



XREALITY GROUP LIMITED

xReality Group Limited (ASX:XRG) (xReality) ACN 154 103 607

ASX Release
Sydney, Australia – 31 January 2025

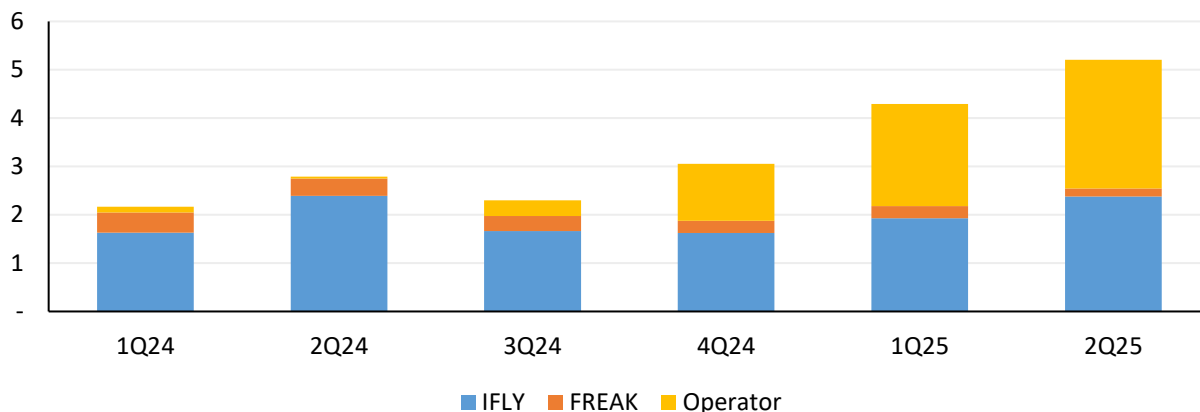
Quarterly Activities Report

xReality Group Limited (ASX:XRG) (xReality) is pleased to provide the following Quarterly Activities Report and Appendix 4C for the quarter ending 31st December 2024 together with an Operational Update.

Key Highlights

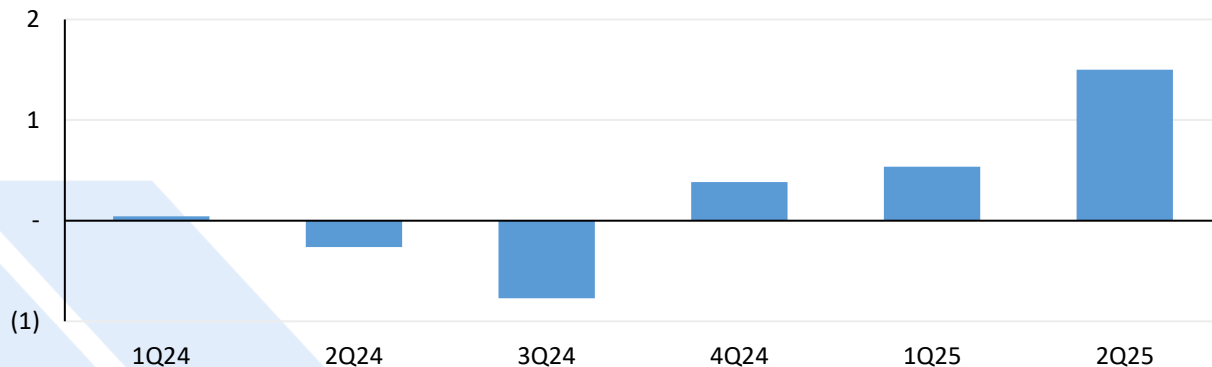
- Another record-breaking quarter with the highest cash receipts on company record.
- Cash receipts in Q2 FY25 of \$5.2m (+87% pcp) bring YTD to \$9.5m driven by:
 - Operator XR of \$2.7m in the quarter (\$4.8m YTD), and
 - Entertainment of \$2.5m in the quarter (\$4.7m YTD),

Receipts from Customers (\$m)



- Positive Operational Cashflow \$1.5m (\$2.1m YTD).

Operating Cashflow



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The strong cashflow results reflect:

- Strong sales growth of Operator XR (Enterprise):
 - Annual Recurring Revenue increased to \$3.6m (up 19% QoQ).
 - Total Contract Value increased to \$7.4m (up 18% QoQ, up 80% on FY24).

The outlook remains positive with:

- 216 qualified and active sales opportunities with a total sales pipeline of \$27.3m.
- US DOD project passes 4-month milestone and remains on track for 20-month completion.

Operational Update by Business Sector:

Operator XR – Enterprise Software and Technology

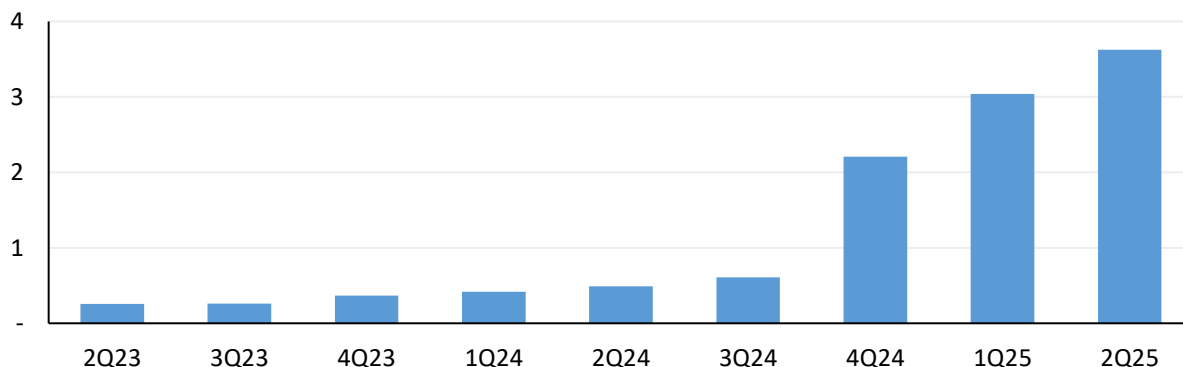
Operator XR continues to make significant progress across the USA. Year to date Total Contract Value is 80% higher than the entire FY24.

Operator XR launched OP-2, a major software release in November, featuring the new “Scenario Creator Suite”, allowing military and law enforcement agencies to build their own immersive scenarios for training and operational environments. The OP-2 system integrates all the features from OP-1 (Military) and the OP-1 LE (Law Enforcement) system, value adding features for customers and streamlining development for XRG. The OP-2 system was released after 9 months of intensive engineering, testing and evaluation. The new system has been in use by LAPD SWAT and the FBI, and is currently being rolled out to all customers with upgrades expected to be completed by Q3.

During the quarter Operator XR secured 7 new customers, with a total contract value (TCV) of \$1.1m. These new sales add \$0.6m new annual recurring revenue to Operator XR.

Operator XR Annual Recurring Revenue (ARR) at end of the quarter was \$3.6m (up 19% or \$0.6m QoQ)

ARR - Operator (\$m)

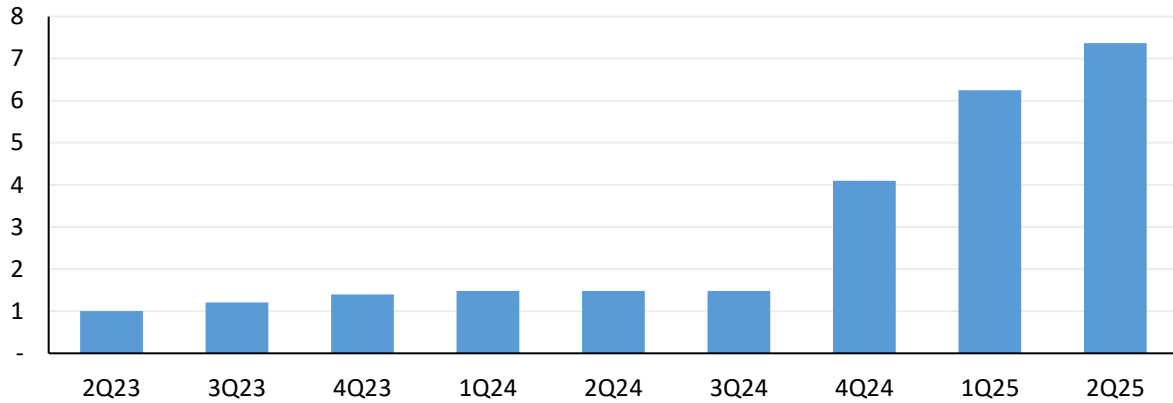




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Operator XR Growth in Sales - Total Contract Value FY25 YTD is now \$7.4m up \$1.1m in the Quarter and up 80% on full year FY24.

TCV - Operator (\$m)

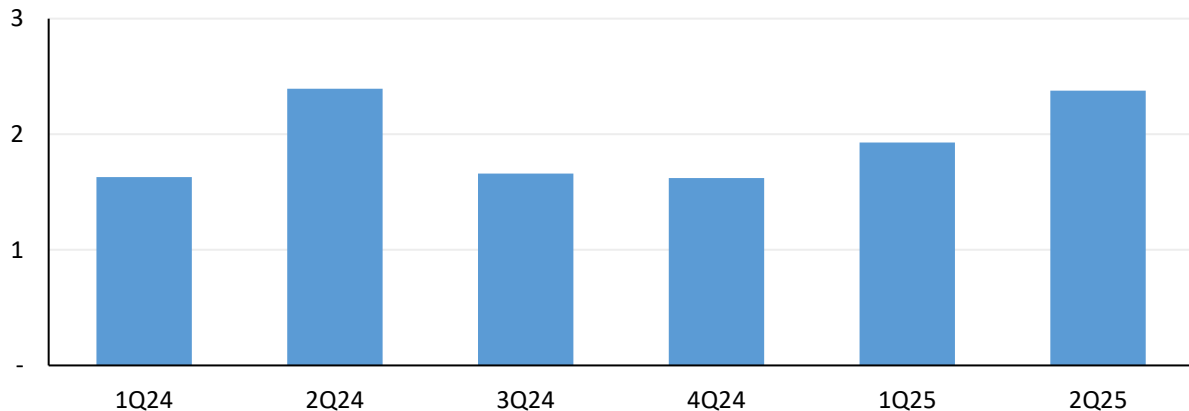


Entertainment Sector – iFLY and Freak Entertainment

XRG's portfolio of Entertainment businesses have experienced another strong quarter, with an increase of sales across the sector of 17% from Q1 25 resulting in cash receipts for the division of \$2.5m.

The increase in cash receipts was attributed to the iFLY businesses in Sydney and the Gold Coast which outperformed last quarter by over \$0.4m, reflecting a strong retail market in the lead up to Christmas and a continued return to our inbound tourism trade.

iFLY - Cash Receipts



Cash Flow Analysis

Cash receipts for the quarter totalled \$5.2m. Net cash from operating activities for the period totalled \$1.5m. The Company invested \$1.1m in XR product development, hardware and corporate facilities. The Company repaid \$75,000 of debt and is current with all debt covenants. Closing Cash position at the end of the quarter totalled \$2.3m.

Related parties' expenses of \$0.1m comprise of salaries and superannuation paid to executive directors and fees paid to non-executive directors.

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This announcement is authorised by the Board of Directors.
END

About xReality Group Limited (ACN: 154 103 607)

xReality Group Limited are leaders in enterprise software development for mission critical simulations for military and law enforcement. The company develops and operates physical and digital simulations. Portfolio companies include Indoor Skydiving facilities, Virtual Reality (VR) and Augmented Reality (AR) entertainment, training, and production.

Operator XR provides Military and Law Enforcement agencies with a unique, integrated Mission Planning & Rehearsal System, which is portable, secure and highly immersive. See <https://www.operatorxr.com>

The Company is listed on ASX on under the code XRG.

For further information visit: www.xrgroup.com.au

Wayne Jones, Chief Executive Officer, wjones@xrgroup.com.au
Stephen Tofler, Chief Financial Officer and Company Secretary, stofler@xrgroup.com.au

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Appendix 4C

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

Name of entity

xReality Group Ltd

ABN

39 154 103 607

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A	\$A
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,218,232	9,521,484
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-733,956	-1,738,074
	(c) advertising and marketing	-323,905	-651,907
	(d) leased assets	-	-1,772
	(e) staff costs	-1,579,047	-3,383,412
	(f) administration and corporate costs	-875,373	-1,418,008
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	936	7,548
1.5	Interest and other costs of finance paid	-186,002	-338,738
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	58,804
1.8	Other (creditors from other periods)	-	-
1.9	Net cash from / (used in) operating activities	1,520,885	2,055,923
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-1,104,911	-2,062,582

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

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A	\$A
	(f) other non-current assets	-4,924	-12,569
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-1,109,835	-2,075,151

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	494,500	494,500
3.6	Repayment of borrowings	-75,000	-150,000
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (creditor settlement to facilitate debt restructure)	-	-
3.10	Net cash from / (used in) financing activities	419,500	344,500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,501,640	2,006,918

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

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A	\$A
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,520,885	2,055,923
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-1,109,835	-2,075,151
4.4	Net cash from / (used in) financing activities (item 3.10 above)	419,500	344,500
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,332,190	2,332,190

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	Previous quarter \$A
5.1	Bank balances	2,332,190	2,006,918
5.2	Call deposits	-	-
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)	2,332,190	2,006,918

6. Payments to related parties of the entity and their associates

	Current quarter \$A
6.1 Aggregate amount of payments to related parties and their associates included in item 1	21,094
6.2 Aggregate amount of payments to related parties and their associates included in item 2	91,481

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

6.1 Directors' fees to non-executive Directors and salaries and superannuation to executive Directors.

6.2 Salaries and superannuation to executive Directors.

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

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	Amount drawn at quarter end \$A
7.1 Loan facilities	4,655,295	4,655,295
7.2 Credit standby arrangements	-	-
7.3 Other (Birkdale Holdings (Qld) Pty Ltd)	4,485,334	4,485,334
7.4 Total financing facilities	9,140,629	9,140,629

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.

Causeway Financial – secured – 14.5%
Birkdale Holdings (Qld) Pty Ltd – secured – 7.5%

8. Estimated cash available for future operating activities	\$A
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,520,885
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,332,190
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,332,190
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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

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

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

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

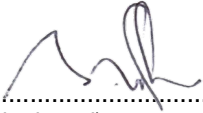
Answer:

N/A

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 / 01 / 2025

Authorised by: 

(By the board)

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.

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