



XREALITY GROUP LIMITED

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

ASX Release

Sydney, Australia – 31 October 2024

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 September 2024 together with an Operational Update.

Key Highlights

- Highest Cash Receipts for any quarter on record to date
- Cash receipts of \$4,303,251, up 40% on Q4.
- Continued rapid sales growth of Operator XR (Enterprise) across US and Australian markets during the quarter:
 - Annual Recurring Revenue increased 38% to \$3.04M
 - Total Contract Value increased 73% for the quarter to \$6.2M
 - 190 qualified and active sales opportunities with a total sales pipeline of \$27.2M
 - \$5.6m Contract awarded for US Department of Defence Project
- Entertainment Sector revenue increase of 16% on Q4 2024

Operational Update by Business Sector:

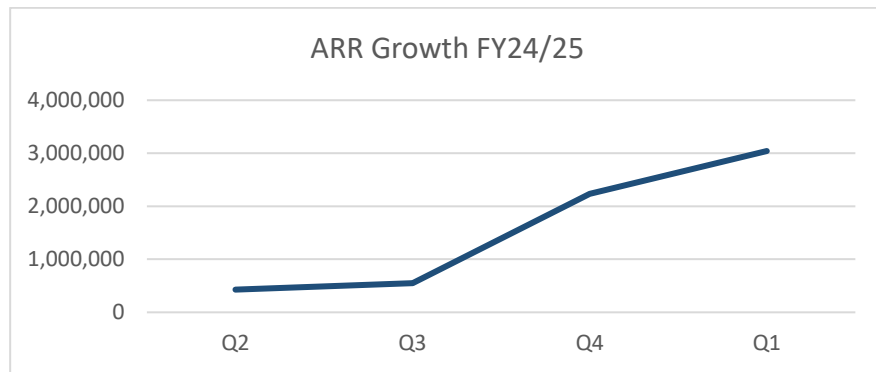
Operator XR – Enterprise Software and Technology

Operator XR continues to make significant progress across the USA. On the 11th of September the company announced that it had been awarded a \$5.6m AUD contract to deliver a new immersive training capability to the United States Department of Defence (USDOD). This project along with the signing of multiple new police departments and other agencies across Australia and the US has resulted in a substantial increase in Annual Recurring Revenue and Total Contract Value during the Quarter. Cash receipts from the USDOD project will be received over a period of 20 months.

- **Operator XR Annual Recurring Revenue (ARR)**
 - Total ARR = \$3,041,695 (compared to \$2.2m for FY24)
 - ARR increase in Q1 = \$831,653 (38%)

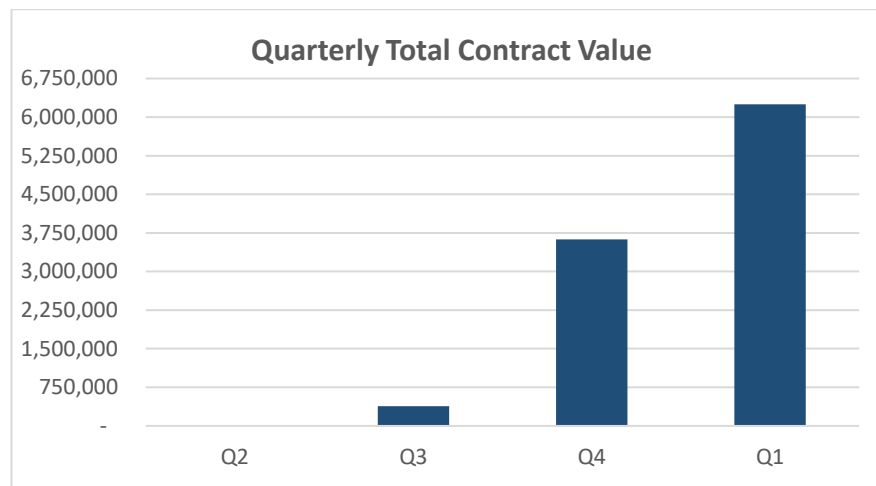


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- **Operator XR Growth in Sales**

- **Total Contract Value Q1 \$6,248,604 an increase of 73% on Q4 FY24**



- **Marketing Activities**

- During the quarter, Operator XR developed a strong pipeline of leads through focused digital marketing, and exhibiting at relevant trade shows, including:
 - IACP conference in Boston, USA, October 24
 - INL conference in Greece, September 24
 - Land forces, Australia, September 24
- Upcoming major events include:
 - I/ITSEC, Florida, USA, December 24
 - Operator XR will be presenting at the conference as part of Team Defence Australia (AUSTRADE)
 - Shot Show, Las Vegas, USA January 25
- Other Media exposure for Operator XR throughout the period included coverage on major news networks within Australia, USA and Japan.

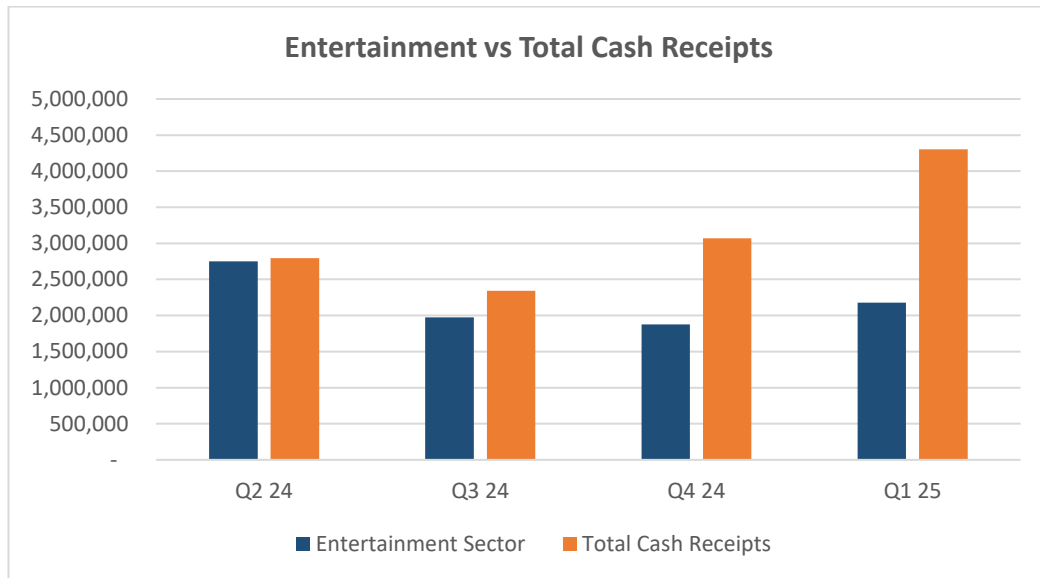


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Entertainment Sector – iFLY and Freak Entertainment

Cash Receipts for Q1 \$2.18m an increase of 16% on Q4 2024

XRG's portfolio of Entertainment businesses have experienced a strong quarter, with an increase of sales across the sector of 16% from Q4 2024. The increase in cash receipts was attributed to the iFLY businesses in Sydney and the Gold Coast which outperformed last quarter by over \$300k, reflecting a stronger retail market and return to our inbound tourism trade.



Corporate Activity

On the 11th of October the Company secured an additional short-term working capital facility of \$500,000 through its senior debt holder, Causeway Financial. The purpose of the additional drawdown was to increase inventory, accelerate the delivery of future projects and meet future orders.

Cash Flow Analysis

Cash receipts for the quarter totalled \$ 4,303,251. Net cash from operating activities for the period totalled \$535,039. The Company invested \$957,671 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 \$1,501,640.

Related parties' expenses of \$124,871 comprise of salaries and superannuation paid to executive directors and fees paid to non-executive directors.

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



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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

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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 September 2024

| Consolidated statement of cash flows | | Current quarter | Year to date (3 months) |
|---|--|------------------------|------------------------------------|
| | | \$A | \$A |
| 1. Cash flows from operating activities | | | |
| 1.1 Receipts from customers | | 4,303,251 | 4,303,251 |
| 1.2 Payments for | | | |
| (a) research and development | | - | - |
| (b) product manufacturing and operating costs | | -1,004,119 | -1,004,119 |
| (c) advertising and marketing | | -328,002 | -328,002 |
| (d) leased assets | | -1,772 | -1,772 |
| (e) staff costs | | -1,804,364 | -1,804,364 |
| (f) administration and corporate costs | | -542,635 | -542,635 |
| 1.3 Dividends received (see note 3) | | - | - |
| 1.4 Interest received | | 6,612 | 6,612 |
| 1.5 Interest and other costs of finance paid | | -152,737 | -152,737 |
| 1.6 Income taxes paid | | - | - |
| 1.7 Government grants and tax incentives | | 58,804 | 58,804 |
| 1.8 Other (creditors from other periods) | | - | - |
| 1.9 Net cash from / (used in) operating activities | | 535,039 | 535,039 |
| 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 | | -957,671 | -957,671 |

| Consolidated statement of cash flows | | Current quarter | Year to date (3 months) |
|--------------------------------------|---|-----------------|----------------------------|
| | | \$A | \$A |
| | (f) other non-current assets | -7,645 | -7,645 |
| 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 | -965,316 | -965,316 |

| | | | |
|-----------|---|----------------|----------------|
| 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 | - | - |
| 3.6 | Repayment of borrowings | -75,000 | -75,000 |
| 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 | -75,000 | -75,000 |

| | | | |
|-----------|--|-----------|-----------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,006,918 | 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 (3 months) |
|--------------------------------------|---|------------------|----------------------------|
| | | \$A | \$A |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 535,039 | 535,039 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | -965,316 | -965,316 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | -75,000 | -75,000 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,501,640 | 1,501,640 |

| 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 | 1,501,640 | 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) | 1,501,640 | 2,006,918 |

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

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A**

35,899

88,972

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 | 4,235,612 | 4,235,612 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (Birkdale Holdings (Qld) Pty Ltd) | 4,401,080 | 4,401,080 |
| 7.4 Total financing facilities | 8,636,693 | 8,636,693 |

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) | 535,039 |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 1,501,640 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 1,501,640 |
| 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/ 10 /2024

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.