

xReality Group Ltd  
ASX:XRG

**Investor Presentation:  
Defence & Law Enforcement  
Global Growth Strategy**

**25 May 2022**





# Disclaimer

This presentation has been prepared by xReality Group Limited (XRG) and provides general background information about the Company's activities. That information is current at the date of this presentation. The information is a summary and does not purport to be complete. This presentation is not (and should be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction, and neither this document nor anything in it shall form the basis of any contract or commitment. The presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any investor which need to be considered, with or without professional advice, when deciding whether an investment is appropriate.

XRG has prepared this presentation based on information available to it, including information derived from publically available sources that have not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness or reliability of the information, opinions and conclusions expressed in this presentation.

Any statements or assumptions in this presentation as to future matters may prove to be incorrect and the differences may be material. This presentation should not be relied upon as a recommendation of or forecast by the Company. To the maximum extent permitted by law, none of the Company, its directors, employees or agents, or any other person accepts any liability, including without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its content or otherwise arising in connection with it.

The financial information disclosed in this presentation has been prepared on a statutory and pro forma basis consistent with the financial information prepared in the Company's accounts. Due care and attention should be undertaken when considering and analysing the financial performance of the Company. All references to dollars are to Australian currency unless otherwise stated. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe such restrictions.

# Changing the game of tactical training

- Operator builds XR training and simulation products for global defence and law enforcement “operators” (tactical soldiers, infantry, armed police).
- Developed ground up and wholly owned by XRG
- Unique weapons integration technology
- Commercial model comprises upfront hardware sale and ongoing software subscription
- Builds on XRG’s 7-year relationship training Australian Special Operations and the Board’s leadership history in Defence.
- Products launched in February 2022
- Our vision is to see one in every operator's locker



# The Global Market

Primary target markets include Special Forces, Army, State and Federal Police across "Five Eyes" Nations (US, UK, AU, NZ, CA). Secondary markets include UAE & EU.

Australian Defence spending strong: \$1BN committed for Special Forces upgrades in April 2022 as part of Project Greyfin  
US DoD Training and Simulation budget growing 12% in FY23 to \$16.5BN

## Total Addressable Market

	Military	Special Forces	Law Enforcement Officers	Tactical Police (ie SWAT)
US	1,374,699	70,000	697,195	17,430
UK	150,250	2,500	124,784	3,120
AUS	57,800	1,350	65,000	1,625
CAN	101,500	2,500	69,000	1,725
NZ	15,500	600	10,000	250
EU	1,910,000	95,000	1,600,000	40,000
UAE	155,000	12,000	30,000	1,500
Total	3,764,749	183,950	2,595,979	65,650
Revenue per user / yr	23,000	23,000	17,000	23,000

## LOW UPTAKE SCENARIO

	Military	Special Forces	Law Enforcement Officers	Tactical Police (ie SWAT)
Example Uptake	0.005%	0.100%	0.005%	0.100%
Example Users	188	184	130	66
Example Revenue / Yr	\$4,329,461	\$4,230,850	\$2,206,582	\$1,509,950

## HIGH UPTAKE SCENARIO

	Military	Special Forces	Law Enforcement Officers	Tactical Police (ie SWAT)
Example Uptake	0.05%	2.00%	0.05%	2.00%
Example Users	1,882	3,679	1,298	1,313
Example Revenue / Yr	\$43,294,614	\$84,617,000	\$22,065,822	\$30,199,000

Operator's Products

# Tactical Trainer

Designed for military and tactical police (SWAT) training

Free Roam VR training system for tactical teams of 2-8 users

Fully mobile system can be setup in minutes

Extensive After-Action Review

V-BOLT™ allows operators to train on their own weapons

2 Modes include;

- Tactical Training System
- Mission Rehearsal System (Prototype in development)



Operator's Products

# Law Enforcement Trainer

Designed for police officer training

Instructor and Officers are in simulations

Trains de-escalation, shoot / no shoot and use of force scenarios

Fully mobile system can be setup in minutes

Extensive After-Action Review

Custom non firing training weapons include Taser, Glock 22 and OC Spray



# Fast approaching commercialisation

DEVELOPMENT COMMENCED AUGUST 2021

GO TO MARKET COMMENCED APRIL 2022

August  
2021

Product  
development  
commences

December  
2021

Tactical Trainer  
product launched

March  
2022

Law Enforcement  
Product launched

April  
2022

First Police proposal submitted  
ADF product demonstration  
Tactical Police demonstration  
U.S. Distributor MOU established

May  
2022

Police demonstration  
Tactical Police  
demonstration

# Australian sales pipeline quickly growing since Feb 22 Launch

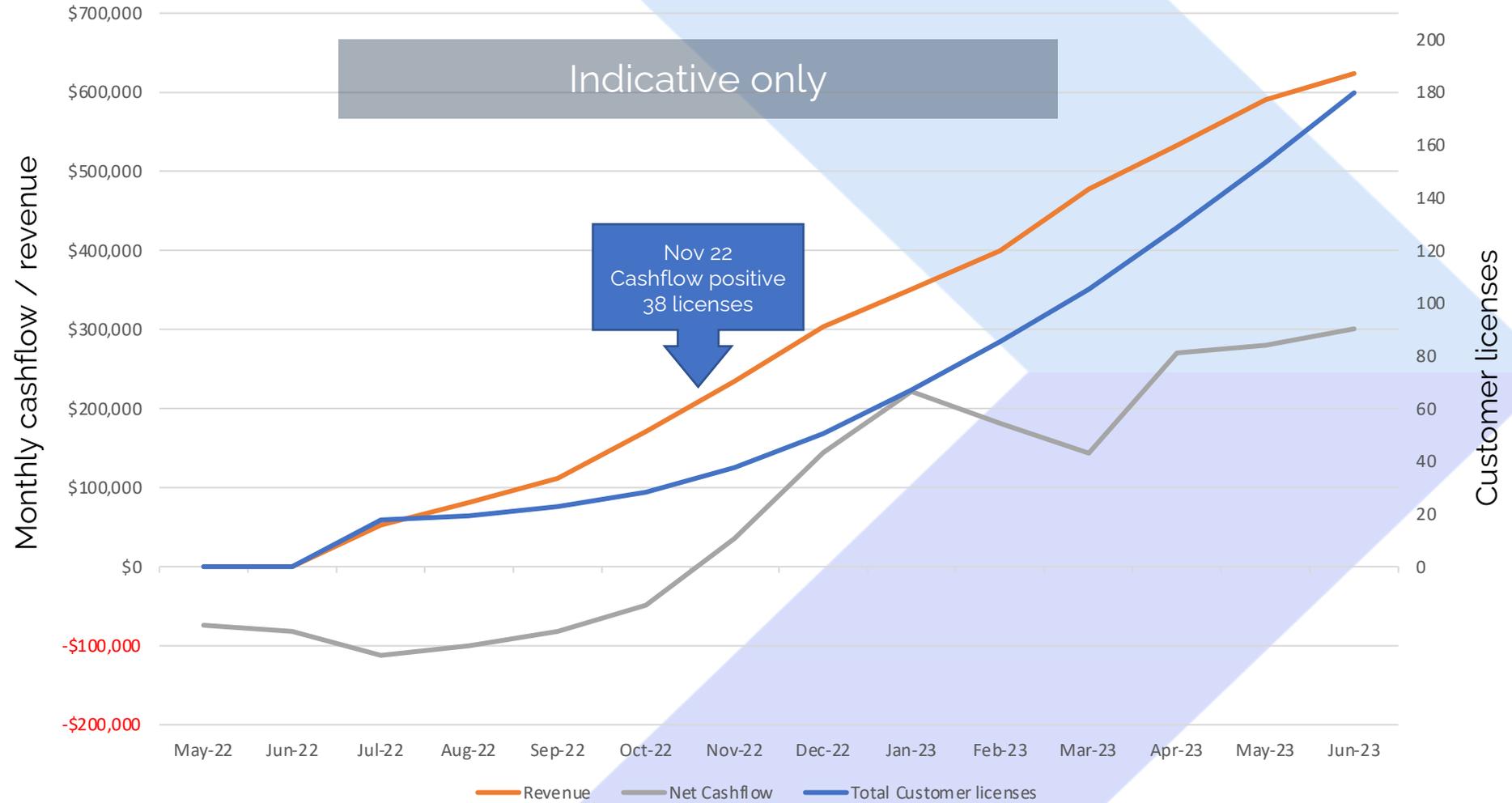
Customer	Stage	Deal Value	ARR	Estimated customer penetration
Customer 5	Demonstration	\$360K	\$215K	5%
Customer 4	Demonstration	\$400K	\$215K	5%
Customer 3	Proposal submitted	\$152K	\$72K	30%
Customer 2	Proposal submitted	\$400K	\$215K	10%
Customer 1	Proposal submitted	\$475K	\$130K	50%
<b>Total</b>		<b>\$1.78M</b>	<b>\$847K</b>	

# International Distribution

- MOU signed with US Military training company Acrolect Solutions LLC DBA Endurance Group (Endurance Group).
- Endurance Group is a well established, service-disabled veteran owned and operated business, comprising trained and experienced US and international Tier one military, law enforcement and intelligence organisations.
- Endurance Group currently provides specialised training and consulting services to all manner of military and law enforcement agencies in North America, Canada and Europe.
- Acceleration of international expansion by offering VR tactical training capabilities to Endurance Group's existing customer base which consists of highly specialized units within the United States, Canadian and European Special Operations divisions, several US Police SWAT teams, and multiple broader US law enforcement agencies.

# A fast path to revenue for the Operator division

High margins within a niche market see the Operator business unit cashflow positive by Nov 2022 using conservative modeling of license and hardware sales.



# What's next

## Accelerate sales and marketing

- Commence building of sales team with hire of Senior Sales Director
- 6 major trade shows across Australia, USA, UK and UAE
- Grow inventory of demonstration kits as part of sales strategy
- US Army demonstrations
- ADF customer expansion from Special Forces to wider Army

## Advance product development

- Continue simulated weapons design & production: Taser variants, Glock 22, OC Spray, Baton, V-Bolt™
- Grow scenario library for Law Enforcement and Defence use cases globally
- Development of Operator Cloud – this will allow per user licenses rather than per device, and provide better analytics and file management for users
- Develop Mission Rehearsal System MVP

## Build lean manufacturing capabilities

- Procurement of industrial grade composite 3D printers for custom in house component manufacturing
- Warehouse and assembly line upgrades

# Summary

- Unique technology with provisional patent lodged
- Successful Trials and Demonstrations with Defence and Law Enforcement
- Sales pipeline established
- US Distribution MOU signed
- Commercialisation of products ahead of schedule



For further information contact  
Wayne Jones CEO [wjones@xrgroup.com.au](mailto:wjones@xrgroup.com.au)  
Kim Hopwood Executive Director [khopwood@xrgroup.com.au](mailto:khopwood@xrgroup.com.au)