XRG
XREALITY GROUP LIMITED

Investor Presentation

Ord Minnett Defence & Defence Materials Conference

28 October 2025

Introduction to xReality Group

Who is xReality Group?

- 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.

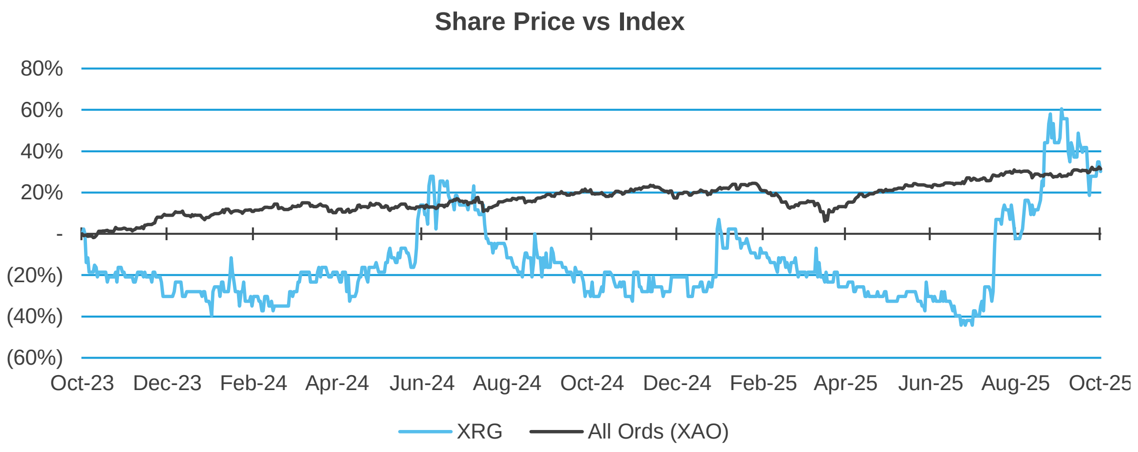
What's next and what's our growth strategy?

- Increased product development within the next 6 months including the release of:
  - **Operator XR Sentinel** (OP-2 Heavy) – A larger scale fully interoperable system designed for Military and larger whole of government customers worldwide.
  - **Operator XR C-UAS** – Designed for the tactical application of counterdrone tactics, techniques and procedures in an immersive environment
- Global expansion outside of the USA
  - Increasing Distribution network across Europe and APAC due to popular demand

Financial Snapshot	
Shares on Issue	745,407,925
Total Options	34,857,142
Market Cap	$43.2m (@0.058)

Top 5 Shareholders	Shares (m)	%
Birkdale	192	26%
Wayne Jones	53	7%
Kim Hopwood	36	5%
BNP Paribas Noms (NZ)	33	4%
Patagorang Pty Ltd	22	3%
Top 5	**337**	**45%**

Share Price & Volume



Core Product: OPERATOR XR

XRG

Problem

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

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- 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

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- 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

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- 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

Operator XR: What makes us unique?

Deep subject knowledge and experience

- Operator XR is lead and operated by Special Forces and Law Enforcement veterans with extensive experience in field operations, software and technology.
- All software & electronics development is created in-house by some of the worlds most talented and innovative engineers and technology experts.

Unique product with high barriers to entry

- Unmatched whole of product that is portable, immersive and secure.
- Advanced authoring system enables end users to create their own content without specialist skills.

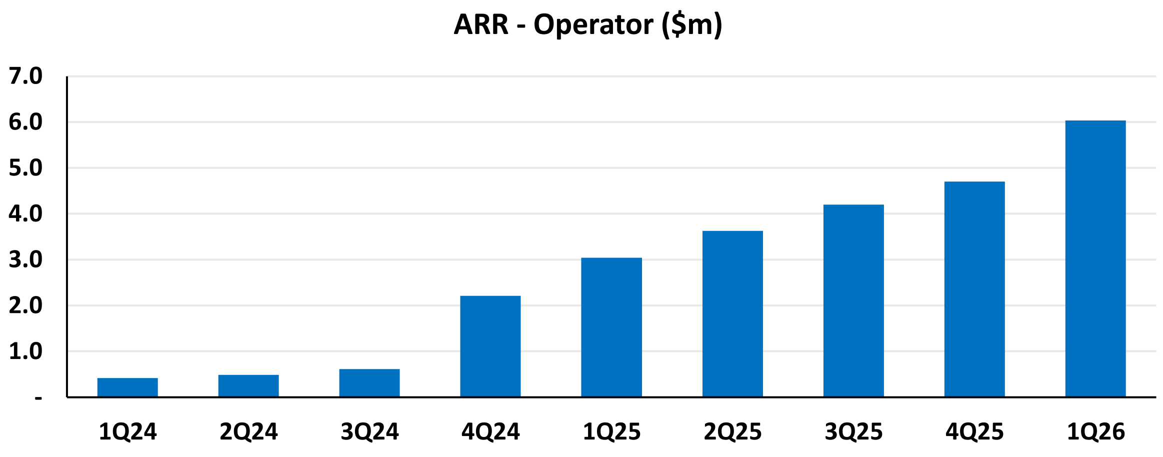
Integration of proprietary hardware and software

- Operator XR systems include in house developed physical training sensors enabling live weapons to be used in training.
- Electronic sensors provide weapons analytics into the Operator XR software, for powerful debriefing beyond what is available in the real world.

No other product in the world can do what Operator XR can do

Operator XR: Rapid Growth

- Operator XR Annual Recurring Revenue (ARR) at the end of the quarter was $6.0m (up 28% in the quarter).
- Operator XR Growth in Sales - Total Contract Value for FY26 YTD is $6.3m after a strong first quarter.
- Operator XR has seen continued expansion:
  - 200+ deployed systems worldwide.
  - 80 customers (individual agencies).
  - Operator XR systems used in 30 US States.
- Operator XR's growth is materially transforming XRG, driving both revenue expansion and scalable long-term growth.

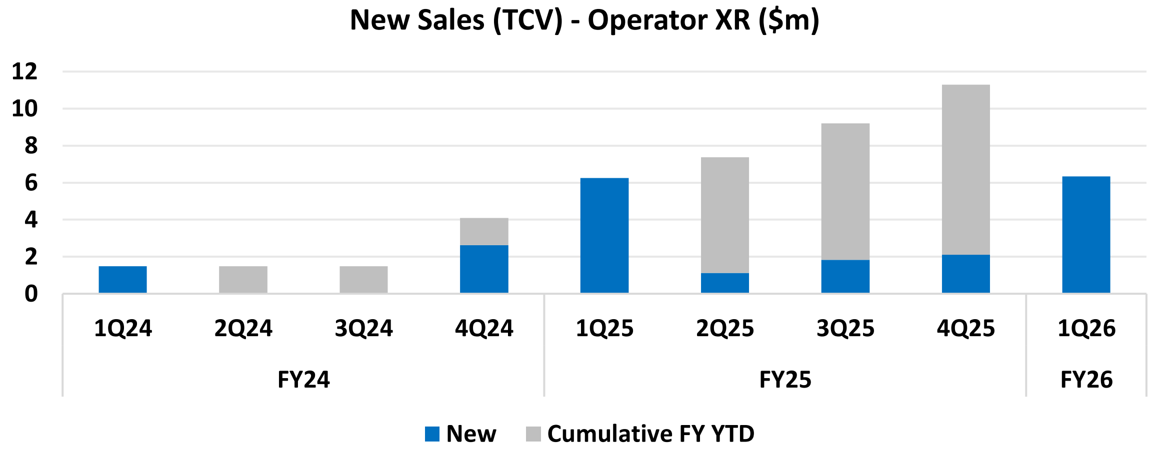


XRG Direct US Sales update

- Increased sales staff and customer support functions.

- DOD/DOW momentum gained landing US Air Force and Space Force.

- General Manager USA appointed with a mandate to expand footprint.



Operator XR: Continued Wins

XRG is winning in the VR Space

US Market

- **72** individual Agencies
    - Law Enforcement - federal, state and county departments.
    - Military – including National Guard, Air Force, Space Force

US Department of Defense Project

- 20-month project valued at **$5.6m AUD**
- 6 months remaining on the project with $2.4m received to date
- $3.2m to be received across milestones between Nov 25- May 26
- XRG owns all IP developed through the project, feeding into product road map and future government opportunities

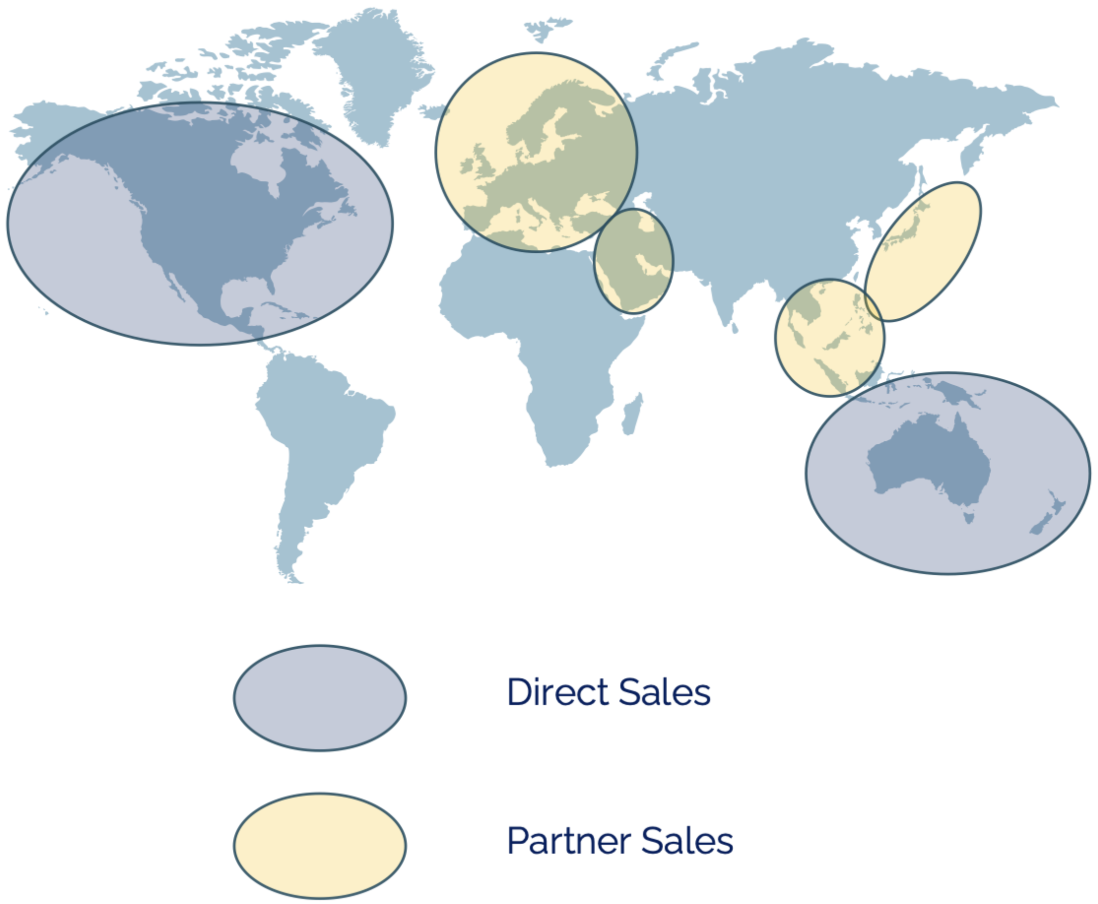
Australian Customers

- **8** Individual Agencies
    - Australian Defence Force
    - Australian Federal Police and other Federal Agencies
    - Australian State Police and other Government Departments
    - Private security and training organisations

Current Operator XR customers in the USA

Operator XR: Global Market

Total Addressable Market (TAM)	ARR > Market Share Sensitivity (USD $m)					
	1%	3%	5%	10%	20%	Total Market
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**



** 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*

Texas DPS: Record Contract - Update

- 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 licences, systems, implementation and two years of support, with an additional $1.4 million in optional support services across years three to five.

- The delivery of systems to the customer has been staged as four equal tranches. The company has commenced delivery with the first tranche delivered on the 20th October 2025. The second tranche was dispatched on the 24th October and the final remaining two tranches will to be delivered in November 2025.

- Cash receipts from each tranche is expected 30 days from delivery, with the total payment for the initial order of $4.3m to be received prior to the end of December 2025.

- **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.**

- **There are 31 Department of Public Safety agencies in the USA.**

DoD Project: Contract Update

- On the 11th of September 2024, the company announced an R&D project with the US Department of Defense valued at $5.6m.
  - The 20-month project continues to progress well with 6 months left on the project.
  - Delivery progress under DoD project – on track to complete May 2026. 10 milestones completed with 7 more milestones remaining.
  - $2.4m payments received, $3.2m to be received by May 2026.
  - IP developed in the project is owned by XRG.
- The project will result in a new training capability not currently available in the market.
  - Commercialisation plans are in progress to roll out the technology across a range of products and markets covering law enforcement and military use cases.
  - This will provide significant differentiators in Operator XR's future products.

ROW Markets: Significant opportunities

Continued new business momentum across rest of world markets

APAC

- Operator XR Distributors throughout the APAC Region are gaining further momentum in multiple markets across the region.
  - Japan – Exhibited at 2 major defence trade shows including DSEI (May) and SEECAT (October) resulting in personal demonstrations and proposals through local distributors.
  - Demonstrations have also occurred in Taiwan and South Korea following the successful conferences.
  - Singapore – an invitational demonstration as part of a live RFP was conducted to the Singapore Government in early October.
  - Philippines - a series of demonstrations was conducted to multiple military and law enforcement agencies in early October.

Europe

- European momentum continues following a successful trade show in London in September and the successful completion of a 3-month trial with the UK MOD.
- Multiple countries across Europe have expressed interest in personalised demonstrations to both Defence and Law Enforcement agencies.
- Swedish Distributor has successfully demonstrated the OP-2 system to multiple agencies across the region.
- Distribution network expansion planned over the next 6 months

Product Development

Significant new product pipeline to unlock new markets and expand existing accounts

- New product development costs are being offset by a $2.1m Government grant through the Industry Growth Program.
- This 2-year grant, awarded in August 2025, is contributing funding to develop:
  - Advanced AI integration into all products, enabling personalised training scenarios, de-escalation training, and instructor augmentation.
  - Operator XR Sentinel: A larger fixed facility product focused on military and federal agency customers.
  - Counter UAS training systems.
  - Cloud based content subscription and customer analytics.
- Further development of the existing OP-2 product includes:
  - Integration of new weapons systems.
  - Advanced functionality for specialised law enforcement and military use cases.
  - Increasing breadth of 3D scenes and assets libraries, gearing up for content subscription.
- Roadmap driven by customer feedback.

Operator XR Journey

FY23	FY24	FY25	FY26
Operational			
• 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	• 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	• Continued investment in the US operations, customer service and sales teams • Operational Cashflow Positive • International distribution network established across EMEA + SE Asia	• Scale US sales and operations • Sentinel fixed facility system launch • Counter UAS system launch • Cloud & AI launch • First international distributor sales. Grow distributor network.
Financial			
• Contracted TCV of $1.4m (FY23) • 3 global customers • Revenue of $0.6m • ARR of $0.4m	• Contracted TCV of $4.1m (FY24) • 29 global customers • Revenue of $0.7m • ARR of $2.2m	• Contracted TCV of $11.3m • 67 global customers • Revenue of $5.1m • ARR $4.7m growing at 114% from FY24	• YTD Contract TCV of $6.3m • 80 global customers • Pipeline increased 40% to $51m • Continue rapid growth across global markets with current momentum expected to continue through FY26

Company Outlook

- The Company has already delivered a strong start to FY26 with major contract wins, including the $5.7m Texas State contract and a $2.1m government grant, which confirm strong momentum.
    - YTD TCV $6.3m
    - End of Q1 ARR of $6m
    - Qualified Sales Pipeline has increased to $51m (up 40% QoQ)
- 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.

Contact

Wayne Jones
Chief Executive Officer
wjones@xrgroup.com.au

Kim Hopwood
Chief Operating Officer
khopwood@xrgroup.com.au

www.xrgroup.com.au

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