologies Pty Limited

Opinion

In my opinion, the financial report of CEA Technologies Pty Limited (the Company) and its subsidiaries (together 'the Group') for the year ended 30 June 2026 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001.

The financial report of the Group, which I have audited, comprises the following as at 30 June 2026 and for the year then ended:

- Consolidated statement of profit or loss and other comprehensive income;
- Consolidated statement of financial position;
- Consolidated statement of changes in equity;
- Consolidated statement of cash flows;
- Notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information;
- Consolidated entity disclosure statement; and
- Directors' declaration.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I 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 report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Emphasis of matter

I draw your attention to Note 21. Prior Period Error – Revenue Recognition and Finance Leases, which describes a prior period error related to the application of an incorrect accounting policy for revenue recognition in prior years. My opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct and in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Australian National Audit Office



Sean Benfield
Senior Executive Director
Delegate of the Auditor-General

Canberra
13 October 2026

List of requirements

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
28E	**Contents of annual report**		
28E(a)	About CEA Technologies	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	Performance	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period	Mandatory
28E(b)	Company structure	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	Not applicable	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	Not applicable	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(e)	Not applicable	Particulars of non compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(f)	Corporate governance	Information on each director of the company during the reporting period	Mandatory
28E(g)	Company structure	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	Capability (Workforce)	Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(h)	About CEA Technologies	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	Corporate governance	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory
28E(j), 28E(k)	Related entity transactions	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than $10,000 (inclusive of GST): (a) the decision making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
28E(l)	Company structure	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	Not applicable	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	Not applicable	Particulars of any reports on the company given by: (a) the Auditor General, or (b) a Parliamentary Committee, or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner; or (e) the Australian Securities and Investments Commission	If applicable, mandatory
28E(o)	Not applicable	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	Executive and senior leadership remuneration	Information about executive remuneration	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(ob)	Corporate governance	The following information about the audit committee for the company: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee	Mandatory
28F	**Disclosure requirements for government business enterprises**		
28F(1)(a)(i)	Director's report	An assessment of significant changes in the company's overall financial structure and financial conditions	If applicable, mandatory
28F(1)(a)(ii)	Director's report	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, mandatory
28F(1)(b)	Director's report	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	Not applicable	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
28F(2)	Not applicable	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory



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