Boresight Ltd

(Formerly known as Boresight Pty Ltd)

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Annual Report - 30 June 2025

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@boresighttargets.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

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 2025.

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 Alexander Hall	Executive Director	7 November 2022	11 July 2024

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

Mr Alexander Hall is the Group’s Chief Technology Officer (CTO) and was a director of the Company for the period 7 November 2022 – 11 July 2024. Mr Hall remains the Group’s CTO as at the date of this report.

Information on directors

Name:	**Dr Andrew Windsor**
Title:	Non-Executive Chairman
Qualifications:	PhD in Theoretical Physics
Experience and expertise:	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.

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.

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 and Director of the Company. He is a former Australia 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 sale 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.

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.

Name:	**Mr Alexander Hall**
Title:	Executive Director (resigned 11 July 2024)
Qualifications:	PhD in Aeronautical Engineering
Experience and expertise:	Dr. Alexander has over 19 years in the UAS and C-UAS industry. After completing his PhD, Dr. Hall moved to Norway to work for Prox Dynamics as part of the R&D team developing the PD-100 UAV (now the "Black Hornet"), the world's first nano UAV. He led the development of cutting-edge drone technology at FLIR Systems when it purchased Prox Dynamics. Dr. Hall is a co-founder of the Company and leads its engineering and development activities.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Dr Andrew Windsor	1	1
Mr Justin Olde	-	-
Mr Michael Sinkowitsch	1	1
Mr Blake Burton	-	-
Mr Alexander Hall	1	1

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

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.

Principal activities

Boresight Ltd is an Australian defence and aerospace manufacturing company whose principal activity is the design, manufacture, and supply of low-cost unmanned aerial target systems used for counter-drone (Counter-UAS / C-sUAS) training, threat emulation, and red-teaming.

Review of operations and significant changes in state of affairs

The loss for the Group after providing for income tax and non-controlling interest amounted to $722,430 (30 June 2024: $99,919).

As at 30 June 2025, the Group reported net assets of $469,421, compared to $1,062,077 as at 30 June 2024.

As at 30 June 2025, the Group's cash and cash equivalents amounted to $568,962, compared to $112,672 as at 30 June 2024.

As at 30 June 2025, the Group has working capital of $28,748 compared to $933,941 as at 30 June 2024.

On 30 June 2025, the Group incorporated a UK domiciled subsidiary, Boresight UK Ltd, owned 80% by the Company at inception.

Refer to matters subsequent to end of financial year for other significant changes in state of affairs.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

In preparation for a planned listing on the Australian Securities Exchange the Company appointed Chief Executive Officer Justin Olde to Managing Director and Chief Executive Officer on 12 December 2025. Blake Burton was appointed as a director and Kyla Garic appointed as company secretary on 1 March 2026.

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

The Company has issued shares and completed capital raisings since 30 June 2025 as follows:

- On 15 November 2025 5,193,077 shares were issued on the conversion of convertible notes with a value of $285,620.
- On 30 November 2025 the Company issued 32,307,692 shares to raise $1,450,100.
- On 30 November 2025 the Company issued 925,818 on the conversion of Employee Share Plan Options to raise $50,920.
- On 18 March 2026 the Company issued 7,500,000 shares to raise $1,173,600, net of costs of $26,400.

Numbers of shares reported above are on a post-split basis.

The following transaction has occurred in respect of options over ordinary shares in the Company:

- On 12 March 2026 10,811,715 employee share plan options were cancelled.

Numbers of options reported above are on a post-split basis.

On 18 March 2026 the Company acquired the minority shareholding of Boresight UK Ltd, bringing its ownership to 100%.

No other matter or circumstance has arisen since 30 June 2025 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.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025.

The terms and conditions of each grant of options over ordinary shares 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

Options held by the CEO were cancelled on 12 March 2026.

Shares under option

There were no unissued ordinary shares of Boresight Ltd under option outstanding at the date of this report.

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

The following ordinary shares of Boresight Ltd were issued during the year ended 30 June 2025 and up to the date of this report on the exercise of options granted:

Date of share issue	Exercise price	Number of shares issued (post-split basis)
30 November 2025	$0.55	925,818

Dividends

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

Indemnity and insurance of officers
During the financial year, the Company indemnified its directors and officers in accordance with the Company's constitution and applicable law. The Company did not maintain directors' and officers' liability insurance during the financial year.

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.

Auditor
Hall Chadwick WA Audit Pty Ltd was appointed as auditor of the Company in accordance with section 327 of the Corporations Act 2001.

Non-audit services
There was no non-audit services provided during the financial year by the auditor.

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.

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

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Dr Andrew Windsor
Non-Executive Chairman

1 April 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 its controlled entities for the year ended 30 June 2025, 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

JASLYN CHAN CA
Director

Dated this 1st day of April 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 an unlisted 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 1 April 2026.

Boresight Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	30 June 2025 $	30 June 2024 $
Revenue			
Revenue	5	4,361,920	2,765,458
Government grant income		347,184	143,480
Other income		345	12,101
Expenses			
Selling, general and administrative expenses	6	(1,498,968)	(1,053,401)
Share-based payment expense	25	(38,053)	(21,993)
Cost of goods sold		(1,550,244)	(624,609)
Employee benefits expense		(1,903,402)	(1,138,597)
Depreciation and amortisation expense		(256,113)	(29,877)
Finance costs		(59,090)	(46,792)
Total expenses		(5,305,870)	(2,915,269)
Profit/(loss) before income tax expense		(596,421)	5,770
Income tax benefit/(expense)	7	(126,009)	(105,689)
Loss after income tax expense for the year		(722,430)	(99,919)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		44,956	646
Other comprehensive income for the year, net of tax		44,956	646
Total comprehensive (loss) for the year		(677,474)	(99,273)
Loss for the year is attributable to:			
Non-controlling interest		(4,163)	-
Owners of Boresight Ltd		(718,267)	(99,919)
		(722,430)	(99,919)
Total comprehensive (loss) for the year is attributable to:			
Non-controlling interest		(4,372)	-
Owners of Boresight Ltd		(673,102)	(99,273)
		(677,474)	(99,273)
		Cents	Cents
Basic earnings per share (loss)	22	(272.90)	(43.03)
Diluted earnings per share (loss)	22	(272.90)	(43.03)

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

Boresight Ltd
Consolidated statement of financial position
As at 30 June 2025

	Note	30 June 2025 $	30 June 2024 $
Assets			
Current assets			
Cash and cash equivalents	8	568,962	112,672
Trade and other receivables	9	756,999	1,378,779
Inventories	10	362,092	46,744
Other assets		36,763	31,479
Total current assets		1,724,816	1,569,674
Non-current assets			
Plant and equipment	12	382,834	88,559
Right-of-use assets	11	226,318	-
Deferred tax assets	13	22,367	77,725
Other assets		34,490	-
Total non-current assets		666,009	166,284
Total assets		2,390,825	1,735,958
Liabilities			
Current liabilities			
Trade and other payables	14	696,372	498,139
Contract liabilities	15	171,803	21,135
Borrowings	16	500,404	-
Lease liabilities	17	112,449	-
Current tax liability		63,487	5,009
Provisions	18	151,553	111,450
Total current liabilities		1,696,068	635,733
Non-current liabilities			
Borrowings	16	30,000	-
Lease liabilities	17	127,952	-
Deferred tax liabilities	19	22,367	15,202
Provisions	18	45,017	22,946
Total non-current liabilities		225,336	38,148
Total liabilities		1,921,404	673,881
Net assets		469,421	1,062,077
Equity			
Issued capital	20	1,747,563	1,747,563
Reserves	21	189,485	59,502
Accumulated losses		(1,463,255)	(744,988)
Equity attributable to the owners of Boresight Ltd		473,793	1,062,077
Non-controlling interest		(4,372)	-
Total equity		469,421	1,062,077

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 $	Total equity $
Balance at 1 July 2023	492,876	36,863	50,870	-	(645,069)	(64,460)
Loss after income tax expense for the year	-	-	-	-	(99,919)	(99,919)
Other comprehensive income for the year, net of tax	-	-	-	646	-	646
Total comprehensive income profit/(loss) for the year	-	-	-	646	(99,919)	(99,273)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 20)	1,203,817	-	-	-	-	1,203,817
Share-based payments (note 25)	-	21,993	-	-	-	21,993
Converted to ordinary shares on convertible note settlement	50,870	-	(50,870)	-	-	-
Balance at 30 June 2024	1,747,563	58,856	-	646	(744,988)	1,062,077

	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/(loss) for the year, net of tax	-	-	-	45,165	-	(209)	44,956
Total comprehensive income /(loss) for the year	-	-	-	45,165	(718,267)	(4,372)	(677,474)
Transactions with owners in their capacity as owners:							
Share-based payments (note 25)	-	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

	Note	30 June 2025 $	30 June 2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,336,044	1,605,414
Payments to suppliers and employees (inclusive of GST)		(4,938,066)	(2,488,022)
Proceeds from government grants		143,480	78,958
		541,458	(803,650)
Interest received		345	-
Interest and other finance costs paid		(18,761)	(9,083)
Income taxes paid		(5,009)	-
Net cash from/(used in) operating activities	26	518,033	(812,733)
Cash flows from investing activities			
Payments for plant and equipment	12	(440,480)	(65,431)
Payments for establishment of subsidiary		(167)	(1,538)
Proceeds from disposal of plant and equipment		-	45,000
Net cash used in investing activities		(440,647)	(21,969)
Cash flows from financing activities			
Proceeds from issue of shares	20	-	500,010
Proceeds from issue of convertible notes	16	265,001	-
Proceeds from borrowings		340,000	300,000
Repayment of borrowings		(93,407)	(94,375)
Repayment of lease liabilities		(119,877)	-
Net cash from financing activities		391,717	705,635
Net increase/(decrease) in cash and cash equivalents		469,103	(129,067)
Cash and cash equivalents at the beginning of the financial year		112,672	236,755
Effects of exchange rate changes on cash and cash equivalents		(12,813)	4,984
Cash and cash equivalents at the end of the financial year	8	568,962	112,672

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

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 Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued on 1 April 2026 by the directors of the Company.

On 17 March 2026, the Company converted from a private company to an unlisted 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').

Boresight Limited has become a consolidated entity during the financial year ended 30 June 2024 upon the incorporation of its US subsidiary. The UK subsidiary was incorporated 30 June 2025.

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.

Going Concern
The consolidated financial statements have been prepared on a going-concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2025, the Group incurred a loss after income tax of $722,430 (30 June 2024: $99,919) and net cash inflows from operating activities of $518,033 (net cash outflow in operating activities on 30 June 2024: $812,733) net cash outflows from investing activities of $440,647 (30 June 2024: $21,969). As at 30 June 2025, the Group had net current assets of $28,748 (30 June 2024: $933,941) Cash and cash equivalents as at 30 June 2025 amounted to $568,962 (30 June 2024: $112,672).

Note 2. Material accounting policy information (continued)

The Directors have approved a detailed cashflow forecast which indicates the Group will be required to raise funds in order to provide additional working capital and to continue to fund the proposed level of business activities. The Group is planning an Initial Public Offering (IPO) on the Australian Securities Exchange, anticipated for mid-2026. The ability of the Group to continue as a going concern is dependent on successful IPO completion, or securing the additional funding required through alternative means.

This condition indicates a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group's successful capital raises of $1,450,100 in November 2025 and $1,173,600 in March 2026; and
- The ability of the Group to scale back certain parts of its activities that are non-essential to conserve cash until the required funding is in place.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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 33.

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 2025 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.

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.

Note 2. Material accounting policy information (continued)

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.

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.

Note 2. Material accounting policy information (continued)

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 2025. 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 25.

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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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 2025 and 2024 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 2025 the Company has three major customers comprising 35%, 27% and 22% of total revenues (30 June 2024: two major customers comprising 40% and 14% of total revenues).

Note 4. Operating segments (continued)

Operating segment information

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

30 June 2024	Australia $	USA $	Intersegment $	Total $
Revenue				
Sale of physical goods	1,158,738	130,643	(103,410)	1,185,971
Sale of services	1,530,737	7,474	-	1,538,211
Other	48,660	-	(7,384)	41,276
Total revenue	2,738,135	138,117	(110,794)	2,765,458
Government grants and other income	155,581	-	-	155,581
Operating expenses	(2,887,300)	(204,851)	176,882	(2,915,269)
Net profit/(loss) before tax	6,416	(66,734)	66,088	5,770
Assets				
Segment assets	1,728,232	39,441	(31,715)	1,735,958
Liabilities				
Segment liabilities	666,155	103,549	(95,823)	673,881

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 2025 $	30 June 2024 $
Sale of physical good	3,058,648	1,185,971
Services	1,200,902	1,538,211
Other (shipping)	102,370	41,276
	4,361,920	2,765,458

Note 5. Revenue (continued)

Disaggregation of revenue:

	30 June 2025 $	30 June 2024 $
Timing of revenue recognition		
Goods transferred at a point in time	3,161,018	1,227,247
Services transferred over a period of time	1,200,902	1,538,211
	4,361,920	2,765,458

Accounting policy for revenue
The Group revenues consist of the following elements:
- physical products which are sent to the customer, where revenue is recognised upon shipment or arrival of goods, dependent on the terms that have been agreed with the customer;
- services revenue, where revenue is recognised upon the provision of services to the customer; and
- other revenue, which is primarily comprised of shipping fees.

The Group has no contract assets. Contract liabilities relate to cash payments received from customers in advance of the shipment or delivery of physical products or the provision of services.

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. Selling, general and administrative expenses

	30 June 2025 $	30 June 2024 $
Professional fees	195,379	159,189
Selling, marketing and public relations	146,790	51,801
Insurance	144,536	78,079
Research and development	171,322	80,203
Travel expenses	332,667	312,959
Realised and unrealised currency losses	66,423	41,854
Transport expenses	173,800	70,713
Office and related expenses	141,715	125,882
Bad debts expense	-	5,523
Other	126,336	127,198
	1,498,968	1,053,401

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 7. Income tax expense/(benefit)

	30 June 2025 $	30 June 2024 $
Income tax expense/(benefit)		
Current tax	63,487	5,009
Deferred tax	62,522	100,680
Aggregate income tax expense/(benefit)	126,009	105,689
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 13)	55,358	90,529
Increase in deferred tax liabilities (note 19)	7,165	10,151
Deferred tax	62,522	100,680
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax expense	(596,421)	5,770
Profit before income tax expense from discontinued operations	-	-
	(596,421)	5,770
Tax at the statutory tax rate of 25%	(149,106)	1,443
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	11,416	6,598
Effective interest on leases	7,786	-
Interest on convertible notes	2,844	8,887
R&D Tax incentive (permanent differences)	(104,155)	(43,044)
Research and development expenses	34,124	92,917
Other expenses	66,093	22,204
Subsidiary deferred tax assets not recognised	36,551	16,684
Parent deferred tax assets not recognised	220,456	-
Income tax expense/(benefit)	126,009	105,689

Carry forward losses and deferred tax assets
The Group has recognised a deferred tax asset to the extent that a future income tax benefit is probable. The Group has determined that a future income tax benefit is probable for Boresight Ltd (the Company) at 30 June 2024 and has recognised deferred tax assets of $77,725.

The Group does not consider a future income tax benefit is probable for Boresight Ltd (the Company) at 30 June 2025 and has only recognised a deferred tax asset in relation to the Company to the extent of offset by deferred tax liabilities. The deferred tax asset recognised at 30 June 2025 is $22,367.

The Group does not consider a future income tax benefit to be probable in respect of its US & UK subsidiaries at 30 June 2025 and 30 June 2024. Accordingly, no deferred tax asset has been recorded in relation to the temporary differences or carried forward losses of the US or UK subsidiaries at either period.

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 7. 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 8. Cash and cash equivalents

	30 June 2025 $	30 June 2024 $
Current assets		
Cash at bank	568,962	112,672

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 9. Trade and other receivables

	30 June 2025 $	30 June 2024 $
Current assets		
Trade receivables	409,815	1,235,299
Other receivables	347,184	143,480
	756,999	1,378,779

Note 9. Trade and other receivables (continued)

Refer to note 23 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 10. Inventories

	30 June 2025 $	30 June 2024 $
Current assets		
Raw materials - at cost	362,092	46,744

Accounting policy for inventories
Raw materials, work in progress 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, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. 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 11. Right-of-use assets

	30 June 2025 $	30 June 2024 $
Non-current assets		
Office and storage facility, at cost	335,278	-
Less: Accumulated amortisation	(108,960)	-
	226,318	-

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

The office lease is for a period of 3 years and the storge 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.

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.

Note 11. Right-of-use assets (continued)

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:

	Office $	Storage facility $	Total $
Consolidated			
Balance at 1 July 2024	-	-	-
Additions	258,157	77,121	335,278
Amortisation expense	(86,052)	(22,908)	(108,960)
30 June 2025	172,105	54,213	226,318

Note 12. Plant and equipment

	30 June 2025 $	30 June 2024 $
Non-current assets		
Plant and equipment	353,088	58,533
Less: Accumulated depreciation	(119,933)	(18,825)
	233,155	39,708
Motor vehicles	51,014	50,104
Less: Accumulated depreciation	(6,377)	(1,253)
	44,637	48,851
Leasehold improvements	145,925	-
Less: Accumulated depreciation	(40,883)	-
	105,042	-
	382,834	88,559

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.

Note 12. Plant and equipment (continued)

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.

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 2023	86,742	-	-	86,742
Additions	15,327	50,104	-	65,431
Disposals	(33,737)	-	-	(33,737)
Depreciation expense	(28,624)	(1,253)	-	(29,877)
30 June 2024	39,708	48,851	-	88,559
Balance at 1 July 2024	39,708	48,851	-	88,559
Additions	294,555	-	145,925	440,480
Disposals	-	-	-	-
Depreciation expense	(101,108)	(5,162)	(40,883)	(147,153)
Foreign exchange	-	948	-	948
30 June 2025	233,155	44,637	105,042	382,834

Note 13. Deferred tax assets

	30 June 2025 $	30 June 2024 $
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Contract liabilities	4,747	6,340
Employee benefits	5,432	40,319
Accrued expenses	7,662	27,892
Depreciation	4,526	3,174
Deferred tax asset	22,367	77,725
Movements:		
Opening balance	77,725	168,254
Charged to profit or loss (note 7)	(55,358)	(90,529)
Closing balance	22,367	77,725

Note 14. Trade and other payables

	30 June 2025 $	30 June 2024 $
Current liabilities		
Trade payables	230,349	184,331
Accrued expenses	277,276	96,499
BAS payable	18,023	99,727
Other payables	170,724	117,582
	696,372	498,139

Refer to note 23 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 2025 $	30 June 2024 $
Current liabilities		
Contract liabilities	171,803	21,135

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 2025 $	30 June 2024 $
Current liabilities		
Loan - Insurance premium funding	32,686	-
Loan - Criterion Solutions Pty Ltd	240,000	-
Convertible notes payable	227,718	-
	500,404	-
Non-current liabilities		
Loan - Criterion Solutions Pty Ltd	30,000	-
	530,404	-

Refer to note 23 for further information on financial instruments.

Note 16. Borrowings (continued)

Convertible Notes

30 June 2025

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 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 $20,619 were converted to ordinary shares subsequent to year end on 15 November 2025.

30 June 2024

At 1 July 2023 the Company has on issue 355,000 convertible notes with a face value of $1.00 each. 250,000 of the convertible notes mature 8 December 2024. 105,000 of the convertible notes mature 25 May 2025. 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 Company raise's a minimum of $1M at a valuation of a minimum of $5M in a round of fundraising.

The notes bear interest at 5% per annum, with interest capitalised and settled through the issue of ordinary shares on conversion.

The 355,000 notes including accrued interest of $19,559 were converted to ordinary shares in March 2024 (note 20).

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

	30 June 2025 $	30 June 2024 $
Opening balance	-	321,702
Proceeds from convertible notes	265,000	-
Equity component at inception	(46,765)	-
Effective interest	9,483	33,298
Coupon interest	-	19,559
Settled through the issue of shares (note 20)	-	(374,559)
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 end. The loan bears interest at 10% per annum and is repayable in monthly instalments of $20,000 commencing from 1 April 2025.

Movements in the loan account are as follows:

	30 June 2025 $	30 June 2024 $
Opening balance	-	-
Advances received	310,000	-
Repayments	(40,000)	-
Gain on forgiveness of debt	-	-
Closing balance	270,000	-

Note 16. Borrowings (continued)

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 2025 $	30 June 2024 $
Current liabilities		
Lease liability	112,449	-
Non-current liabilities		
Lease liability	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 23 for further information on financial instruments.

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 2025 $	30 June 2024 $
Current liabilities		
Annual leave	151,553	111,450
Non-current liabilities		
Long service leave	45,017	22,946
	196,570	134,396

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. Deferred tax liabilities

	30 June 2025 $	30 June 2024 $
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Prepayments	9,228	7,195
Unpaid superannuation	13,139	8,007
Deferred tax liability	22,367	15,202
Movements:		
Opening balance	15,202	5,051
Charged to profit or loss **(note 7)**	7,165	10,151
Closing balance	22,367	15,202

Note 20. Issued capital

	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 $	30 June 2024 $
Ordinary shares - fully paid	264,723	264,723	1,747,563	1,747,563

Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	217,143		492,876
Issue of shares on conversion of convertible note	8 March 2024	16,510	$22.69	374,559
Issue of placement shares	8 March 2024	18,734	$26.69	500,010
Issue of shares on conversion of debt to equity	8 March 2024	12,336	$26.69	329,248
Transfer from equity reserve convertible note settlement	8 March 2024	-	$0.00	50,870
Balance	30 June 2024	264,723		1,747,563
Balance	30 June 2025	264,723		1,747,563

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.

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 21. Reserves

	30 June 2025 $	30 June 2024 $
Foreign currency reserve	45,811	646
Share-based payments reserve	96,909	58,856
Equity reserves	46,765	-
	189,485	59,502

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 22. Earnings per share (loss)

	30 June 2025 $	30 June 2024 $
Loss after income tax	(722,430)	(99,919)
Non-controlling interest	4,163	-
Loss after income tax attributable to the owners of Boresight Ltd	(718,267)	(99,919)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	264,723	232,185
Weighted average number of ordinary shares used in calculating diluted earnings per share	264,723	232,185
	Cents	**Cents**
Basic earnings per share (loss)	(272.90)	(43.03)
Diluted earnings per share (loss)	(272.90)	(43.03)

At 30 June 2025 the Company had 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. Due to the Company reporting a loss for the year ended 30 June 2025, the convertible notes are anti-dilutive and have therefore been excluded from the calculation of diluted earnings per share.

Note 22. Earnings per share (loss) (continued)

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.

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 23. 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.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

From time to time the Group has 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.

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.

Note 23. Financial instruments (continued)

	30 June 2025 $	30 June 2024 $
Cash and cash equivalents held in Australian banks - A Rated	514,871	107,680
Cash, cash equivalents and restricted cash held in US banks - A Rated	54,091	4,992
	568,962	112,672

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.

There is no bad debts expense for the year ended 30 June 2025 (2024: bad debts expense of $5,523).

At 30 June 2025 $29,700 of the Group's receivables are past due but not impaired. The past due amount was recovered during the year ended 30 June 2026. (2024: $16,720 past due which was recovered during the year ended 30 June 2025).

Note 23. Financial instruments (continued)

The ageing analysis of these trade receivables is as follows:

	Carrying amount		Allowance for expected credit losses		Past due but not impaired	
	30 June 2025 $	30 June 2024 $	30 June 2025 $	30 June 2024 $	30 June 2025 $	30 June 2024 $
Current	380,115	1,218,579	-	-	-	-
0 to 3 months	29,700	16,720	-	-	29,700	16,720
3 to 9 months	-	-	-	-	-	-
Total	409,815	1,235,299	-	-	29,700	16,720

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.

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%	272,686	30,000	-	302,686	302,686
Lease liabilities	10%	129,580	133,622	-	263,202	240,401
Total non-derivatives		1,098,638	163,622	-	1,262,260	1,239,459

30 June 2024	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	-	184,331	-	-	184,331	184,331
Other payables	-	313,808	-	-	313,808	313,808
Total non-derivatives		498,139	-	-	498,139	498,139

Note 23. Financial instruments (continued)

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.

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 24. 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 25. Share-based payments

Share-based payment expense comprised as follows:

Note 25. Share-based payments (continued)

	30 June 2025 $	30 June 2024 $
Issue of 13,500 options to CEO, Justin Olde during the year ended 30 June 2023	5,484	12,483
Issue of 2,556 options to employees during the year ended 30 June 2023	2,378	9,510
Issue of 9,186 to employees during the year ended 30 June 2025	30,191	-
	38,053	21,993

Set out below are summaries of options granted under the plan:

30 June 2025

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
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	-	-	6,310
11/01/2025	31/01/2030	N1	-	2,876	-	-	2,876
			16,056	9,186	-	-	25,242

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
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
			16,056	-	-	-	16,056

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

Note 25. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Employee Options

Tranche	Tranche 4	Tranche 5
Methodology	Hoadley's ESO1	Hoadley's ESO1
Number of securities	6310	2876
Option Entitlement	One Share	One Share
Listed/Unlisted	Unlisted	Unlisted
Vesting milestones	On commencement of the Employee Option Plan	1 year after the commencement of the Employee Option Plan
Grant Date	11-Jan-25	11-Jan-25
Vesting Date	31-Jan-25	31-Jan-26
Expiry Date	31-Jan-30	31-Jan-30
Exercise Price	15% discount to FMV	15% discount to FMV
Spot Price	N/A	N/A
Volatility*	N/A	N/A
Interest rate	N/A	N/A
Fair Value	$4.0016	$4.1236
Total Fair Value	$25,250	$11,859

* **Volatility** - given the Company is not publicly listed, there is no publicly available information on daily share price to calculate share price volatility. The external valuer has considered the 5-year median volatility of comparable companies listed on the ASX and considered 73% to be a suitable proxy for the Company's volatility.

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.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is 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 26. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	30 June 2025 $	30 June 2024 $
Loss after income tax expense for the year	(722,430)	(99,919)
Adjustments for:		
Depreciation and amortisation	256,113	29,877
Net gain on disposal of plant and equipment	-	(12,101)
Share-based payments	38,053	21,993
Bad debts	-	5,523
Interest and other finance costs	32,501	52,856
Insurance expense paid by premium funding facility	15,444	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	621,780	(1,237,327)
Increase in inventories	(315,348)	(41,095)
Decrease/(increase) in deferred tax assets	55,359	90,529
Decrease/(increase) in other assets	(9,011)	4,515
Increase in trade and other payables	264,355	297,097
Increase in contract liabilities	150,668	14,153
Increase in current tax liability	58,479	5,009
Increase in deferred tax liabilities	7,164	10,151
Increase in employee benefits provisions	64,906	46,006
Net cash from/(used in) operating activities	518,033	(812,733)

Note 27. Non-cash investing and financing activities

	30 June 2025 $	30 June 2024 $
Shares issued on conversion of loans	-	329,248

During the year ended 30 June 2025, the Company issued ordinary shares on conversion of loans with a carrying amount of nil (30 June 2024: $329,248). These transactions did not result in any cash flows and has therefore been excluded from the statement of cash flows.

Refer to **note 16** for the details of convertible note interest settled in shares during the year ended 30 June 2024 (30 June 2025 : nil).

Note 28. 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 Alexander Hall	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.

Note 28. Key management personnel disclosures (continued)

Mr Alexander Hall is the Group's Chief Technology Officer (CTO) and was a director of the Company for the period 7 November 2022 – 11 July 2024. Mr Hall remains the Group's CTO as at the date of this report.

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

	30 June 2025 $	30 June 2024 $
Short-term employee benefits	260,277	444,488
Post-employment benefits	28,750	47,058
Long-term benefits	2,915	5,588
Termination benefits	-	-
Share-based payments	5,484	12,483
	297,426	509,617

Note 29. Related party transactions

Parent entity
Boresight Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and share-based payment of KMP set out in note 25.

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

Receivable from and payable to related parties

	30 June 2025 $	30 June 2024 $
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.

Convertible notes held by related parties
Director Michael Sinkowitsch was issued 100,000 convertible notes in the Company in March 2025. Convertible notes are on the same terms and conditions as those held by unrelated third parties. Refer to note 16 for convertible notes from related parties at the current and previous reporting date.

Share Subscriptions and shareholdings
As at 30 June 2025 director Michael Sinkowitsch holds 3,747 (30 June 2024: 3,747) shares in the Company.

As at 30 June 2025 Criterion Solutions Pty Ltd subscribed 174,721 shares (30 June 2024: 174,721) in the Company.

As at 30 June 2025 former director Alexander Hall holds 36,753 (30 June 2024: 36,753) shares in the Company.

Note 29. Related party transactions (continued)

Related party loans
Refer note 16 regarding the Company's loan payable to Criterion Solutions Pty Ltd.

Note 30. Contingent liabilities

The Group has no known contingent liabilities as at 30 June 2025 (30 June 2024: nil).

Note 31. Commitments

The Group has no commitments which are not recorded on the statement of financial position as at 30 June 2025 (30 June 2024: nil).

Note 32. Dividends

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

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	30 June 2025 $	30 June 2024 $
Loss after income tax	(678,984)	(99,919)
Total comprehensive (loss)	(678,984)	(99,919)

Statement of financial position

	30 June 2025 $	30 June 2024 $
Total current assets	1,660,555	1,534,462
Total non-current assets	719,511	193,770
Total assets	2,380,066	1,728,232
Total current liabilities	1,685,294	643,225
Total non-current liabilities	225,335	22,946
Total liabilities	1,910,629	666,171
Equity		
Issued capital	1,747,563	1,747,563
Share-based payments reserve	96,909	58,856
Equity reserves	46,765	-
Accumulated losses	(1,421,800)	(744,358)
Total equity	469,437	1,062,061

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 2025 or 30 June 2024.

Note 33. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2025 and 30 June 2024.

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 34. 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 2025 %	30 June 2024 %
Boresight US Inc	United States of America	100%	100%
Boresight UK	United Kingdom	80%	-

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

Note 35. Events after the reporting period

In preparation for a planned listing on the Australian Securities Exchange the Company appointed Chief Executive Officer Justin Olde to Managing Director and Chief Executive Officer on 12 December 2025. Blake Burton was appointed as a director and Kyla Garic appointed as company secretary on 1 March 2026.

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

The Company has issued shares and completed capital raisings since 30 June 2025 as follows:
- On 15 November 2025 5,193,077 shares were issued on the conversion of convertible notes with a value of $285,620.
- On 30 November 2025 the Company issued 32,307,692 shares to raise $1,450,100.
- On 30 November 2025 the Company issued 925,818 on the conversion of Employee Share Plan Options to raise $50,920.
- On 18 March 2026 the Company issued 7,500,000 shares to raise $1,173,600, net of costs of $26,400.

Numbers of shares reported above are on a post-split basis.

The following transaction has occurred in respect of options over ordinary shares in the Company:
- On 12 March 2026 10,811,715 employee share plan options were cancelled.

Numbers of options reported above are on a post-split basis.

On 18 March 2026 the Company acquired the minority shareholding of Boresight UK Ltd, bringing its ownership to 100%.

No other matter or circumstance has arisen since 30 June 2025 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	Place formed/Country of Incorporation	Ownership Interest	Australian or Foreign Tax Resident	Jurisdiction(s) for Foreign Tax Residency
Boresight Ltd	Body Corporate	Australia	100%	Australian	No
Boresight US Inc	Body Corporate	United States of America	100%	United States of America	Yes
Boresight UK Ltd	Body Corporate	United Kingdon	80%	United Kingdom	Yes

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 International Financial Reporting 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 2025 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; and

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

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

1 April 2026

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BORESIGHT LIMITED

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 2025, 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 2025 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Company incurred a net loss of $722,430 during the year ended 30 June 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

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 2025, 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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Jaslyn Chan

JASLYN CHAN CA
Director

Dated this 1st day of April 2026
Perth, Western Australia