

# **Boresight Ltd**

**(Formerly known as Boresight Pty Ltd)**

**40 642 501 228**

**Annual Report - 30 June 2024**

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**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

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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 2024.

**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 VentralP. 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 2024, and the number of meetings attended by each director were:

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

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

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### 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.

### Dividends

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

### Review of operations

The loss for the Group after providing for income tax amounted to \$99,919 (Company 30 June 2023: \$408,590).

As at 30 June 2024, the Group reported net assets of \$1,062,077, compared to net liabilities of \$64,460 for the Company as at 30 June 2023.

As at 30 June 2024, the Group's cash and cash equivalents amounted to \$112,672, compared to \$236,755 held by the Company as at 30 June 2023.

As at 30 June 2024, the Group has working capital of \$933,941 (Company has working capital deficit of \$301,323 as at 30 June 2023).

### Significant changes in the state of affairs

There were no 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 2024 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 30 June 2025 the Group incorporated a UK domiciled subsidiary, Boresight UK Ltd, owned 80% by the Company at inception. 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 2024 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 2024.

#### Options

There were no options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

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
<b>Number of securities (pre-split basis)</b>	3,375	3,375	3,375	3,375
<b>Option Entitlement</b>	One Share	One Share	One Share	One Share
<b>Listed/Unlisted</b>	Unlisted	Unlisted	Unlisted	Unlisted
<b>Vesting milestones</b>	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
<b>Grant Date</b>	1-Dec-22	1-Dec-22	1-Dec-22	1-Dec-22
<b>Vesting Date</b>	1-Dec-22	1-Dec-23	1-Dec-24	1-Dec-25
<b>Expiry Date</b>	1-Dec-27	1-Dec-27	1-Dec-27	1-Dec-27
<b>Exercise Price</b>	15% discount to FMV	15% discount to FMV	15% discount to FMV	15% discount to FMV
<b>Methodology</b>	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
<b>Fair Value</b>	\$2.8458	\$2.9032	\$2.9623	\$3.0229
<b>Total Fair Value</b>	\$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 2024 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

#### 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 were 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 2024, 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*  
**JASLYN CHAN CA**  
**Director**

Dated this 1<sup>st</sup> day of April 2026  
Perth, Western Australia

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### **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 2024



	Note	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<b>Revenue</b>			
Revenue	5	2,765,458	1,080,478
Government grant income		143,480	249,453
Other income		12,101	7,657
<b>Expenses</b>			
Selling, general and administrative expenses	6	(1,053,401)	(671,622)
Share-based payment expense	24	(21,993)	(36,863)
Cost of goods sold		(624,609)	(251,637)
Employee benefits expense		(1,138,597)	(863,867)
Depreciation and amortisation expense		(29,877)	(52,672)
Finance costs		(46,792)	(32,720)
Total expenses		<u>(2,915,269)</u>	<u>(1,909,381)</u>
<b>Profit/(loss) before income tax (expense)/benefit</b>		5,770	(571,793)
Income tax (expense)/benefit	7	<u>(105,689)</u>	<u>163,203</u>
<b>Loss after income tax (expense)/benefit for the year attributable to the owners of Boresight Ltd</b>		(99,919)	(408,590)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>646</u>	-
Other comprehensive income for the year, net of tax		<u>646</u>	-
<b>Total comprehensive (loss) for the year attributable to the owners of Boresight Ltd</b>		<u>(99,273)</u>	<u>(408,590)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	20	(43.03)	(193.87)
Diluted earnings/(loss) per share	20	(43.03)	(193.87)

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

	Note	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	112,672	236,755
Trade and other receivables	9	1,378,779	141,452
Inventories	10	46,744	5,649
Other assets		31,479	36,123
<b>Total current assets</b>		<u>1,569,674</u>	<u>419,979</u>
<b>Non-current assets</b>			
Plant and equipment	11	88,559	86,742
Deferred tax assets	12	77,725	168,254
<b>Total non-current assets</b>		<u>166,284</u>	<u>254,996</u>
<b>Total assets</b>		<u>1,735,958</u>	<u>674,975</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	498,139	320,041
Contract liabilities	14	21,135	6,982
Borrowings	15	-	321,702
Income tax		5,009	-
Provisions	16	111,450	72,577
<b>Total current liabilities</b>		<u>635,733</u>	<u>721,302</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	15,202	5,051
Provisions	16	22,946	13,082
<b>Total non-current liabilities</b>		<u>38,148</u>	<u>18,133</u>
<b>Total liabilities</b>		<u>673,881</u>	<u>739,435</u>
<b>Net assets/(liabilities)</b>		<u>1,062,077</u>	<u>(64,460)</u>
<b>Equity</b>			
Issued capital	18	1,747,563	492,876
Reserves	19	59,502	87,733
Accumulated losses		(744,988)	(645,069)
<b>Total equity/(deficiency)</b>		<u>1,062,077</u>	<u>(64,460)</u>

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

Boresight Ltd  
Consolidated statement of changes in equity  
For the year ended 30 June 2024



Company	Issued capital \$	Share-based payment Reserve \$	Equity Reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	200,000	-	-	(236,479)	(36,479)
Loss after income tax benefit for the year	-	-	-	(408,590)	(408,590)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	(408,590)	(408,590)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 18)	292,876	-	-	-	292,876
Share-based payments (note 24)	-	36,863	-	-	36,863
Equity component of convertible notes at inception	-	-	50,870	-	50,870
Balance at 30 June 2023	492,876	36,863	50,870	(645,069)	(64,460)

Consolidated	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)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 18)	1,203,817	-	-	-	-	1,203,817
Share-based payments (note 24)	-	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

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

	Note	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,605,414	1,076,125
Payments to suppliers and employees (inclusive of GST)		(2,488,022)	(1,618,642)
Proceeds from government grants		78,958	175,337
		(803,650)	(367,180)
Interest and other finance costs paid		(9,083)	-
Net cash used in operating activities	32	(812,733)	(367,180)
<b>Cash flows from investing activities</b>			
Payments for loan to Criterion		-	(4,000)
Payments for plant and equipment	11	(65,431)	(39,432)
Payments for establishment of subsidiary		(1,538)	-
Proceeds from disposal of plant and equipment		45,000	-
Net cash used in investing activities		(21,969)	(43,432)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	500,010	-
Proceeds from issue of convertible notes	15	-	355,000
Proceeds from borrowings		300,000	-
Repayment of borrowings		(94,375)	-
Net cash from financing activities		705,635	355,000
Net decrease in cash and cash equivalents		(129,067)	(55,612)
Cash and cash equivalents at the beginning of the financial year		236,755	292,367
Effects of exchange rate changes on cash and cash equivalents		4,984	-
Cash and cash equivalents at the end of the financial year	8	112,672	236,755

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

The financial statements were issued on 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 Ltd has become a consolidated entity during the financial year ended 30 June 2024 subsequent to the formation of new subsidiary. The financial statements for the year ended 30 June 2023 are presented as a single entity.

### 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 2024, the Group incurred a loss after income tax of \$99,919 (Company 30 June 2023 : \$408,590) and net cash outflows from operating of \$812,733 (Company 30 June 2023: \$367,180) net cash outflows from investing activities of \$21,969 (Company 30 June 2023: \$43,432). As at 30 June 2024, the Group had net current assets of \$933,941 (Company 30 June 2023: net current liabilities of \$301,323). Cash and cash equivalents as at 30 June 2024 amounted to \$112,672 (Company 30 June 2023: \$236,755).

## 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 29.

### 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 2024 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.

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

### Foreign currency translation

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

## Note 2. Material accounting policy information (continued)

### *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 unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

### **Impairment of non-financial assets**

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

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

### **Finance costs**

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

## Note 2. Material accounting policy information (continued)

### 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 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 3. Critical accounting judgements, estimates and assumptions

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

### *Share-based payment transactions*

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

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

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

### *Estimation of useful lives of assets*

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

### *Income tax*

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

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

*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 2024 the Group's strategic operating segments comprise of Australia and United States. As the Group's US domiciled subsidiary was incorporated in February 2024, at 30 June 2023 there is only one operating segment comprising the Company as presented in the financial statements.

*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 2024 the Company has two major customers comprising 40% and 14% of total revenues (30 June 2023: three major customers comprising 39%, 29% and 10% of total revenues).

*Operating segment information*

	Australia	USA	Intersegment	Other segments	Total
<b>Consolidated - 30 June 2024</b>	\$	\$	\$	\$	\$
<b>Revenue</b>					
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
<b>Operating expenses</b>	(2,887,300)	(204,851)	176,882	-	(2,915,269)
<b>Net profit/(loss) before tax</b>	<b>6,416</b>	<b>(66,734)</b>	<b>66,088</b>	<b>-</b>	<b>5,770</b>
<b>Assets</b>					
Segment assets	1,728,232	39,441	(31,715)	-	1,735,958
<b>Total assets</b>					1,735,958
<b>Liabilities</b>					
Segment liabilities	666,155	103,549	(95,823)	-	673,881
<b>Total liabilities</b>					673,881

**Note 4. Operating segments (continued)**

**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**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
Sale of physical good	1,185,971	555,197
Services	1,538,211	496,308
Other (shipping)	41,276	28,973
	<u>2,765,458</u>	<u>1,080,478</u>

Disaggregation of revenue:

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	1,227,247	584,170
Services transferred over a period of time	1,538,211	496,308
	<u>2,765,458</u>	<u>1,080,478</u>

**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**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
Professional fees	159,189	90,067
Selling, marketing and public relations	51,801	32,939
Insurance	78,079	13,765
Research and development	80,203	34,995
Travel expenses	312,959	267,282
Realised and unrealised currency losses	41,854	13,196
Transport expenses	70,713	49,942
Office and related expenses	125,882	73,544
Bad debts/(gain on forgiveness of debt)	5,523	(9,228)
Other	127,198	105,120
	<u>1,053,401</u>	<u>671,622</u>

**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)**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax	5,009	-
Deferred tax	100,680	(163,203)
Aggregate income tax expense/(benefit)	<u>105,689</u>	<u>(163,203)</u>
Income tax expense/(benefit) is attributable to:		
Profit/(loss) from continuing operations	105,689	(163,203)
Profit from discontinued operations	-	-
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 12)	90,529	(168,254)
Increase in deferred tax liabilities (note 17)	10,151	5,051
Deferred tax - origination and reversal of temporary differences	<u>100,680</u>	<u>(163,203)</u>

**Note 7. Income tax expense/(benefit) (continued)**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit	5,770	(571,793)
Profit before income tax expense from discontinued operations	-	-
	<u>5,770</u>	<u>(571,793)</u>
Tax at the statutory tax rate of 25%	1,443	(142,948)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research & development expenses	92,917	15,042
Other expenses	22,204	-
Share-based payments	6,598	11,059
Effective interest on convertible notes	8,887	5,272
R&D Tax incentive	(43,044)	(51,628)
US subsidiary deferred tax asset not recognised	16,684	-
	<u>105,689</u>	<u>(163,203)</u>
Income tax expense/(benefit)		

**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 30 June 2023 and has recognised deferred tax assets in relation to the Company of \$77,725 and \$168,254, respectively. The Group does not consider a future income tax benefit to be probable in respect of its US subsidiary; accordingly, no deferred tax asset has been recorded in relation to the temporary differences or carried forward losses of the US subsidiary.

**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.

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

**Note 7. Income tax expense/(benefit) (continued)**

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**

	<b>Consolidated</b> <b>30 June 2024</b>	<b>Company</b> <b>30 June 2023</b>
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>112,672</u>	<u>236,755</u>

**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**

	<b>Consolidated</b> <b>30 June 2024</b>	<b>Company</b> <b>30 June 2023</b>
	\$	\$
<i>Current assets</i>		
Trade receivables	1,235,299	67,336
Less: Allowance for expected credit losses	<u>-</u>	<u>(4,842)</u>
	1,235,299	62,494
Other receivables	<u>143,480</u>	<u>78,958</u>
	<u>1,378,779</u>	<u>141,452</u>

Refer to note 22 for further information on financial instruments.

**Accounting policy for trade and other receivables**

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

**Note 9. Trade and other receivables (continued)**

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**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Current assets</i>		
Raw materials - at cost	46,744	5,649

**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. Plant and equipment**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Non-current assets</i>		
Plant and equipment	58,533	191,435
Less: Accumulated depreciation	(18,825)	(104,693)
	39,708	86,742
Motor vehicles - at cost	50,104	-
Less: Accumulated depreciation	(1,253)	-
	48,851	-
	88,559	86,742

**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 11. 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 \$	Total \$
<b>Company</b>			
Balance at 1 July 2022	99,982	-	99,982
Additions	39,432	-	39,432
Depreciation expense	(52,672)	-	(52,672)
30 June 2023	86,742	-	86,742
<b>Consolidated</b>			
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

**Note 12. Deferred tax assets**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Non-current assets</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	107,656
Allowance for expected credit losses	-	1,453
Contract liabilities	6,340	2,095
Employee benefits	40,319	25,697
Accrued expenses	27,892	29,427
Depreciation	3,174	1,926
Deferred tax asset	77,725	168,254
<i>Movements:</i>		
Opening balance	168,254	-
Credited/(charged) to profit or loss (note 7)	(90,529)	168,254
Closing balance	77,725	168,254

**Note 13. Trade and other payables**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	184,331	132,640
Accrued expenses	96,499	98,092
BAS payable	99,727	89,089
Other payables	117,582	220
	<u>498,139</u>	<u>320,041</u>

Refer to note 22 for further information on financial instruments.

**Accounting policy for trade and other payables**

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

**Note 14. Contract liabilities**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	21,135	6,982
	<u>21,135</u>	<u>6,982</u>

**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 15. Borrowings**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
<i>Current liabilities</i>		
Convertible notes payable	-	321,702
	<u>-</u>	<u>321,702</u>

Refer to note 22 for further information on financial instruments.

**Convertible Notes**

At 30 June 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. Accrued interest on the convertible notes of \$7,659 is recorded within trade and other payables at 30 June 2023.

The 355,000 notes including accrued interest of \$19,559 were converted to ordinary shares in March 2024 (note 18).

**Note 15. Borrowings (continued)**

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

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Opening balance	321,702	-
Proceeds from convertible notes	-	355,000
Equity component at inception	-	(50,870)
Effective interest	33,298	17,572
Coupon interest	19,559	-
Settled through the issue of ordinary shares (note 18)	(374,559)	-
Closing balance	<u>-</u>	<u>321,702</u>

**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 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 16. Provisions**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Current liabilities</i>		
Annual leave	<u>111,450</u>	<u>72,577</u>
<i>Non-current liabilities</i>		
Long service leave	<u>22,946</u>	<u>13,082</u>
	<u>134,396</u>	<u>85,659</u>

**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.

**Note 16. Provisions (continued)**

*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 17. Deferred tax liabilities**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Non-current liabilities</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Prepayments	7,195	5,051
Unpaid superannuation	8,007	-
Deferred tax liability	<u>15,202</u>	<u>5,051</u>
<i>Movements:</i>		
Opening balance	5,051	-
Charged to profit or loss (note 7)	10,151	5,051
Closing balance	<u>15,202</u>	<u>5,051</u>

**Note 18. Issued capital**

	Consolidated 30 June 2024 Shares	Company 30 June 2023 Shares	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Ordinary shares - fully paid	<u>264,723</u>	<u>217,143</u>	<u>1,747,563</u>	<u>492,876</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	200,000		200,000
Issue of shares on conversion of debt to equity	14 November 2022	17,143	\$17.08	292,876
Balance	30 June 2023	217,143		492,876
Issue of shares on conversion of convertible note	8 March 2024	16,510	\$22.69	374,559
Transfer from equity reserve convertible note settlement	8 March 2024	-	-	50,870
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
Balance	30 June 2024	<u>264,723</u>		<u>1,747,563</u>

**Note 18. Issued capital (continued)**

*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 19. Reserves**

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
Foreign currency reserve	646	-
Share-based payments reserve	58,856	36,863
Equity reserves	-	50,870
	<u>59,502</u>	<u>87,733</u>

***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.

**Note 19. Reserves (continued)**

*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 20. Earnings per share**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Loss after income tax attributable to the owners of Boresight Ltd	(99,919)	(408,590)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	232,185	210,755
Weighted average number of ordinary shares used in calculating diluted earnings per share	232,185	210,755
	Cents	Cents
Basic earnings per share	(43.08)	(193.87)
Diluted earnings per share	(43.08)	(193.87)

At 30 June 2023 the Company had 355,000 convertible notes on issue with a face value of \$1.00 each. 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 consolidated entity reporting a loss for the year ended 30 June 2023, the convertible notes are anti-dilutive and have therefore been excluded from the calculation of diluted earnings per share.

**Accounting policy for earnings per share**

*Basic earnings per share*

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

*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 21. Dividends**

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

**Accounting policy for dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

## Note 22. Financial instruments

### Financial risk management policies

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

### Specific Financial Risk Exposures and Management

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

#### Market risk

##### Foreign currency risk

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

##### 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.

	Consolidated 30 June 2024	Company 30 June 2023
	\$	\$
Cash and cash equivalents held in Australian banks - A Rated	107,680	236,755
Cash, cash equivalents and restricted cash held in US banks – A Rated	4,992	-
	<u>112,672</u>	<u>236,755</u>

##### 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.

**Note 22. Financial instruments (continued)**

As at 30 June 2024 the Group recognised bad debts expense of \$5,523 (2023: there were nil bad debts and the Group recognised a gain on forgiveness of debt of \$9,228).

At 30 June 2024 \$16,720 of the Group's receivables are past due but not impaired. The past due amount was recovered during the year ended 30 June 2025. At 30 June 2023 \$40,616 of the Company's receivables are past due, of which \$4,842 has been impaired and \$35,774 was recovered during the year ended 30 June 2024.

The ageing analysis of these trade receivables is as follows:

	Carrying amount		Allowance for expected credit losses		Past due but not impaired	
	Consolidated	Company	Consolidated	Company	Consolidated	Company
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$	\$	\$
Current	1,218,579	26,719	-	-	-	-
0 to 3 months	16,720	14,560	-	-	16,720	14,560
3 to 9 months	-	26,057	-	(4,842)	-	21,215
<b>Total</b>	<b>1,235,299</b>	<b>67,336</b>	<b>-</b>	<b>(4,842)</b>	<b>16,720</b>	<b>35,775</b>

**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.

Consolidated - 30 June 2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	184,331	-	-	-	184,331
Other payables	-	313,808	-	-	-	313,808
<b>Total non-derivatives</b>		<b>498,139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498,139</b>

**Note 22. Financial instruments (continued)**

Company - 30 June 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	132,640	-	-	-	132,640
Other payables	-	187,401	-	-	-	187,401
Total non-derivatives		320,041	-	-	-	320,041

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 23. Fair value measurement**

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

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

**Accounting policy for fair value measurement**

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

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

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

**Note 23. Fair value measurement (continued)**

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

**Note 24. Share-based payments**

Share-based payment expense comprised as follows:

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Issue of 13,500 options to CEO, Justin Olde during the year ended 30 June 2023	12,483	20,220
Issue of 2,556 options to Employee during the year ended 30 June 2023	9,510	16,643
	<u>21,993</u>	<u>36,863</u>

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

**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
			<u>16,056</u>	-	-	-	<u>16,056</u>

**30 June 2023**

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
			-	<u>16,056</u>	-	-	<u>16,056</u>

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

**Note 24. 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:

**CEO Options**

Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of securities	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	1 year after the commencement date of your employment with the Company Employee Option Plan	2 years after the commencement date of your employment with the Company Employee Option Plan	3 years after the commencement date of your employment with the Company Employee Option Plan
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

**Employee Options**

Tranche	Tranche 1	Tranche 2	Tranche 3
Methodology	Hoadley's ESO1	Hoadley's ESO1	Hoadley's ESO1
Number of securities	852	852	852
Option Entitlement	One Share	One Share	One Share
Listed/Unlisted	Unlisted	Unlisted	Unlisted
Vesting milestones	On 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
Grant Date	11-Jan-23	11-Jan-23	11-Jan-23
Vesting Date	20-Dec-22	20-Dec-23	20-Dec-24
Expiry Date	11-Jan-28	11-Jan-28	11-Jan-28
Exercise Price	\$15	\$15	\$15
Spot Price	\$17.08	\$17.08	\$17.08
Volatility*	73%	73%	73%
Interest rate	4.13% p.a	4.13% p.a	4.13% p.a
Fair Value	\$11.1625	\$11.1625	\$11.1625
Total Fair Value	\$9,510	\$9,510	\$9,510

\* **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.

#### Note 24. Share-based payments (continued)

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 25. 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.

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:

	Consolidated 30 June 2024	Company 30 June 2023
	\$	\$
Short-term employee benefits	444,488	331,800
Post-employment benefits	47,058	31,310
Long-term benefits	5,588	8,163
Termination benefits	-	-
Share-based payments	12,483	22,000
	<u>509,617</u>	<u>393,273</u>

#### Note 26. Contingent liabilities

The Group has no known contingent liabilities as at 30 June 2024 (Company 30 June 2023: nil).

#### Note 27. Commitments

The Group has no commitments which are not recorded on the statement of financial position as at 30 June 2024 (Company 30 June 2023: nil).

## Note 28. Related party transactions

### Parent entity

Boresight Ltd is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 30.

### Key management personnel

Disclosures relating to key management personnel are set out in note 25 and share-based payment of KMP set out in note 24.

### Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

The following transactions occurred with related parties:

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
<i>Sale of goods and services:</i>		
Sale of services to Criterion Solutions Pty Ltd	-	43,964
<i>Payment for goods and services:</i>		
Purchase of goods from Criterion Solutions Pty Ltd	-	86,220

### Receivable from and payable to related parties

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Current receivables:		
Trade receivables from Criterion Solutions Pty Ltd	-	14,560
Current payables:		
Trade payables to Criterion Solutions Pty Ltd	-	125,261

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

### Convertible notes held by related parties

At 30 June 2023 Criterion Solutions Pty Ltd holds 160,000 convertible notes in the Company. Convertible notes are on the same terms and conditions as those held by unrelated third parties. Refer note 15 for convertible note terms and conditions. At 30 June 2023 accrued interest of \$4,538 is recorded in relation to the convertible notes.

### Share subscriptions and shareholdings

Director Michael Sinkowitsch subscribed for 3,747 shares in the Company in March 2024 with a total value of \$100,007. The share subscription price is equivalent to that of unrelated third parties. Mr Sinkowitsch holds 3,747 shares in the Company at 30 June 2024 (30 June 2023: nil).

Criterion Solutions Pty Ltd subscribed for 2,211 shares in the Company in March 2024 with a total value of \$59,012. The share subscription price is equivalent to that of unrelated third parties. Criterion Solutions Pty Ltd received 12,336 shares in the Company in March 2024 on the conversion of debt to equity and 7,485 shares in March 2024 on the conversion of convertible notes. Criterion Solutions Pty Ltd holds 174,721 shares in the Company at 30 June 2024 (30 June 2023:152,689).

**Note 28. Related party transactions (continued)**

Former director Alexander Hall subscribed for 3,747 shares in the Company in March 2024 with a total value of \$100,007. The share subscription price is equivalent to that of unrelated third parties. Alexander Hall holds 36,753 shares in the Company at 30 June 2024 (30 June 2023: 33,006).

*Related party loans*

At 1 July 2022 the Company had a loan payable to former director Alexander Hall in the amount of \$44,510. This amount was settled through the issue of 2,606 shares in November 2022.

The Group has a loan in place with Criterion Solutions Pty Ltd. Movements in the loan account are as follows:

	<b>Consolidated 30 June 2024</b>	<b>Company 30 June 2023</b>
	\$	\$
Opening balance payable:	-	306,088
Loan proceeds received	300,000	-
Repayments	(94,375)	(4,000)
Trade creditor balance transferred to loan account	118,100	-
Loan settled through the issue of 12,336 fully paid ordinary shares in March 2024	(329,248)	-
Bad debts expense/(debt forgiveness)	5,523	(9,227)
Loan balance settled through the issue of 12,089 fully paid ordinary shares in November 2022	-	(292,861)
	<u>-</u>	<u>-</u>

*Terms and conditions*

The 2023 loan with Criterion Solutions Pty Ltd is non-interest bearing and repayable on demand. In accordance with the loan agreement, the 2024 loan is interest bearing at a rate of 6.5% per annum although no interest was charged on the loan during the year. The loan was to be repaid in monthly instalments of \$20,833 however was converted to equity in March 2024.

**Note 29. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>Parent 30 June 2024</b>
	\$
Loss after income tax	<u>(99,919)</u>
Total comprehensive (loss)	<u>(99,919)</u>

**Note 29. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent 30 June 2024 \$</b>
Current assets	1,534,462
Non-current assets	193,770
Total assets	1,728,232
Current liabilities	643,225
Non-current liabilities	22,946
Total liabilities	666,171
Equity	
Issued capital	1,747,563
Share-based payments reserve	58,856
Accumulated losses	(744,358)
Total equity	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 2024. There were no subsidiaries at 30 June 2023.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

*Capital commitments - Plant and equipment*

The parent entity had no capital commitments for plant and equipment as at 30 June 2024 and 30 June 2023.

*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 30. Interests in subsidiaries**

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
Boresight US Inc	United States of America	100%	-

\* Boresight US Inc was incorporated in February 2024.

**Note 31. 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.

### Note 31. Events after the reporting period (continued)

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 2024 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 30 June 2025 the Group incorporated a UK domiciled subsidiary, Boresight UK Ltd, owned 80% by the Company at inception. 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 2024 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.

### Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Loss after income tax (expense)/benefit for the year	(99,919)	(408,590)
Adjustments for:		
Depreciation and amortisation	29,877	52,672
Net gain on disposal of plant and equipment	(12,101)	-
Share-based payments	21,993	36,863
Bad debt/(Gain) on forgiveness of debt	5,523	(9,228)
Interest and other finance costs	52,856	17,572
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,237,327)	(85,452)
Increase in inventories	(41,095)	(5,649)
Decrease/(increase) in deferred tax assets	90,529	(168,254)
Decrease/(increase) in other assets	4,515	(35,123)
Increase in trade and other payables	297,097	140,317
Increase in contract liabilities	14,153	6,982
Increase in provision for income tax	5,009	-
Increase in deferred tax liabilities	10,151	5,051
Increase in employee benefits	46,006	85,659
Net cash used in operating activities	<u>(812,733)</u>	<u>(367,180)</u>

**Note 33. Non-cash investing and financing activities**

	Consolidated 30 June 2024 \$	Company 30 June 2023 \$
Shares issued on conversion of loans	<u>329,248</u>	<u>292,876</u>

During the year, the Company issued ordinary shares on conversion of loans with a carrying amount of \$329,248 (30 June 2023: 292,876). These transactions did not result in any cash flows and has therefore been excluded from the statement of cash flows.

Refer to note 15 for the details of convertible note interest settled in shares during the year ended 30 June 2024 (30 June 2023: nil).

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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

**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.

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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 2024 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



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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 2024, 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 2024 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 \$99,919 during the year ended 30 June 2024. 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 2024, 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 CA**  
Director

Dated this 1<sup>st</sup> day of April 2026  
Perth, Western Australia

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