



XREALITY GROUP LIMITED

**xReality Group Limited**  
**Chairman's Address**  
**2023 Annual General Meeting – 21 November 2023**

Good afternoon ladies and gentlemen, it is my great pleasure to welcome you xReality Group Limited's 2023 Annual General Meeting.

My name is John Diddams and I am Chairman of xReality Group Limited. I would now like to introduce my fellow directors:

- |                  |   |
|------------------|---|
| ▪ Wayne Jones    | Executive Director and Chief Executive Officer; |
| ▪ Kim Hopwood    | Executive Director;                             |
| ▪ Danny Hogan    | Non-executive Director;                         |
| ▪ Mark Smethurst | Non-executive Director;                         |
| ▪ Phil Copeland  | Non-executive Director.                         |

I would also like to welcome Glenda Nixon, the Audit Partner from Accru Felsers to the meeting.

The order for today's proceeding will be as follows:

- firstly, I will provide a brief Chairman's address;
- we will then move to the business of the meeting which is detailed in the notice of meeting;
- after that, there will then be an opportunity for shareholders to ask questions.

If you still have questions, please feel free to email Wayne Jones (CEO) or Stephen Tofler (Company Secretary) at any time.

Minutes of previous meetings, and the notice of AGM are all available from the Company Secretary on request.

### **2023 Financial Performance**

In FY23 the company achieved a total income of \$10.54m, an increase of 47% vs FY2022, attributed to a full operational year in the entertainment sector, the additional Freak venue, and the commencement of Operator XR revenue. EBITDA for the year was positive \$2.2M vs negative \$3.3M in FY2022. Adjusted EBITDA which excludes impairment and non-cash royalty payments and share based payments was \$2.1M, an increase of 54% on FY2022.



XREALITY GROUP LIMITED

## **Year in Review**

xReality Group made significant progress through 2023, winning our first customers in both the law enforcement and military markets, establishing a US office and team, significant advancement of the Operator XR product development, while also seeing an increase in performance of existing entertainment operations, and opening the fifth VR entertainment venue. The Company's ability to work across the design, development and delivery of such a diverse range of immersive experiences has created a unique point of difference which provides a further platform for growth into the years to come.

## **Enterprise Sector**

The Company's Enterprise business, Operator XR, allows Military personnel and Law Enforcement Officers to train operational tactics and procedures within a portable, virtual reality environment. Complimenting existing training methods, the virtual reality system allows officers to train more often, leading to increased preparedness across a broad range of scenarios centred on de-escalation tactics, use of force decision making, and operational procedures. The system has been developed from the ground up, using the latest innovations in Virtual Reality technology, with all IP owned by XRG.

Over the year, the Company invested \$2.5M into the ongoing development of the Operator XR product including the OP-1 Tactical Rehearsal System and the OP-1 LE Law Enforcement System. Offsetting this, the Company has received circa \$1.4M in cash receipts from trials and sales of the Operator system.

During the year, Operator XR successfully won and delivered systems to both the Police and Defence markets, while also launching in the US, and growing a significant active sales pipeline globally. Further details are available in the Review of Operations in the Annual Report.

## **Entertainment Sector**

XRG's portfolio of Entertainment businesses started the year positively with strong consumer demand setting the best results in recent years. An extremely successful Christmas holiday period followed with no disruption from COVID and increasing international travel and tour groups. Successful digital marketing campaigns through direct channels continued to perform well throughout the year. The company invested significant CAPEX on upgrades to both iFLY Penrith and Gold Coast venues, resulting in upgrades to the mechanical cooling systems, IT hardware and building works. FREAK Entertainment opened it's latest venue, at Cavill Avenue in Surfers Paradise. The new venue commenced operations on the 6th December and experienced high occupancy immediately. Development continues on new games and customisation and improvements to existing offerings across all venues.



XREALITY GROUP LIMITED

### **Strengthening of the Board**

In January, the Company announced the addition of Philip Copeland as a Non-Executive Director. Phil is an experienced senior leader in the enterprise software-as-a-service (SaaS) sector with a successful track record scaling enterprise SaaS businesses into global markets across highly regulated industries including government and financial services. Phil currently resides in Colorado, USA and will be assisting XRG to break into the US market as it executes its international growth strategy for Enterprise Software.

### **Capital Raising**

Subsequent to FY23, the Company completed a capital raise on the 10<sup>th</sup> November, to support the Operator XR global expansion plan with particular focus on the US market. The offer comprised of a \$500,000 placement followed by an extremely well supported rights issue, the company raised a total of \$2.94 million.

### **Closing Remarks**

Our performance in FY23 reflects the success of our strategic focus on product innovation, customer service excellence, and geographic expansion. We are proud of our accomplishments this year and remain committed to building on this momentum.

On behalf of the Board, I would like to extend our gratitude to our dedicated employees, our loyal customers, and our supportive shareholders.

Thank you.

John Diddams  
Chairman  
21 November 2023