



XREALITY GROUP LIMITED

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

ASX Release
Sydney, Australia – 31 July 2025

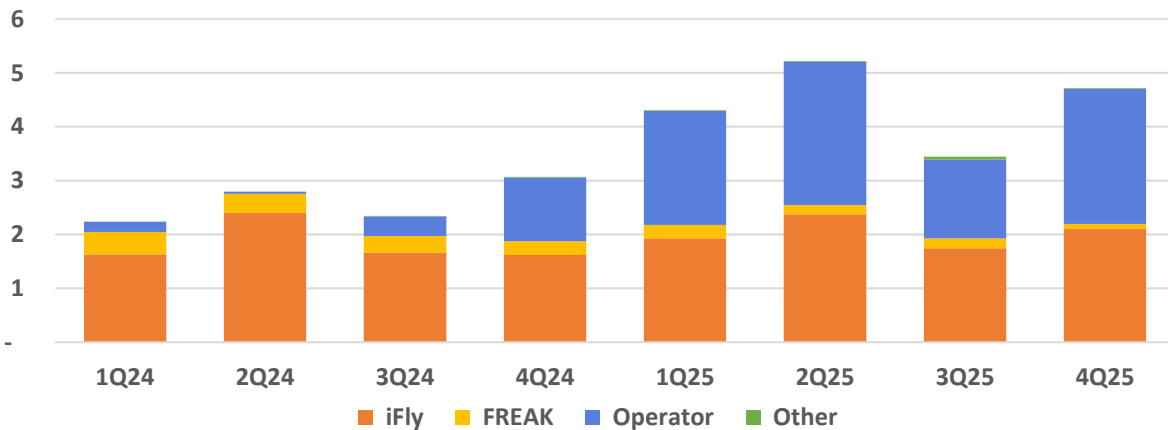
Quarterly Activities Report

xReality Group Limited (ASX:XRG) (xReality) is pleased to provide the following Quarterly Activities Report and Appendix 4C for the quarter ending 30th June 2025, together with an Operational Update.

Key Highlights

- Strong quarter for cash receipts and new sales of Operator XR in the US
- Cash Receipts in Q4 FY25 of \$4.7m (\$17.7m YTD) driven by:
 - Operator XR of \$2.5m (\$8.8m YTD), and
 - Entertainment of \$2.2m (\$8.9m YTD)
- Net Operational Cashflow positive \$1.3m (\$3.1m YTD)
- Increase in TCV \$2.2m (24% QoQ) to \$11.3m YTD
- Increase in ARR \$0.8m (24% QoQ) to \$4.7m*
- Successful \$2m placement to new institutional Investors

Receipts from Customers (\$m)

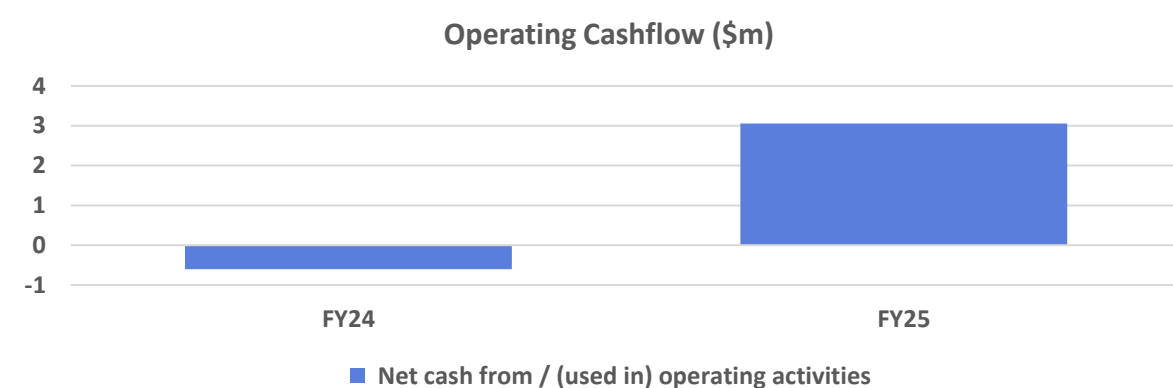
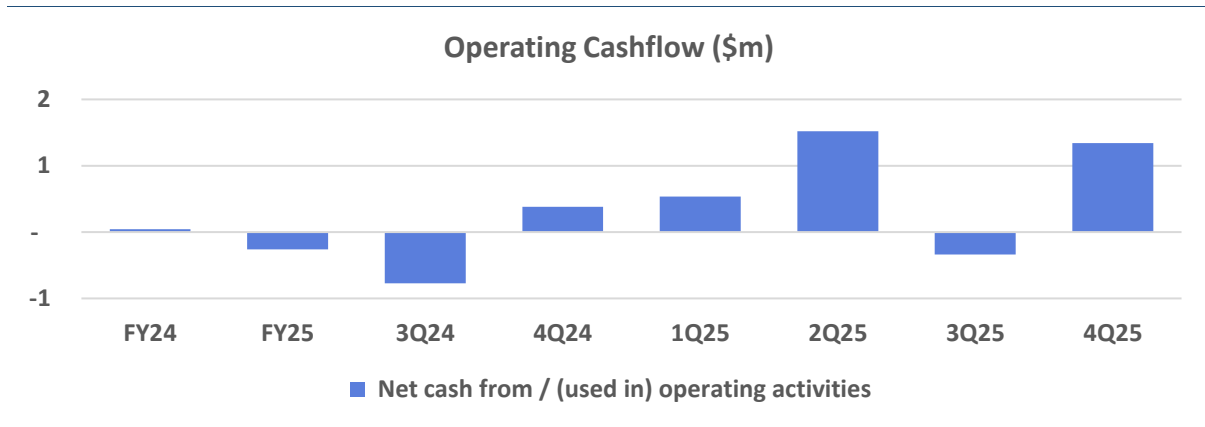




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Operational Cashflow:

- Net Operational Cashflow in Q4 FY25 was \$1.3m (\$3.1m YTD), driven by:
 - Payment in Q4 from sales in the USA in Q3 as well as a strong steady performance through April/May with some additional end of financial year success in Australia.



Operating Performance Metrics:

Business momentum remains strong across both divisions, as evidenced by:

- Operator XR (Enterprise)
 - FY25 Total Contract Value increased to \$11.3m (up 24% QoQ, up 176% on FY24)
 - Annual Recurring Revenue increased to \$4.7m (up 24% QoQ, up 114% on FY24)*
 - New Operator XR customers include:
 - 12 new customers in the US
 - 3 new customers in Australia
 - 1 licence renewal
 - 4 global distributors appointed (coverage across Europe and APAC and Middle East)
- iFLY and Freak Entertainment
 - Cash Receipts \$2.2m (up 14% QoQ, up 2% YoY)
 - FY24 iFLY cash receipts \$8.2m increase of 12% YoY

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Positive Outlook into FY26:

- 316 qualified and active sales opportunities with a total sales pipeline of \$30.4m
- US DOD project is now 50% complete and remains on track for 20-month completion
 - \$1.7m AUD in cash receipts received to date
 - \$3.9m AUD in cash receipts to be received over the next 10 months
- US sales momentum expected to increase over FY26
- Global distribution sales expected to commence in FY26

Operational Update by Business Sector:

Operator XR – Enterprise Software and Technology

Operator XR continues to make significant progress across the USA. Year to date sales has increased by 176% this financial year.

During the quarter, Operator XR continued to scale in the US with 12 new law enforcement customers across the country, a further 3 new customers in Australia and a contract renewal by the Australian Defence Force. Total unique customers worldwide has grown to 67 at the end of FY25 compared to 29 at the end of FY24. The US Law Enforcement market continues to be our highest growth market, however the interest on our products is now spreading into Europe with multiple countries across the region having received personalised demonstrations throughout the quarter. The OP-2 system is also currently undergoing a 3-month trial in the UK with a government agency.

Operator XR has attracted strong interest across the APAC region, particularly from Japan, South Korea, and Taiwan. Much of this momentum followed a successful presence at DSEI Japan, held in Tokyo from 21–23 May 2025. This biannual event connects the global defence and security sector with Japan and the broader Indo-Pacific region. Operator XR's formal Japanese distribution partner showcased the OP-2 system through live demonstrations and hands-on experiences, drawing significant attention throughout the event.

Operator XR continues to invest in future products which includes a larger fixed facility product focused on military and federal agency customers, counter drone simulations, and advanced AI integration into all products with a focus on secure cloud integration.

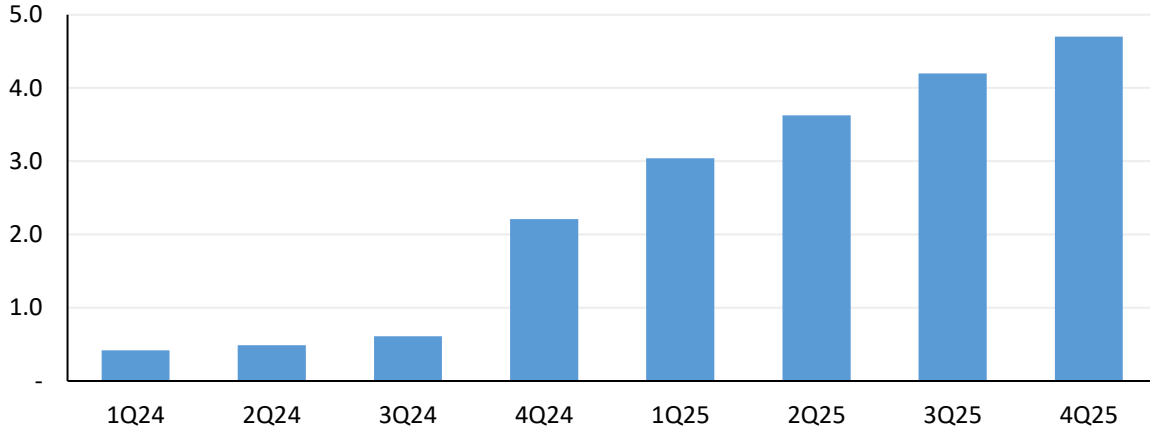
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Operator XR Annual Recurring Revenue (ARR) at the end of the quarter was \$4.7m* (up 24% in the quarter and 114% for the year).

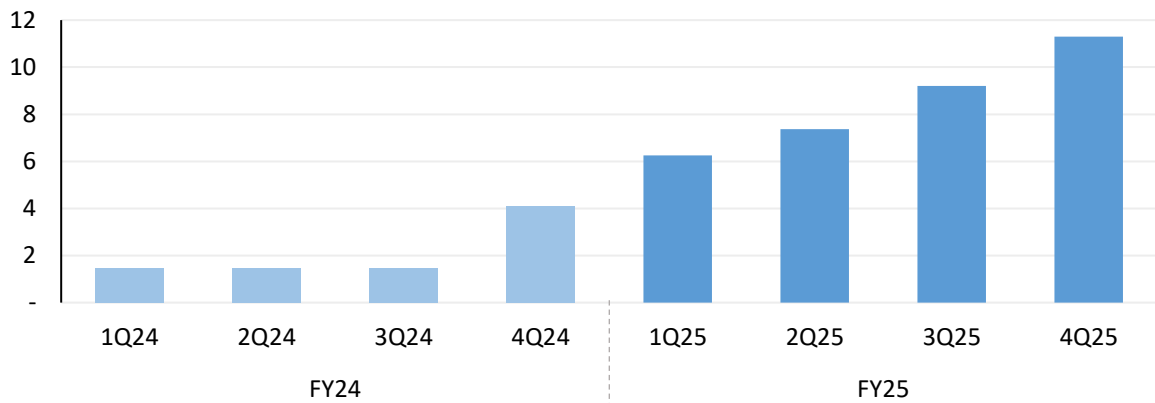
ARR - Operator (\$m)



* XRG has granted a large Australian government agency a zero-cost extension to their existing licence (which was due for renewal on 23 August 2025) until 31 October 2025. The purpose of the extension is to enable the Government agency to complete an internal evaluation which may lead to future procurement. This contract at end of June represents \$0.7m of reported ARR.

Operator XR Growth in Sales - Total Contract Value FY25 YTD is now \$11.3m (up 24% in the Quarter and 176% for the year).

New Sales (TCV) - Operator (\$m)





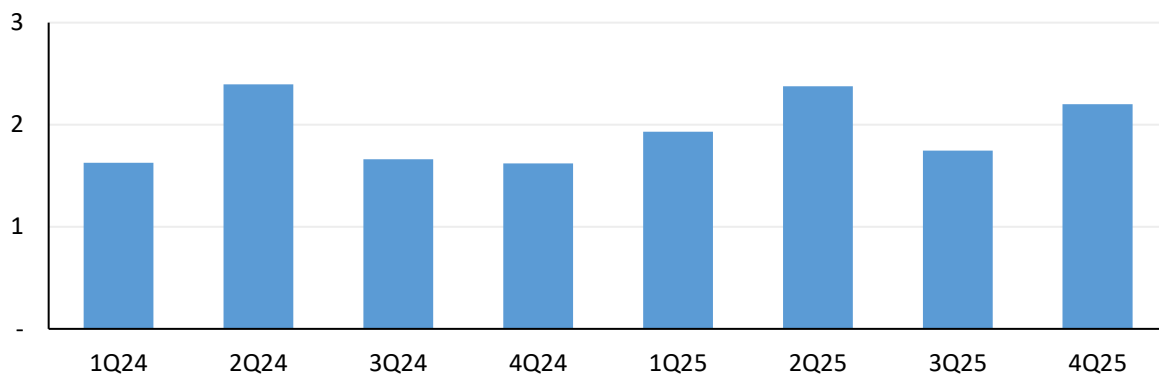
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Entertainment Sector – iFLY and Freak Entertainment

XRG's portfolio of Entertainment businesses have experienced another strong quarter, with an increase of sales across the sector of 14% on pcp, resulting in cash receipts for the division of \$2.2m for the quarter and \$8.9m for the year.

The increase in cash receipts from Q4 2024 was attributed to the iFLY businesses in Sydney and the Gold Coast, contributing \$8.2m for the year, up 12% on last year.

IFLY - Cash Receipts (\$m)



Corporate Activity

On the 26th June, XRG successfully raised \$2m via a placement to institutional and sophisticated investors. The placement introduced seven new institutional funds to the share register.

Under the placement, the Company issued 80 million fully paid ordinary shares at an issue price of \$0.025 (2.5 cents) per share.

The funds raised will be used to support the continued commercial expansion of Operator XR, the Company's flagship virtual reality training platform, with a focus on scaling opportunities in key international law enforcement and military markets.

Cash Flow Analysis

Cash receipts for the quarter totalled \$4.72m resulting in \$17.68m for the year. Net cash from operating activities was \$1.34m for the quarter resulting in \$3.06 for the year. The Company invested \$0.87m into XR product development and projects. Closing cash position was \$3.48m.

Related parties' expenses of \$0.12m comprise salaries and superannuation paid to executive directors and fees paid to non-executive directors.

This announcement is authorised by the Board of Directors.

END



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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")

30 June 2025

Consolidated statement of cash flows	Current quarter	Year to date (12 months)
	\$A	\$A
1. Cash flows from operating activities		
1.1 Receipts from customers	4,716,414	17,680,445
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-775,456	-3,475,608
(c) advertising and marketing	-247,453	-1,511,491
(d) leased assets	-1,772	-3,545
(e) staff costs	-1,447,572	-6,340,472
(f) administration and corporate costs	-828,368	-2,783,528
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	83	9,847
1.5 Interest and other costs of finance paid	-154,656	-677,799
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	79,376	160,680
1.8 Other (creditors from other periods)	-	-
1.9 Net cash from / (used in) operating activities	1,340,596	3,058,529
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	-872,250	-3,780,259

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

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A	\$A
	(f) other non-current assets	-59,284	-120,226
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	-931,534	-3,900,485

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,865,250	1,865,250
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	-30,000	-30,000
3.5	Proceeds from borrowings	5,000,000	5,494,500
3.6	Repayment of borrowings	-4,575,000	-4,800,000
3.7	Transaction costs related to loans and borrowings	-219,500	-219,500
3.8	Dividends paid	-	-
3.9	Other (creditor settlement to facilitate debt restructure)	-	-
3.10	Net cash from / (used in) financing activities	2,040,750	2,310,250

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,025,400	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 (12 months)
		\$A	\$A
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,340,596	3,058,529
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-931,534	-3,900,485
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,040,750	2,310,250
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,475,212	3,475,212

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	3,475,212	2,332,190
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)	3,475,212	2,332,190

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	41,013
6.2	Aggregate amount of payments to related parties and their associates included in item 2	77,712

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	4,925,000	4,925,000
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
7.4 Total financing facilities	4,925,000	4,925,000

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%

8. Estimated cash available for future operating activities	\$A
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,340,596
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,475,212
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,475,212
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 / 07 / 25

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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