

19 October 2026

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

For the quarter ended 30 September 2026

Boresight Invests in Stock, US Production and Team as Planned at IPO

Highlights

- **Cash and cash equivalents of A\$5.39 million** at 30 September 2026 with no debt.
- **Q1 FY27 revenue of ~\$829k (unaudited)** reflects lower deliveries in the Quarter, consistent with the lumpy timing of defence procurement. The Company used the period to build A\$1.45m of inventory ahead of anticipated demand and to execute on the strategy articulated in the IPO, including the expansion of the US facility and team.
- **US production moved to larger Huntsville, Alabama facility**, with ~ **A\$136K** invested in relation to the expansion of the Group's US manufacturing facilities in Q1.¹
- **Repeat Purchase Order (PO) of US\$383,275 (~A\$532k²)** from a North American military training customer, approximately three times the value of that customer's previous order, being manufactured at Huntsville.³
- Boresight became a register supplier to **Lockheed Martin**.
- Production has commenced at the US Huntsville facility.
- **BQ-750 Block 2 released to market** on 6 July 2026; first orders delivered.⁴
- Positive indicators from our global conference attendance point to significant interest in our BF100 fixed wing target drone platform.
- Increased request for demonstrations by multinationals in Australia, US and Europe. This confirms Boresight's ecosystem approach for testing and validating weapons systems.
- **A\$962,516 spent on purchase of materials to build inventory and fulfil orders** in the Quarter, bringing the total since listing to **A\$1,128,581**.
- **Net operating cash outflow of A\$2.28 million** for the Quarter (Q4 FY26: A\$0.90 million). This reflects lower receipts ahead of payment for the North American order, purchases of long-lead electronics and components so the Company holds stock to fulfil future orders.

Boresight Ltd (ASX: BST) ("BST" or the "Company") provides the following activities report to accompany its Appendix 4C for the quarter ended 30 September 2026 ("the Quarter").

Justin Olde, Managing Director & Chief Executive Officer, commented:

"Our first Quarter of FY27 has been one of building and preparation for scaling. Having raised \$8M in our

¹ ASX Announcement, 20 July 2026, "Boresight Leases New Facility to Scale U.S. Manufacturing".

² Exchange rate USD 0.72 to AUD 1 as at 6 September 2026.

³ ASX Announcement, 7 September 2026, "Repeat Order from Major North American Military Customer".

⁴ ASX Announcement, 6 July 2026, "New Boresight Target-Drone Offers Increased Speed, Endurance and Capability".



Boresight Ltd

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listing, late in FY26, we started putting those funds to good use.

Our most important undertaking has been to prepare for scale, through building an inventory of drones and drone parts and increasing our sales team, as well as the broader team. Prior to listing our greatest challenge was keeping up with demand. By the beginning of Q3 FY27 we aim to have built sufficient drone inventory to immediately respond to customers and speed up deliveries. We will also have an inventory of long-lead time electronics and components to give us greater supply chain resilience and keep our production consistent and efficient.

Next was expanding our capacity and reach into our largest customer, the US Military. We have more than doubled our US team and moved into a significantly larger and more capable facility. The need for such a move was immediately validated with the receipt of our largest ever US order from the prestigious National Training Centre (NTC) at Fort Irwin, California. This is our third order from NTC and an example of the growing demand for Target drones across the US Military.

Delivery for that order is expected in the December quarter, so this quarter carries the cost of manufacturing before the cash comes in"

In terms of product development, we released the BQ-750 Block 2, which uses our common Ground Control Station. Customers now have further options to create complex threat scenarios with multiple aircraft of multiple types, all being safely and simply controlled by a single operator. This is a key Boresight capability and differentiator and one of the many reasons we have an ever increasing base of military and industry customers globally.

Finally, late in the Quarter we produced our initial production batch of the BF-100 fixed wing drones. This product takes us into a new market of drone targets that are faster and representative of the bigger and more dangerous threats that are being used in current conflicts.





Figure 1 - BQ-750 (top left), BQ-400 (top right) and BF-100 (bottom) and blue 30cm ruler for scale.

Operational Review

US manufacturing - Huntsville, Alabama

During the Quarter the Company signed a lease for an 812 sqm manufacturing facility in Huntsville, Alabama, approximately 15 times the size of its previous US premises.⁵ The lease is on normal commercial terms for an initial three-year term, with extension options. The Company planned to move production from its previous site between August and the end of September 2026 and this move is now complete and production has commenced in the new facility.

Construction in the new facility has commenced to increase the production area footprint to enable significantly greater production capacity. The initial fit out will be capable of producing more than 5,000 BQ-400 aerial target drones per year, with plans to include the BQ-750 Block 2 and other Boresight products for the US market. The Company invested ~ A\$136K in relation to the expansion of the Group's US manufacturing facilities during the Quarter, including A\$59K in additional 3D printing and supporting equipment.

Contracts and customers

North American military order. The Company's US subsidiary, Boresight U.S., Inc., received a PO for US\$383,275 (approximately A\$532,000) from Mountain Horse Solutions LLC.⁶ Mountain Horse is the

⁵ ASX Announcement, 20 July 2026, "Boresight Leases New Facility to Scale U.S. Manufacturing".

⁶ ASX Announcement, 7 September 2026, "Repeat Order from Major North American Military Customer".



Company's in-country reseller and provides the contracting mechanism for sales to US military end customers. The end customer is the US National Training Centre at Fort Irwin in California as detailed above.

The order is approximately three times the value of that end user's previous order and comprises more than 340 swarming-capable BQ-400 aerial target drones, multiple Ground Control Stations and an Operator Training Course. The equipment will be used to support training of US military personnel in counter-drone operations. The order is being manufactured at Huntsville. As announced on 7 September 2026, delivery and payment are expected in Q2 FY27.

Australian Defence Force. Boresight continues to support the ADF, delivering 120 BQ-400s to support Counter-UAS training in Army units and ongoing support to Project LAND 156, a multi-year counter-drone program that is expected to generate an increasing number of target drone orders over its life.

The BS-350 capability is continuing to be developed to support ADF requirements with deliveries of the next batch in Q2 under the Sovereign UAS Program contract.

Other markets. Boresight supported a significant Japanese trading house, with demonstrations of BQ400 swarming capability to Japanese Defence.

Boresight prepared for demonstrations of our BF100 and BQ400 target drones for a NATO event in Europe. The event will be attended by many European military officials and represents an ideal opportunity to showcase our swarm capability, Ground Control Station operations and our new BF100 fixed wing product.

Our UK sales office also prepared to support trials of our BQ400 and BQ750's for UK's Ministry of Defence. These trials will occur in October and will demonstrate our swarm capability and multi-platform offering. Future sales are anticipated following these trials.

Boresight became a registered supplier to Lockheed Martin through their Exostar Supplier Management Portal. This is in anticipation of supporting Lockheed Martin international Counter-UAS test and development activities in future.

Products and engineering

BQ-750 Block 2. The Company released the BQ-750 Block 2 to market on 6 July 2026.⁷ It builds on the Block 1 platform with increased speed, endurance and payload capacity, offering 35+ minutes flight time and 2.5 km+ range. It runs on the same proprietary Ground Control Station as the BQ-400, so customers can add it to existing training and swarm the two models together. First orders have been delivered.

Boresight is scheduled to supply BQ-750 Block 2 aerial target drones, flown as the threat targets, for a major international counter-UAS activity later in calendar year 2026.

BS-350 ISR drone. Supply chain constraints have delayed the commencement of production on the BS-350 with initial deliveries now scheduled to begin in November 2026 and continuing on into Q4 FY27.

BF-100 Fixed Wing. Initial, low rate, production of the BF-100 commenced in the later part of the Quarter to produce a quantity of systems for demonstration activities in the US and Europe. As at the time of reporting

⁷ ASX Announcement, 6 July 2026, "New Boresight Target-Drone Offers Increased Speed, Endurance and Capability".

one of these demonstrations has been successfully completed and the BF-100 received an enthusiastic reception from both Military and Industry customers in the US. Another demonstration will be conducted in Europe in late October 2026.

The BF-100 design is now undergoing a design for manufacturing analysis to optimise the design for low-cost, high scale production. This process will be completed in Q3 FY2027.

Product Development Roadmap. The Company's current product roadmap is:

Boresight is constantly monitoring international drone development, supply chain and manufacturing methods. As a consequence of developments in drone technology and customer interest the company will focus its R&D development efforts over the next Quarter in the following areas.

- **BQ-300/350** - Evolving customer requirements and supply chain considerations initiated a pause in development of the BQ-300/350 (final size was yet to be determined). Initial systems will now be released to market in Q3 FY2027.
- **BF-150** Group 1 fixed-wing target (loitering munition threat emulation) – Development of the BF-100 has allowed the company to generate a significant body of knowledge on the flight characteristics of a fixed wing drone, operating with Boresight's proprietary Ground Control System (GCS). Once optimisation for volume manufacturing of the BF-100 is complete, that engineering team will move on to the development of the BF-150. Development of this larger, faster and more capable platform is expected to be complete by the end of Q4 this FY.
- **Ground Control Station (GCS)** - Development of the GCS is ongoing with effort focused on simple operation of multiple aircraft types, improving usability and facilitating remote/online training.

Business Development, Sales and Marketing

In accordance with plans outlined in the Prospectus, Boresight has expanded its Business Development footprint with the following hires:

- Sales and Business Development Lead: Canberra based position to actively identify and qualify new prospects, to provide customer service support and to support in-field demonstrations
- Business Development Manager: Huntsville based position that focuses on the identification and qualification of sales prospects in the US Department of War (US DoW).
- Director of Global Brand & Marketing: Huntsville based position that leads Boresight's global marketing campaigns and the continual improvement of Boresight branding and promotional activities.

Production and operations

- Production and delivery of BQ-400 aerial target drones continued for customers in Australia, the United States, Germany and Sweden with the 6300th unit manufactured and delivered during the Quarter⁸.
- The Fyshwick, ACT facility remains the Company's innovation hub and continues to manufacture for non-US markets. The Alabama, US facility is currently augmenting US orders with low volumes of

⁸ ASX Announcement, 20 July 2026, "Boresight Leases New Facility to Scale U.S. Manufacturing".

production and will become capable of high volumes by the end of Q2 FY2027.

Cash Flow and Use of Funds

What we did this Quarter

As set out in the Replacement Prospectus⁹ dated 23 April 2026:

- **Bought stock.** Paid A\$962,516 for long-lead electronics and other components
- **Inventory planning.** The Prospectus (section 5.4) reported inventory of \$46,744 at 30 June 2024, \$362,092 at 30 June 2025 and \$96,828 at 31 December 2025. Inventory was \$509,252 at 30 June 2026 and A\$1.45 million (unaudited) at 30 September 2026. Previously, Boresight used a “build to order” production model. This was a cashflow imposed constraint that slowed deliveries and occasionally resulted in lost orders. This Quarter Boresight transitioned to a “build to inventory” model where we will maintain an inventory of high volume products and supply chain components.
- **Moved US production to a larger facility in Huntsville.** Production moved from the previous site to the new facility. Low volume production is now underway in the new facility while works occur to allow high volume production to commence in Q2 of this FY.
- **Started the North American order.** Manufacturing of the US\$383,275 order began at Huntsville. This order will be fulfilled by a combination of Australian and US production while the US production facility ramps up to full capability. Delivery will commence, and be completed in Q2 FY27.
- **Added key staff.** Hired a Production Manager (USA), a Director of Business Development (USA) a Director of Global Brand and Marketing (USA-based) and a Supply Chain & Procurement Manager (Australia).

In accordance with Listing Rule 4.7C.2, the table below compares actual expenditure from admission on 10 June 2026 to 30 September 2026 against the use-of-funds statement in the Replacement Prospectus. The program is to be applied over the two years following admission.

Use of funds (per Prospectus)	Prospectus allocation	Actual spend 10 June – 30 September 2026
Development and manufacturing	\$3,250,000	\$555,208
Purchase of stock to fulfil orders	\$950,000	\$1,128,581
Sales, marketing and business development	\$250,000	\$438,259
Grow engineering pool	\$880,000	\$172,026
General administration and working capital	\$2,166,369	\$332,284
Directors’ fees and ASX fees	\$600,000	\$202,923
Costs of the public offer	\$846,195	\$832,634
Total	\$8,942,564	\$3,661,915

⁹ ASX Announcement, 5 June 2026, “Replacement Prospectus”.

Variances to the Prospectus allocation. Expenditure on purchase of stock (A\$1,128,581) and on sales, marketing and business development (A\$438,259) exceeded the Prospectus allocations of A\$950,000 and A\$250,000 respectively. Stock purchases were brought forward to build inventory ahead of customer demand. Sales and marketing spend has been allocated salaries from business development hires in Australia and the US, rather than just direct sales and marketing spend. As contemplated by the Prospectus (section 2.10, note 5), the Board has applied funds allocated to general administration and working capital to these items. Costs of the public offer of A\$832,634 are lower than the A\$855,000 previously reported to 30 June 2026 due to a refund of A\$22,366 received in the Quarter.

What that means for the cash number

Net cash used in operating activities was A\$2.28 million (Q4 FY26: A\$0.90 million). Payments for product manufacturing and operating costs (Appendix 4C item 1.2(b)) were A\$1.43 million, of which A\$963K was the purchase of stock and long-lead components. That stock is held to fulfil customer orders, as described in the Prospectus.

Receipts from customers were A\$1.1 million (Q4 FY26: A\$2.04 million) and revenue was A\$829k. Revenue for the quarter reflects lower deliveries in the Quarter, consistent with the lumpy timing of defence procurement. The Company used the period to build A\$1.45m of inventory ahead of anticipated demand and to execute on the strategy articulated in the IPO, including the expansion of the US facility and team.

Capital spending is reported separately. Payments for property, plant and equipment were A\$100K (item 2.1(c)), for items across the Australian and US sites.

Cash and cash equivalents decreased by \$2.5 million, to A\$5.39 million at 30 September 2026. The Company has no debt.

Payments to Related Parties

In accordance with Listing Rule 4.7C.3, item 6.1 of the accompanying Appendix 4C discloses aggregate payments to related parties and their associates of A\$130,000 for the Quarter, included in operating cash flows. These payments comprise directors' fees and remuneration paid to directors and their associates.

Employee Securities Incentive Plan

During the Quarter the Company issued 11,000,000 unlisted options to eligible participants under its Employee Securities Incentive Plan (ESIP), the full terms of the ESIP were released to ASX on 5 June 2026. The options were granted in three tranches, are exercisable at \$0.25 each, vest on continued service and expire five years from the date of issue. No consideration was payable on grant, and the issue had no effect on the Company's cash flows for the Quarter. Full details of the issue were set out in the Appendix 3G lodged on 16 September 2026.



Outlook

Boresight's priorities for Q2 FY27 include:

- Delivering the North American military order, which is expected to be completed in Q2 FY27
- Completing construction of the high-volume Huntsville facility which will be operational by the end of Q2 FY27.
- Supplying BQ-750 Block 2 aerial target drones for a major international counter-UAS activity, expected later in Q2 FY27.
- Complete the design for manufacturing engineering of the BF-100 and commence full rate production.

This report has been authorised for release by the Board of Directors of Boresight Ltd.

For further information, please contact:

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ABOUT BORESIGHT LTD (ASX: BST)

Boresight delivers an integrated aerial target drone ecosystem that enables realistic counter-UAS training and testing for government and industry. The company'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 ISR assets.

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

Follow us for further information

Website: <https://www.boresightuas.com>

LinkedIn: <https://www.linkedin.com/company/boresight-ltd>

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FORWARD LOOKING STATEMENTS

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of Boresight Ltd are, or may be, forward-looking statements. Such statements relate to future events and expectations and as such, involve known and unknown risks and uncertainties. These forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

The Company cautions shareholders and prospective shareholders not to put undue reliance on forward-looking statements, which reflect the Company's expectations only as of the date of this announcement. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Boresight Ltd

ABN

40 642 501 228

Quarter ended ("current quarter")

30 September 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,098	1,098
1.2 Payments for		
(a) research and development	(453)	(453)
(b) product manufacturing and operating costs	(1,429)	(1,429)
(c) advertising and marketing	(395)	(395)
(d) leased assets	-	-
(e) staff costs	(716)	(716)
(f) administration and corporate costs	(473)	(473)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	67	67
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – IPO related costs	22	22
1.9 Net cash from / (used in) operating activities	(2,281)	(2,281)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(100)	(100)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(100)	(100)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(92)	(92)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – principal elements of lease payments	(23)	(23)
3.10	Net cash from / (used in) financing activities	(115)	(115)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,882	7,882
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,281)	(2,281)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(100)	(100)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(115)	(115)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,386	5,386

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,386	2,882
5.2	Call deposits	-	5,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,386	7,882

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	130
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,281)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,386
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,386
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19.10.2026.....

Authorised by: The Board Of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.