31 JULY 2026

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

For the quarter ended 30 June 2026

Highlights

- Boresight successfully lists (ASX:BST) on 10 June 2026, following a strongly supported A$8.0 million Initial Public Offering ("IPO") at A$0.20 per share.
- The IPO was supported by Regal Funds Management, family offices and high-net-worth investors.
- FY26 unaudited annual revenue of **A$6.7 million, an increase of ~55% from A$4.36 million in FY25**.
- Q4 FY26 unaudited revenue of **A$2.44 million.**
- Strong start to FY27 with ~**A$941k** of deferred revenue in FY26 (unaudited) to be recognised as revenue in FY27**.**
- Cash and Cash Equivalents at end of period of **~A$7.88 million** with no debt.
- Deepening engagement with the **Australian Defence Force's (ADF) Sovereign UAS Program**, funding a development program for the Boresight Drone BS-350 Intelligence Surveillance Reconnaissance ("ISR") to enhance its capabilities.
- Continued support from the **ADF's "Project LAND 156"** counter-drone program, a **multi-year program** expected to drive an increasing number of target drone orders.[1] Separate to that Program, was **awarded a 12-month contract to supply BQ-400 Target Drones to ADF units**.
- Delivered **first BQ-400 order to an Italian customer**, expanding into the European defence market.
- Supported a **multinational Counter-UAS activity in Switzerland**, emulating Real Threats with BQ-400 target drones to a broad range of international militaries and defence industry entities.
- Advanced the product roadmap, completed development of the enhanced **one-to-many ground control station to swarm up to 20 drone targets concurrently**.
- **BF-100 fixed-wing target** scheduled for release in September 2026, with customers committed.
- Post quarter end, the Company signed a lease **for a new ~812 sqm manufacturing facility in Huntsville, Alabama — approximately 15x the size of its current US premises** — initially capable of producing **more than 5,000 BQ-400 Target Drones annually** to service growing US demand.
- Post quarter end, the Company announced the release of the **BQ-750 Block 2 Target Drone**[2].

Boresight Ltd (ASX: BST) ("BST" or the "Company") is pleased to provide shareholders and investors with an operations overview to accompany the Appendix 4C for the quarter ended 30 June 2026 (the "Quarter" or "Reporting Period"), following completion of its A$8.0 million IPO and successful listing on the ASX on 10 June 2026.

[1] ASX Announcement, 9 June 2026, "Boresight ASX listing debut"
[2] ASX Announcement dated 6 July 2026, "New Boresight Target-Drone Offers Increased Speed, Endurance and Capability"

Justin Olde, Managing Director, commented,

> *"The highlight of the Quarter was the Company's listing on the ASX — a momentous occasion and the result of a substantial body of work. The listing was strongly received, with the share price more than tripling in the early days of trading before settling at a level more than 50% above the listing price.*
>
> *A further significant development was the Company's deepening engagement with the Sovereign Uncrewed Aerial System ("UAS") program. Contracts in this area indicate strong support from the Australian Defence Force, and the Company expects this to grow into a significant source of revenue over the coming years.*
>
> *The funds raised via the IPO have provided the Company greater flexibility in accessing engineering resources and parts holdings. This has enabled Boresight to accelerate delivery of existing products, reduce customer lead times and expand its product portfolio, with the benefits expected to be realised over the next 12–18 months as a broader suite of products reaches an expanding customer base.*
>
> *The Company welcomes its new shareholders and thanks them for their confidence in Boresight, Australian industry and the Company's rapidly growing market segment."*

Company Overview and IPO Highlights

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

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

The Company's capital structure as at the end of the Quarter is set out below.

Capital structure	As at 30 June 2026
IPO capital raised (before costs)	$8.0 million
Shares on issue post-IPO	209 million
Options on issue (5-year expiry, $0.25 strike)	34.2 million
Top 20 shareholders (% control)	78.1%
Cash and cash equivalents at 30 June 2026	$7.88 million

All figures are quoted in A$ unless otherwise stated

Operational Highlights

Business Development

Boresight successfully supported a multinational Counter UAS activity in Switzerland, conducting Threat

Emulation (Red Team) Operations using its BQ-400 target drones and Ground Control System.[3] The demonstration showcased the Company's ability to provide realistic and effective aerial target solutions in support of advanced air defence testing and evaluation to a broad range of international militaries and Defence Industry entities.

Images 1, 2: Boresight BQ-400 target drone presented at the 16th PROTECTOR Users Working Group (PUWG)

During the Quarter, the Company continued to build on its existing relationship with the ADF's Future Land Warfare Branch, and Uncrewed Aerial Systems Program Office ("UASPO"). Importantly shareholders should note, the ADF is funding a program of ongoing development specifically for the Boresight Drone BS-350 Intelligence Surveillance Reconnaissance ("ISR") to enhance its capabilities to include - night vision, more ruggedised components and improving the user interface and control system.

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

In the March Quarter, Boresight signed its first contract with an Italian customer for BQ-400 Target Drone. The contract was delivered in this Quarter, further expanding its international customer base and strengthening its presence in the European defence market.

Key Program — ADF Project Land 156 and Sovereign UAS

The Company continues to support the ADF Project Land 156, a major, multi-year counter-drone program which is expected to generate an increasing number of target drone orders over its life. The Company also continues to deliver under its Sovereign UAS Program contract[4]. As that program matures the ADF with establish a regular program of counter drone training that Boresights anticipates will be a source of increasing long term revenue.

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[3] Kongsberg - 16th PROTECTOR Users Working Group (PUWG) - https://www.kongsberg.com/news/stories/2026/6/evolving-through-experience/

[4] ASX Announcement, 9 June 2026, "Boresight ASX listing debut"

International Expansion

During the Quarter, the Company continued production and delivery of BQ-400 Target Drones for customers internationally. Boresight US LLC, the 100% wholly owned subsidiary, actively searched for a larger facility in Huntsville, Alabama, having outgrown its current premises amid rising demand for targets in the United States.

Subsequent to Quarter end, in July 2026 the Company announced that it was successful in securing a new location and signed a lease for a new manufacturing facility of approximately 812 square metres in Huntsville, Alabama - approximately 15 times the size of its current US premises - to service growing US demand for its target drones. The lease is for an initial term of three years with extension options. The Company has taken occupancy, with production transitioning from its existing US site between August and the end of September 2026.[5]

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

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

Engineering

The Company completed development of the BQ-750, a larger multirotor target designed to emulate the larger drone threats increasingly being observed, and post Quarter released to market[6]. Its baseline airframe will enable continued development toward more complex threat scenarios, including payload capacity for customers to deploy airborne capability in their operational scenarios.

Image 3 – Boresight BQ-750

[5] Refer to ASX Announcement dated 20 July 2026, "Boresight Signs Lease for 15x Larger USA Manufacturing Facility"
[6] ASX Announcement, 6 July 2026 "New Boresight drone boosts speed, endurance, capability"

Enhanced the one-to-many (1:M) drone-target ground control station to allow operators to control up to 20 drone targets concurrently across multiple target types, enabling customers to create more complex and realistic drone-swarm scenarios and to conduct more testing, training and engagement in parallel.

Significantly progressed development of the BF-100 fixed-wing drone target, with late-stage flight testing and design-for-manufacture work ongoing. Development remains on schedule, with expected release to market in September 2026.

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

Production and Operations

- Continued production and delivery of BQ-400 Target Drones for customers in Australia, the United States, Canada, the United Kingdom and Norway, with production volumes remaining consistent and meeting customer demand.
- Invested in multiple production assets since the ASX listing to increase manufacturing output and assembly rate across both the Australian and US sites.
- Continued progressing Defence Industry Security Program ("DISP") related initiatives, cybersecurity improvements and security governance activities throughout the Quarter.
- Advanced planning for key operational hires, including a Head of Production and a Supply Chain / Procurement Manager, to support future growth and manufacturing scale-up.

Product Development Pipeline

The Company's product development roadmap for calendar year 2026 includes:

- BQ-750 Block 2 larger quadcopter — released to market post quarter end[1].
- BF-100 Group 1 fixed-wing (small fixed-wing target UAS) — due for release Q3 CY2026 (September 2026); customers already committed for this system.
- BQ-300 FPV quadcopter (fast FPV-threat emulation target) — due for release CY2027.
- BF-150 Group 1 fixed-wing (loitering munition / kamikaze-drone threat emulation) — due for release CY2027.

All additional target types are being designed to operate on Boresight's existing proprietary Ground Control Station and flight management software, preserving the Company's single-system, multi-platform model.

Financial Summary

Boresight reported unaudited FY26 annual revenue of approximately A$6.76 million (FY25: approximately A$4.36 million), representing year-on-year growth of approximately 55%. Standalone revenue for the quarter ended 30 June 2026 was approximately A$2.44 million (unaudited).

Metric	FY24	FY25	FY26 (Unaudited)
Total revenue	A$2.76 million	A$4.36 million	A$6.76 million

Use of IPO Funds

As a recently listed entity, the Company sets out below a reconciliation of actual expenditure against the use-of-funds statement in its Replacement Prospectus dated 23 April 2026.

The Prospectus allocation is funded from the $8.0 million raised under the Public Offer together with existing cash reserves of approximately $0.94 million (total sources of approximately $8.94 million), applied over the first two years following admission.

Actual expenditure below covers the period from the date of its admission of 5 June 2026 to 30 June 2026.

Use of funds (per Prospectus)	Prospectus allocation	Expenditure 5- 30 June 2026
Development and manufacturing	$3,250,000	-
Purchase of stock to fulfil orders	$950,000	$166,065
Sales, marketing and business development	$250,000	$39,701
Grow engineering pool	$880,000	$21,319
General administration and working capital	$2,166,369	$46,133
Directors' fees and ASX fees	$600,000	$27,653
Costs of the public offer	$846,195	$855,000
Total	**$8,942,564**	**$1,155,871**

Relationship to the Company's cash position

This table compares the Company's expenditure against the individual items in the use-of-funds program set out in the Replacement Prospectus. It records outflows applied to those program items only and is not a reconciliation of the Company's cash position. In particular, it does not take into account receipts from customers or other income received during the period, and does not reflect all movements in the Company's cash.

Accordingly, the actual expenditure shown above will not equal the movement in the Company's cash and cash equivalents over the period. Movements in cash — including receipts from customers, net cash used in operating activities, financing flows and the treatment of the costs of the public offer — are set out in the accompanying Appendix 4C, in particular the reconciliation of cash and cash equivalents at items 4.1 to 4.6

(cash and cash equivalents at 30 June 2026: approximately A$7.88 million).

As at 30 June 2026, only a short period of the two-year expenditure program had elapsed, so the actual expenditure of approximately A$1,155,871 (approximately 13% of the total Prospectus allocation) represents an early and expected fraction of the funds to be applied over the program.

Payments to Related Parties

Item 6.1 of the accompanying Appendix 4C discloses aggregate payments to related parties and their associates of A$132,000 for the Quarter (included in operating cash flows at item 1). These payments comprise directors' fees and remuneration paid to directors and their associates.

Post Quarter End Activity

New Product Release — BQ-750 Block 2

On 6 July 2026, the Company announced the release to market of the BQ-750 Block 2 aerial target drone. The Block 2 model builds on the successful Block 1 platform, offering increased speed, endurance (35+ minutes), range (2.5km+) and payload-carrying capability suitable for simulating more complex threat scenarios, including via a dropper mechanism, electronic warfare package or shot-detection unit.

First orders of the BQ-750 Block 2 were delivered during the period, with further orders received. The product is scheduled to be flown internationally later this year in support of a major international counter-UAS activity.

Outlook

Boresight's near-term priorities for Q1 FY2027 and beyond include:

- Scaling manufacturing capability and hiring key personnel including Business Development Lead for the US Market and a Supply Chain and Logistics Manager to support our global manufacturing capability.
- Successful transition into new USA facility with manufacturing capacity increasing.
- Completing and delivering the BF-100 fixed-wing and BQ-300 FPV and target drones to market.
- Supporting a major international counter-UAS activity later in calendar 2026 using the BQ-750 Block 2.
- Boresight is continuing to work globally with Government and private agencies.

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

-ENDS-

For further information, please contact:

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ABOUT BORESIGHT LTD (ASX: BST)

Boresight delivers an integrated aerial target drone ecosystem that enables realistic counter-UAS training and testing for government and industry. The company's systems combine attritable aerial target drones, mission planning software and scalable ground control systems to support threat emulation and operational readiness.

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

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

Follow us for further information

Website: https://www.boresightuas.com

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

YouTube: https://www.youtube.com/@boresighttargets

FORWARD LOOKING STATEMENTS

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

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

Appendix 4C

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

Name of entity

Boresight Ltd

ABN	Quarter ended ("current quarter")
40 642 501 228	30 June 2026

Consolidated statement of cash flows			Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		2,043	6,264
1.2	Payments for			
	(a)	research and development	(272)	(579)
	(b)	product manufacturing and operating costs	(1,108)	(3,693)
	(c)	advertising and marketing	(223)	(520)
	(d)	leased assets	-	-
	(e)	staff costs	(856)	(2,853)
	(f)	administration and corporate costs	(120)	(832)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		10	11
1.5	Interest and other costs of finance paid		(5)	(23)
1.6	Income taxes paid		-	(63)
1.7	Government grants and tax incentives		-	347
1.8	Other – IPO related costs		(364)	(426)
1.9	**Net cash from / (used in) operating activities**		**(895)**	**(2,367)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities	-	-
	(b)	businesses	-	-
	(c)	property, plant and equipment	(86)	(155)
	(d)	investments	-	-
	(e)	intellectual property	-	-
	(f)	other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(86)**	**(155)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,000	10,650
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	51
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(404)	(429)
3.5	Proceeds from borrowings	-	45
3.6	Repayment of borrowings	-	(313)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – principal elements of lease payments	(29)	(112)
3.10	**Net cash from / (used in) financing activities**	**7,567**	**9,892**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,241	569
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(895)	(2,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(86)	(155)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,567	9,892
4.5	Effect of movement in exchange rates on cash held	55	(57)
4.6	**Cash and cash equivalents at end of period**	**7,882**	**7,882**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,882	1,241
5.2	Call deposits	5,000	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,882**	**1,241**

6.	Payments to related parties of the entity and their associates	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	132
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

8.	Estimated cash available for future operating activities	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(895)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,882
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,882
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	8.8

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2026

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

Notes

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