1. Company details

Name of entity:	Boresight Ltd (formerly Boresight Pty Ltd)
ABN:	40 642 501 228
Reporting period:	For the year ended 30 June 2026
Previous period:	For the year ended 30 June 2025

---

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	46.3%	to	6,383,532
Loss from ordinary activities after tax attributable to the owners of Boresight Ltd	up	827.8%	to	(6,664,066)
Loss for the year attributable to the owners of Boresight Ltd	up	827.8%	to	(6,664,066)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $6,664,066 (30 June 2025: $718,267).

---

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.69	0.20

---

4. Control gained over entities

Not applicable.

---

5. Loss of control over entities

Not applicable.

---

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

---

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Boresight Ltd for the year ended 30 June 2026 is attached.

12. Signed

Signed ___________________________ Date: 28 August 2026

Dr Andrew Windsor
Non-Executive Chairman

ANNUAL REPORT

Financial Year End
30 JUNE 2026

Boresight Limited (ASX:BST)

ASX Release | ABN 40642501228

Dear Shareholders,

On behalf of the Board I am pleased to present the Annual Report for Boresight Limited (the Company) for the year ended 30 June 2026 (FY26).

FY26 represented a pivotal year of growth and investment for the Company. We consciously prioritised initiatives designed to strengthen our long-term competitive position, including increased marketing expenditure, investment in research and development, geographic and operational expansion, and the successful execution of our IPO. While these initiatives impacted short-term profitability, they were undertaken with a clear focus on building scale, enhancing capability, and establishing a platform for sustainable future growth. The Board believes the benefits of these investments, together with further targeted investment planned in FY27 and beyond, provide a strong foundation for revenue growth, expanded market opportunities, and long-term shareholder value.

The Group recorded strong revenue growth of 46%, increasing to $6.38 million for the year ended 30 June 2026 from $4.36 million in the previous financial year. In addition, the Company has a strong start to FY27, with approximately $2.31 million of deferred revenue and confirmed orders and a quoted pipeline of approximately $2.6 million. As at 30 June 2026, the Company has working capital of $7.38M and the Board believes the Group is well positioned to continue its growth strategy in FY27 and beyond, including investment in manufacturing capacity, product development and market expansion initiatives.

The Group reported a loss after income tax and non-controlling interests of $6,664,066 (30 June 2025: $718,267). Included within this result was $3,603,712 of non-cash share-based payment expense recognised during the year. Excluding this item, the Group's underlying operational loss was $3,060,354.

This underlying operational loss largely reflects the Company's deliberate investment in future growth initiatives. During the year, the Company accelerated expenditure across marketing, product development, research and development, and expansion activities to support revenue growth and market penetration in future periods. Employee benefits expense increased to $2,974,482 (30 June 2025: $1,903,402), reflecting the strategic expansion of the Company's research and development, engineering, sales and marketing, and executive management teams. These investments have strengthened the Company's operational capability and, together with ongoing investment initiatives, position the business to capitalise on growth opportunities in the years ahead.

The Company has seen a number of significant achievements during the year, including:

- A successful debut on the ASX, with $8 million raised to fund expansion of the Company's operations.
- Strengthened engagement with the Australian Defence Force (ADF) included funded enhancements to the BS-350 ISR drone, supply of target drones to the multi-year LAND 156 counter-drone program and a separate twelve month contract to supply BQ-400 Target Drones to ADF units.
- Manufacture of the 5000th BQ-400 target drone, with the 6000th having subsequently been manufactured in August 2026.
- Continued global sales across Australia, United States, Canada, Italy, New Zealand, the Netherlands, Norway, Germany, Sweden and the United Kingdom, cementing the Company's position as a true global provider of low-cost target drones. This includes to existing, repeat customers and to new customers, both military and industry.
- CASA certification to fly up to 20 aerial target drones for operational purposes and up to 100 aerial target drones for testing and development purposes, all from a single ground control station.

The US continues to be a key growth market for the Company with an increase in revenue from $1.6m at 30 June 2025 to $2.2m at 30 June 2026. The Company now provides target drones to all the major arms of the US Department of Defence, and commenced manufacturing target drones in Huntsville, Alabama in 2026. In July 2026 the Company signed a lease for an expanded facility in Huntsville which, when fully operational, will be able to manufacture 5,000 drones per annum to support the US market directly.

In the Company headquarters in Fyshwick, Canberra the engineering team continued the development of new capabilities. Support from the Australian Defence Force has seen development of an enhanced BS-350 platform. The BQ-750 Block 2 target drone was released in July 2026. In addition, the capabilities of the target drone ecosystem has the technical and CASA regulatory approvals to operationally fly twenty drones simultaneously (up to 100 for testing and development purposes), further expanding the training and threat emulation scenarios for militaries available from the Company.

FY26 has established a strong foundation for the Company's next phase of growth. While the Board expects FY27 to remain a year of significant strategic investment as the Company expands its manufacturing capacity, develops new capabilities and increases its global market presence, these initiatives are intended to support the Company’s long term growth objectives. With a strengthened balance sheet following the IPO, expanding global market opportunities, increasing manufacturing capacity in Australia and the United States and continued investment in product innovation, the Board believes the Company is well positioned to capitalise on growing demand for low-cost, attritable target drone solutions over the medium to longer term.

On behalf of the Board, I would like to thank our shareholders for their continued support, our customers for their trust, and our employees for their dedication and commitment throughout this transformational year. We look forward to building on the momentum achieved in FY26 and delivering long-term value for shareholders in the years ahead.

Dr Andrew Windsor
Non-Executive Chairman

Directors	Dr Andrew Windsor – Non-Executive Chairman Mr Justin Olde – Managing Director and Chief Executive Officer Mr Michael Sinkowitsch – Executive Director Mr Blake Burton – Non-Executive Director
Company secretary	Ms Kyla Garic
Registered office	Unit 1, 120 Giles Street Kingston ACT 2604 AUSTRALIA
Email:	admin@boresightuas.com
Principal place of business	Unit 3, 96 Wollongong Street Fyshwick ACT 2609 AUSTRALIA
Auditor	Hall Chadwick WA Audit Pty Ltd 283 Rokeby Road Subiaco WA 6008 AUSTRALIA
Share registry	Xcend Pty Ltd Level 2, 477 Pitt Street Haymarket NSW 2000 AUSTRALIA
Stock exchange listing	Boresight Ltd shares are listed on the Australian Securities Exchange (ASX code: BST)
Website	https://www.boresightuas.com/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Boresight Ltd (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The following persons were directors of Boresight Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Status	Appointment date	Resignation date
Dr Andrew Windsor	Non-Executive Chairman	9 July 2020	-
Mr Justin Olde	Managing Director and Chief Executive Officer	12 December 2025	-
Mr Michael Sinkowitsch	Executive Director	9 July 2020	-
Mr Blake Burton	Non-Executive Director	1 March 2026	-

Mr Justin Olde was appointed Chief Executive Officer of the Company in December 2022 and transitioned to CEO/Managing Director on 12 December 2025.

Information on directors

Name:	**Dr Andrew Windsor**
Title:	Non-Executive Chairman
Qualifications:	PhD in Theoretical Physics
Experience and expertise:	Dr Andrew Windsor is a co-founder of the Company. Prior to working for 10 years for the Australian Government in a number of roles. Dr. Windsor is an accomplished ICT leader with 15 years of experience in the industry spanning disciplines such as project and program management, cyber security, data analytics and intelligence systems, training, strategic planning and account management. Dr. Windsor is also a co-founder and director of Criterion Solutions Pty Ltd, a supplier of niche UAS and RF dominance technology to Government agencies.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	40,904,508
Interests in options:	3,200,000

Name:	**Mr Justin Olde**
Title:	Managing Director and Chief Executive Officer
Qualifications:	Masters Degree in Defence Capability Management & Acquisition Graduate of the Royal Military College of Australia Duntroon
Experience and expertise:	Mr Justin Olde was a 25-year Army Officer followed by 10 plus years in defence industry sales and product development with a strong focus on C-UAS technologies. Mr Olde was the VP of Global Business Development for EOS Ltd, an ASX listed defence company, before joining Boresight as its CEO. Mr Olde has also held roles as a senior capability management specialist for defence consulting firm Nova Systems and was a project and bid manager for multinational defence company Elbit Systems of Australia. His last role in the military was as the Deputy Director Land Test and Evaluation. Mr Olde has served three operational deployments and was awarded the Conspicuous Service Medal.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	8,077,500

Name:	**Mr Michael Sinkowitsch**
Title:	Executive Director
Qualifications:	Graduate from the Royal Military College of Australia, Duntroon
Experience and expertise:	Mr Michael Sinkowitsch is a co-founder of the Company. He is a former Australian Army Signals Corps officer. Mr Sinkowitsch is also a co-founder and director of Criterion Solutions Pty Ltd, a supplier of niche UAS and RF dominance technology to Government agencies. Mr Sinkowitsch has extensive sales and project management experience within the Australian Department of Defence, intelligence and law enforcement communities, having been responsible for providing complex solutions to a number of Federal agencies for over 20 years. He also has extensive UAS and C-UAS sales experience.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	44,324,639
Interests in options:	3,200,000

Name:	**Mr Blake Burton**
Title:	Non-Executive Director
Qualifications:	BCom (Accounting and Corporate Finance)
Experience and expertise:	Mr Blake Burton is an executive director of Adisyn Ltd (ASX: AI1), where he served as Managing Director from July 2022 to February 2026. Mr Burton possesses extensive experience in the IT industry. He was co-founder of web hosting company, Netorigin in 2011. Mr Burton grew Netorigin from inception and took the Company to successful trade sale in 2019 to Australia's largest privately owned web host VentraIP. At completion of the sale to Netorigin Mr Burton focused on Attained Group. Mr Burton has previously worked as an auditor at PwC, which included working with a number of ASX listed and international companies.
Other current directorships:	Adisyn Limited (ASX: AI1)
Former directorships (last 3 years):	Nil
Interests in shares:	662,948
Interests in options:	1,200,000

Company secretary

Name	**Kyla Garic**
Qualifications	B Com, MAcc, CA, FGIA, FGIS
Experiences	Ms Garic is a Fellow of the Governance Institute of Australia and a member of the Institute of Chartered Accountants Australian and New Zealand. She is a Director of Onyx Corporate Pty Ltd a Company specialising in providing, company secretarial, corporate governance and corporate reporting services. Ms Garic acts as Company Secretary for a number of ASX listed companies.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Dr Andrew Windsor	3	3
Mr Justin Olde	2	2
Mr Michael Sinkowitsch	3	3
Mr Blake Burton	2	2

Held: represents the number of meetings held during the time the director held office.

Principal activities
Boresight (ASX:BST) delivers an integrated aerial target drone ecosystem that enables realistic counter-UAS (aka counter drone, CUAS) training and testing for government and industry. The Group's systems combine attritable aerial target drones, mission planning software and scalable ground control systems to support threat emulation and operational readiness.

Boresight's platform range includes quadrotor and fixed-wing aerial target drones designed to replicate evolving drone threats and enable repeatable testing and training scenarios without risking high-value intelligence, surveillance and reconnaissance (ISR) assets.

With teams in Australia, the United States and Europe, Boresight supports customers globally with scalable CUAS training solutions, integrated engineering and production capabilities.

Financial performance and results
The Group **recorded strong revenue growth of 46%, increasing to $6.38 million** for the year ended 30 June 2026 from $4.36 million in the previous financial year.

The Group recorded **gross profit of $3.15 million**, with the net loss for 30 June 2026 impacted by the IPO, other growth and expansion activities undertaken during the year in line with the Group's strategy and non-cash share based payments expense.

The net loss for the Group after providing for income tax and non-controlling interest amounted to $6,664,066 (30 June 2025: $718,267), comprised as follows:

	$
Gross profit	3,147,132
Other income	21,896
Employee benefits expense	(2,974,482)
Travel related to growth & expansion activities	(817,521)
Research & development	(648,661)
Transaction costs related to IPO	(358,351)
Selling, marketing & public relations	(287,435)
Other SG&A (note 7)	(942,001)
Depreciation & amortisation	(153,532)
Finance costs	(70,047)
Add back: net loss attributable to non-controlling interest	22,648
Operational loss	**3,060,354**
Non-cash share based payments expense	(3,603,712)
Net loss after income tax and non-controlling interest	**(6,664,066)**

Following the IPO and capital raise of $8m (prior to costs), as at 30 June 2026, the Group reported **net assets of $7,824,027**, compared to $469,421 as at 30 June 2025. Cash and cash equivalents has increased by $7,313,009, from $568,962 as at 30 June 2025 to $7,881,971 at 30 June 2026.

As at 30 June 2026, the Group has **working capital of $7,376,082** compared to $28,748 as at 30 June 2025. The Board believes the Group is well positioned to execute its growth strategy and capitalise on expanding market opportunities in FY27 and beyond.

Operating review

Highlights

- Boresight **successfully listed on the Australian Securities Exchange** (ASX:BST) on 10 June 2026, following a strongly supported A$8.0 million Initial Public Offering ("IPO") at A$0.20 per share.

- FY26 audited annual **revenue of A$6.38 million, an increase of ~46% from A$4.36** million in FY25.

- Strong start to FY27 with **~A$2.31 million of deferred revenue and confirmed orders** and a **quoted pipeline of ~ $2.6 million**

- Cash and Cash Equivalents at end of period of **~A$7.88 million with no debt.**

FY26 was a year of significant growth and strategic investment for the Group. During the year, the Company continued to expand its global operations, invest in product development and manufacturing capability, and strengthen its market position through increased sales and marketing activities. These initiatives contributed to strong revenue growth and the achievement of several key operational milestones, while also increasing expenditure as the Company invested in the infrastructure, personnel and capabilities required to support future growth. The following review outlines the Group's operating performance, strategic achievements and financial results for the year ended 30 June 2026.

Successful IPO

The Company commenced trading on the ASX on 10 June 2026 under the ticker code BST, marking its transition from a high-growth private defence technology business to a publicly listed company.

The IPO raised A$8.0 million (before costs) and was well supported by institutional and sophisticated investors, reflecting growing recognition of the structural growth in defence demand for low-cost, attritable aerial target and training systems.

Australian Activities

- Deepening engagement with the **Australian Defence Force (ADF)** on multiple fronts including the Sovereign UAS Program funding provision for the development of Boresight’s BS-350 Intelligence, Surveillance and Reconnaissance (“ISR”); drone ;supplying the multi-year “Project LAND 156” Uncrewed-Aerial-Systems (CUAS) program; and a separate follow on 12-month contract to supply BQ-400 Target Drones to ADF units.

- Product highlights include **the 5000th BQ-400 aerial target drone manufactured and delivered**; BF-100 fixed-wing target developed with testing continuing, scheduled for release in September 2026, with customers committed; post quarter end, the release of the BQ-750 Block 2 Target Drone with customers committed.

- Advanced the product roadmap, completed development of the enhanced one-to-many ground control station, achieving **CASA certification to swarm up to 20 drone targets concurrently for customers** and up to **100 drone targets simultaneously for testing** purposes.

Australian Defence Force Engagement

During the year, the Company continued to build on its existing relationship with the ADF across multiple departments. Importantly, shareholders should note, the ADF is funding a program of ongoing development specifically for the Boresight BS-350 ISR drone to enhance its capabilities to include night vision, more ruggedised components and improving the user interface and control system.

The Company completed a capability uplift of the BS-350 ISR drone, initially developed under Defence's Sovereign UAS challenge as part of Defence's re-investment in the Sovereign UAS program. This is the first in a series of ADF funded uplifts, with the uplifted capability first rolled out in deliveries to Defence later in 2026.

The Company continues to support the **ADF Project Land 156**, a major, multi-year CUAS program which is expected to generate an increasing number of target drone orders over its life. As that program matures the ADF will establish a regular program of CUAS training that Boresight anticipates will be a source of increasing long term revenue.

The Company also continues to deliver under its Sovereign UAS Program contract and has received a follow-on contract for an enhanced version of the BS-350 ISR drone.

Boresight was awarded a 12-month contract to supply BQ-400 Target Drones, reinforcing its position as a trusted provider of training and target solutions to the ADF.

Manufacturing, Product and Engineering

The Company manufactured and delivered the 5000th BQ-400 aerial target drone. Subsequent to the end of the FY, the 6000th BQ-400 aerial target drone has been manufactured.

The Company significantly progressed development of the BF-100 fixed-wing drone target, with late-stage flight testing and design-for-manufacture work ongoing. Development remains on schedule, with expected release to market in September 2026. Sales have already been made of this system for delivery in October 2026.

The Company completed development of the BQ-750 Block 2, a larger multirotor target designed to emulate the more significant drone threats increasingly being observed, and post the FY released it to the market. Sales of this target drone have already been made. Its baseline airframe will enable continued development toward more complex threat scenarios, including payload capacity for customers to deploy airborne capability in their operational scenarios.

Boresight has continued to develop its one-to-many (1:M) drone target Ground Control Systems and software to allow operators to control multiple drone targets concurrently across different target types. Importantly, Boresight was certified by the Civil Aviation Safety Authority (CASA) to conduct flight operations for customers of up to 20 simultaneous target drones from a single GCS. The Company also achieved CASA certification to fly up to 100 simultaneous target drones from a single GCS for internal testing and development purposes. The intent is to continue to grow the number of target drones that can be flown from a single GCS so as to meet increasing customer demand to mimic drone swarm threats.

The Company will continue to investigate further vertical integration of components where it makes commercial sense to do so, but in particular to secure supply chains and manufacturing scale. Additional additive manufacturing capabilities (3D printing) have been purchased to increase production scale.

The Company has continued progressing its Defence Industry Security Program (DISP) related initiatives, which includes physical, cyber and personnel security requirements.

The Fyshwick, Canberra facility remains the Company's innovation hub and continues to serve non-US markets. The Company continues to evaluate opportunities to replicate its manufacturing model in other allied regions as customer volumes continue to increase.

International Activities

- Awarded an **18-month contract** for the supply of aerial target drones by a **US company for military end use**.
- **Company signed a lease for a new ~812 sqm** manufacturing facility in Huntsville, Alabama - approximately 15x the size of its current US premises, post year end.
- Commenced operational activity of **Boresight UK Ltd**, a wholly owned subsidiary, to drive European growth.
- **Delivered first orders to new US, UK, German, Norwegian, Canadian, Italian and Swedish customers**, expanding into the North American and European defence markets.
- Supported a **multinational CUAS activity in Switzerland**, emulating real threats with BQ-400 target drones to a broad range of international militaries and defence industry entities.

American Engagement

Boresight was awarded an 18-month contract from a US company for the supply of qty 600 x BQ-400 aerial target drones. This annuity contract will see its aerial target drones distributed to various US military units for their CUAS training requirements.

Boresight also successfully supported a major US defence prime's CUAS activity in the US, which showcased the Company's integrated capabilities across numerous other vendor platforms. This used an earlier version of the BQ-750 that was specifically designed and manufactured for this particular event, demonstrating Boresight's ability to quickly prototype and field new aerial target types.

Boresight U.S., Inc, the wholly owned US subsidiary, actively searched for a larger facility in Huntsville, Alabama, having outgrown its current premises amid rising demand for targets in the United States. Since the end of the FY it has signed a lease on a new facility that is approximately 15 times the size of the previous facility, enabling scaling of production. The move to and establishment of manufacturing in this facility is ongoing and is expected to be completed by end September 2026. Additional additive manufacturing capabilities (3D printing) have also been purchased for the new facility fit out.

The facility is initially expected to be capable of manufacturing more than 5,000 BQ-400 Target Drones annually, with plans to produce the BQ-750 Block 2 and the broader Boresight range for the US market over time.

European Engagement

Boresight commenced operations of Boresight UK Ltd, a wholly owned subsidiary, to drive growth within the European market. This initiative has already resulted in additional European sales to new customers as well as the appointment of an Italian reseller.

During the year, Boresight successfully supported numerous customer activities, including a multinational CUAS activity in Switzerland, conducting Threat Emulation (Red Team) Operations using its BQ-400 target drones and GCS. The demonstration showcased the Company's ability to provide realistic and effective aerial target solutions in support of advanced air defence testing and evaluation to a broad range of international militaries and Defence Industry entities.

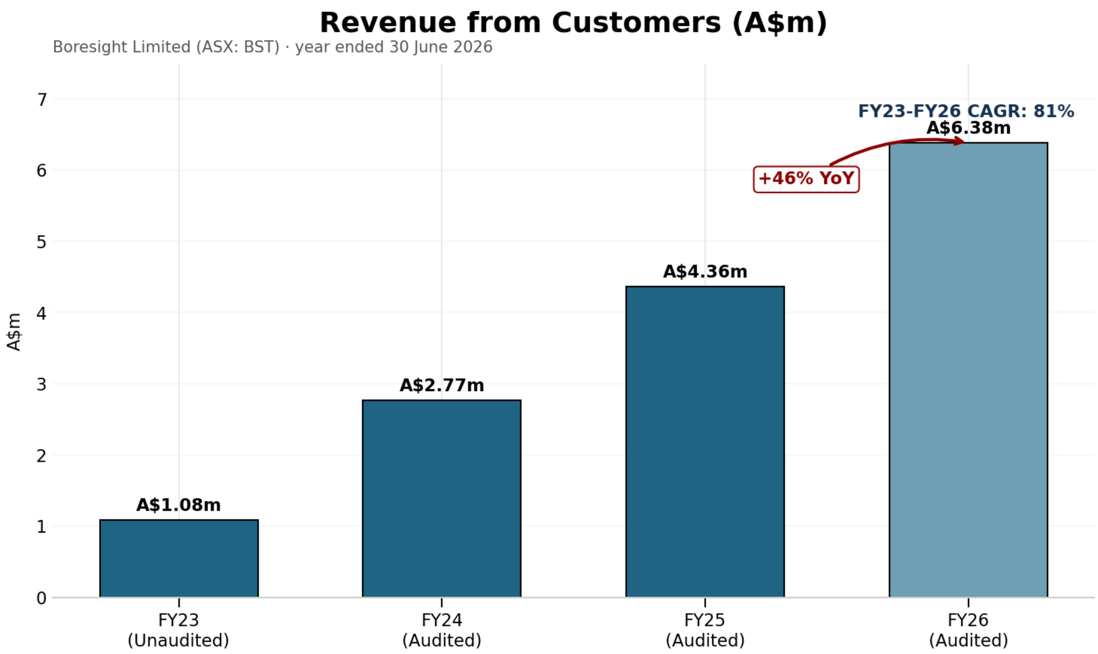
Global Business Development

During the year, the Company continued production and delivery of BQ-400 aerial target drones for customers internationally, including gaining new customers in Australia, the US, Canada, Sweden, Norway, Italy, Germany and the UK. These are a combination of military and industry customers. Production volumes remained consistent and met customer demand.

Longer term, Boresight will continue to seek annuity contract opportunities in Australia and internationally as well as expanding its customer base and quantities of drones delivered. This will be achieved through its expanded Australian, US and UK sales teams. The Company is in ongoing discussions with numerous militaries and CUAS companies to provide aerial targets and services to support their activities. This includes supporting multi-national CUAS exercises which will provide additional exposure to other militaries and industry of Boresight's capabilities.

Revenue

Revenue from customers increased 46% to $6.38 million for the year ended 30 June 2026 (FY25: $4.36 million), continuing the Company's strong growth trajectory. Revenue has increased from $1.08 million in FY23 (unaudited) to $6.38 million in FY26, representing a compound annual growth rate (CAGR) of approximately 81% over the three-year period. This growth reflects increasing customer adoption of the Company's products, expansion into new markets, and continued investment in manufacturing capability and product development.



Pipeline

In addition to the $1.31m of deferred revenue at 30 June 2026 that will be recognised in FY 27, the Company has a strong near term pipeline of approximately $1m in confirmed orders awaiting delivery of systems to customers and quotes to customers of approximately $2.6m.

Significant changes in state of affairs
Apart from as detailed in the operating review there were no significant changes in the state of affairs of the Group during the financial year.

Business risk disclosure
Material business risks that could affect future operational and financial growth of the Group are as follows:

Additional requirements for capital
The Group's future capital requirements depend on numerous factors. Depending on the Group's ability to maintain its funds and revenue from its operations, the Group may require further capital in the future. Any additional equity financing will dilute shareholdings. If the Group is unable to obtain additional financing as and when needed, the Group may be required to reduce the scope of its operations.

Government and government affiliate contracts
A significant portion of the Group's contracts are with government departments and/or government affiliates, in Australia, the United States and other jurisdictions. The Group's ability to continue to generate revenue significantly depends on its ability to continue to conduct business with these departments/agencies. Given the general nature of agreements with government departments and/or government affiliates, there is the risk that some of these customers may:

(i) re-allocate their spending or budgeting, resulting in terminating, reducing or modifying contracts with the Group;
(ii) award or terminate contracts at their absolute discretion;
(iii) cancel multi-year contracts and related orders, if there is a change to funding availability; or
(iv) adjust contract costs and fees.

In the event that such contracts are not extended or are cancelled, this would have a significant adverse impact on the Group's operations and would directly impact the Group's financial performance.

International operations
The Group has re-seller arrangements with various third-parties in other countries and expects to continue conducting its business internationally. Accordingly, the Group's operations are exposed to numerous risks that are inherent to conducting global operations, including (but not limited to), economic and political stability in overseas jurisdictions, costs of complying with laws and regulations in numerous jurisdictions, and foreign currency fluctuation.

Supply chain
The Group may face delays in product delivery from its various third-party suppliers if these parties are unable to fulfil orders, which would directly impact the Group's ability to manufacture drones and meet customer orders. The Group has approximately 20 suppliers that it uses on a continual basis, with others used on an ad-hoc basis for specialist needs on an as required basis. Issues with suppliers could delay delivery to customers and may therefore affect revenue and cash flow. It may also delay the development of additional products. Sourcing alternate suppliers if required may also delay product development or customer deliveries.

Product liability
There is no assurance that unforeseen manufacturing defects or events will not arise in the Group's drones. Such adverse defects or events may expose the Group to product liability claims. If any such claims arose, the Group would have to re-focus its resources and funds on dealing with such claims, rather than focusing on the Group's growth strategy.

The Group maintains adequate levels of insurance to cover product liability risks.

However, there can be no assurance that such product liability claims will not materially and adversely impact the Group's operations and financial conditions. Further, such claims could damage the Group's brand and reputation.

Competition
The Group operates in a competitive landscape in the drone industry. The Group may encounter competition from well-funded and well-established corporations in Australia and worldwide, that have significantly greater resources and capital than the Group. Competitors of the Group may also differentiate themselves through factors such as pricing, product quality, and innovation, which could position them ahead of the Company.

Research and further development of the Drones
The Group's business significantly involves research, development and commercialisation of drones. If the Group fails to identify and invest in research into like products and technologies, this could leave the Group behind its competitors, as well as result in customers moving to use of the products of the Group's competitors. Such investment from the Group is based on informed and calculated assumptions, as well as research.

There is also the risk that if the Group invests into new and emerging technologies and/or areas, the Group may not receive the benefits of doing so for quite some time, or at all. As such, the Group may have invested significant cost and time with no benefit to come from this investment.

Changes to laws or regulations
The Group operates in multiple jurisdictions and is subject to local laws and regulations in each of these. While the Group actively monitors and is informed of legal and regulatory changes, there is the risk that the Company may not fully anticipate or keep up to date with changes, or the introduction of new laws and/or regulations, which could adversely impact the Group's operations. Further, changes to existing laws or regulations, particularly in respect of compliance and/or reporting obligations, may significantly increase costs for the Group.

Reliance on key personnel
The Group's performance and success depends to a large extent on the continuing efforts and expertise of its senior and key personnel. The loss of a senior or key member of the Group, may adversely affect the Group and its operations. Further, should the Group be unable to retain and attract highly skilled and appropriately qualified personnel, this may impede the Group's business and the Group achieving its objectives.

Protection of intellectual property, trade secrets and confidentiality
The Group protects its intellectual property through reliance on trade secrets, internal data security policies and measures, and contractual confidentiality arrangements in regards to development and commercialisation of the Drones. There is the risk that the Group's existing measures to protect its trade secrets and maintain confidentiality may not be sufficient, or there may be a breach in confidentiality. There are measures in place to mitigate any breaches of confidentiality or unauthorised sharing of trade secrets, including (but not limited to) relevant protections within employment agreements and via mutual non-disclosure agreements with other parties. However, the Group cannot guarantee that there will be no unauthorised use (or misuse) of its intellectual property, or that employees or contractors of third parties will not breach confidentiality or divulge the Group's trade secrets or any commercially sensitive information.

There is the possibility that third parties may challenge the Group's intellectual property rights. If the Group's intellectual property rights are challenged, the Company will be required to defend such claims. Irrespective of whether such claims are determined in the Group's favour or not, if the Group is required to defend such challenges, the Group may incur significant costs of such litigation, management would need to devote time and attention to defending such claims and the Group may suffer reputational damage. To date, the Group is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has.

Intellectual property Infringement
The Group takes necessary precautions and steps to minimise the risk of infringement of the Company's intellectual property, and the risk of the Group infringing another party's intellectual property. However, there still remains the risk of intellectual property infringement and disputes arising from claims of any potential infringement. If the Group is required to either defend or pursue a claim of infringement, the Group may incur significant cost, deviating the time of management and key personnel, as well as possible reputational damage to the Group (in the case of defending a claim of infringement). To date, the Group is not aware of any threatened or pending claims of infringement by third parties against the Group for intellectual property infringement.

Third party reliance
As noted above, the Group relies on a number of third parties to maintain and support its operations and business. Any significant changes to trading terms, supply arrangements, or relationships with these third parties, or the inability to establish new arrangements, could adversely impact the Group's ability to carry on its business and operations.

Change in strategy
The Group's product development and commercialisation strategies and plans may evolve over time. Such changes could arise from a range of factors, including (but not limited to), shifts in market demand, varying levels of acceptance of the Drones across different jurisdictions, changes in the competitive environment, changes to regulatory frameworks and/or policies, and advancements or innovations in relevant technologies.

A change in the Group's strategy may expose the Group to additional risks.

Regulatory approvals
The Group's business involves the development and commercialisation of products, which requires regulatory approvals from authorities in the relevant jurisdictions.

These approvals often involve lengthy evaluation process and there is no guarantee that the Group will satisfy all regulatory requirements. If the Group is unable to meet the requirements of a regulator, the Group may be required to undertake further research, which would result in additional cost and delay to the Group.

Brand or reputational damage
The Group’s financial performance is closely tied to its reputation and the market’s perception of its brand. Accordingly, the preservation and enhancement of the Group’s brand are critical to its ongoing operations and future growth prospects.

Whilst the Group implements strategies aimed at maintaining and strengthening its reputation, there are a range of factors beyond the Group’s control that may adversely affect its brand, including (but not limited to), actions or performance of technology provides, business partners, or other third parties.

Any material damage to the Group’s reputation or brand could lead to customers, suppliers or other stakeholders choosing not to engage with the Group, which may in turn have an adverse impact on the Group’s financial position and overall success and performance.

Execute and manage the Group’s growth strategy
Successful implementation of the Group’s growth strategy requires a number of things, including (but not limited to) identifying new opportunities for the Group to expand its operations into. The Group’s growth may also depend on the Group’s ability to successfully compete for certain government contracts.

The success of the Group is also dependent on being able to manage its growth. The Group’s growth strategy is based on assumptions derived from the Group’s prior operations and the direction that the Directors see the Group moving in. If the Group is unable to effectively execute and manage its growth strategies, this would have a material adverse effect on the Group’s business and its financial performance.

Economic conditions
General economic conditions, inflation, currency fluctuation, interest rates and supply and demand may have an adverse impact on the Group, as well as the Group’s ability to fund its operations. These are factors which are outside of the control of the Group.

Changes in legislation and government regulations
Government legislation and regulations in Australia, the United States of America, and other relevant jurisdictions, may change, including, but not limited to, changes to tax regulations. This may impact the activities of the Group, and subsequently the relative attractiveness of investing in the Group. Any such changes may also affect the Group’s share price.

Matters subsequent to the end of the financial year
On 20 July 2026 the Group announced that its US subsidiary has signed a lease agreement for a larger manufacturing facility. Lease payments are US$10,800 (A$15,666) per month commencing July 2026. The lease is for an initial period of 3 years with options for extension.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
At the date of this report the unissued ordinary shares of Boresight Ltd under option are as follows:

Issue Date	Expiry Date	Status	Exercise Price	Number Under Options
9 April 2026	5 June 2031	Unlisted	$0.25	19,363,702
29 May 2026	5 June 2031	Unlisted	$0.25	14,789,115
				34,152,817

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were 1,991 ordinary shares of Boresight Ltd issued on the exercise of options in November 2025 (effectively 925,815 ordinary shares following 1:465 share split on 17 March 2026). There were no other ordinary shares of Boresight Ltd issued on the exercise of options from November 2025 up to the date of this report.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Indemnity and insurance of officers
The Company indemnifies each of its directors, officers and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the *Corporations Act 2001* from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the *Corporations Act 2001*. The Company must also use its best endeavours to insure a director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

Insurance Premiums
During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Hall Chadwick WA Audit Pty Ltd

There are no officers of the Company who are former partners of Hall Chadwick WA Audit Pty Ltd.

Remuneration report (audited)

This remuneration report for the year ended 30 June 2026 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

(1) Introduction
(2) Remuneration governance
(3) Executive remuneration governance
(4) Non-executive Director fee arrangements
(5) Details of remuneration
(6) Additional disclosures relating to equity instruments
(7) Loans from key management personnel (KMP) and their related party
(8) Other transactions and balances with KMP and their related parties
(9) Voting of shareholders at last year's annual general meeting

1. Introduction

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group’s compensation strategy.

Key management personnel covered in this report are as follows:

Name	Status	Appointment Date	Resignation Date
Dr Andrew Windsor	Non-Executive Chairman	9 July 2020	-
Mr Justin Olde	Managing Director and Chief Executive Officer	12 December 2025	-
Mr Michael Sinkowitsch	Executive Director	9 July 2020	-
Mr Blake Burton	Non-Executive Director	1 March 2026	-

Mr Justin Olde was appointed Chief Executive Officer of the Company in December 2022 and transitioned to CEO/Managing Director on 12 December 2025.

2. Remuneration Governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a remuneration committee charter.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive Remuneration Arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation and equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued to directors subject to approval by shareholders in a general meeting.

At the date of this report, the Company has two appointed executives. Mr Justin Olde as Managing Director and Chief Executive Officer and Mr Michael Sinkowitsch as Executive Director.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Justin Olde
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	12 December 2025
Term of agreement:	Mr Olde's engagement as Managing Director and Chief Executive Officer of the Company commenced on 12 December 2025 and continues until the Managing Director Agreement is validly terminated in accordance with its terms. Mr Olde receives $300,000 per annum (plus applicable minimum statutory superannuation). The Board may determine from time to time whether to pay Mr Olde a bonus in addition to his salary and what the quantum of that bonus will be, including issuing Shares, Options, or other securities to Mr Olde (or his nominee). The Company will reimburse Mr Olde for all reasonable out of pocket expenses, as well as reasonable travel and accommodation costs incurred by Mr Olde in the performance of his duties under the Managing Director Agreement. Each party may terminate the Managing Director Agreement without reasons by giving the other party (3) months' written notice or salary in lieu of notice. The Company may terminate the Managing Director Agreement if, among other things, Mr Olde ceases or in otherwise prohibited from being a director in accordance with the Corporation Acts, becomes bankrupt, is convicted of an indictable offence.

Name:	Mr Michael Sinkowitsch
Title:	Executive Director
Agreement commenced:	12 December 2025
Term of agreement:	Mr Sinkowitsch's engagement as Executive Director of the Company commenced on 12 December 2025 and continues until the Executive Director Agreement is validly terminated in accordance with its terms. Mr Sinkowitsch receives $60,000 per annum (plus applicable minimum statutory superannuation). The Board may determine from time to time whether to pay Mr Sinkowitsch a bonus in addition to his salary and what the quantum of that bonus will be, including issuing Shares, Options, or other securities to Mr Sinkowitsch (or his nominee). The Company will reimburse Mr Sinkowitsch for all reasonable out of pocket expenses, as well as reasonable travel and accommodation costs incurred by Mr Sinkowitsch in the performance of his duties under the Executive Director Agreement. Each party may terminate the Executive Director Agreement without reasons by giving the other party (3) months' written notice or salary in lieu of notice. The Company may terminate the Executive Director Agreement if, among other things, Mr Sinkowitsch ceases or in otherwise prohibited from being a director in accordance with the Corporation Acts, becomes bankrupt, is convicted of an indictable offence.

Short term incentive program
As at 30 June 2026 and 30 June 2025 the Group has not established a short term incentive (STI) program.

Long term incentive program
The Group has established a long term incentive (LTI) program in the form of options issued to executives under the Group's Employee Securities Incentive Plan. Options vest at fixed exercise prices, generating reward for executives linked to share price growth.

4. Non-executive director fee arrangement
The Board policy is to remunerate Non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has not established retirement or redundancy schemes in relation to Non-executive Directors.

The total maximum remuneration of Non-executive Director is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in a general meeting. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $500,000 per annum.

Total fees for the Non-executive directors for the financial year were $53,043 (2025: $nil) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group.

All Non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

5. Details of Remuneration
Details of the remuneration of key management personnel, includes the current and former Directors of the Company during the year ended 30 June 2026:

30 June 2026	Short-term benefits Cash salary and fees $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity settled $	Total $	Performance based %
Non-Executive Directors						
Dr Andrew Windsor	33,043	3,965	-	361,954	398,962	91%
Mr Blake Burton	20,000	2,400	-	135,733	158,133	86%
Executive Directors						
Mr Justin Olde	300,397	33,627	6,383	915,069	1,255,476	73%
Mr Michael Sinkowitsch	33,043	3,965	-	361,954	398,962	91%
Total	**386,483**	**43,957**	**6,383**	**1,774,710**	**2,211,533**	

30 June 2025	Short-term benefits Cash salary and fees $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	Total $	Performance based %
Non-Executive Directors:						
Dr Andrew Windsor	-	-	-	-	-	-
Executive Directors:						
Mr Justin Olde	260,277	28,750	2,915	5,484	297,426	-
Mr Michael Sinkowitsch	-	-	-	-	-	-
Total	**260,277**	**28,750**	**2,915**	**5,484**	**297,426**	

Share-based compensation

Shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026.

Options

There were 15,677,500 options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026. The terms and conditions of each grant of options over ordinary shares in the year ended 30 June 2026 affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

	Number of options granted	Grant date	Vesting & exercisable date	Expiry date	Exercise price	Fair value per option at grant date	Number of options vested & exercisable	Number of options vested & unexercisable
Dr Andrew Windsor	3,200,000	9 April 2026	9 April 2026	5 June 2031	$0.25	$0.1131	-	3,200,000
Mr Justin Olde	8,077,500	9 April 2026	9 April 2026	5 June 2031	$0.25	$0.1131	-	8,077,500
Mr Michael Sinkowitsch	3,200,000	9 April 2026	9 April 2026	5 June 2031	$0.25	$0.1131	-	3,200,000
Mr Blake Burton	1,200,000	9 April 2026	9 April 2026	5 June 2031	$0.25	$0.1131	-	1,200,000

All options granted to directors during the year ended 30 June 2026 are subject to an ASX imposed escrow period of 24 months from the Company's date of admission to ASX. The options are under escrow until 5 June 2028.

The terms and conditions of each grant of options over ordinary shares in a prior financial year affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

CEO Options

Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of securities (pre-split basis)	3,375	3,375	3,375	3,375
Option Entitlement	One Share	One Share	One Share	One Share
Listed/Unlisted	Unlisted	Unlisted	Unlisted	Unlisted
Vesting milestones	On execution of employment agreement with the Company or commencement of the Employee Option Plan (whichever is later)	1 year after the commencement date of your employment with the Company	2 years after the commencement date of your employment with the Company	3 years after the commencement date of your employment with the Company
Grant Date	1-Dec-22	1-Dec-22	1-Dec-22	1-Dec-22
Vesting Date	1-Dec-22	1-Dec-23	1-Dec-24	1-Dec-25
Expiry Date	1-Dec-27	1-Dec-27	1-Dec-27	1-Dec-27
Exercise Price	15% discount to FMV	15% discount to FMV	15% discount to FMV	15% discount to FMV
Methodology	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Fair Value	$2.8458	$2.9032	$2.9623	$3.0229
Total Fair Value	$9,605	$9,798	$9,998	$10,202

13,500 options (on a pre-split basis) held by the CEO were cancelled on 12 March 2026. As the options were fully vested the cancellation had no impact on profit or loss.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

	Value of options granted during the year	Value of options exercised during the year	Value of options cancelled during the year	Remuneration consisting of options for the year
	$	$	$	%
Dr Andrew Windsor	361,954	-	-	91%
Mr Justin Olde	913,652	-	39,603	73%
Mr Michael Sinkowitsch	361,954	-	-	91%
Mr Blake Burton	135,733	-	-	86%

Additional information
The earnings of the Group for the four years to 30 June 2026 are summarised below:

	2026 audited	2025 audited	2024 audited	2023 unaudited
	$	$	$	$
Sales revenue	6,383,532	4,361,920	2,765,458	1,080,478
Loss after income tax	(6,686,714)	(722,430)	(99,919)	(408,590)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026	2025	2024	2023
Share price at financial year end ($)[1]	0.36	-	-	-
Basic earnings/(loss) per share (cents per share)	(4.21)	(0.58)	(0.09)	(0.42)

[1]The Company commenced trading on the Australian Securities Exchange (ASX) on 10 June 2026. The Company was privately held prior to its ASX listing.

6. Additional disclosures relating to equity instruments
Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Issued on Convertible Note conversion	Issued on 1:465 share split	Received as remuneration	Additions	Balance at the end of the year
Ordinary shares						
Dr Andrew Windsor[1]	87,361	-	40,535,272	-	281,875	40,904,508
Mr Justin Olde	-	-	-	-	-	-
Mr Michael Sinkowitsch[2]	91,107	4,214	44,229,318	-	-	44,324,639
Mr Blake Burton[3]	-	-	-	-	662,948	662,948
	178,468	4,214	84,764,590	-	944,823	85,892,095

(1) 281,875 shares were purchased by Dr Andrew Windsor during the year.
(2) 4,214 pre-split shares (1,959,510 on a post-split basis) were issued to Mr Michael Sinkowitsch on convertible notes conversion in November 2025.
(3) 662,948 shares were purchased by Mr Blake Burton during the year.

(1) The balance at the end of the year is comprised as follows:
a. 40,622,633 Shares (rounded up to the nearest 1 Share) held indirectly via Criterion Solutions Pty Ltd, an entity of which Dr. Andrew Windsor and Mr Michael Sinkowitsch are directors and shareholders. Dr Windsor and Mr Sinkowitsch each have a 50% beneficial interest in the Company's Shares which held by Criterion Solutions Pty Ltd (with Criterion Solutions Pty Ltd holding a total of 81,245,265 Shares);

b. 3,702,006 Shares held jointly with Ms Tania Ralston.

(2) The balance at the end of the year is comprised as follows:
a. 40,622,633 Shares (rounded up to the nearest 1 Share) held indirectly via Criterion Solutions Pty Ltd, an entity of which Dr. Andrew Windsor and Mr Michael Sinkowitsch are directors and shareholders. Dr Windsor and Mr Sinkowitsch each have a 50% beneficial interest in the Company's Shares which held by Criterion Solutions Pty Ltd (with Criterion Solutions Pty Ltd holding a total of 81,245,265 Shares);

b. 281,875 Shares held directly by Dr Andrew Windsor.

(3) The balance at the end of the year is comprised of 662,948 Shares held indirectly via Burton Capital Holdings Pty Ltd <Burton Investment A/C>, being an entity associated with Mr Blake Burton.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as remuneration	Exercised	Cancelled	Balance at the end of the year
Options over ordinary shares					
Dr Andrew Windsor	-	3,200,000	-	-	3,200,000
Mr Justin Olde	13,500	8,077,500	-	(13,500)	8,077,500
Mr Michael Sinkowitsch	-	3,200,000	-	-	3,200,000
Mr Blake Burton	-	1,200,000	-	-	1,200,000
	13,500	15,677,500	-	(13,500)	15,677,500

7. Loans to key management personnel and their related parties
There were no loans outstanding to or from related parties at the financial year ended 30 June 2026.

Loan from Criterion Solutions Pty Ltd
At 30 June 2025 the Company has an unsecured loan agreement in place with Criterion Solutions Pty Ltd for with a maximum drawdown of up to $360,000, with an amount drawn down of $270,000 at year end. The loan bears interest at 10% per annum and is repayable in monthly instalments of $20,000 commencing from 1 April 2025. The loan was repaid in full during the half year ended 31 December 2025.

Movement in the loan account are as follows:

	30 June 2026	30 June 2025
	$	$
Opening balance	270,000	-
Advances received	44,978	310,000
Repayments	(312,767)	(40,000)
Gain on forgiveness of debt	(2,211)	-
Closing balance	-	270,000

Accrued interest on the loan of $7,929 recorded within trade and other payables at 30 June 2025 was forgiven by Criterion during the year. Interest ceased being charged on the loan with effect from 1 July 2025.

8. Other transactions with key management personnel and their related parties

Michael Sinkowitsch was issued 100,000 convertible notes in the Company in March 2025. The 100,000 convertible notes together with accrued interest of $7,781 were converted to 4,214 fully paid ordinary shares on a pre-split basis (1,959,510 shares on a post-split basis) in the Company on 15 November 2025. Convertible notes are on the same terms and conditions as those held by unrelated third parties as disclosed in the annual report.

There were no other transactions conducted between the Group and key management personnel or their related parties.

9. Voting of shareholders at last year's annual general meeting

The 30 June 2026 Remuneration Report is the first remuneration report prepared by the Company following its listing. As the Company was privately held during the year ended 30 June 2025, shareholder approval of a remuneration report was not required and no such resolution was presented at the 2025 Annual General Meeting. The Company hasn't received any specific feedback at the AGM or during the year regarding its remuneration practices.

This concludes the remuneration report, which has been audited.

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

On behalf of the directors

____

Dr Andrew Windsor
Non-Executive Chairman

28 August 2026

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Boresight Ltd and the entities it controlled for the year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 28th day of August 2026
Perth, Western Australia

General information

The financial statements cover Boresight Ltd as a Group consisting of Boresight Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Boresight Ltd's functional and presentation currency.

Boresight Ltd is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Unit 1, 120 Giles Street
Kingston ACT 2604
AUSTRALIA

Principal place of business

Unit 3, 96 Wollongong Street
Fyshwick ACT 2609
AUSTRALIA

A description of the nature of the Group's operations and its principal activities is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2026.

Boresight Ltd (formerly Boresight Pty Ltd)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
Revenue			
Revenue	5	6,383,532	4,361,920
Other income	6	21,896	347,529
Expenses			
Selling, general and administrative expenses	7	(3,053,969)	(1,498,968)
Share-based payment expense	24	(3,603,712)	(38,053)
Cost of goods sold		(3,236,400)	(1,550,244)
Employee benefits expense		(2,974,482)	(1,903,402)
Depreciation and amortisation expense		(153,532)	(256,113)
Finance costs		(70,047)	(59,090)
Total expenses		(13,092,142)	(5,305,870)
Loss before income tax expense		(6,686,714)	(596,421)
Income tax expense	8	-	(126,009)
Loss after income tax expense for the year		(6,686,714)	(722,430)
Other comprehensive income (loss)/profit			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(27,498)	44,956
Other comprehensive income (loss)/profit for the year, net of tax		(27,498)	44,956
Total comprehensive loss for the year		(6,714,212)	(677,474)
Loss for the year is attributable to:			
Non-controlling interest		(22,648)	(4,163)
Owners of Boresight Ltd		(6,664,066)	(718,267)
		(6,686,714)	(722,430)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(22,408)	(4,372)
Owners of Boresight Ltd		(6,691,804)	(673,102)
		(6,714,212)	(677,474)
		Cents	**Cents**
Basic earnings per share (loss)	21	(4.21)	(0.58)
Diluted earnings per share (loss)	21	(4.21)	(0.58)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position
As at 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
Assets			
Current assets			
Cash and cash equivalents	9	7,881,971	568,962
Trade and other receivables	10	1,624,540	756,999
Inventories	11	509,252	362,092
Other assets		164,801	36,763
Total current assets		10,180,564	1,724,816
Non-current assets			
Plant and equipment	13	373,048	382,834
Right-of-use assets	12	112,777	226,318
Deferred tax assets		26,685	22,367
Other assets		34,490	34,490
Total non-current assets		547,000	666,009
Total assets		10,727,564	2,390,825
Liabilities			
Current liabilities			
Trade and other payables	14	998,792	696,372
Contract liabilities	15	1,310,895	171,803
Borrowings	16	74,840	500,404
Lease liabilities	17	127,952	112,449
Current tax liability		-	63,487
Provisions	18	292,003	151,553
Total current liabilities		2,804,482	1,696,068
Non-current liabilities			
Borrowings	16	-	30,000
Lease liabilities	17	-	127,952
Deferred tax liabilities		26,685	22,367
Provisions	18	72,370	45,017
Total non-current liabilities		99,055	225,336
Total liabilities		2,903,537	1,921,404
Net assets		7,824,027	469,421
Equity			
Issued capital	19	11,561,745	1,747,563
Reserves	20	4,386,931	189,485
Accumulated losses		(8,124,649)	(1,463,255)
Equity attributable to the owners of Boresight Ltd		7,824,027	473,793
Non-controlling interest		-	(4,372)
Total equity		7,824,027	469,421

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

	Issued capital $	Share-based payment reserve $	Equity reserve $	Foreign exchange reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2024	1,747,563	58,856	-	646	(744,988)	-	1,062,077
Loss after income tax expense for the year	-	-	-	-	(718,267)	(4,163)	(722,430)
Other comprehensive income profit/(loss) for the year, net of tax	-	-	-	45,165	-	(209)	44,956
Total comprehensive income profit/(loss) for the year	-	-	-	45,165	(718,267)	(4,372)	(677,474)
Transactions with owners in their capacity as owners:							
Share-based payments (note 24)	-	38,053	-	-	-	-	38,053
Equity component of convertible notes at inception	-	-	46,765	-	-	-	46,765
Balance at 30 June 2025	1,747,563	96,909	46,765	45,811	(1,463,255)	(4,372)	469,421

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

	Issued capital $	Share-based payment reserve $	Equity reserve $	Foreign exchange reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2025	1,747,563	96,909	46,765	45,811	(1,463,255)	(4,372)	469,421
Loss after income tax expense for the year	-	-	-	-	(6,664,066)	(22,648)	(6,686,714)
Other comprehensive income (loss)/profit for the year, net of tax	-	-	-	(27,738)	-	240	(27,498)
Total comprehensive loss for the year	-	-	-	(27,738)	(6,664,066)	(22,408)	(6,714,212)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs (note 19)	9,759,450	-	-	-	-	-	9,759,450
Share-based payments (note 24)	-	4,309,177	-	-	-	-	4,309,177
Transfer to share capital on settlement of convertible notes (note 16)	46,765	-	(46,765)	-	-	-	-
Cancellation of options	-	(97,277)	-	-	97,277	-	-
Exercise of options	7,967	(7,967)	-	-	-	-	-
Issue of options	-	150	-	-	-	-	150
Acquisition of Boresight UK 20% NCI	-	67,866	-	-	(94,605)	26,780	41
Balance at 30 June 2026	11,561,745	4,368,858	-	18,073	(8,124,649)	-	7,824,027

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

	Note	30 June 2026 $	30 June 2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,263,627	5,336,044
Payments to suppliers and employees (inclusive of GST)		(8,455,726)	(4,938,066)
Proceeds from government grants		347,184	143,480
Payments for Initial Public Offering		(425,554)	-
Interest received		11,049	345
Interest and other finance costs paid		(22,644)	(18,761)
Income taxes paid		(63,488)	(5,009)
Net cash (used in)/from operating activities	25	(2,345,552)	518,033
Cash flows from investing activities			
Payments for plant and equipment	13	(175,980)	(440,480)
Payments for establishment of subsidiary		-	(167)
Net cash used in investing activities		(175,980)	(440,647)
Cash flows from financing activities			
Proceeds from issue of shares	19	10,650,266	-
Proceeds from issue of convertible notes	16	-	265,001
Proceeds from exercise of options		50,920	-
Proceeds from borrowings		44,978	340,000
Share issue transaction costs		(429,475)	-
Repayment of borrowings		(312,767)	(93,407)
Repayment of lease liabilities		(112,449)	(119,877)
Net cash from financing activities		9,891,473	391,717
Net increase in cash and cash equivalents		7,369,941	469,103
Cash and cash equivalents at the beginning of the financial year		568,962	112,672
Effects of exchange rate changes on cash and cash equivalents		(56,932)	(12,813)
Cash and cash equivalents at the end of the financial year	9	7,881,971	568,962

Note 1. Reporting Entity

These consolidated financial statements cover Boresight Ltd (formerly known as Boresight Pty Ltd) (**Company**) and its controlled entities as a consolidated entity (also referred to as **Group**). Boresight Ltd is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued on 28 August 2026 by the directors of the Company.

On 17 March 2026, the Company converted from a private company to a listed public company under the Corporations Act 2001.

This change in legal status did not result in a change to the reporting entity, accounting policies, or the measurement and recognition of assets and liabilities. Accordingly, the comparative information is directly comparable to the current year.

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the financial report.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boresight Ltd ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Boresight Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 2. Material accounting policy information (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Boresight Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants
Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Material accounting policy information (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either 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 right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market based vesting conditions.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 24 .

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. At 30 June 2026 and 2025 the Group's strategic operating segments comprise of Australia and United States.

Intersegment transactions
The US operating segment purchases physical goods from the Australian operating segment. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
At 30 June 2026 the Company has four major customers comprising 36%, 23%, 17% and 13% of total revenues (30 June 2025: three major customers comprising 35%, 27% and 22% of total revenues).

Operating segment information

	Australia	USA	Intersegment	Total
30 June 2026	**$**	**$**	**$**	**$**
Revenue				
Sale of physical goods	5,305,433	1,803,240	(1,399,684)	5,708,989
Sale of services	247,581	391,167	(8,702)	630,046
Other	44,497	-	-	44,497
Total revenue	5,597,511	2,194,407	(1,408,386)	6,383,532
Other income	21,896	-	-	21,896
Operating expenses	(12,139,768)	(2,776,677)	1,824,303	(13,092,142)
Net profit/(loss) before tax	**(6,520,361)**	**(582,270)**	**415,917**	**(6,686,714)**
Assets				
Segment assets	10,586,038	779,622	(638,096)	10,727,564
Liabilities				
Segment liabilities	2,396,134	1,144,783	(637,380)	2,903,537

Note 4. Operating segments (continued)

30 June 2025	Australia $	USA $	Intersegment $	Total $
Revenue				
Sale of physical goods	2,731,100	1,360,296	(1,032,748)	3,058,648
Sale of services	1,195,691	143,950	(138,739)	1,200,902
Other	96,906	55,449	(49,985)	102,370
Total revenue	4,023,697	1,559,695	(1,221,472)	4,361,920
Government grants and other income	347,529	-	-	347,529
Operating expenses	(4,947,015)	(1,680,900)	1,322,045	(5,305,870)
Net profit/(loss) before tax	**(575,789)**	**(121,205)**	**100,573**	**(596,421)**
Assets				
Segment assets	2,394,226	156,362	(159,763)	2,390,825
Liabilities				
Segment liabilities	1,910,646	341,801	(331,043)	1,921,404

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	30 June 2026 $	30 June 2025 $
Sale of physical good	5,708,989	3,058,648
Services	630,046	1,200,902
Other (shipping)	44,497	102,370
	6,383,532	4,361,920

Disaggregation of revenue:

	30 June 2026 $	30 June 2025 $
Timing of revenue recognition		
Goods transferred at a point in time	5,753,486	3,161,018
Services transferred over a period of time	630,046	1,200,902
	6,383,532	4,361,920

Accounting policy for revenue

The Group revenues consist of the following elements:

- physical products,
- services revenue, and
- other revenue, which is primarily comprised of shipping fees.

Note 5. Revenue (continued)

Revenue is recognised when the associated performance obligation is satisfied. In relation to physical products, revenue is recognised upon shipment or arrival of goods, dependent on the terms that have been agreed with the customer. In relation to the provision of services, revenue is recognised upon provision of the services to customer.

Where customers make payments in advance of the delivery of goods or services, a contract liability is recognised. Contract liabilities are subsequently recognised as revenue when the relevant performance obligations are satisfied.

The Group has no contract assets.

The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Note 6. Other income

	30 June 2026	30 June 2025
	$	$
R&D grant	-	347,184
Criterion loan forgiven	2,211	-
Criterion interest waived	7,929	-
Interest income	11,756	345
	21,896	347,529

Note 7. Selling, general and administrative expenses

	30 June 2026	30 June 2025
	$	$
Professional fees	293,325	195,379
Selling, marketing and public relations	287,435	146,790
Insurance	149,897	144,536
Research and development	648,661	171,322
Travel expenses	817,521	332,667
Realised and unrealised currency losses	127,371	66,423
IPO transaction costs	358,351	-
Listing and share registry expenses	16,072	-
Office and related expenses	191,287	141,715
Bad debts expense	12,430	-
Other	151,619	300,136
	3,053,969	1,498,968

Accounting policy for expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Note 8. Income tax expense/(benefit)

	30 June 2026	30 June 2025
	$	$
Income tax expense/(benefit)		
Current tax	-	63,487
Deferred tax	-	62,522
Aggregate income tax expense/(benefit)	-	126,009
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	-	55,358
Increase in deferred tax liabilities	-	7,165
Deferred tax	-	62,522
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax expense	(6,686,714)	(596,421)
Profit before income tax expense from discontinued operations	-	-
	(6,686,714)	(596,421)
Tax at the statutory tax rate of 25%	(1,671,679)	(149,106)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	900,928	11,416
Effective interest on leases	4,282	7,786
Interest on convertible notes	11,851	2,844
R&D tax incentive (permanent differences)	-	(104,155)
Research and development expenses	272,402	34,124
Other expenses	36,277	66,093
Deferred tax assets not recognised	445,939	257,007
Income tax expense/(benefit)	-	126,009

Carry forward losses and deferred tax assets
The Group does not consider a future income tax benefit is probable at 30 June 2026 and 30 June 2025 and has only recognised a deferred tax asset in relation to the extent of offset by deferred tax liabilities. The deferred tax asset recognised at 30 June 2026 is $26,685 (30 June 2025 is $22,367).

At 30 June 2026 the Group has tax losses of $1,522,317 available for offset against future taxable profits, comprising Australian tax losses of $1,033,630 and foreign tax losses of $488,687 (30 June 2025: carry forward tax losses of $115,763 comprised solely of foreign tax losses).

Accounting policy for Income Tax
Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Note 8. Income tax expense/(benefit) (continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Note 9. Cash and cash equivalents

	30 June 2026	30 June 2025
	$	$
Current assets		
Cash at bank	7,881,971	568,962

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Note 10. Trade and other receivables

	30 June 2026	30 June 2025
	$	$
Current assets		
Trade receivables	1,602,487	409,815
Less: Allowance for expected credit losses	(12,430)	-
	1,590,057	409,815
Other receivables	34,483	347,184
	1,624,540	756,999

Refer to **note 22** for further information on financial instruments.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Inventories

	30 June 2026	30 June 2025
	$	$
Current assets		
Raw materials - at cost	456,872	362,092
Finished goods - at cost	52,380	-
	509,252	362,092

Accounting policy for inventories
Raw materials and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Right-of-use assets

	30 June 2026 $	30 June 2025 $
Non-current assets		
Office and storage facility, at cost	335,278	335,278
Less: Accumulated amortisation	(222,501)	(108,960)
	112,777	226,318

The Group entered into leases for an office and storage facility in July and September 2024, giving rise to right-of-use assets of $335,278.

The office lease is for a period of 3 years and the storage facility lease is for a period of 2.8 years. Both leases contain escalation clauses and neither lease contains an extension option. On renewal, the terms of the leases may be renegotiated. Both leases expire 30 June 2027.

The Group leases various other spaces and small items of plant and equipment. These leases are either short-term or low-value and have been expensed as incurred and not capitalised as right-of-use assets.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office $	Storage facility $	Total $
Balance at 1 July 2024	-	-	-
Additions	258,157	77,121	335,278
Amortisation expense	(86,052)	(22,908)	(108,960)
Balance at 1 July 2025	172,105	54,213	226,318
Amortisation expense	(86,052)	(27,489)	(113,541)
Balance at 30 June 2026	86,053	26,724	112,777

Note 13. Plant and equipment

	30 June 2026	30 June 2025
	$	$
Non-current assets		
Plant and equipment	526,090	353,088
Less: Accumulated depreciation	(239,817)	(119,933)
	286,273	233,155
Motor vehicles	48,471	51,014
Less: Accumulated depreciation	(14,217)	(6,377)
	34,254	44,637
Leasehold improvements	145,925	145,925
Less: Accumulated depreciation	(93,404)	(40,883)
	52,521	105,042
	373,048	382,834

Accounting policy for plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	2-3 years
Plant and equipment	3-7 years
Motor vehicles	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Plant and equipment (continued)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment	Motor vehicles	Leasehold improvements	Total
	$	$	$	$
Balance at 1 July 2024	39,708	48,851	-	88,559
Additions	294,555	-	145,925	440,480
Foreign exchange	-	948	-	948
Depreciation expense	(101,108)	(5,162)	(40,883)	(147,153)
Balance at 30 June 2025	233,155	44,637	105,042	382,834
Additions	175,980	-	-	175,980
Depreciation expense	(119,884)	(7,840)	(52,521)	(180,245)
Foreign exchange	(2,978)	(2,543)	-	(5,521)
Balance at 30 June 2026	286,273	34,254	52,521	373,048

Note 14. Trade and other payables

	30 June 2026	30 June 2025
	$	$
Current liabilities		
Trade payables	329,598	230,349
Accrued expenses	433,485	277,276
Other payables	235,709	188,747
	998,792	696,372

Refer to note 22 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Contract liabilities

	30 June 2026	30 June 2025
	$	$
Current liabilities		
Contract liabilities expected to be recognised within 6 months of reporting date	1,192,505	171,803
Contract liabilities expected to be recognised within 12 months of reporting date	118,390	-
	1,310,895	171,803

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 16. Borrowings

	30 June 2026	30 June 2025
	$	$
Current liabilities		
Insurance premium funding	46,523	32,686
Loan from Criterion Solutions Pty Ltd	-	240,000
Credit card payable	28,317	-
Convertible notes	-	227,718
	74,840	500,404
Non-current liabilities		
Loan from Criterion Solutions Pty Ltd	-	30,000
	74,840	530,404

Refer to note 22 for further information on financial instruments.

Convertible Notes

At 30 June 2025 the Company has on issue 265,000 convertible notes with a face value of $1.00 each maturing on 4 February 2027. All convertible notes automatically convert to shares on the earliest of the maturity date or the occurrence of a conversion event. A conversion event occurs if the Company raise's a minimum of $1M at a valuation of a minimum of $7M in a round of fundraising.

The notes bear interest at 10% per annum, with interest capitalised and settled through the issue of ordinary shares on conversion.

The 265,000 notes including accrued interest of $20,620 were converted to ordinary shares on 15 November 2025.

A reconciliation of the face values of convertible notes to amounts presented on the consolidated statement of financial position is as follows:

	30 June 2026	30 June 2025
	$	$
Opening balance	227,718	-
Proceeds from convertible notes	-	265,000
Equity component at inception	-	(46,765)
Effective interest	37,282	9,483
Coupon interest	20,620	-
Settled through the issue of shares (note 19)	(285,620)	-
Closing balance	-	227,718

Loan from Criterion Solutions Pty Ltd

At 30 June 2025 the Company has an unsecured loan agreement in place with Criterion Solutions Pty Ltd for with a maximum drawdown of up to $360,000, with an amount drawn down of $270,000 at year ended 30 June 2025. The loan bears interest at 10% per annum and is repayable in monthly instalments of $20,000 commencing from 1 April 2025. The loan was repaid in full during the financial year ended 30 June 2026.

Note 16. Borrowings (continued)

Movements in the loan account are as follows:

	30 June 2026	30 June 2025
	$	$
Opening balance	270,000	-
Advances received	44,978	310,000
Repayments	(312,767)	(40,000)
Gain on forgiveness of debt	(2,211)	-
Closing balance	-	270,000

Accrued interest on the loan of $7,929 recorded within trade and other payables at 30 June 2025 was forgiven by Criterion during the year. Interest ceased being charged on the loan with effect from 1 July 2025.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Accounting policy for convertible notes
The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as an equity reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 17. Lease liabilities

	30 June 2026	30 June 2025
	$	$
Current liabilities		
Lease liability	127,952	112,449
Non-current liabilities		
Lease liability	-	127,952
	127,952	240,401

Lease liabilities relate to the Group's office and storage facility leases. Lease liabilities have been measured at the present value of lease payments, discounted using the Group's incremental borrowing rate in effect on lease execution date of 10%.

Refer to note 22 for further information on financial instruments.

Note 17. Lease liabilities (continued)

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 18. Provisions

	30 June 2026	30 June 2025
	$	$
Current liabilities		
Annual leave	242,003	151,553
Lease make good	50,000	-
	292,003	151,553
Non-current liabilities		
Long service leave	72,370	45,017
	364,373	196,570

Accounting policy for provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leaves not expected to be settled within 12 months of the reporting date are 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Issued capital

	30 June 2026 Shares	30 June 2025 Shares	30 June 2026 $	30 June 2025 $
Ordinary shares - fully paid	209,022,782	264,723	11,561,745	1,747,563
	209,022,782	264,723	11,561,745	1,747,563

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	**30 Jun 2024**	**264,723**		**1,747,563**
Balance	**30 Jun 2025**	**264,723**		**1,747,563**
Conversion of convertible note	15 Nov 2025	11,168	$25.570	285,620
Transfer from equity reserve convertible note settlement	15 Nov 2025	-	$0.000	46,765
Issue of ordinary shares	30 Nov 2025	21,505	$0.000	100
Conversion of Employee Share Plan Options	30 Nov 2025	1,991	$25.575	50,920
Transfer from share based payment reserve on option conversion	30 Nov 2025	-	$0.000	7,967
Issue of ordinary shares	30 Nov 2025	47,974	$30.225	1,450,000
Share Split 465:1	17 Mar 2026	161,175,421	$0.000	-
Issue of ordinary shares	18 Mar 2026	7,500,000	$0.160	1,200,000
Issue of IPO shares	29 May 2026	40,000,000	$0.200	8,000,000
Capital raising costs		-	$0.000	(1,227,190)
Balance	**30 Jun 2026**	**209,022,782**		**11,561,745**

The Company converted from a private to a public company on 17 March 2026 and completed a 465-for-1 share split on the same date.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 19. Issued capital (continued)

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

There were no changes in the Group's capital risk management policy during the year.

Accounting policy for issued capital
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.

Note 20. Reserves

	30 June 2026 $	30 June 2025 $
Foreign currency reserve	18,073	45,811
Share-based payments reserve	4,368,858	96,909
Equity reserve	-	46,765
	4,386,931	189,485

(a) Share Based Payment Reserve

	30 June 2026 $	30 June 2025 $
34,152,817 Options (30 June 2025: 25,242 Options at pre-split basis)	4,368,858	96,909

(b) Movement in Share Based Payment Reserve

	No	$
Opening balance at 1 July 2024	16,056	58,856
Pro-rata expense of options issued in prior periods	-	7,862
Issue options to employees during the year	9,186	30,191
Closing balance at 30 June 2025	25,242	96,909
Pro-rata expense of options issued in prior periods	-	8,335
Options exercised	(1,991)	(7,967)
Options cancelled	(23,251)	(97,277)
Issue of director options	15,677,500	1,773,294
Issue of ESIP options	3,086,202	349,083
Issue of options issued as consideration for minority shareholding of BST UK	600,000	67,866
Issue of lead manager options	4,789,115	705,615
Issue of consultant & advisor options	10,000,000	1,473,000
Closing balance at 30 June 2026	**34,152,817**	**4,368,858**

Note 20. Reserves (continued)

Accounting policy for reserves

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Equity reserve

The equity reserve is used to recognise the difference between convertible note proceeds received and the fair value of the liability component of the Group's convertible notes.

Note 21. Earnings per share (loss)

	30 June 2026	30 June 2025
	$	$
Loss after income tax	(6,686,714)	(722,430)
Non-controlling interest	22,648	4,163
Loss after income tax attributable to the owners of Boresight Ltd	(6,664,066)	(718,267)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	158,192,796	123,096,195
Weighted average number of ordinary shares used in calculating diluted earnings per share	158,192,796	123,096,195
	Cents	**Cents**
Basic earnings per share (loss)	(4.21)	(0.58)
Diluted earnings per share (loss)	(4.21)	(0.58)

At 30 June 2025 the Company has 265,000 convertible notes on issue with a face value of $1.00 each (30 June 2024: nil). The convertible notes automatically convert into ordinary shares on the earlier of their maturity date or the occurrence of a conversion event. There are no convertible notes on issue at 30 June 2026.

At 30 June 2026 the Company has 34,152,817 options on issue (30 June 2025: 25,242 options on a pre-split basis which is 11,737,530 on a post-split basis).

Due to the Group reporting a loss for the year ended 30 June 2026, the convertible notes and options are anti-dilutive and have therefore been excluded from the calculation of diluted earnings per share.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Boresight Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 21. Earnings per share (loss) (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 22. Financial instruments

Financial risk management policies
The Group's financial instruments consist mainly of deposits with banks, trade and other debtors and trade and other payables.

Specific Financial Risk Exposures and Management
The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

Market risk
Foreign currency risk
The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. Any reasonable fluctuation in exchange rates is not expected to have a material impact on either profit or equity.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the report date are as follows:

	Financial Assets		Financial Liabilities	
	2026	2025	2026	2025
	$	$	$	$
United States Dollars	711,190	256,007	817,199	194,714
Great British Pounds	2,190	-	-	11,560
	713,380	256,007	817,199	206,274

The Group has net liabilities denominated in foreign currencies of $103,819 at 30 June 2026 (30 June 2025: net assets of $49,733). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2025: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables being held constant, the Group's net loss before tax for the year and equity would have been $10,382 lower/higher (30 June 2025: $2,487 lower/higher). The percentage change is the expected overall volatility of the major currency, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the 12 months immediately preceding the reporting date.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
From time to time the Group may have significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future. The exposure to interest rates arises from the cash and cash equivalents balances.

Note 22. Financial instruments (continued)

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is not considered to be material.

Credit risk
The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the consolidated financial statements.

Credit risk related to balances with banks and other financial institutions and trade and other receivables and is managed by the Group in accordance with approved Board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	30 June 2026	30 June 2025
	$	$
Cash and cash equivalents held in Australian banks - AA Rated	7,646,728	-
Cash and cash equivalents held in Australian banks - A Rated	221,253	514,871
Cash, cash equivalents and restricted cash held in US banks - A Rated	13,990	54,091
	7,881,971	568,962

Impaired trade receivables

The Group assesses expected credit losses associated on a forward looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure or a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Bad debts expense of $12,430 was recognised for the year ended 30 June 2026 (30 June 2025: bad debts expense of $nil).

At 30 June 2026, $759,096 of the Group's receivables are past due but not impaired. (30 June 2025: $29,700 past due which was recovered during the year ended 30 June 2025).

The ageing analysis of these trade receivables is as follows:

	Carrying amount		Allowance for expected credit losses		Past due but not impaired	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	$	$	$	$	$	$
Current	830,961	380,115	-	-	-	-
1 to 3 months	759,096	29,700	-	-	759,096	29,700
3 to 9 months	12,430	-	(12,430)	-	-	-
Total	1,602,487	409,815	(12,430)	-	759,096	29,700

Note 22. Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities based on the actual rates at the reporting date excluding interest payments:

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Beyond 2 years	Remaining contractual maturities	Carrying amount
30 June 2026	**%**	**$**	**$**	**$**	**$**	**$**
Non-derivatives						
Non-interest bearing						
Trade payables	-	329,598	-	-	329,598	329,598
Other payables	-	669,194	-	-	669,194	669,194
Borrowings	17.58%	74,840	-	-	74,840	74,840
Lease liability	10.00%	133,622	-	-	133,622	127,952
Total non-derivatives		1,207,254	-	-	1,207,254	1,201,584

30 June 2025	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Beyond 2 years $	Remaining contractual maturities $	Carrying amount $
Non-derivatives						
Non-interest bearing						
Trade payables	-	230,349	-	-	230,349	230,349
Other payables	-	466,023	-	-	466,023	466,023
Borrowings	10.00%	272,686	30,000	-	302,686	302,686
Lease liability	10.00%	129,580	133,622	-	263,202	240,401
Total non-derivatives		1,098,638	163,622	-	1,262,260	1,239,459

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Financial instruments (continued)

Accounting policy for financial instruments
Classification
The Group classifies its financial assets in the following measurement categories:

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment
The Group assesses expected credit losses associated on a forward-looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 23. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Share-based payments

Options issued in prior periods

Options issued in prior periods that impact the year ended 30 June 2026 are as follows:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Cancelled	Balance at 30 June 2026
01/12/2022	01/12/2027	N1	3,375	-	-	(3,375)	-
01/12/2022	01/12/2027	N1	3,375	-	-	(3,375)	-
01/12/2022	01/12/2027	N1	3,375	-	-	(3,375)	-
01/12/2022	01/12/2027	N1	3,375	-	-	(3,375)	-
11/01/2023	11/01/2028	$15.00	852	-	-	(852)	-
11/01/2023	11/01/2028	$15.00	852	-	-	(852)	-
11/01/2023	11/01/2028	$15.00	852	-	-	(852)	-
11/01/2025	31/01/2030	N1	6,310	-	(1,991)	(4,319)	-
11/01/2025	31/01/2030	N1	2,876	-	-	(2,876)	-
			25,242	-	(1,991)	(23,251)	-

N1 - Exercise price being 15% discount to fair market value (FMV).

The number of options presented in the table above is on a pre-split basis. On a post split basis, the number of options on issue at the start of the year is 11,737,530, with 925,815 options exercised during the year and 10,811,715 cancelled.

23,251 options were cancelled 12 March 2026. As the options were fully vested at cancellation date the cancellation had no impact on profit or loss.

Options issued during the year ended 30 June 2026

During the year ended 30 June 2026 the Group recorded the following share based payments:

- On 9 April 2026 the Company issued 15,677,500 options exercisable at $0.25 on or before 5 June 2031 to directors of the Company. There were no vesting conditions attached to the options.

- On 9 April 2026 the Company issued 3,086,202 options exercisable at $0.25 on or before 5 June 2031 to employees of the Company. There were no vesting conditions attached to the options.

- On 9 April 2026 the Company issued 600,000 options exercisable at $0.25 on or before 5 June 2031 to the minority shareholder of Boresight UK as consideration for the acquisition of the 20% minority shareholding in Boresight UK. There were no vesting conditions attached to the options.

- On 29 May 2026 the Company issued 4,789,115 options exercisable at $0.25 on or before 5 June 2031 to lead managers of the Company's IPO . There were no vesting conditions attached to the options.

- On 29 May 2026 the Company issued 10,000,000 options exercisable at $0.25 on or before 5 June 2031 to consultants & advisors of the Company . There were no vesting conditions attached to the options.

Note 24. Share-based payments (continued)

Fair value of options issued during the year ended 30 June 2026

The Black Scholes option pricing model was used to determine the fair value of the unlisted options granted during the 2026 financial year using the following inputs:

Number of options	19,363,702	14,789,115
Grant date	9 Apr 2026	29 May 2026
Issue date	9 Apr 2026	29 May 2026
Exercise price	$0.25	$0.25
Expected volatility	100%	100%
Implied option life	5 years	5 years
Expected dividend yield	nil	nil
Risk free rate	4.57%	4.48%
Valuation per option	$0.1131	$0.1473

Given the Company became publicly listed on 10 June 2026, there is limited available information on daily share price movements to calculate share price volatility. A volatility of 100% has been applied.

Share-based payment expense recognised in profit or loss is comprised as follows:

	30 June 2026	30 June 2025
	$	$
Pro-rata expense of options in comparative and previous financial years	8,335	7,862
Expense of 9,186 to employees during the year ended 30 June 2025	-	30,191
Issue of 15,677,500 director options	1,773,294	-
Issue of 3,086,202 ESIP options	349,083	-
Issue of 10M consultant & advisor options	1,473,000	-
	3,603,712	38,053

Share-based payment expense recognised as a capital raising cost within equity is comprised as follows:

	30 June 2026	30 June 2025
	$	$
Issue of 4,789,115 lead manager options	705,465	-
	705,465	-

Share-based payment expense recognised against accumulated losses within equity is comprised as follows:

	30 June 2026	30 June 2025
	$	$
Issue of 600,000 options as consideration for the acquisition of the minority shareholding of Boresight UK	67,866	-
	67,866	-

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of options over shares, that are provided to employees in exchange for the rendering of services.

Note 24. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date.

For the options granted during the 2026 financial year, the Black Scholes option pricing model was used to determine the fair value of the unlisted options.

For options granted in the comparative and previous financial years, fair value has been independently determined using either the Hoadleys or Monte Carlo option pricing models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 25. Reconciliation of loss after income tax to net cash (used in)/from operating activities

a) Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2026 $	30 June 2025 $
Loss after income tax expense for the year	(6,686,714)	(722,430)
Adjustments for:		
Depreciation and amortisation	294,246	256,113
Share-based payments	3,603,712	38,053
Bad debts	12,430	-
Gain on forgiveness of debt	(2,211)	-
Interest and other finance costs	57,902	32,501
Insurance expense paid by premium funding facility	30,372	15,444
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(914,556)	621,780
Increase in inventories	(112,931)	(315,348)
Decrease/(increase) in deferred tax assets	(4,319)	55,359
Increase in other assets	(128,726)	(9,011)
Increase in trade and other payables	209,221	264,355
Increase in contract liabilities	1,144,986	150,668
Increase/(decrease) in current tax liability	(63,488)	58,479
Increase in deferred tax liabilities	4,319	7,164
Increase in provisions	167,804	64,906
Increase in borrowings	42,401	-
Net cash (used in)/from operating activities	(2,345,552)	518,033

Note 25. Reconciliation of loss after income tax to net cash (used in)/from operating activities (continued)

b) Non-cash investing and financing activities

	30 June 2026 $	30 June 2025 $
Principal & interest component of convertible notes settled through the issue of shares (note 16)	285,620	-
	285,620	-

Note 26. Key management personnel disclosures

Directors
The following persons were directors or key management personnel of Boresight Ltd during the financial year:

Dr Andrew Windsor	Non-Executive Chairman
Mr Michael Sinkowitsch	Executive Director
Mr Justin Olde	Managing Director and Chief Executive Officer
Mr Blake Burton	Non-Executive Director

Mr Justin Olde was appointed Chief Executive Officer of the Company in December 2022 and transitioned to CEO/Managing Director on 12 December 2025.

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	30 June 2026 $	30 June 2025 $
Short-term employee benefits	386,483	260,277
Post-employment benefits	43,957	28,750
Long-term benefits	6,383	2,915
Termination benefits	-	-
Share-based payments	1,774,710	5,484
	2,211,533	297,426

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick WA Audit Pty Ltd, the auditor of the Company:

	30 June 2026 $	30 June 2025 $
Audit services - Hall Chadwick WA Audit Pty Ltd		
Audit or review of the financial statements	43,000	15,000
Other services - Hall Chadwick WA Audit Pty Ltd		
Preparation of Investigating Accountant's Report	15,000	-
	58,000	15,000

Note 28. Related party transactions

Parent entity
Boresight Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and share-based payment of KMP set out in note 24.

Transactions with related parties
The following transactions occurred with related parties:

Receivable from and payable to related parties

	30 June 2026 $	30 June 2025 $
Current receivables:		
Current payables:		
Trade payables to Criterion Solutions Pty Ltd	-	145

Criterion Solutions Pty Ltd is a related party through common directors Andrew Windsor and Michael Sinkowitsch.

Related party borrowings
Refer to note 16 for details of the movements in a loan from Criterion Solutions Pty Ltd during the year. Accrued interest on the loan of $7,929 recorded within trade and other payables at 30 June 2025 was forgiven by Criterion during the year. Interest ceased being charged with effect from 1 July 2025.

Convertible notes held by related parties
Michael Sinkowitsch was issued 100,000 convertible notes in the Company in March 2025. The 100,000 convertible notes together with accrued interest of $7,781 were converted to 4,214 fully paid ordinary shares on a pre-split basis (1,959,510 shares on a post-split basis) in the Company on 15 November 2025. Convertible notes are on the same terms and conditions as those held by unrelated third parties as disclosed in the annual report.

Note 29. Contingent liabilities

The Group has no known contingent liabilities as at 30 June 2026 (30 June 2025: nil).

Note 30. Commitments

The Group has no commitments which are not recorded on the statement of financial position as at 30 June 2026 (30 June 2025: nil).

Note 31. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 32. Parent entity information

Statement of profit or loss and other comprehensive income

	30 June 2026 $	30 June 2025 $
Loss after income tax	(6,352,507)	(678,984)
Total comprehensive (loss)	(6,352,507)	(678,984)

Statement of financial position

	30 June 2026 $	30 June 2025 $
Total current assets	9,707,616	1,660,555
Total non-current assets	491,948	719,511
Total assets	10,199,564	2,380,066
Total current liabilities	2,276,482	1,685,294
Total non-current liabilities	99,055	225,335
	2,375,537	1,910,629
Equity		
Issued capital	11,561,745	1,747,563
Share-based payments reserve	4,368,858	96,909
Equity reserves	-	46,765
Accumulated losses	(8,106,576)	(1,420,800)
Total Equity	7,824,027	470,437

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2026 or 30 June 2025.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries and receivables from are accounted for at cost, less any impairment, in the parent entity.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2026 %	Ownership interest 30 June 2025 %
Boresight US Inc*	United States of America	100%	100%
Boresight UK**	United Kingdom	100%	80%

* Boresight US Inc was incorporated in February 2024.
** Boresight UK was incorporated in June 2025.

Note 34. Events after the reporting period

On 20 July 2026 the Group announced that its US subsidiary has signed a lease agreement for a larger manufacturing facility. Lease payments are US$10,800 (A$15,666) per month commencing July 2026. The lease is for an initial period of 3 years with options for extension.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Entity Name	Entity Type	Country of Incorporation	Ownership Interest	Australian Tax Resident	Jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction)
Boresight Ltd	Body Corporate	Australia	100%	Yes	N/A
Boresight US Inc	Body Corporate	United States of America	100%	Yes	United states of America
Boresight UK Ltd	Body Corporate	United Kingdom	100%	Yes	United Kingdom

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (**CEDS**) be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

(a) an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
(b) a partnership, with at least one partner being an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
(c) a resident trust estate (within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

* **Australian tax residency**
The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

** **Foreign tax residency**
The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2026

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

On behalf of the directors

____
Dr Andrew Windsor
Non-Executive Chairman

28 August 2026

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BORESIGHT LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Boresight Ltd ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director's declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

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

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PO Box 1288 Subiaco WA 6904
283 Rokeby Rd Subiaco WA 6008
T: +61 8 9426 0666

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for Share-based payments	
As disclosed in Note 24 to the financial statements, the Company issued unlisted options as consideration for services provided during the year. The total value of share-based payment transactions recognised during the year was $4,309,177, comprising $3,603,712 recognised as an expense in profit or loss and $705,465 recognised as a capital raising cost. Share based payments are considered to be a key audit matter due to: - the value of the transactions; - the complexities involved in the recognition and measurement of these instruments; and - the judgement involved in determining the inputs used in the valuations. Management used the Black-Scholes Option Valuation Model was used to determine the fair value of the options granted.	Our procedures included, amongst others: • Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with *AASB 2 Share Based Payments*; • Evaluating management's option valuations and assessing the assumptions and inputs used; • Evaluating the assumptions used to in assessing the likelihood of the vesting conditions being met; and • Assessing the adequacy of the disclosures included in Note 24 to the financial statements.
Revenue recognition	
During the year ended 30 June 2026, the Consolidated Entity generated revenue of $6,383,532 (2025: $4,361,920). Revenue recognition is considered a key audit matter due to the significance of revenue to the financial statements and the judgement involved in determining when control of goods or services is transferred to customers.	Our procedures included, amongst others: • We reviewed the Consolidated Entity's revenue accounting policy and their contracts with customers and assessed its compliance with AASB 15 Revenue from Contracts with Customers; • Performed substantive audit procedures on a sample basis by verifying revenue to relevant supporting documentation including

Key Audit Matter	How our audit addressed the Key Audit Matter
	verification contractual terms of the relevant agreements, verification of receipts and ensuring the revenue was recognised at the appropriate time and classified correctly; • Performed cutoff procedures to assess whether revenue is recorded in the correct period; and • Assessing the adequacy of the disclosures included in note 5 to the financial report.

Other Information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the remuneration report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and 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 Consolidated Entity's ability 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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 Consolidated Entity'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 Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Company, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 28th day of August 2026
Perth, Western Australia

Additional shareholder information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 17 August 2026.

Corporate Governance Statement
The Company's Corporate Governance Statement has been released as a separate document and is also located on our website at Corporate Governance | Boresight UAS

Ordinary Share Capital
209,022,782 fully paid ordinary shares are held by 1,928 holders.

Voting Rights
The voting rights attached to each class of equity security are as follows:

- Ordinary Shares: each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- Unlisted Options: there are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	% of total shares issued
CRITERION SOLUTIONS PTY LTD	81,245,265	38.87
MY MONSTER HOLDINGS PTY LTD <BUCKHAM HALL A/C>	17,090,145	8.18
MR OLIVER PRICE & MRS SARAH PRICE <PRICE FAMILY A/C>	6,703,685	3.21
INVIA CUSTODIAN PTY LIMITED <THE FRY PROPERTY A/C>	6,079,327	2.91
MR MITCHELL GERHARD BANNINK & MISS KELLY ALYCE MONAHAN <BANNINK MONAHAN FAMILY A/C>	5,122,354	2.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,077,807	1.95
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,060,716	1.94
TANIA LOUISE RALSTON & MICHAEL ANTHONY SINKOWITSCH <SINKOWITSCH RALSTON A/C>	3,702,006	1.77
JAMES WILLIAM MARTIN	2,741,301	1.31
MANSAMUSA HOLDINGS PTY LTD <JJT FAMILY A/C>	2,693,211	1.29
NIPURON PTY LTD <PURON FAMILY A/C>	2,538,462	1.21
CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	2,196,154	1.05
NARULA INVESTMENTS PTY LTD <THE S & M NARULA FAMILY A/C>	2,137,806	1.02
D & C STUART INVESTMENTS PTY LIMITED <STUART INVESTMENT A/C>	1,958,461	0.94
WRS GROUP HOLDINGS PTY LTD <WRS GROUP A/C>	1,875,364	0.90
BAKST CORPORATION PTY LTD <THE BAS FAMILY A/C>	1,842,355	0.88
KAYA BUDI HOLDINGS PTY LTD <WEE FAMILY A/C>	1,687,500	0.81
CAMPANIA INVESTMENT HOLDINGS PTY LTD <NO1 A/C>	1,687,500	0.81
THOMAS GEORGE WRIGHT	1,566,419	0.75
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,515,747	0.73
Total top 20 holders	**152,521,585**	**72.98**

Substantial holders
Substantial holders in the Company are set out below:

	Number held	% of total shares issued
CRITERION SOLUTIONS PTY LTD	81,245,265	38.87
MY MONSTER HOLDINGS PTY LTD <BUCKHAM HALL A/C>	17,090,145	8.18

Distribution of equitable securities - Fully Paid Ordinary Shares:

	Number of holders	Number of shares	% of total shares issued
1 to 1,000	168	132,599	0.06
1,001 to 5,000	827	2,073,034	0.99
5,001 to 10,000	321	2,741,669	1.31
10,001 to 100,000	453	16,504,109	7.90
100,001 and over	130	187,571,371	89.74
Totals	**1,899**	**209,022,782**	**100.00**

Restricted securities

Security	Release date	Number
Fully Paid Ordinary Shares[1]	30 November 2026	21,016,347
Fully Paid Ordinary Shares[2]	10 June 2028	61,270,787
Options[3]	10 June 2028	30,466,615
		112,753,749

(1) Restriction period: 12 months from the date of issue.
(2) Restriction period: 24 months from the date of quotation.
(3) Restriction period: 24 months from the date of quotation. Options exercisable at $0.25 each and expiring on the date that is five years from the date Company is admitted to the Official List of ASX.

Shareholders with less than a marketable parcel
At 17 August 2026, there were 320 shareholders holding with less than a marketable parcel of shares ($0.355 on this date) in the Company totalling 317,221 ordinary shares. This represented 0.15% of the issued capital.

Unquoted equity securities
As at 17 August 2026, the following unquoted securities are on issue:

	Number on issue	Number of holders
ESIP Options exercisable at $0.25 and expiring 10 June 2031	3,086,202	3
ESIP Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24 months from quotation)	6,277,500	1
Director Options exercisable at $0.25 and expiring 10 June 2031	600,000	1
Director Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24 months from quotation)	9,400,000	4
Consultants & Advisers Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24 months from quotation)	10,000,000	13
Lead Manager Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24 months from quotation)	4,789,115	3

3,086,202 ESIP Options exercisable at $0.25 and expiring 10 June 2031 - 3 holders
Holders with more than 20%

Holder Name	Holding	%
DORIAN PIERRE LARCHER	1,448,010	46.92%
LACHLAN RYAN CZUMAK	1,266,192	41.03%
	2,714,202	

6,277,500 ESIP Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24m from quotation) - 1 holder
Holders with more than 20%

Holder Name	Holding	%
JUSTIN STAFFORD OLDE	6,277,500	100.00%

600,000 Director Options exercisable at $0.25 and expiring 10 June 2031 - 1 holder
Holders with more than 20%

Holder Name	Holding	%
KEVIN NICHOLLS	600,000	100.00%

9,400,000 Director Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24m from quotation) - 4 holders
Holders with more than 20%

Holder Name	Holding	%
TANIA LOUISE RALSTON & MICHAEL ANTHONY SINKOWITSCH <SINKOWITSCH RALSTON A/C>	3,200,000	34.04%
ANDREW STEPHEN MACDONALD WINDSOR & CATHERINE MARY WINDSOR <THE WINDSOR FAMILY A/C>	3,200,000	34.04%
	6,400,000	

10,000,000 Consultants & Advisers Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24m from quotation) - 13 holders
Holders with more than 20%

Holder Name	Holding	%
TRINDIS PTY LTD	2,805,000	28.05%
PEGASUS NOMINEE HOLDINGS PTY LTD <NO 2 A/C>	2,500,000	25.00%
GEMELLI NOMINEES PTY LTD <GEMELLI FAMILY A/C>	2,250,000	22.50%
	7,555,000	

4,789,115 Lead Manager Options exercisable at $0.25 and expiring 10 June 2031 (restricted 24m from quotation) - 3 holders
Holders with more than 20%

Holder Name	Holding	%
CELTIC FINANCE CORP PTY LTD <INCOME A/C>	1,676,191	35.00%
MR ARTIE DAMAA	1,676,191	35.00%
CPS CAPITAL NO 5 PTY LTD	1,436,733	30.00%
	4,789,115	

ASX Listing Rule 4.10.19
The Company confirms it has used its cash and assets in a form readily convertible to cash that it had at the time of listing on the ASX consistent with its stated business objectives as set out in the Replacement Prospectus dated 23 April 2026.

On Market Buy Back
There is currently no on-market buy-back program.

BORESIGHT