



xReality Group Limited and Controlled Entities

ABN 39 154 103 607

Interim Financial Report
For the half year ended 31 December 2024

Appendix 4D

Interim Financial Report For the Half-year ended 31 December 2024

Results for Announcement to the Market

Name of Entity:	xReality Group Ltd
ABN:	39 154 103 607
Reporting Period:	Half-year ended 31 December 2024
Previous Corresponding Period:	Half-year ended 31 December 2023
Release Date:	28 February 2025

Reported	31 December 2024	31 December 2023	Change \$	Change %
Revenue from ordinary activities	7,424,567	5,607,358	1,817,209	32%
Loss from ordinary activities after tax attributable to members	(992,338)	(1,501,438)	509,100	34%
Loss for the half year attributable to members	(992,338)	(1,501,438)	509,100	34%
Dividends	Nil	Nil	n/a	n/a

Revenue Breakdown	31 December 2024	31 December 2023	Change \$
Entertainment	3,805,908	4,221,489	(415,581)
Operator XR *	2,113,388	317,740	1,795,648
Sub-total	5,919,296	4,539,229	1,380,067
Government Grants and Other Income	1,505,271	1,068,129	437,142
Total revenue from ordinary activities	7,424,567	5,607,358	1,817,209

* Operator XR HY2025 revenue includes \$158,483 from FY2023 and \$91,019 from FY2024

Dividends

No dividends have been declared or are payable for the half-year ended 31 December 2024.

Net Tangible Asset Information

Net tangible assets per security on 31 December 2024, \$0.005 (31 December 2023, \$0.013). The NTA is derived by dividing the net assets of \$8,935,286 (31 December 2023 \$11,546,164) less intangible assets of \$5,942,852 (31 December 2023 \$4,396,922) by the total ordinary shares at 31 December 2024 (569,100,436) and 31 December 2023 (534,031,605) respectively.

Financial Report

The Company's independent auditor Felsers, Chartered Accountants, has completed a review of the Group's 31 December 2024 Interim Financial Report on which this report is based and has provided an unqualified Review Report. A copy of the xReality Group Limited Interim Financial Report and Financial Statements, inclusive of the Review Report is attached.

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Directors' Report

Your directors submit the interim financial report of the consolidated group consisting of xReality Group Limited (**the Company** or **XRG**) and its controlled entities (**the Group**) during the half-year ended 31 December 2024.

Directors and Secretary

The following persons were directors who held office during the half-year and up to the date of this report, unless otherwise stated:

John Diddams	Non-Executive Chairman
Danny Hogan, MG	Non-Executive Director
Mark Smethurst, DSC AM	Non-Executive Director
Philip Copeland	Non-Executive Director
Kim Hopwood	Chief Product & Technology Officer and Executive Director
Wayne Jones	Chief Executive Officer and Executive Director
Stephen Tofler	Company Secretary

Operations and Financial Review

Operations Summary:

- XRG had its strongest half-year result to date, with Total Revenue exceeding \$7.4m (up 32% on pcp) and NLAT improving to \$1.0m (loss) from an NLAT of \$1.5m (loss) in pcp.
- Board and management have resolved to streamline the business to focus on Operator XR.
- Operator XR revenue was \$2.1m, (up \$1.8m on pcp) with strong momentum expected to continue throughout FY2025.
- Operator XR reached the 50 customers milestone in February 2025.

XReality Group Limited (XRG) is a market leader in immersive Extended Reality (XR) solutions, offering both VR and AR experiences. The current portfolio includes advanced XR training and simulation products, and entertainment businesses including VR entertainment and indoor skydiving facilities.

Operator XR provides Military and Law Enforcement agencies with a unique, integrated Mission Planning & Rehearsal System, which is portable, secure, and highly immersive.

During the six-month period ending December 31, 2024, the Company continued its focus on expanding its U.S. operations for its Operator XR division. Since the EOFY 2024, Operator XR secured 21 new customers.

Operator XR continues to make significant progress across the USA. As at 31 December 2024 total contract value (TCV) was \$7.4m with an Annual Recurring Revenue of \$3.6m. This year-to-date FY2025 Total Contract Value of \$7.4m is 80% higher than the entire FY2024.

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 nine 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 the end of Q3.

Global Operations outside of the US have also experienced positive traction, with the formal engagement of Distributors in Europe and Asia.

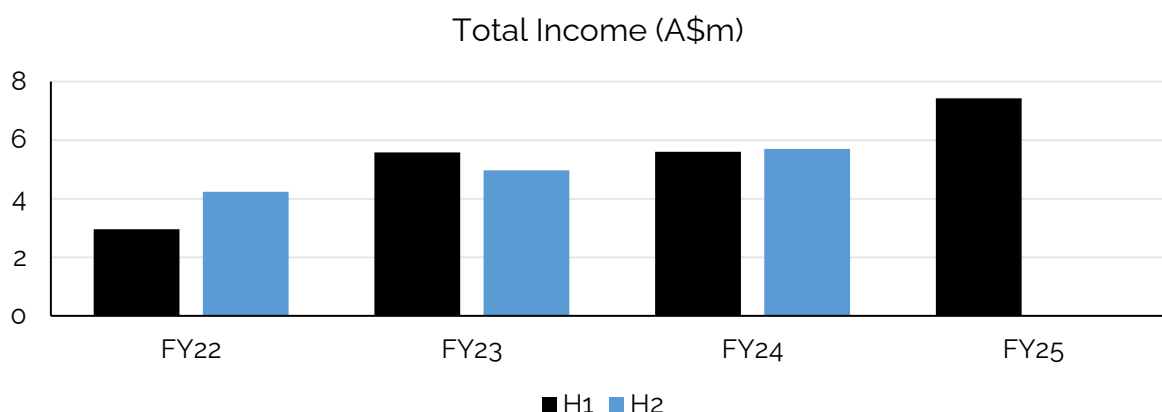
XRG's Entertainment sector remained stable throughout the period, a professional user account sale was conducted in November 2024, which increased cash receipts and deferred revenue however reduced recognised revenue by 10% against the same period FY2023. Freak Entertainment also contributed to the reduction in recognised revenue consistent with retail economic conditions.

1H2025 Financial Performance Summary:

- Total Half Year Revenue \$7.4m, up 32% on pcp
- Closing Cash Position \$1.7m, up 24% from Jun-24
- EBITDA \$0.9m, up 96% on pcp
- Deferred Revenue \$5.8m

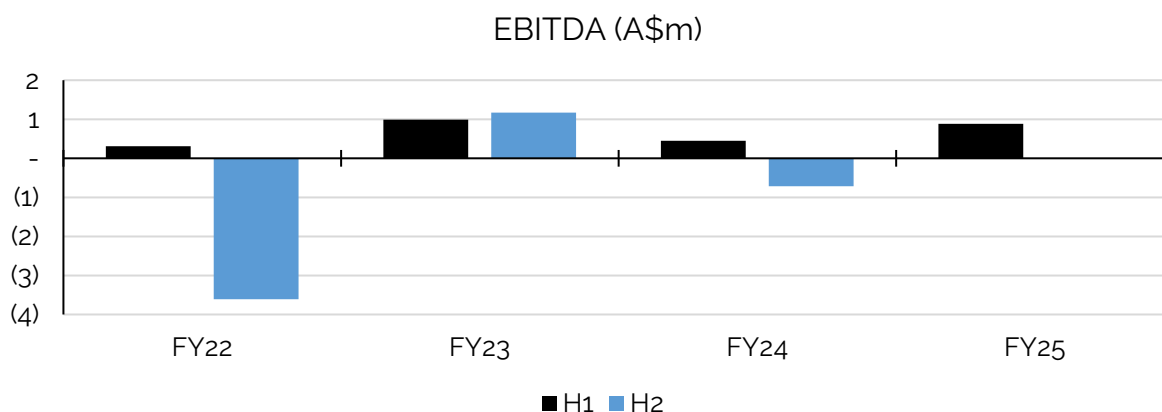
Total Income Growth

The Group achieved a total revenue for the period of \$7.4m. The increase was mainly due to the growth in Operator XR, recognised revenue totalling \$2.1m. The income also includes the annual Research and Development Grant of \$1.125m and an inventory adjustment of \$313k.



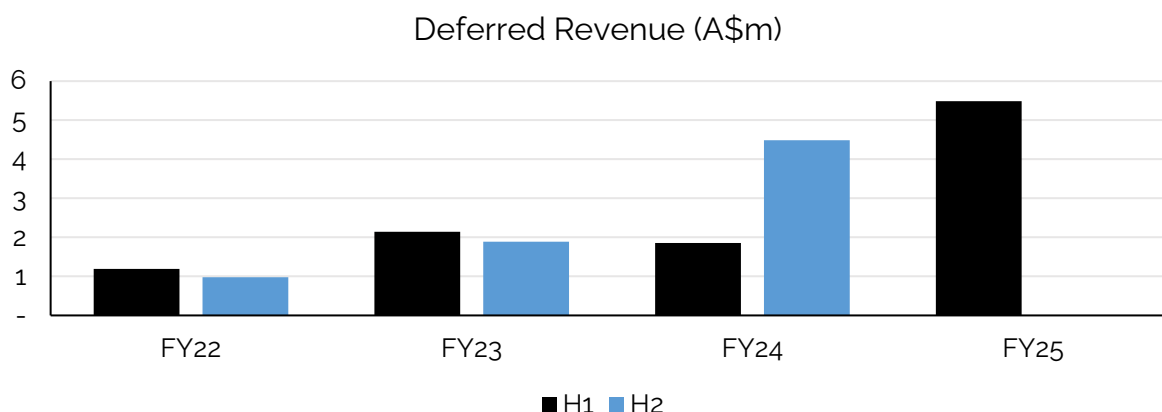
EBITDA

Reported EBITDA for the period was \$0.9m, increasing by 96% on pcp. Expenses across the Entertainment facilities remains stable, however, Operator XR increased its sales, customer service and operations personnel in the US during the period, with further investment in marketing activities.



Revenue Pipeline

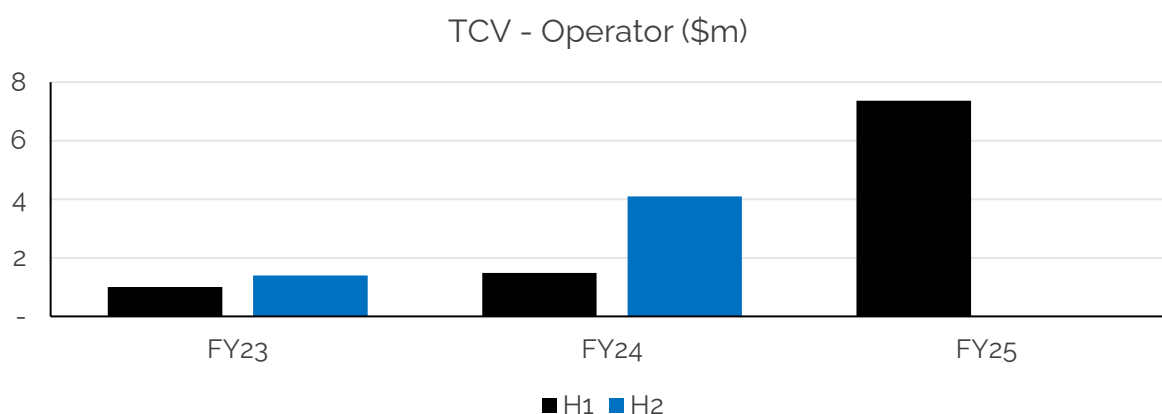
The deferred revenue of \$5.8m represents cash received in advance, of which \$3.6m is recognised within current liabilities. The revenue pipeline is made up of pre-purchased iFLY and Freak vouchers within the Entertainment Sector totalling \$1.2m, and unrecognised revenue totalling \$4.6m from Operator XR sales to date. The majority of Operator XR Revenue is recognised over the term of the contract on a monthly basis.



Core Operator XR business update

After a period of establishment, Operator XR is now the core growth asset for XRG. Operator XR has seen rapid expansion to 51 customers, gaining strong traction across 30 US federal agencies, state and city police, and sheriff departments.

- Operator XR's growth is significantly outpacing the legacy entertainment segment in revenue growth and scalability:
 - Total Contract Value (TCV) growing 80% YoY to \$7.4m
 - Annual Recurring Revenue (ARR) reaching \$3.6m
- XRG Management and Board recognise the material growth opportunity in the Operator XR business. To capitalise on this XRG will focus on Operator XR as its core business, seek to streamline legacy entertainment business operations, and maximise shareholder value.
- XRG's transition toward a high-margin, technology-driven enterprise aligns with its strategic goal of becoming a global leader in mission-critical simulation solutions, setting the foundation for long-term profitability.



Legacy Entertainment business update

After the close of the period XRG undertook to explore options relating to iFLY and FREAK Entertainment. XRG has appointed corporate advisers to support this process, which is uncertain in terms of outcome and direction, and currently in its early stages. XRG seeks to maximise shareholder value and believes reducing entertainment business operations and complexity will improve focus on Operator XR growth. XRG will continue to update the market in relation to this process and confirms that FREAK Entertainment will be exited in FY2025.

Debt Refinance

XRG has engaged with its existing debt providers as well as other debt providers on the potential refinance options relating to XRG's existing debt facilities. XRG will provide market updates as required on the progress of this activity.

Subsequent Events Post 31 December 2024

Events subsequent to the period, primarily related to Operator XR.

Since the 31 December 2024, reporting date, Operator XR has added an additional nine customers, bringing the total number of customers world-wide to 51. The new customers are all US based Law Enforcement agencies.

In January 2025, Operator XR signed an exclusive distributor in Sweden with a sales pipeline into the EU and surrounding countries.

Outlook for 2H2025

The Company expects stable performance from its legacy business, driving growth through the Core Operator XR business, while continuing to develop a strong pipeline of opportunities.

iFLY operations continue to contribute meaningfully to both revenue and cash flow. At the same time, XRG is actively reviewing its strategic options for the legacy entertainment business as it shifts focus toward expanding its Core Operator XR business.

Ash Crick, a globally recognised Artificial Intelligence (AI) expert, has joined XRG as Chief AI Advisor. He will lead innovation across the company's product suite, including Operator XR's immersive training simulations.

The company remains committed to strengthening customer service, supply chain resilience and expanding its sales teams to support growth. With positive operating cash flow and strong early momentum in the US market, the Company is well-positioned to capitalise on new opportunities.

This directors' report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors



Wayne Jones

Director & Chief Executive Officer

Dated: 28 February 2025

Auditor's Independence Declaration



Auditor's Independence Declaration To the Directors of xReality Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as auditors for the review of xReality Group Limited for the half-year ended 31 December 2024, we declare that, to the best of our knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



FELSERS
Chartered Accountants



Steven Zabeti
Partner

28 February 2025

Sydney, Australia

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the Half Year Ended 31 December 2024

		Consolidated Group	
		Half Year ending 31 Dec 24	Half Year ending 31 Dec 23
	Note	\$	\$
Revenues	2(a)	5,919,296	4,539,229
Cost of Sales		(1,035,255)	(751,669)
Gross Profit		4,884,041	3,787,560
Grant and other income	2(a)	1,505,271	1,068,129
Selling and marketing expenses	2(b)	(3,383,241)	(2,604,664)
Administration expenses	2(b)	(1,236,182)	(873,941)
Depreciation and amortisation	2(c)	(976,695)	(1,107,927)
Other expenses		(884,246)	(925,435)
Profit/(loss) Before Interest and Tax		(91,052)	(656,278)
Finance expense	2(d)	(901,286)	(845,160)
Net financing costs		(901,286)	(845,160)
Total loss from operations		(992,338)	(1,501,438)
Income tax benefit		-	-
Loss After Tax		(992,338)	(1,501,438)
Earnings/(loss) per share			
- Basic earnings per share (cents)	11	(0.18)	(0.32)
- Diluted earnings per share (cents)	11	(0.16)	(0.30)

The Consolidated Statement of Profit or Loss should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2024

Consolidated Group			
		As at 31 Dec 2024	As at 30 Jun 2024
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,687,004	1,365,512
Trade and other receivables		1,010,652	2,704,371
Inventories		567,238	172,570
Contract assets		698,435	151,927
TOTAL CURRENT ASSETS		3,963,329	4,394,380
NON-CURRENT ASSETS			
Property, plant and equipment	12	18,654,503	19,266,005
Intangible assets	9	5,942,852	5,119,178
Right-of-use asset	8	12,541,144	12,823,217
Contract assets		718,542	321,327
Other financial asset		753,909	733,545
TOTAL NON-CURRENT ASSETS		38,610,950	38,263,272
TOTAL ASSETS		42,574,279	42,657,652
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	2,125,918	2,307,313
Lease liabilities	8	808,034	814,649
Deferred revenue	4	3,580,199	2,525,045
Borrowings	5	4,614,564	314,564
Provisions		608,791	527,049
TOTAL CURRENT LIABILITIES		11,737,506	6,488,620
NON-CURRENT LIABILITIES			
Trade and other payables	3	-	986,580
Lease liabilities	8	14,076,043	14,145,319
Deferred revenue	4	2,185,328	1,959,558
Borrowings	5	4,557,492	8,347,626
Provisions		1,082,624	1,298,209
TOTAL NON-CURRENT LIABILITIES		21,901,487	26,737,292
TOTAL LIABILITIES		33,638,993	33,225,912

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2024 - (continued)

		Consolidated Group (continued)	
		As at 31 Dec 2024	As at 30 Jun 2024
		\$	\$
Note			
	NET ASSETS	8,935,286	9,431,740
	EQUITY		
	Share capital	49,186,961	48,887,773
	Reserves	793,907	545,182
	Accumulated losses	(41,045,582)	(40,001,215)
	TOTAL EQUITY	8,935,286	9,431,740

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2024

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2024	48,887,773	545,182	(40,001,215)	9,431,740
Shares issued during the half year	304,775	-	-	304,775
Share issue costs (options)	(5,587)	-	-	(5,587)
Change in share-based payment reserve	-	292,500	-	292,500
Change in foreign currency translation reserve	-	(43,775)	(52,029)	(95,804)
Loss for the period	-	-	(992,338)	(992,338)
Balance at 31 December 2024	49,186,961	793,907	(41,045,582)	8,935,286
Balance at 1 July 2023	45,675,268	370,621	(35,889,475)	10,156,414
Shares issued during the half year	3,123,578	-	-	3,123,578
Share Issue Costs (Options)	(255,533)	-	-	(255,533)
Change in share-based payment reserve	-	15,417	-	15,417
Change in foreign currency translation reserve	-	7,726	-	7,726
Loss for the period	-	-	(1,501,438)	(1,501,438)
Balance at 31 December 2023	48,543,313	393,764	(37,390,913)	11,546,164

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2024

	Consolidated Group	
	Half Year ending 31 Dec 24 \$	Half Year ending 31 Dec 23 \$
Cash Flows From Operating Activities		
Receipts from customers	8,910,702	6,678,939
Payments to suppliers and employees	(6,693,937)	(5,061,938)
Finance costs	(901,286)	(845,160)
Net cash flows from operating activities	1,315,479	771,841
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(65,435)	(96,249)
Payment for intangible assets	(841,366)	(1,357,049)
Net cash outflows from investing activities	(906,801)	(1,453,298)
Cash Flows From Financing Activities		
Proceeds from issue of securities	-	2,868,045
Net proceeds of borrowings	344,500	326,071
Repayment of lease liability	(431,686)	(492,515)
Net cash flows (to)/from financing activities	(87,186)	2,701,601
Net increase in cash held	321,492	2,020,144
Cash and cash equivalents at beginning of period	1,365,512	751,758
Cash and cash equivalents at end of period	1,687,004	2,771,902

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

a) General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of xReality Group are for the six (6) months ended 31 December 2024 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of xReality Group for the year ended 30 June 2024 and any public announcements made by xReality Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2025.

b) Material accounting policy information

The interim financial statements have been prepared in accordance with the same accounting policies adopted in xReality Group's last annual financial statements for the year ended 30 June 2024.

The accounting policies have been applied consistently throughout xReality Group for the purposes of preparation of these interim financial statements.

c) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in xReality Group's last annual financial statements for the year ended 30 June 2024.

d) Going Concern

The Group incurred a loss for the half year after tax of \$992,338 (2023: loss of \$1,501,438) and as at 31 December 2024, had a net current deficiency in assets of \$7,774,177 (June 2024: deficiency \$2,094,240). This deficiency includes \$4,600,000 under the Causeway senior debt facility, which the Board intends to refinance prior to maturity (see Note 5). The Group generated positive cash flows from operations during the half year of \$1,315,479 (2023: \$771,841). Future expected cash flows have not been taken into account in determining the current assets position. Included within current liabilities is deferred revenue of \$3,580,199 that will be realised as revenue once the service has been delivered to the customer.

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- I. Management has prepared detailed cash flow forecasts that are monitored on an ongoing basis.
- II. Net cash flows from operations continue to be positive.

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Given the steady performance of the existing businesses in the Entertainment sector as well as the success of the Operator XR business, along with continuing positive cash flows from operations, the Directors are of the view that the Company will continue as a going concern.

NOTE 2: REVENUE AND EXPENSES

		Consolidated Group	
		Half Year ending 31 Dec 2024	Half Year ending 31 Dec 2023
		\$	\$
a)	Revenue		
	Entertainment revenue	3,805,908	4,221,489
	Operator XR revenue *	2,113,388	317,740
		5,919,296	4,539,229
	Other Income		
	Grant Income	1,183,006	1,068,129
	Revaluation of Inventory	313,223	-
	Other Income	9,042	-
		1,505,271	1,068,129
	Total Revenue	7,424,567	5,607,358
b)	Selling and Marketing Expenses		
	Marketing Expenses	763,239	512,103
	Employment Expenses	2,620,002	2,092,561
		3,383,241	2,604,664
	Administration Expenses		
	Occupancy Expenses	204,394	149,840
	Employment Expenses	931,967	639,323
	Legal Fees	37,815	26,203
	Directors' fees	62,006	58,575
		1,236,182	873,941
c)	Depreciation and Amortisation		
	Depreciation and Amortisation Expenses	694,622	713,998
	Depreciation – ROU asset	282,073	393,929
		976,695	1,107,927
d)	Finance Costs		
	Interest from finance providers	545,490	477,294
	Interest on lease liability	355,796	367,866
		901,286	845,160

* Operator XR HY2025 revenue includes \$158,483 from FY2023 and \$91,019 from FY2024

NOTE 3: TRADE AND OTHER PAYABLES

	As at 31 Dec 2024 \$	As at 30 Jun 2024 \$
Current Liabilities		
Trade payables	2,125,918	1,540,147
Other accruals	-	767,166
	2,125,918	2,307,313
Non-Current Liabilities		
Other accruals	-	986,580
	-	986,580

NOTE 4: DEFERRED REVENUE

	As at 31 Dec 2024 \$	As at 30 Jun 2024 \$
Current		
Deferred revenue - iFLY	1,111,296	566,540
Deferred revenue - FREAK	64,730	69,813
Deferred revenue - Operator XR	2,404,173	1,888,692
	3,580,199	2,525,045
Non-current		
Deferred revenue - Operator XR	2,185,328	1,959,558
	2,185,328	1,959,558

Deferred revenue primarily represents prepaid sales in respect of entertainment experiences purchased in advance, and Operator product sales for forward dated licence periods. The sales are released to revenue at the time the services are rendered except the gift card revenue which is released in relation to expected redemption rates.

NOTE 5: BORROWINGS

	As at 31 Dec 2024 \$	As at 30 Jun 2024 \$
Current Liabilities		
Causeway Financial	4,600,000	300,000
Smart Ease	14,564	14,564
	4,614,564	314,564
Non-current Liabilities		
Causeway Financial	-	3,950,000
Birkdale Holdings (QLD) Pty Ltd	4,513,196	4,346,261
Smart Ease	44,296	51,365
	4,557,492	8,347,626

NOTE 5: BORROWINGS (continued)

The Company has in place a loan facility of \$4,600,000 with Causeway Wholesale Private Debt Income Fund, with principal being paid down at \$25,000 per month.

Interest is payable to Causeway based on the applicable rates set out in the loan agreement, over a maximum period of 3 years. Security is provided by a fully interlocking Guarantee and Indemnity across the Consolidated Group, supported by a General Security Agreement over all existing and future assets and undertaking by the Group including a Mortgage over Lease by Indoor Skydiving Penrith Holdings Pty Ltd, Indoor Skydiving Gold Coast Pty Ltd, and Freak Entertainment Pty Ltd.

As the Causeway loan matures in September 2025, XRG has engaged with its existing debt providers as well as other debt providers on the potential refinance options relating to XRG's existing debt facilities. XRG will provide market updates as required on the progress of this activity.

The Company has in place a loan facility of \$4,513,196 with Birkdale Holdings (Qld) Pty Ltd, a company associated with Steve Baxter, a past Director of xReality Group Limited (resigned November 2023), with a maturity date of September 2027.

Interest is payable to Birkdale at the rate set out in the agreement and is capitalised for the remaining term of the loan. Security is provided by a fully interlocking Guarantee and Indemnity across the Consolidated Group, supported by a General Security Agreement over all existing and future assets and undertaking by the Group including a Mortgage over Lease by Indoor Skydiving Penrith Holdings Pty Ltd, Indoor Skydiving Gold Coast Pty Ltd, and Freak Entertainment Pty Ltd.

NOTE 6: DIVIDENDS

No dividends have been paid or declared during the period.

NOTE 7: ISSUED CAPITAL

	As at 31 December 2024 \$	As at 30 June 2024 \$
569,100,436 (June 2024: 553,139,337) fully paid ordinary shares	51,784,012	51,479,237
Share issue costs	(2,597,051)	(2,591,464)
	49,186,961	48,887,773
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	553,139,337	446,346,595
Shares issued during the period	15,961,099	106,792,742
	569,100,436	553,139,337

NOTE 8: LEASES

		As at 31 December 2024	
		Right of Use over Asset	Lease Liability
Property		12,541,144	14,884,078
Total:		12,541,144	14,884,078
Current		-	808,034
Non-current		12,541,144	14,076,043
Total:		12,541,144	14,884,077

NOTE 9: INTANGIBLE ASSETS

	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24
	Cost		Depreciation		Carrying Value	
<i>Intangible Assets (Software)</i>						
Balance at Beginning of year	4,605,808	2,506,975	(58,740)	(19,473)	4,547,068	2,487,502
Acquisitions / depreciation	841,366	2,098,833	(17,684)	(39,267)	823,682	2,059,566
Disposals / transfers	(8)	-	-	-	(8)	-
Balance at end of year	5,447,166	4,605,808	(76,424)	(58,740)	5,370,742	4,547,068
<i>Goodwill</i>						
Balance at Beginning of year	572,110	572,110	-	-	572,110	572,110
Acquisitions / depreciation	-	-	-	-	-	-
Disposals / transfers	-	-	-	-	-	-
Balance at end of year	572,110	572,110	-	-	572,110	572,110
Balance at Beginning of year	5,177,918	3,079,085	(58,740)	(19,473)	5,119,178	3,059,612
Acquisitions / depreciation	841,366	2,098,833	(17,684)	(39,267)	823,682	2,059,566
Disposals / transfers	(8)	-	-	-	(8)	-
Balance at end of year	6,019,276	5,177,918	(76,424)	(58,740)	5,942,852	5,119,178

NOTE 10: INTEREST IN SUBSIDIARIES

	Country of incorporation	As at 31 December 2024	As at 30 June 2024
Subsidiaries		%	%
Indoor Skydiving Penrith Holdings Pty Ltd	Australia	100	100
Indoor Skydiving Penrith Pty Ltd	Australia	100	100
Indoor Skydiving Gold Coast Pty Ltd	Australia	100	100
ISA Flight Club Pty Ltd	Australia	100	100
Indoor Skydiving Perth Pty Ltd	Australia	100	100
Freak Entertainment Pty Ltd	Australia	100	100
Operator XR Pty Ltd	Australia	100	100
Operator XR LLC	United States	100	100
Red Cartel Pty Ltd	Australia	100	100

NOTE 11: EARNINGS PER SHARE

	As at 31 December 2024 Cents	As at 30 June 2024 Cents
Earnings per share (cents per share)		
From continuing operations:		
- basic earnings per share	(0.18)	(0.81)
- diluted earnings per share	(0.16)	(0.72)
 a. Reconciliation of earnings to profit or loss:		
Earnings used to calculate basic EPS - continuing operations	(992,338)	(4,111,740)
Earnings used in the calculation of dilutive EPS - continuing operations	(992,338)	(4,111,740)
 b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 560,554,571	No. 508,825,955
Average number of dilutive performance rights outstanding	64,138,322	65,867,359
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	624,692,893	574,693,314

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24
	Cost		Depreciation		Carrying Value	
<i>Vertical wind tunnel building and equipment</i>						
Balance at Beginning of year	27,102,434	26,985,954	(8,468,602)	(7,500,279)	18,633,831	19,485,675
Acquisitions / depreciation	-	116,480	(422,767)	(968,323)	(422,767)	(851,844)
Disposals / transfers	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance at end of year	27,102,434	27,102,434	(8,891,369)	(8,468,602)	18,211,065	18,633,831
<i>IT Equipment</i>						
Balance at Beginning of year	3,200,932	3,029,039	(2,587,007)	(2,271,740)	613,925	757,299
Acquisitions / depreciation	38,739	171,893	(247,954)	(315,267)	(209,215)	(143,374)
Disposals / transfers	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance at end of year	3,239,671	3,200,932	(2,834,961)	(2,587,007)	404,710	613,925
<i>Furniture and fittings</i>						
Balance at Beginning of year	222,877	219,328	(207,108)	(201,190)	15,769	18,138
Acquisitions / depreciation	16,609	3,549	(3,916)	(5,918)	12,693	(2,369)
Disposals / transfers	-	-	-	-	-	-
Balance at end of year	239,486	222,877	(211,024)	(207,108)	28,462	15,769
<i>Office Equipment</i>						
Balance at Beginning of year	15,118	13,258	(12,639)	(9,633)	2,480	3,626
Acquisitions / depreciation	10,088	1,860	(2,301)	(3,006)	7,787	(1,146)
Disposals / transfers	-	-	-	-	-	-
Balance at end of year	25,206	15,118	(14,940)	(12,639)	10,266	2,480
Balance at Beginning of year	30,541,362	30,247,580	(11,275,357)	(9,982,842)	19,266,005	20,264,738
Acquisitions / depreciation	65,436	293,782	(676,938)	(1,292,515)	(611,502)	(998,733)
Disposals / transfers	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance at end of year	30,606,798	30,541,362	(11,952,295)	(11,275,357)	18,654,503	19,266,005


NOTE 13: EVENTS AFTER THE END OF THE INTERIM PERIOD

Whilst there are no material events after balance date to report, a number of important subsequent events can be seen in the Directors' report, page 8.

Directors' Declaration

In accordance with a resolution of the directors of xReality Group Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 21 are in accordance with the *Corporations Act 2001*, including:
 - A. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - B. giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.
2. In the directors' opinion, by continuing to pursue the courses of action outlined in Note 1(d), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Wayne Jones

Director & Chief Executive Officer

Dated: 28 February 2025

Independent Auditor's Review Report to the members of xReality Group Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of xReality Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including material accounting policy information and other explanatory information and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the half-year financial report of xReality Group Limited is not in accordance with the *Corporations Act 2001* including:

- + Giving a true and fair of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- + Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulation 2001*.

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Emphasis of Matter

We draw attention to Note 1(d) of the half-yearly financial statements which details the fact that the ability of the Group to continue as a going concern is dependent on the courses of action being considered by Group's Management and forecasted cash flow operations. In

addition, the Group's net working capital deficiency of \$7,774,177. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulation 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



FELSERS
Chartered Accountants



Steven Zabeti
Partner

28 February 2025

Sydney, Australia