

21 March 2025

ASX Compliance
Australian Securities Exchange
20 Bridge Street
Sydney, NSW, 2000

By email: ListingsComplianceSydney@asx.com.au

XREALITY GROUP LTD: RESPONSE TO ASX'S QUERY

xReality Group Limited (ASX: XRG) (**Company**) refers to ASX's letter dated 18 March 2025 (**Query**).

The Company uses capitalised terms in this letter, which have the same meaning given to those terms in the Query.

The Company acknowledges that:

- (a) It should have lodged the Notice with ASX by 29 January 2025, and by failing to do so, there was an inadvertent breach of Listing Rule 3.19A.
- (b) The Transaction occurred during a closed period, for the purpose of section 8.2 of the Trading Policy.

The Company has responded to ASX's request for information below.



XREALITY GROUP LIMITED

1. Please explain why the Notice was lodged late.

The Company received the Notice from Mr Copeland at 9.10am on Friday, 14 March 2025. The Company lodged the Notice on the ASX Platform on Monday, 17 March 2025 (the next business day).

The company secretary usually assists the Company's directors with preparation of each Appendix 3Y. The company secretary was overseas on leave and the CEO was overseas on business when Mr Copeland traded shares in the Company on 22 January 2025 (**Relevant Trade**). Neither the company secretary nor the CEO was aware that the Relevant Trade had occurred. Clearly January is usually a month where summer holidays impact those working.

The Company was not aware of the Relevant Trade until the company secretary received the Notice from Mr Copeland on 14 March 2025. On 13 March 2025, Mr Copeland asked the company secretary for a copy of his most recent 3Y and the company secretary offered to assist Mr Copeland with a 3Y for a further transaction (which occurred on 10 March 2025). It was only then that Mr Copeland realised he had failed to lodge a 3Y for the Relevant Trade. When he became aware of the inadvertent omission, Mr Copeland prepared a 3Y for the Relevant Trade (on 14 March 2025) and asked the company secretary to lodge it with ASX. The late lodgement of the 3Y for the Relevant Trade was undertaken to seek to rectify the previous failure and keep the market informed as soon as the omission was identified. This failure constitutes an unintentional breach of ASX Listing Rule 3.19A.

2. Please explain what arrangements XRG has in place with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A.

The Company has the following arrangements in place with its directors to ensure the Company's compliance with its disclosure obligations under Listing Rule 3.19A:

- **(Trading Policy)** The Trading Policy.
- **(Director Appointment Letter)** Each director's appointment letter outlines the terms of director's appointment, including their duties and responsibilities. The appointment letter contains an express requirement for directors to comply with the Company's constitution, the *Corporations Act 2001* (Cth), the ASX Listing Rules and all other applicable laws in connection with their position.

3. If the current arrangements are inadequate or not being enforced, what additional steps does XRG intend to take to ensure compliance with Listing Rule 3.19B?

The Company acknowledges the administrative oversight and has undertaken a review of the Company's disclosure obligations and its procedures for ensuring compliance with the ASX Listing Rules. The Company intends to take additional steps and measures to ensure compliance with Listing Rule 3.19B. In this regard, the Company proposes to implement the following:



XREALITY GROUP LIMITED

- **(Reminder)** Provide a written reminder to all directors of their obligation to keep the Company informed of any changes to their interests in the Company or circumstances giving rise to a disclosure obligation under ASX Listing Rule 3.19A within 5 business days of such change occurring.
- **(Continuing Development)** Hold a continuing development 'refresher' session for all of the Company's directors with respect to directors' duties and obligations, to be led by the Company's external legal counsel (who will focus on the practical operation of the ASX Listing Rules).
- **(Director's Agreement)** Enter into a full-form director's agreement with each director, requiring that director to provide certain information to the Company to ensure the Company's compliance with Listing Rule 3.19B. The Company proposes that the Director's Agreement will be in a form similar to the "pro-forma agreement between entity and director" in Attachment 1 to Guidance Note 22.
- **(Disclosure Register)** Prepare an internal disclosure register (**Disclosure Register**) of all existing and prospective transactions concerning the Company's business operations, which will include details of the transaction, whether the transaction creates a 'non-trading' or blackout period for the directors, whether the transaction requires disclosure to the market in accordance with the Company's ongoing disclosure obligations and any other information which will likely require the transactions to be disclosed to directors and officers of the Company.
- **(Maintain and Update Disclosure Register)** Maintain and update the Disclosure Register as required from time to time and circulate a copy of the updated Disclosure Register to the directors via email.
- **(Disclosure Register tabled at Board Meetings)** Table the Disclosure Register (as updated) at each board meeting and discuss the contents of the Disclosure Register at each board meeting as a 'live' action item.
- **(Notification)** Require the directors to:
 - notify the Company of any acquisition or disposal of securities in the Company within 24 hours of that acquisition or disposal;
 - notify the Company and the Company's share registry of the director (and their closely related persons or entities) HINs or SRNs for their holdings; and
 - keep a register of their trading in the Company's securities and provide a copy of that register to the Company on request.



XREALITY GROUP LIMITED

- **(Email reminder)** Require the company secretary to circulate email reminders to the directors in respect of the start and finish dates for a trading window or blackout period before they occur.
- **(Copy of Trading Policy)** Include a copy of the Trading Policy in the information pack provided to all directors when onboarded and keep an electronic copy available for access by directors on the Company's website.
- **(Training Sessions)** Hold training sessions in relation to the Trading Policy for the benefit of directors whenever there are changes to the board, and at any other times considered necessary. The Company held a training session on 20 March 2025.

The Company considers that the actions outlined above, in addition to the Company's existing policies and procedures, should be adequate to ensure ongoing compliance with the ASX Listing Rules, particularly Listing Rule 3.1.

4. When did XRG first become aware of Mr Copeland's on-market Transaction?

The Company first became aware of Mr Copeland's on-market Transaction on 14 March 2025, on receipt of the Notice from Mr Copeland.

As mentioned above, the Company lodged the Notice with respect to the Transaction the following business day.

5. Why did the Notice state in Part 3 that no interests in XRG's securities were traded during a closed period?

The Board of Directors discussed the Notice with the relevant director, Mr Copeland. Mr Copeland advised the Board that he had mistakenly selected "No" from the relevant dropdown menu when completing Part 3 of the Notice.

In any event, the Company confirms that Mr Copeland did not hold any relevant insider information during the blackout period. At the time of the Relevant Trade, Mr Copeland did not have access to:

- the details contained in the most recent Appendix 4C announced to the market; and
- any other information which would constitute price sensitive 'inside information'.

6. What disciplinary or remedial action is the board of XRG proposing to take in relation to the apparent breach of the Trading Policy?

The Company considers that Mr Copeland's breach of the Trading Policy was an inadvertent and isolated event.



XREALITY GROUP LIMITED

The Company notes that Mr Copeland purchased the securities for \$9,240 at a premium to the current trading price. As such, if the securities acquired by Mr Copeland are sold, he will not make a profit on the sale.

The Company acknowledges the importance of maintaining good corporate governance and the importance of enforcing compliance with its Trading Policy.

7. Please confirm that XRG is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company acknowledges the administrative oversight. The Company considers the matters identified in this letter to be isolated incidents, which do not involve any substantive breach of the ASX Listing Rules. In any event, the Company will implement the actions detailed in this letter so as to seek to avoid further breaches and ensure compliance with its obligations under the ASX Listing Rules.

The Company considers that, with the exception of these inadvertent acts, it complies, and will continue to comply, with the ASX Listing Rules (particularly Listing Rule 3.1).

8. Please confirm that XRG's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of XRG with delegated authority from the board to respond to ASX on disclosure matters.

For the purpose of clause 3.2(b) of the Company's continuous disclosure policy adopted on 28 February 2022 and for all other purposes, the Company's responses to ASX's request for information were considered by the Board of Directors at a meeting of directors held on 20 March 2025 and the responses to ASX's queries were authorised and approved by the Board of Directors at the meeting.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Wayne Jones', with a long horizontal stroke extending to the right.

Wayne Jones

CEO, xReality Group Ltd



18 March 2025

Reference: 107260

Mr Stephen Tofler
CFO & Company Secretary
xReality Group Ltd
123 Mulgoa Road
Penrith NSW 2750

By email

Dear Mr Tofler

xReality Group Ltd ('XRG'): Trading during closed period (Appendix 3Y) – Query

ASX refers to the following:

- A. The announcement by XRG entitled 'Change of Director's Interest Notice' lodged on the ASX Market Announcements Platform on 17 March 2025 (the 'Notice'). The Notice disclosed (relevantly):
- (i) The on-market purchase of 200,000 shares in XRG by Mr Copeland, a director of XRG, on 22 January 2025 (the 'Transaction'); and
 - (ii) The shares were not traded during a closed period.
- B. XRG's securities trading policy dated 28 February 2022 (the 'Trading Policy') available on XRG's website and which states, among other things, the following:

"8.2 Closed periods

Key Management Personnel are not permitted to trade XReality Securities during the following closed periods:

- (a) between 1 January and one business day after the announcement by the Company of its half year results;*
- (b) between 1 July and one business day after the announcement by the Company of its annual results; and*
- (c) such other periods advised by the Board or the Chief Executive Officer (such as prior to the announcement to ASX of a significant matter or event).*

The Company Secretary will inform the Key Management Personnel of the beginning and end of each closed period.

- C. Listing Rule 3.19A.2 which requires an entity to tell ASX the following:

A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

- D. Listing rule 3.19B which states that:

'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the

entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'

- E. Guidance Note 22: *Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities* which was published to assist listed entities with their obligations under Listing Rules 3.19A and 3.19B and to give an overview of ASX policy in relation to disclosure of directors' interests and transactions in securities, and Guidance Note 27: *Trading Policies* which was published to assist listed entities to comply with their obligations under Listing Rules 12.9-12.12 regarding trading policies.

ASX notes the following:

1. XRG's blackout period commenced on 1 January 2025.
2. XRG's half year report and accounts for the period ended 31 December 2024 were lodged on the ASX Market Announcements Platform on 28 February 2025.
3. The Notice indicates that a change in Mr Copeland's notifiable interest occurred on 22 January 2025. It appears that the Notice should have been lodged with ASX by 29 January 2025. Consequently, XRG may have breached Listing Rules 3.19A and/or 3.19B.
4. The Transaction would appear to have taken place during a closed period in breach of section 8.2 of the Trading Policy. This is despite the Notice stating in Part 3 that no interests in XRG's securities were traded during a closed period.

Request for information

Having regard to the above, and pursuant to Listing Rule 18.7, ASX asks XRG to respond separately to each of the following questions.

1. Please explain why the Notice was lodged late.
2. Please explain what arrangements XRG has in place with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A.
3. If the current arrangements are inadequate or not being enforced, what additional steps does XRG intend to take to ensure compliance with Listing Rule 3.19B?
4. When did XRG first become aware of Mr Copeland's on-market Transaction?
5. Why did the Notice state in Part 3 that no interests in XRG's securities were traded during a closed period?
6. What disciplinary or remedial action is the board of XRG proposing to take in relation to the apparent breach of the Trading Policy?
7. Please confirm that XRG is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that XRG's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of XRG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Monday, 24 March 2025**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, XRG's obligation is to disclose the information

‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require XRG to request a trading halt immediately.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in XRG’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to XRG’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that XRG’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply, and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance