



XREALITY GROUP LIMITED

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

**ASX Release**  
**Sydney, Australia – 1 October 2026**

## **Adjustments to FY26 financial accounts**

As announced on 28 September 2026, xReality Group Limited (“XRG” or “the Company”) has identified material adjustments (**Adjustments**) to its financial accounts for the year ended 30 June 2026 (**FY26 Accounts**). As at today’s date, those Adjustments remain subject to audit which is ongoing and further adjustments to the FY26 financial information, including material adjustments, cannot be ruled out.

On 28 September 2026, the Company anticipated lodging an amended Appendix 4E (preliminary final report) for the year ended 30 June 2026 (**Amended 4E**) which would include the Adjustments, by the commencement of normal trading on 29 September 2026, then 30 September 2026

As announced on 30 September 2026, the Company is unable to lodge an Amended 4E, and will remain unable until further adjustments including material adjustments can, with sufficient certainty, be ruled out.

As the audit remains ongoing, the FY26 Accounts have not been lodged by 30 September 2026 and the Company is now suspended from trading.

In these circumstances, consistent with Listing Rule 18.6 and its ongoing continuous disclosure obligations, the Company informs the market of the Adjustments.

### **Key points**

- The Adjustments that have been identified are non-cash and do not affect net operating cash inflow; grants received in cash and customer receipts are unchanged. Revenue from customers is unchanged.
- The principal adjustment relates to Government grants received under the Research and Development Tax Incentive and the Industry Growth Program. Grants relating to capitalised development expenditure are now to be deferred and recognised over the life of the related intangible assets, varying the timing of income recognition.

### **Important notice**

The financial information in this announcement is unaudited. It reflects the Adjustments identified by the Company to its FY26 Accounts as at the date of this release and provided to the auditor to be audited. **The Adjustments and financial information set out may change, and further adjustments, including material adjustments, cannot be ruled out.** The Company’s securities are suspended from quotation from today until the audited FY26 Accounts are lodged.



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## Adjustments

The material Adjustments identified by the Company and provided to the auditor for audit are:

| Item                                                                                                                | FY26 profit or loss (\$) | Audit status                    |
|---------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------|
| Deferral of government grant income (AASB 120)                                                                      | (3,941,420)              | Subject to audit                |
| Impairment of Gold Coast facility (value in use)                                                                    | (1,060,000)              | Subject to audit                |
| Additional amortisation (corrected commencement dates and five-year life)                                           | (637,668)                | Subject to audit                |
| Other adjustments (inventory write-down, other expenses, development costs expensed)                                | (150,996)                | Subject to audit                |
| <b>Aggregate change to FY26 P&amp;L from adjustments</b>                                                            | <b>(5,790,084)</b>       |                                 |
| Prior periods: FY25 loss restated by \$(893,838); opening accumulated losses at 1 July 2024 restated by \$(634,623) | n/a (equity)             | Restated comparatives unaudited |

## Summary impact of Adjustments

| \$ million                                          | Appendix 4E<br>Lodged 31 Aug | Amended      | Change       |
|-----------------------------------------------------|------------------------------|--------------|--------------|
| Revenue from customers                              | 15.1                         | 15.1         | –            |
| Government grants and other income                  | 4.9                          | 0.9          | (3.9)        |
| Total income                                        | 20.0                         | 16.1         | (3.9)        |
| EBITDA (non-IFRS) <sup>1</sup>                      | 3.8                          | (1.3)        | (5.1)        |
| EBITDA excluding impairment (non-IFRS) <sup>1</sup> | 3.8                          | (0.3)        | (4.1)        |
| <b>Loss after tax</b>                               | <b>(0.1)</b>                 | <b>(5.9)</b> | <b>(5.8)</b> |
| Basic EPS (cents)                                   | (0.02)                       | (0.79)       | (0.77)       |
| Net assets                                          | 14.0                         | 6.7          | (7.3)        |
| NTA per security (cents)                            | 0.2                          | (0.69)       | (0.89)       |
| <b>Cash at 30 June 2026</b>                         | <b>2.7</b>                   | <b>2.7</b>   | <b>–</b>     |
| <b>Net operating cash inflow</b>                    | <b>5.5</b>                   | <b>5.5</b>   | <b>–</b>     |
| Grants received in cash                             | 3.0                          | 3.0          | –            |

<sup>1</sup> EBITDA is stated after the Gold Coast impairment and includes finance income based on Non-IFRS measures. Totals may not add due to rounding.

## Why the Adjustments have been identified

Following release of the Appendix 4E Preliminary Final Report on 31 August 2026, and acting on recommendations from the auditor, the Board commissioned a review of key accounting judgements, including independent accounting advice from a professional audit firm<sup>^</sup> on grant accounting, the amortisation of intangible assets and the carrying value of the wind tunnel assets. Materially, the Adjustments summarised above were identified, including revision of comparative periods.

The principal adjustment relates to Government grants received under the Research and Development Tax Incentive and the Industry Growth Program. Grants relating to capitalised development expenditure are now to be deferred and recognised over the life of the related intangible



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assets, consistent with AASB 120. This is materially related to the timing of income recognition. It does not materially change the Group's cash flows or the amount of grants received or receivable. Deferred grant income of \$5.4 million is carried as a liability at 30 June 2026. The deferred grant income is an accounting deferral and is not repayable, as the conditions attaching to the relevant grants have been satisfied.

The dates from which certain capitalised development assets are amortised, reduces the estimated useful life of Operator XR software releases from 10 years to 5 years (a change in accounting estimate applied prospectively), recognition of an impairment of \$1.06 million against the Gold Coast facility on a value-in-use basis, and other identified adjustments, including an inventory write-down.

<sup>^</sup> The firm's engagement was an advisory engagement only. It was not an audit or review, and the firm does not express any opinion, conclusion or assurance on the Company's financial information. The financial information in this announcement is the responsibility of the Board.

### **Audit status**

The Company and its auditor are working to complete the audit. The auditor has not provided the Company with its opinion on the Adjustments or otherwise on the FY26 Accounts. Further adjustments to the Adjustments and the financial information, including material adjustments, cannot be ruled out.

When the Board has sufficient certainty that further or different adjustments are not required, the Board intends to adopt the Adjustments and lodge the Amended 4E. If further or different adjustments are required and they are material, the Board will update the market.

The Board will continue to monitor the progress of the audit and impact on the FY26 Accounts and provide any further updates as necessary.

This ASX Release is authorised by the Board of the Company.

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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 [operatorxr.com](https://operatorxr.com)

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

For further information visit: [www.xrgroup.com.au](https://www.xrgroup.com.au)

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