



XREALITY GROUP LIMITED

Henslow Defence Conference

— Presentation

19 June 2025

O R
ORXR.COM

Introduction to xReality Group



Who is xReality Group?

- Market leader in immersive Extended Reality (XR) solutions, offering both VR and AR experiences.
- Current portfolio includes advanced XR training and simulation products, VR entertainment and indoor skydiving facilities.
- XRG's core product, Operator XR's growth is significantly outpacing the legacy entertainment segment in revenue and scalability

What's next and what's our growth strategy?

- XRG's go forward product is Operator XR. Specialising in delivering advanced XR training solutions worldwide for defence and law enforcement agencies.
- Operator XR is expanding into key markets across North America, Asia, and Europe, aiming to secure a leading position in the global XR training industry.
- XRG have engaged corporate advisors to assess options for divestment of legacy entertainment businesses.

Financial Snapshot		Top 5 Shareholders		
		Shares (m)	%	
Shares on Issue	663,547,525	Birkdale	192	29%
Total Options	34,857,142	Wayne Jones	53	8%
Market Cap	\$20.26m	Kim Hopwood	36	5%
YTD (May) Revenue	12.8m	BNP Paribas Noms (NZ)	22	3%
Operator XR	4.0m	Patangorang Pty Ltd	22	3%
Legacy	6.8m	Top 5	326	49%
Other Income*	2.0m			



*Other Income includes \$1.5m in Operator XR Grants and \$0.5m in Other Grants and Income

Core Product: OPERATOR XR



Problem

- All training in high-risk environments is expensive, time consuming and complex



- High end, expensive simulators have been used for strategic and operational level assets but no solution for tactical level troops and police officers

Resulting in

- Degradation of realistic training, risk adverse mindset, stretching of resources



- Historically, those agencies without the funding simply cannot afford simulation as part of their training continuum

Opportunity

- Military and Law Enforcement are being driven to seek, lower risk, affordable and adaptable ways to operate



- Operator XR has developed a tactical level system that is highly scalable and affordable

Increasingly complex Operating Environment – Autonomous systems, public scrutiny, political environment

Core Product: OPERATOR XR



- Designed for soldier and police officer training
 - Design unlimited scenarios in minutes
 - Integrate real weapons
 - Mobile and offline
 - Simple and easy to use
 - Detailed planning and rehearsal features

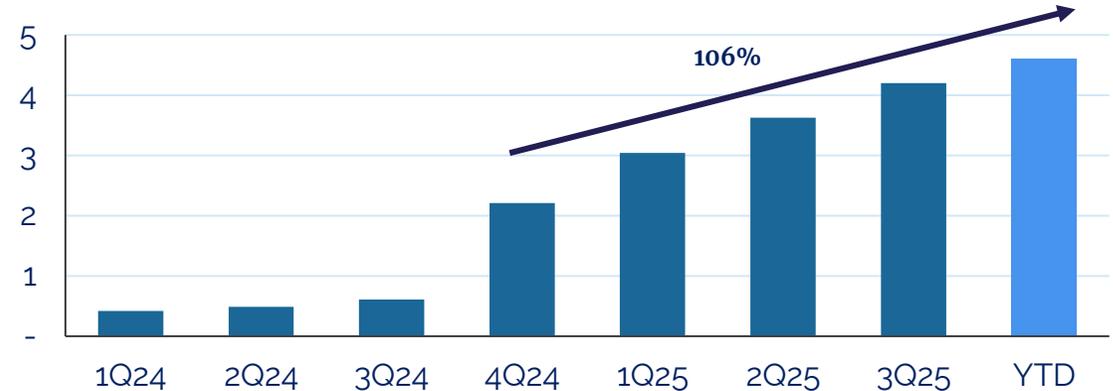


Core Product: OPERATOR XR

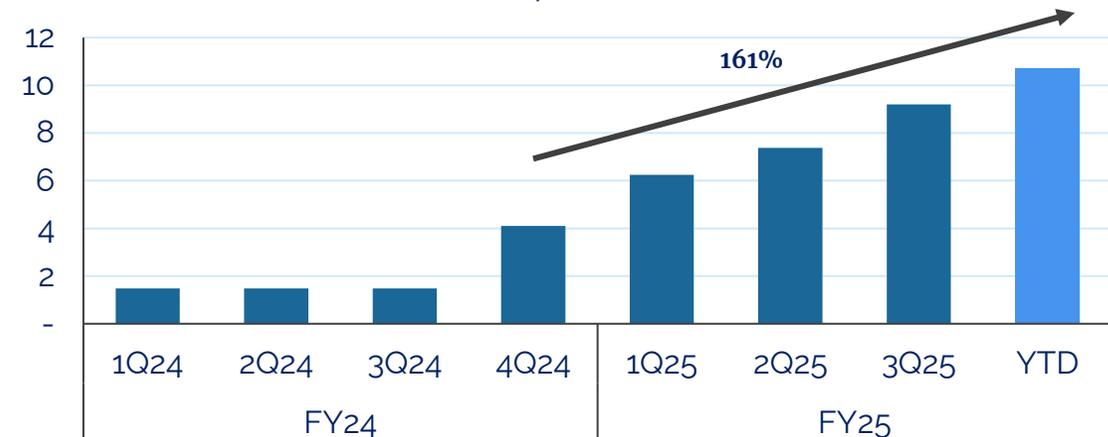


- Operator XR has transitioned from establishment to become XRG's leading growth asset
- Operator XR has seen rapid expansion since January 2024:
 - 65 customers (individual agencies)
 - 137 deployed systems worldwide
 - Operator XR systems used in 28 US States
- Operator XR's growth is significantly outpacing the legacy entertainment segment in revenue growth and scalability:
 - Total Contract Value (TCV) YTD (15 June) \$10.7m growing 161% since EOFY24
 - Annual Recurring Revenue (ARR) YTD (15 June) reaching \$4.6m up 106% from EOFY24
 - The unrecognised Revenue from Operator XR (as at May 2025) totals \$6.4m, (sales not yet recognised as revenue, see slide eleven for further information)

ARR - Operator (\$m)

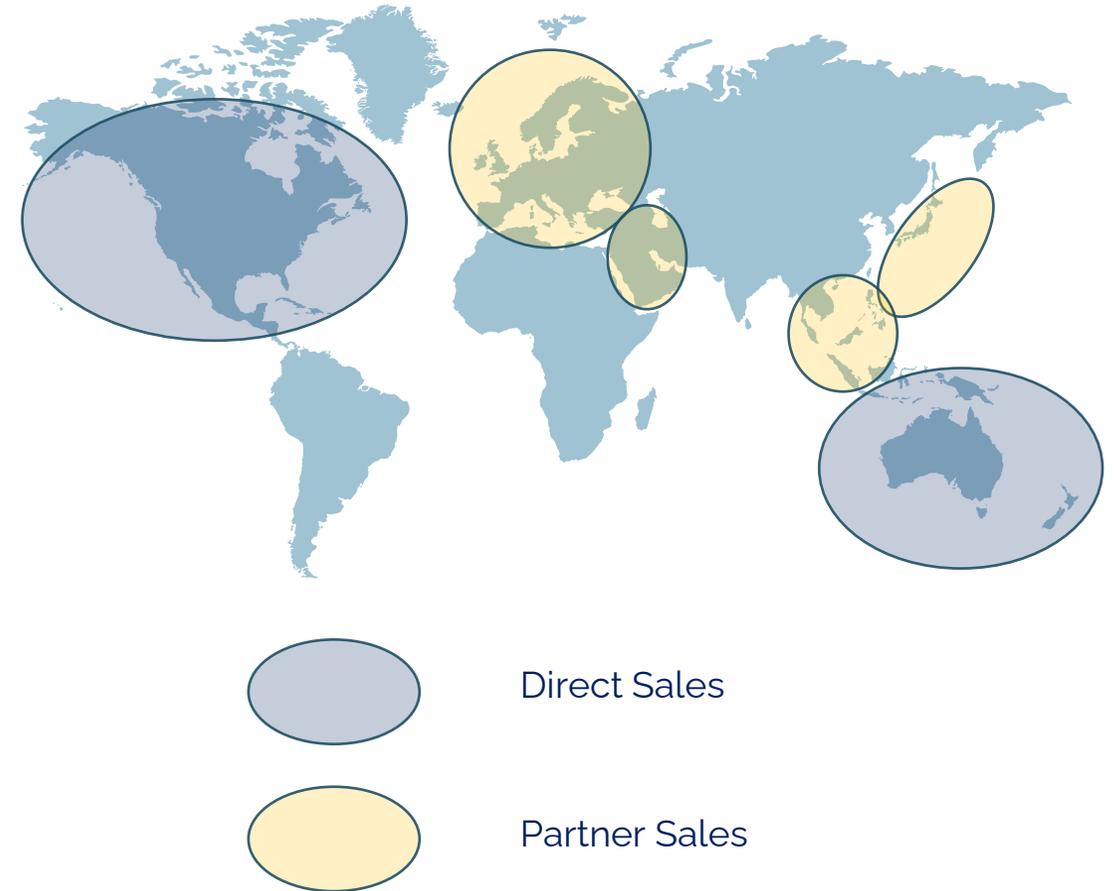


TCV - Operator (\$m)



Operator XR: Global Market

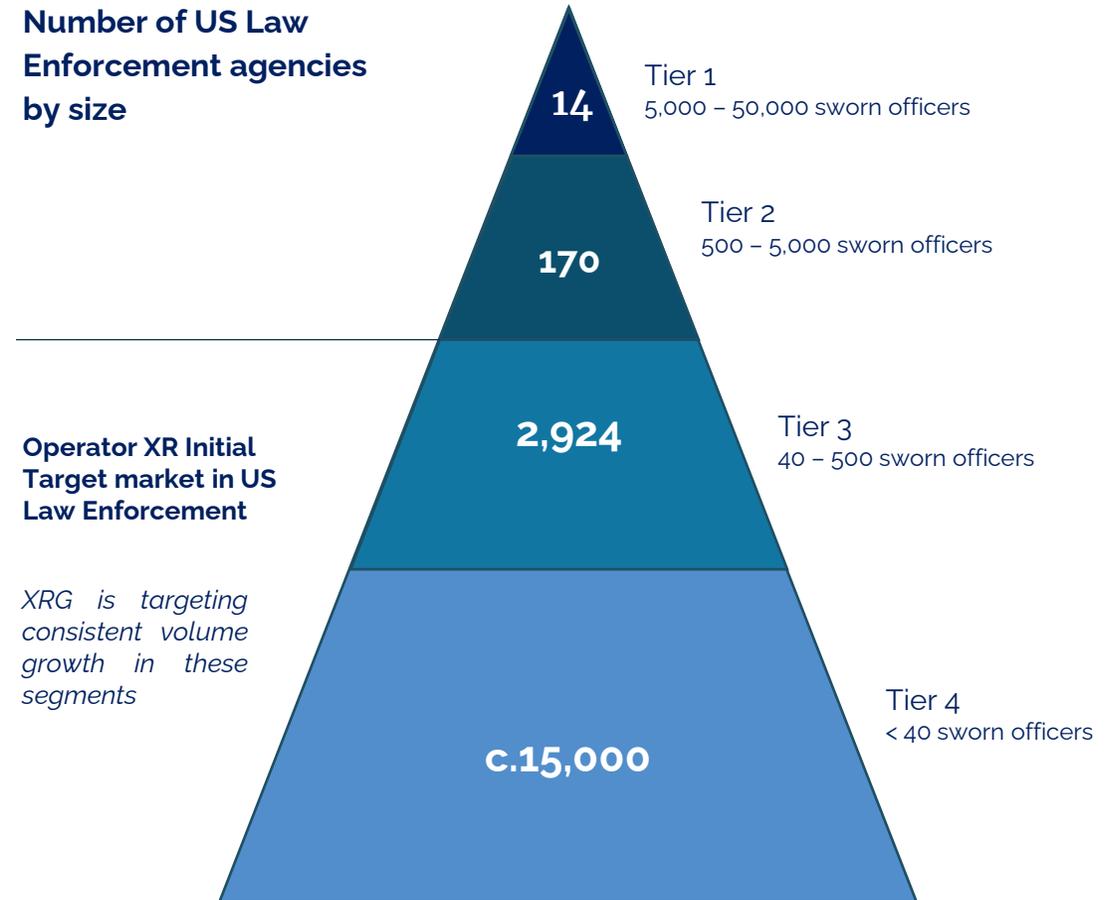
Total Addressable Market (TAM)	ARR > Market Share Sensitivity (USD \$m)					Total Market
	1%	3%	5%	10%	20%	
Law Enforcement						
US	4	13	21	42	84	422
Rest of World	3	8	13	26	52	261
Law Enforcement ARR	7	20	34	68	137	683
Military ARR						
US	17	52	87	173	347	1734
Rest of World	10	29	48	95	191	953
Military ARR	27	81	134	269	537	2687
Combined ARR						
US	22	65	108	216	431	2156
Rest of World	12	36	61	121	243	1214
Total ARR	34	101	168	337	674	3370



Operator XR: US Law Enforcement

Law Enforcement Customers US

- XRG has focused on gaining a foothold on the Law Enforcement Market in the US
- XRG categorises Operator XR customers into four tiers based on size (sworn officers)
- There are two primary types of contracts based on level of support and size of customer:
 - 3-year contract with cash payment upfront
 - Annual Subscription Contract paid annually (generally Military)
 - SaaS revenue growth through the development of AI and cloud-based products



US Department of Defense Update

Project – Update & Outlook

- Project progressing on schedule, with major milestones completed in line with expectations.
- Revenue is weighted to the second half of the project; material ramp-up expected from late CY25.
- XRG retains full ownership of IP, enabling future commercialisation and strategic control.
- Licensing fees to apply on future product sales, creating long-tail revenue opportunities.
- Strengthened relationships with key agencies through aligned development and distribution planning.
- Project includes scope for future customisation, positioning XRG for follow-on contracts.
- Targeted for completion by end of FY26 (20-month term, commenced September 2024).

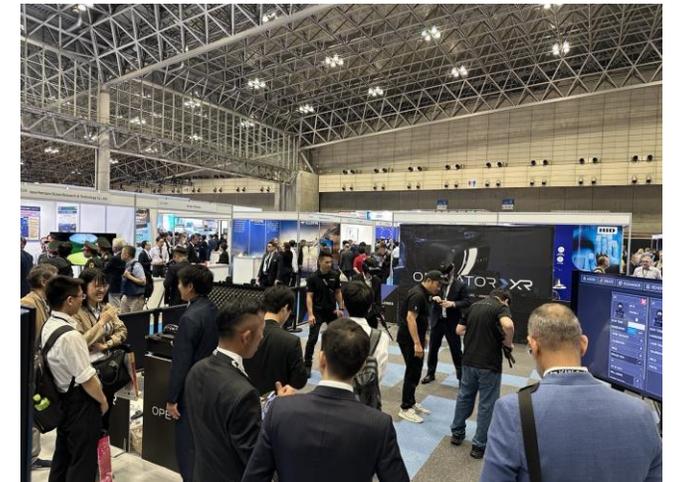


International Market Engagement



Building on the momentum in the USA and by customer demand, XRG is growing its Global Distribution Network

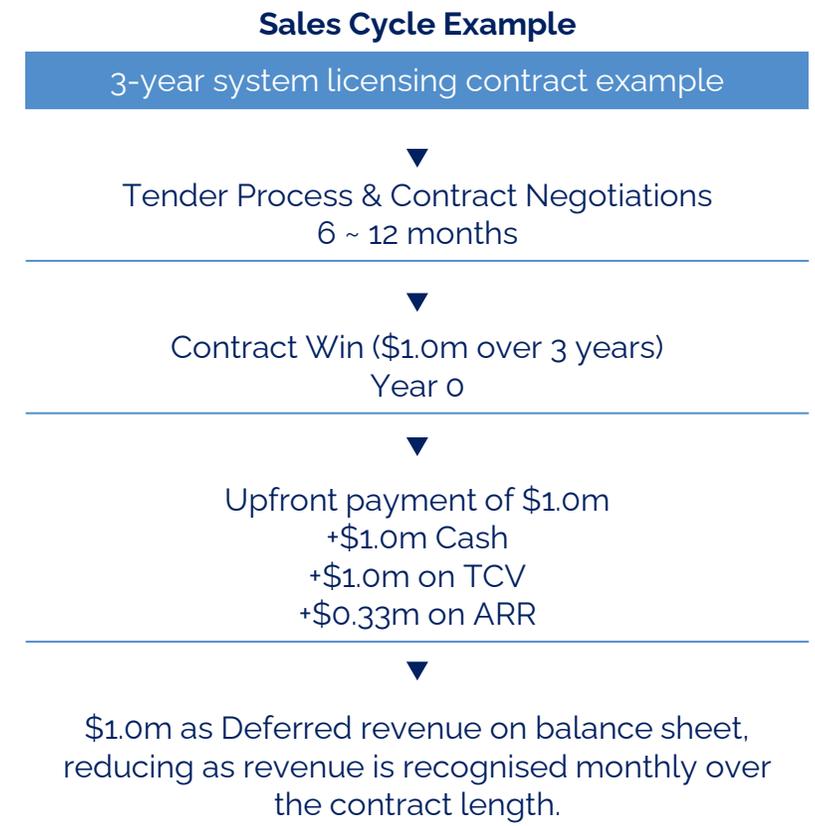
- Japan
- Singapore
- Thailand
- Taiwan
- South Korea
- Sweden
- Germany
- Poland
- UK



Operator XR: Revenue Model

- Below is a breakdown of the standard Operator XR sales cycle, along with its revenue treatment, which differs from the legacy entertainment business

	Customer Projects	System Licensing	Enterprise Model
Revenue Streams	Bespoke projects that are developed to meet specific client needs	Typically licensed to US PD customers Average US sale price of \$50k-\$250k typically recognized over three years	Typically licensed to larger government agencies
Payment	Milestone Based Tied to the completion of specific milestones	Upon Delivery Licensing sales are mostly paid entirely upon delivery	Upon Delivery 100% paid upfront on an annual basis
Revenue Recognition	As milestones are met	Over the life of the contract, as ARR	Over the life of the contract, as ARR Average ARR is \$0.2m-\$1.0m



XRG Achieves Major Strategic Milestones in FY25



What have we done this year?

- **Balance Sheet Improvement**
 - Completed a debt-to-equity conversion of major loan and shareholder, Birkdale, at \$0.05 which is a 39% premium to market close.
 - Refinanced secured \$6m debt facility with Causeway Financial
- **Posted record financial results (YTD May 25)**
 - Revenue **\$12.8m** (up 36% on pcp)
 - Unearned Revenue from Operator XR sales \$6.4m (up 123% on pcp)
 - **Operator XR**
 - **Annual Recurring Revenue (ARR)** has grown to **\$4.6m (15 June)** up **106%** on FY24
 - **Total Contract Value** up to **\$10.7m (15 June)** up **161%** on FY24
- **Refined and focused the business**
 - Board and management have resolved and streamlined the business to focus on Operator XR.
 - Preparing to exit legacy assets.

Legacy Assets – iFLY & FREAK

iFLY Indoor Skydiving

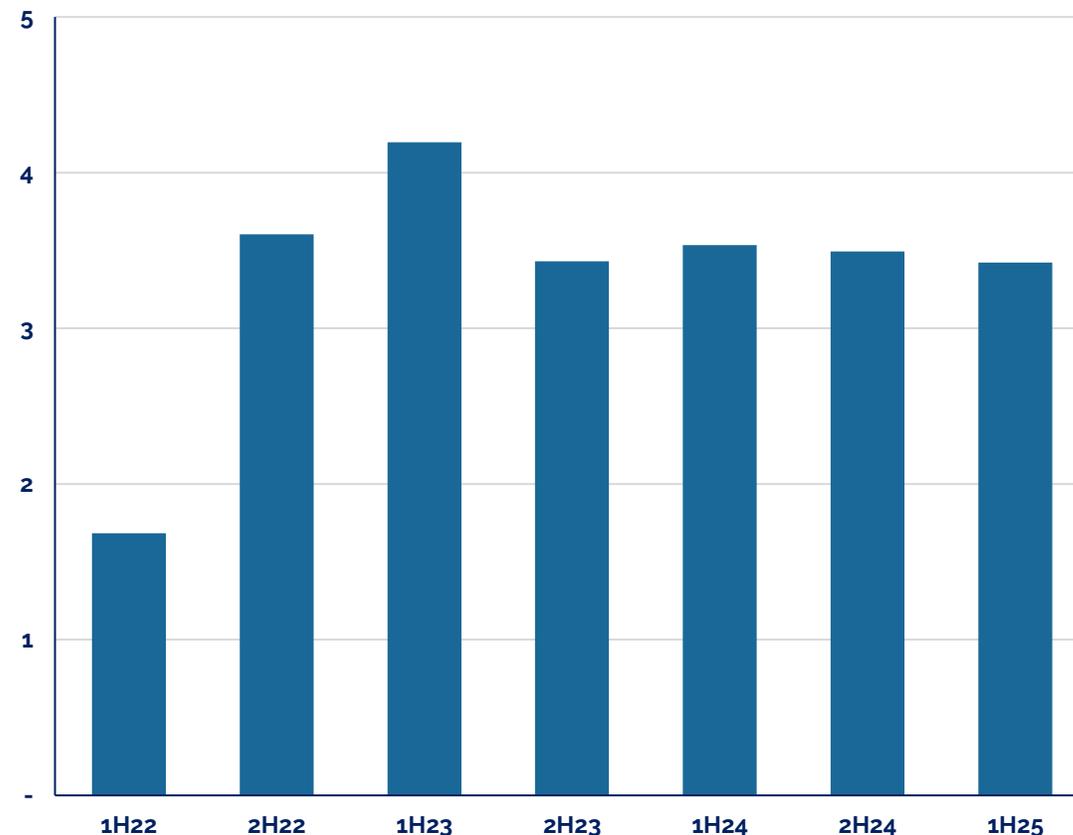
XRG owns and operates two Australian indoor flying facilities under a licence agreement with the global “iFLY” Brand.

- iFLY Downunder (Sydney West): XRG’s flagship facility in Penrith, one of the largest vertical wind tunnels in the Southern Hemisphere.
- iFLY Gold Coast: Strategically located in Surfers Paradise, this venue leverages high tourism foot traffic and serves a mix of tourists, professional skydivers, and military personnel.

FREAK Entertainment

- XRG’s proprietary VR entertainment brand, launched in 2019 to provide market-leading immersive experiences across multiple retail locations.
- Operates three venues across major shopping centres: Westfield Bondi Junction, Macquarie Centre, Penrith (NSW)

iFLY Revenue (A\$m)



Company Outlook – What’s Next



- The business continues to advance a large pipeline of opportunities, with 305 open opportunities in development across its core US market.
- Distribution network continues to grow across global regions
- Material future product lines developed and currently under evaluation
- iFLY operations continue to contribute meaningfully to revenue, profitability and cashflow.
- XRG is reviewing its strategic options for its iFLY assets with its corporate advisors, there is no certainty on direction or timing of this process in its early stages.
- The exit of Freak will be complete in calendar year 2025, as all leases reach the optimal point for closure.

BOARD & MANAGEMENT

Wayne Jones	Chief Executive Officer
Kim Hopwood	Executive Director
John Diddams	Non Executive Director
Daniel Christopher Hogan	Non Executive Director
Mark Andrew Smethurst	Non Exec. Director
Phil Copeland	Non Exec. Director

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