



XREALITY GROUP LIMITED




INVESTOR PRESENTATION

— FY25 Full Year Results

29 August 2025

FY25 Highlights

XRG delivers record financial and operational performance.

Revenue	\$14.0m	 36% YoY	Net Ops Cashflow	\$3.3m	 \$3.2m
Deferred Revenue	\$7.4m	 61% YoY	Annual Recurring Revenue (ARR)	\$4.7m	 114% YoY
TCV	\$11.3m	 Up 176% in FY25	Cash balance	\$2.8m	 104% YoY

Executive Summary



Company Overview

- XReality Group (XRG) is a market leader in immersive Extended Reality (XR), delivering advanced training and operational planning systems for Global Defence and Law Enforcement Markets.
- Companies within the current portfolio include, Operator XR, iFLY Sydney and Gold Coast, and FREAK Entertainment
- XRG's core product, Operator XR has rapidly outpaced the legacy entertainment segment in revenue and scalability, becoming the company's primary growth vehicle.

FY25 Results

- XRG had its strongest year result to date, with Total Revenue of \$14m (up 36% on pcp) and reducing NLAT to \$3.1m from NLAT of \$4.1m (improvement of 24% on pcp).
- Operator XR revenue was \$5.1m, (up \$4.4m on pcp) with strong momentum already demonstrated and expected to continue throughout FY26.
- XRG undertook three balance sheet strengthening initiatives during FY25, including the conversion of a major \$4.6m loan from shareholder Birkdale into equity, debt refinance with Causeway, and a \$2m strategic placement to institutional investors.

Growth Strategy

- Operator XR is rapidly scaling across North America, Asia, and Europe, positioning XRG to capture market share and establish a leading role in the global XR training industry.
- Recent contract win with Texas Department of Public Safety (DPS) (c.\$5.7m), demonstrating larger agency applications and penetration.
- Legacy entertainment assets continue to generate cash flow and demonstrate resilience, contributing to investment in XRG's growth strategy.

Financial Snapshot

Shares on Issue	743,547,525
Total Options	34,857,142
Market Cap	\$34.9m (@0.047c)

Top Shareholders	Shares (m)	%
Birkdale	192	26%
Wayne Jones	53	7%
Kim Hopwood	37	5%
BNP Paribas Noms (NZ)	33	4%
Patagorang Pty Ltd	22	3%
Top 5	338	45%

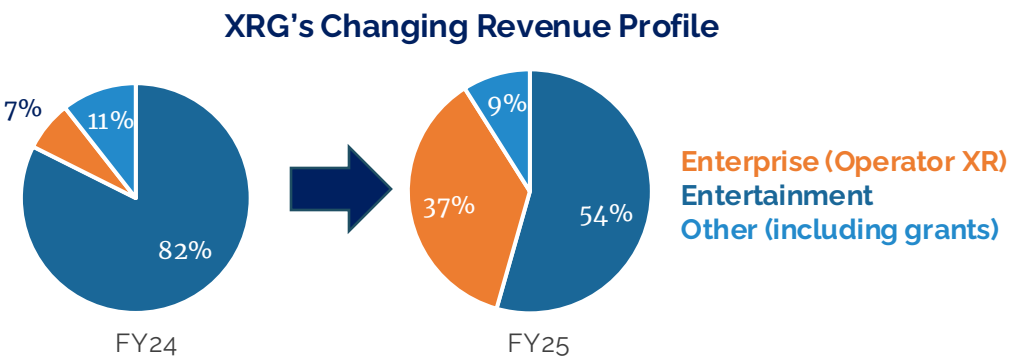
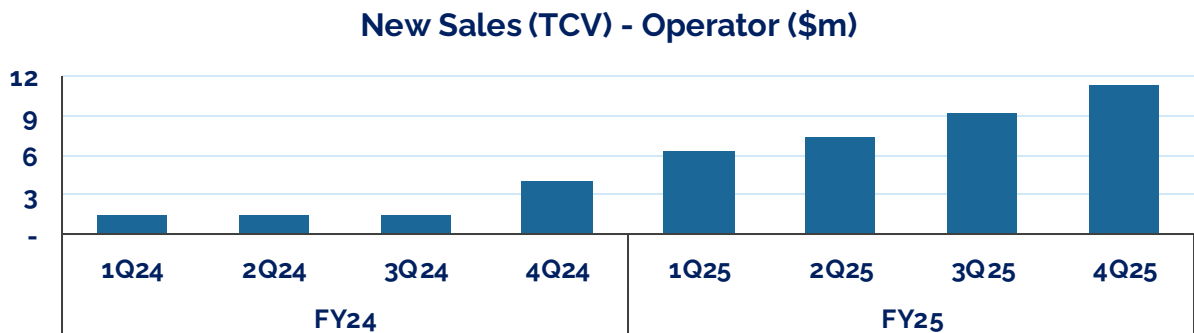
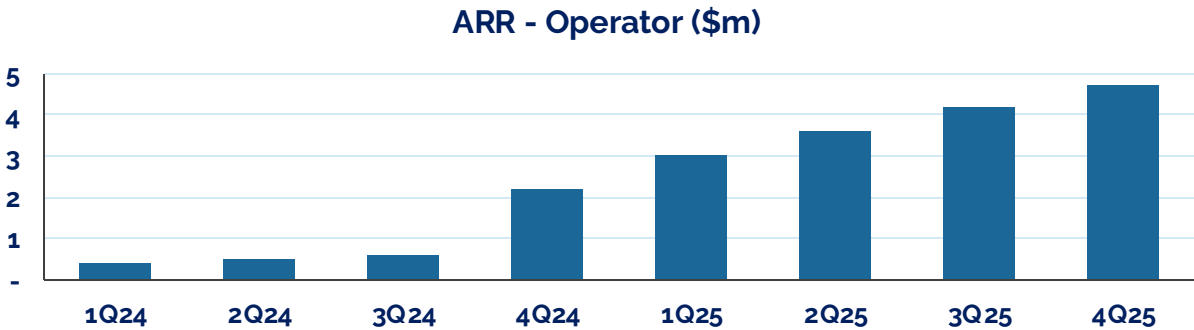
FY25 Results



Operator XR



- Operator XR has seen continued expansion:
 - 140+ deployed systems worldwide
 - 67 customers worldwide (individual agencies)
 - Operator XR systems used in 29 US States
- Operator XR's growth is materially transforming XRG, driving both revenue expansion and scalable long-term growth
 - Total Contract Value (TCV) FY25 of \$11.3m
 - ARR, as of 26th August is \$5.7m
- The unrecognised Revenue from Operator XR was \$6.1m as of 30 June.
- As shown in the adjacent graph, the revenue mix highlights strong validation of Operator XR as XRG's go-forward product, increasing from 7% in FY24 to 37% in FY25.
- This demonstrates the company's clear strategic shift toward high-growth opportunities



Operator XR: Continued Wins

XRG is winning in the VR Space

US Law Enforcement

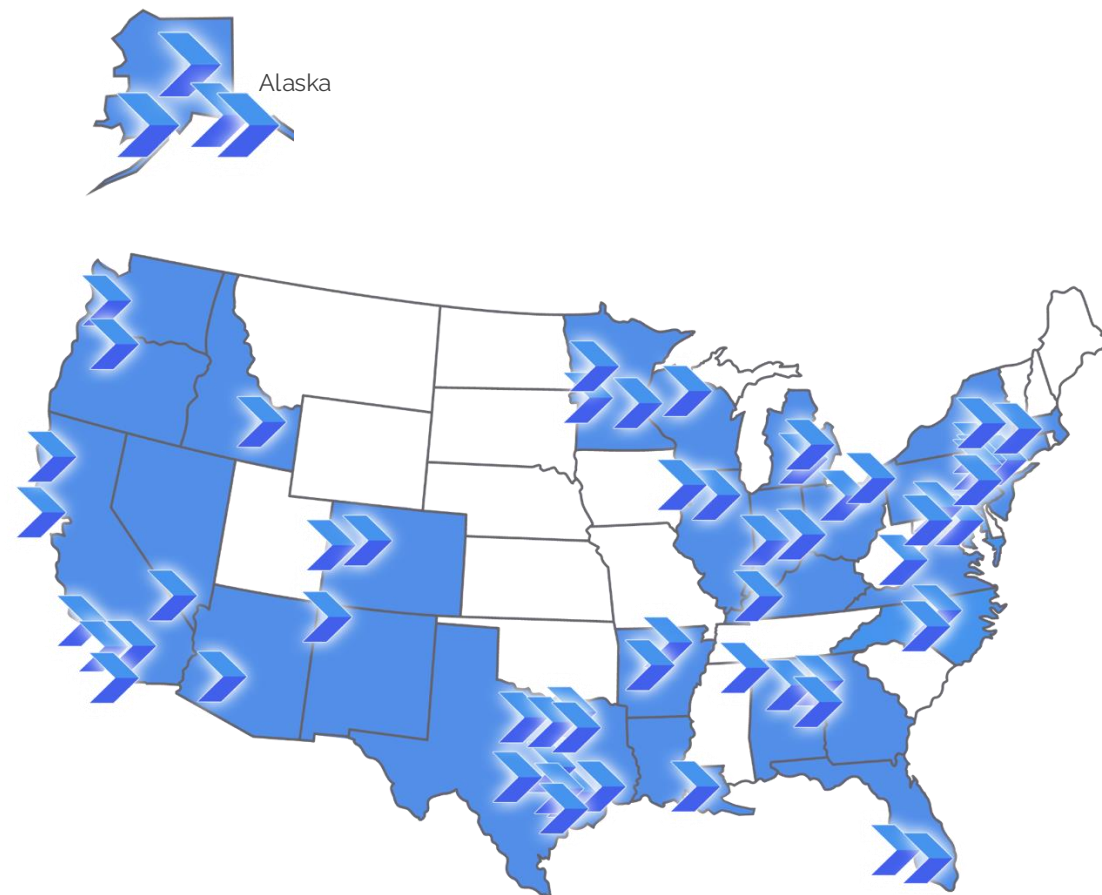
- **60** individual Agencies including federal, state and county departments
- Recently signed first Department of Public Safety (Texas) c.\$5.7m

US Military Customers

- US Department of Defense
 - 20-month project valued at **\$5.6m AUD**
 - Project Revenue received through FY25 \$1.7m AUD
 - \$3.9m to be received across milestones between July - May 2026 with no increase to project team cost base
 - XRG owns all IP developed through the project, feeding into product road map and future government opportunities
- First US Air Force and US Space Force customers won in August 2026

Australian Customers

- Australian Defence Force
- Australian Federal Police and other Federal Agencies
- Australian State Police and other Government Departments
- Private security and training companies



Current Operator XR customers in the USA

Operator XR: Record Contract Win



- In August, xReality Group (XRG) was awarded a contract with the Texas Department of Public Safety, for up to \$5.7 million marking the largest order to date for Operator XR's OP-2 training systems.
- The agreement comprises \$4.3 million for software licenses, systems, implementation and two years of support, with an additional \$1.4 million in optional support services across years three to five.
- Systems are scheduled for delivery in Q2 FY26, with payment due within 30 days of receipt, providing clear visibility of near-term revenues.
- There are 31 Department of Public Safety agencies in the USA.
- This award validates Operator XR's technology at scale, establishes a high-credibility reference customer in one of the largest US law enforcement agencies, and underpins XRG's broader US growth strategy.



Legacy Assets



iFLY Indoor Skydiving

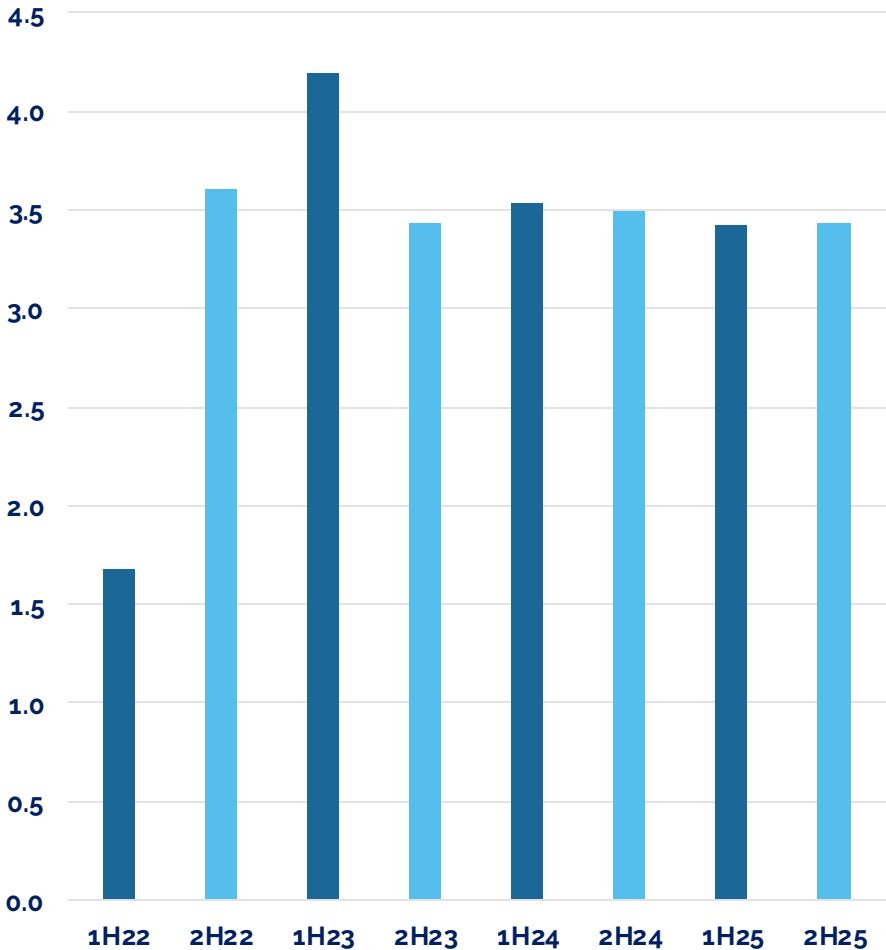
XRG owns and operates two Australian indoor flying facilities under a license agreement with the global “iFLY” Brand.

- **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.
- Facilities continue to demonstrate stability, particularly in professional and military flyer segments, delivering positive cash flow.
- The iFLY assets continued to contribute positively to XRG’s funding profile, supporting investment in the Operator XR product roadmap and the DoD project.
- XRG is reviewing corporate options for the iFLY assets as it streamlines operations and focuses on scaling the high-growth, high-margin Operator XR business.

Freak Entertainment

- The Surfers Paradise Freak venue was closed following cyclone damage with no material financial impact.
- Remaining venues across NSW are expected to be exited throughout FY26

iFLY Revenue (A\$m)



Financials



Profit & Loss



- FY25 was a strong year for XRG achieving:
 - \$14.0m in Total Revenue
 - \$11.3m in Total Contract Value
 - \$4.7m in ARR
 - 38 new customers won in FY2025
- Operator XR Revenue now contributing 37% of total Revenue and 49% of cash receipts
- US DOD project recognised \$1.7m in FY25 (\$3.9m in FY26)
- NLAT continuing to improve YoY, improving by over \$1.0m.

Profit and Loss (\$m)	FY25	FY24	Δ pcp
Enterprise (Operator XR)	5.1	0.7	610%
Enterprise Grant Income	1.3	1.1	16%
Entertainment	7.6	8.4	-10%
Revenue	14	10.2	36%
Costs of Sales	-2.4	-1.6	49%
Gross Profit	11.5	8.6	34%
Other Income	0	0	16%
Selling and marketing expenses	-6.7	-5.6	20%
Administration expenses	-2	-1.8	15%
Other expenses	-2.2	-1.5	46%
Expenses	-11	-8.9	24%
EBITDA	0.6	-0.3	na
Depreciation and Amortisation	-1.9	-2.1	10%
EBIT	-1.3	-2.4	43%
Finance Expense	-1.8	-1.7	3%
PBT	-3.1	-4.1	24%
Tax	-	-	
NLAT	-3.1	-4.1	24%
Basic EPS (cents per share)	-0.54	-0.81	33%
Diluted EPS (cents per share)	-0.51	-0.72	29%
EBITDA %	5%	-3%	

Balance Sheet



- Balance Sheet strengthening during FY25
 - Current borrowings decreased and gearing significantly reduced to \$5.0m from \$8.6m during the period due
 - Debt facility restructured out to September 2027
- Cash position improved by \$1.4m to \$2.8m
- Deferred Revenue grew to \$7.4m, comprising of
 - \$6.1m from Operator XR's unrecognised sales revenue to date
 - \$1.3m in the Entertainment division made up of pre-paid vouchers

Balance Sheet (\$m)	Jun-25	Jun-24	Δ pcp
Cash and cash equivalents	2.8	1.4	104%
Trade and other receivables	1.7	2.7	-39%
Inventories	0.3	0.2	100%
Contract asset	0.9	0.2	510%
Other financial asset	-	-	
Current Assets	5.7	4.4	30%
Property, plant and equipment	18.2	19.3	-5%
Intangible assets	7.3	5.1	43%
Right-of-use asset	12.1	12.8	-5%
Contract asset	1.1	0.3	234%
Other financial asset	0.8	0.7	6%
Non-Current Assets	39.5	38.3	3%
Total Assets	45.3	42.7	6%
Trade and other payables	4.9	2.3	112%
Lease liability	0.7	0.8	-10%
Deferred revenue	4.2	2.5	64%
Borrowings	0.3	0.3	1%
Provisions	0.6	0.5	15%
Current Liabilities	10.7	6.5	65%
Trade and other payables	0	1	-95%
Lease liability	13.9	14.1	-2%
Deferred revenue	3.2	2	66%
Borrowings	4.7	8.3	-44%
Provisions	1.2	1.3	-6%
Non-Current Liabilities	23.1	26.7	-14%
Total Liabilities	33.8	33.2	2%
Net Assets	11.5	9.4	22%

Cashflow



- Receipts from customers strongly increasing by 99% on the back of Operator XR sales and projects throughout the year.
- Net Cashflow from operations increased significantly to \$3.3m in FY25, an increase of \$3.2m from FY24.
- Sufficient cash to meet forecast working capital requirements including Texas DPS and the US DOD Project.
- The company also retains access to an additional \$1m debt facility if required.

Cash Flow (\$m)	FY25	FY24	Δ pcp
Receipts from customers	18.7	9.4	99%
Payments to suppliers and employees	-14.9	-8.8	69%
Grant and other operational income	0.2	0.2	0%
Finance costs	-0.7	-0.7	0%
NCF from Operating activities	3.3	0.1	na
Purchase of PP&E	-0.2	-2.4	92%
Payment for investment	-2.4	-	na
NCF (used in) Investing Activities	-2.5	-2.4	-4%
Proceeds from issue of securities	0.8	3.4	-76%
Net proceeds of borrowings	0.9	0.8	13%
Share issue costs	-0.2	-0.2	0%
Repayment of lease liability	-0.8	-1.0	-20%
NCF (used in) Financing Activities	0.6	3.0	-80%
Net Change in cash	1.4	0.6	na
Cash at beginning of year	1.4	0.8	75%
Cash at end of Year	2.8	1.4	100%

Outlook & Growth Strategy

Operator XR Outlook



XRG is streamlining the business, focusing on Operator XR growth.

- **Operator XR Product Development**

- Ongoing OP-2 software releases to all customers throughout the year.
- OP-2 Heavy, a fixed facility system designed for larger police agency and military customers, with additional features to enable larger and more complex scenarios.
- Counter Unmanned Aerial System (CUAS) training product, compatible with the range of OP-2 products, focused on EU and US defence markets.
- Integration of Cloud & advanced AI to enhance current and future products. AI-driven adaptive learning and automated scenario generation will optimise training effectiveness and customer ROI. AI automation reduces instructor resource and enhances training outcomes - driving efficiency, scalability, and higher margins

- **Operator XR Sales**

- Strong traction achieved in the US and Australia, with direct sales delivering material contract wins.
- New distributors onboarded during FY25 across key international markets, complementing existing partners in Europe, Southeast Asia and the Middle East.
- Investment in refining and optimising distributor relationships ensures Operator XR is represented by best-fit partners in key regions.
- Increased visibility at major international defence and law enforcement trade shows, with positive market feedback and customer referrals reinforcing demand.
- Distributor-led activity and global trade show representation expected to support accelerated sales growth into FY26.

Operator XR Journey



Operational

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> • Impact of first sale in the US, enhancing reputation and credibility • Achieved the first LE sale, \$1.7M TCV with WA Police force • Hired the first US sales manager in the US • First sale in the US in November 2023 | <ul style="list-style-type: none"> • Established entry into the US market • Built Sales and Operations teams in the US • Established regional distributors in Asia and Europe • Largest Australian Sale to a State Govt Agency for \$810k, showcasing growing demand | <ul style="list-style-type: none"> • Continued investment in the US operations, customer service and sales teams • Operational Cashflow Positive • International distribution network established across EMEA + SE Asia | <ul style="list-style-type: none"> • Scale US sales and operations • OP-2 Heavy fixed facility system launch • Counter UAS system launch • Cloud & AI launch • First international distributor sales. Grow distributor network. |
|--|--|--|--|

Financial

- | | | | |
|---|--|---|---|
| <ul style="list-style-type: none"> • Contracted TCV of \$1.4m (FY23) • 3 global customers • Revenue of \$0.6m • ARR of \$0.4m | <ul style="list-style-type: none"> • Contracted TCV of \$4.1m (FY24) • 29 global customers • Revenue of \$0.7m • ARR of \$2.2m | <ul style="list-style-type: none"> • Contracted TCV of \$11.3m • 67 global customers • Revenue of \$5.1m • ARR \$4.7m growing at 114% from FY24 | <ul style="list-style-type: none"> • Continue rapid growth across global markets with current momentum expected to continue through FY26 |
|---|--|---|---|

Company Outlook



- XRG enters FY26 with a significantly strengthened balance sheet, lower gearing and a simplified structure following FY25 initiatives (execution of debt-to-equity, refinancing of debt and conducting a strategic placement).
- FY26 balance sheet reflects
 - Debt reduced 43%, from \$8.7m to \$5.0m
 - Cash position strengthened from \$1.4 to \$2.8m
- The Company has already delivered a strong start to FY26 with major contract wins, including the \$5.71m Texas State contract and a \$2.1m government grant, which confirm strong momentum.
- Operator XR is scaling rapidly, underpinned by a large and expanding US pipeline, a fast-evolving product roadmap, and valuable outputs from the US DoD project that enhance capability and future sales prospects.
- Strategic investment in onboarding global distributors is expected to accelerate access to Tier 1 customers and unlock whole-of-government opportunities in FY26 and beyond.
- The Company continues to review corporate options for its iFLY assets, while operations remain profitable and cash generative, contributing to group performance during the transition.
- The Company believes that the groundwork XRG has put in place over the past few years, combined with significant tailwinds from global defence and law enforcement expenditure provide a favourable backdrop for this year's growth.

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Appendix

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



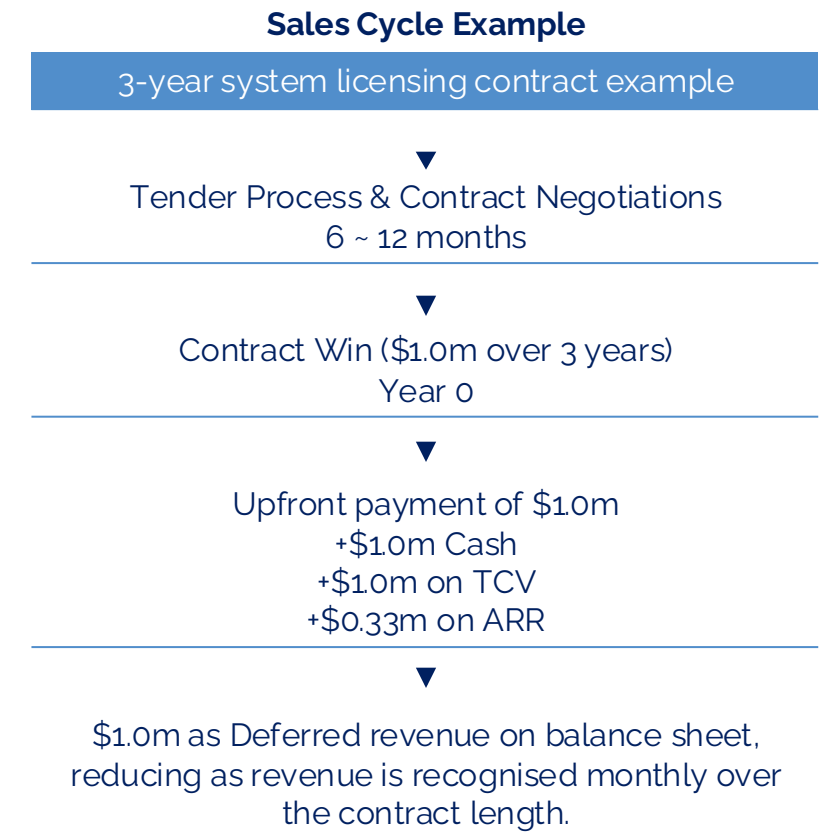
- Operator XR has developed a tactical level system that is highly scalable and affordable

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

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
	Milestone Based	Upon Delivery	Upon Delivery
Payment	Tied to the completion of specific milestones	Licensing sales are mostly paid entirely 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



Key Offerings Summary

Software

- Developed in-house, the OP-2 software uses advanced multi-user networking, allowing groups of trainees in the same physical space to train in any virtual location.

User Created Scenarios

- Teams can quickly design mission-specific scenarios to train for real-time situations.

Hardware

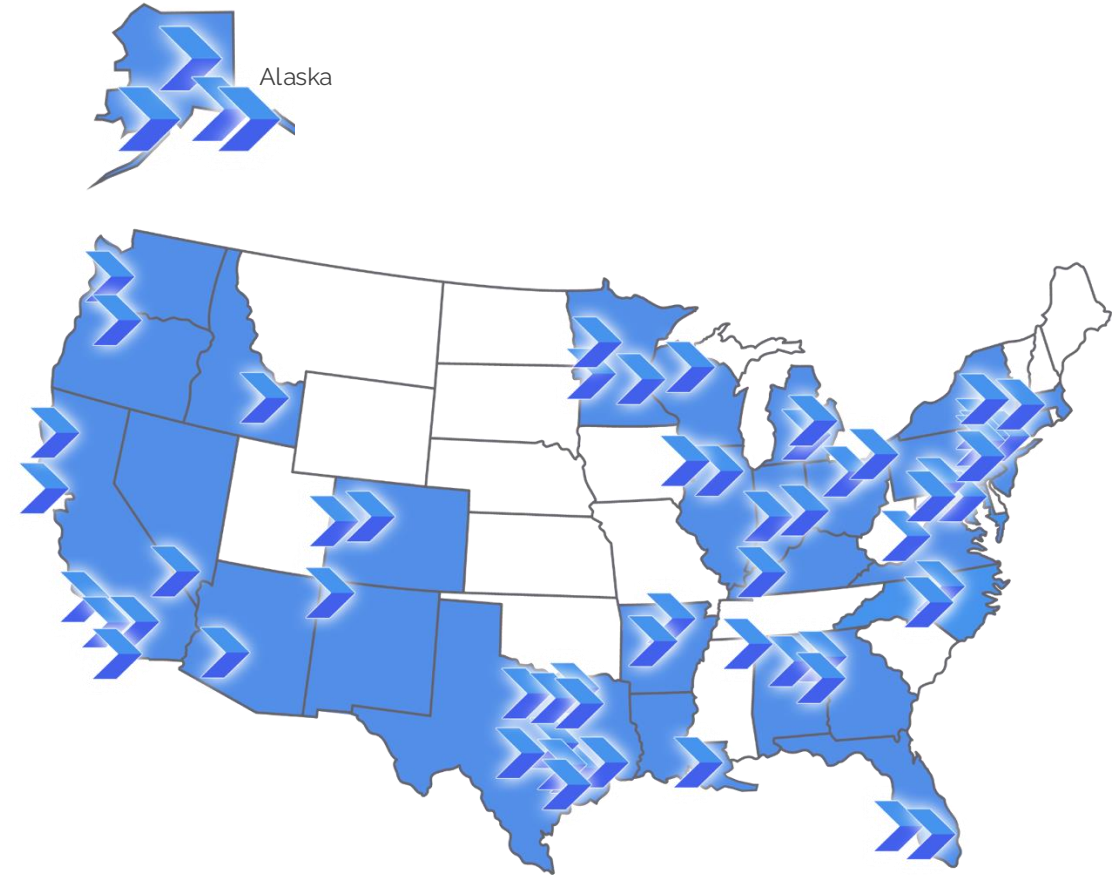
- Training weapons and sensors designed and manufactured in-house in Australia, combined with COTS VR technology. Tailored solutions for both Military and Law Enforcement.

Portable & Secure

- It sets up in minutes, no internet is needed and operates anywhere. Unmatched flexibility in field conditions.

Designed for Operators

- Built for real-world defence and law enforcement needs, allowing users to train with their own weapons and equipment. Designed by in-house subject matter experts.



U.S. states where XRG has sold Operator XR units

The System

Operator XR: OP-2 for Military and Law Enforcement

- Enables military to conduct virtual missions using their own specific service weapons and equipment. True integration of combat equipment for immersive near-real experience.
- Law enforcement officers can train operational tactics and procedures more often, leading to safer outcomes in the field for Officers and the Public.
- Users can upskill tactics, techniques and procedures while operating safely in simulated high-stress and high-risk simulated environments.
- Fully mobile system can be deployed at small sites through to large government agencies at scale.
- System operates offline with no I.T. support required.
- Extensive After-Action Review for deep learning outcomes.



The Software

Operator XR: OP-2 Scenario Creator Suite

- Instructors can design fully customised and interactive training environments for their unique requirements.
- Library of high-quality pre-built scenes and interactive props, including vehicles, forensic evidence, cover options, and everyday objects.
- Accurately recreate real-world floor plans, from simple structures to complex facilities.
- Adapt the environment in real-time to challenge trainees and address specific training needs as they arise.
- Instructor-controlled characters and ability to act as real-life suspects using a role player headset for de-escalation and critical thinking skills.



Total Addressable Market

1% of Global Market = **US\$33m ARR**



1. Operator XR Pty Ltd Sydney, AUS
2. Operator XR LLC Virginia, USA

Total Addressable Market	Annual Recurring Revenue > Market Share Sensitivity (USD\$m)					
	1%	3%	5%	10%	20%	Total Market
Law Enforcement						
United States	2.73	8.19	13.65	27.30	54.61	273.04
Rest of the World	4.10	12.29	20.48	40.96	81.91	409.56
<i>Law Enforcement ARR</i>	<i>6.83</i>	<i>20.48</i>	<i>34.13</i>	<i>68.26</i>	<i>136.52</i>	<i>682.60</i>
Military						
United States	10.75	32.24	53.74	107.48	214.96	1,074.80
Rest of the World	16.12	48.37	80.61	161.22	322.44	1,612.20
<i>Military ARR</i>	<i>26.87</i>	<i>80.61</i>	<i>134.35</i>	<i>268.70</i>	<i>537.40</i>	<i>2,687.00</i>
Combined						
United States	13.48	40.44	67.39	134.78	269.57	1,347.84
Rest of the World	20.22	60.65	101.09	202.18	404.35	2,021.75
Total ARR	33.70	101.09	168.48	336.96	673.92	3,369.59

\$3.37BN total addressable market for dismounted soldier and police officer immersive training.

*Source - company research, BLS Census of State and Local Law Enforcement Agencies (CSLLEA), 2008 (ICPSR 27681), Bureau of Justice Statistics, Census of Federal Law Enforcement Officers, fiscal years 2016 and 2020.