



XREALITY GROUP LIMITED

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# INVESTOR PRESENTATION

FY25 Full Year Results

*29 August 2025*

OR  
RXXR.COM

# 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

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

## Top Shareholders

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

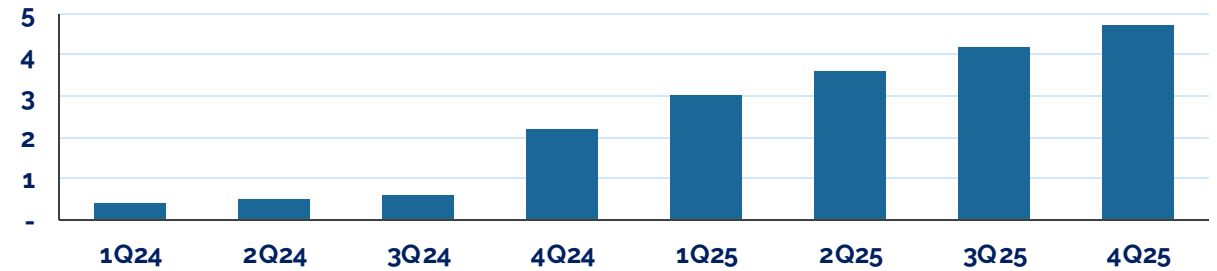
# FY25 Results



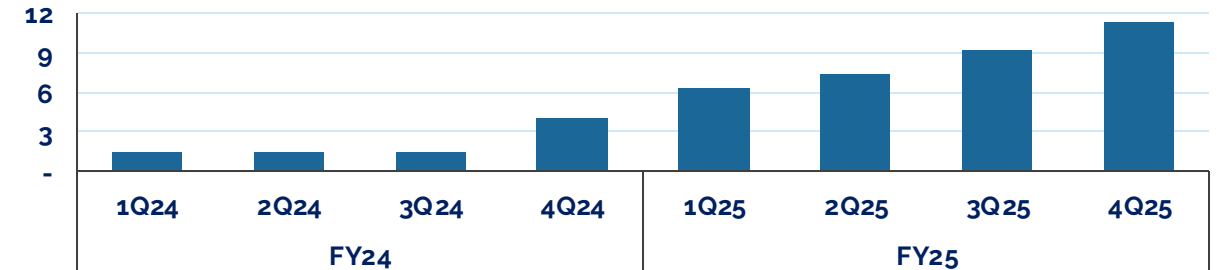
# Operator XR

- 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

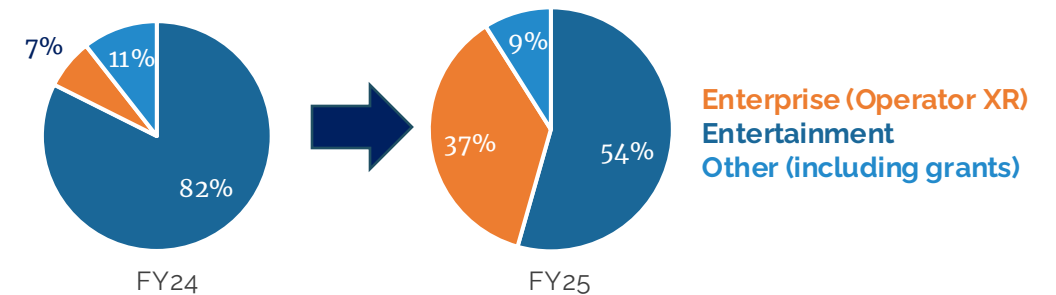
ARR - Operator (\$m)



New Sales (TCV) - Operator (\$m)



XRG's Changing Revenue Profile



# Operator XR: Continued Wins

## XRG is winning in the VR Space

### US Law Enforcement

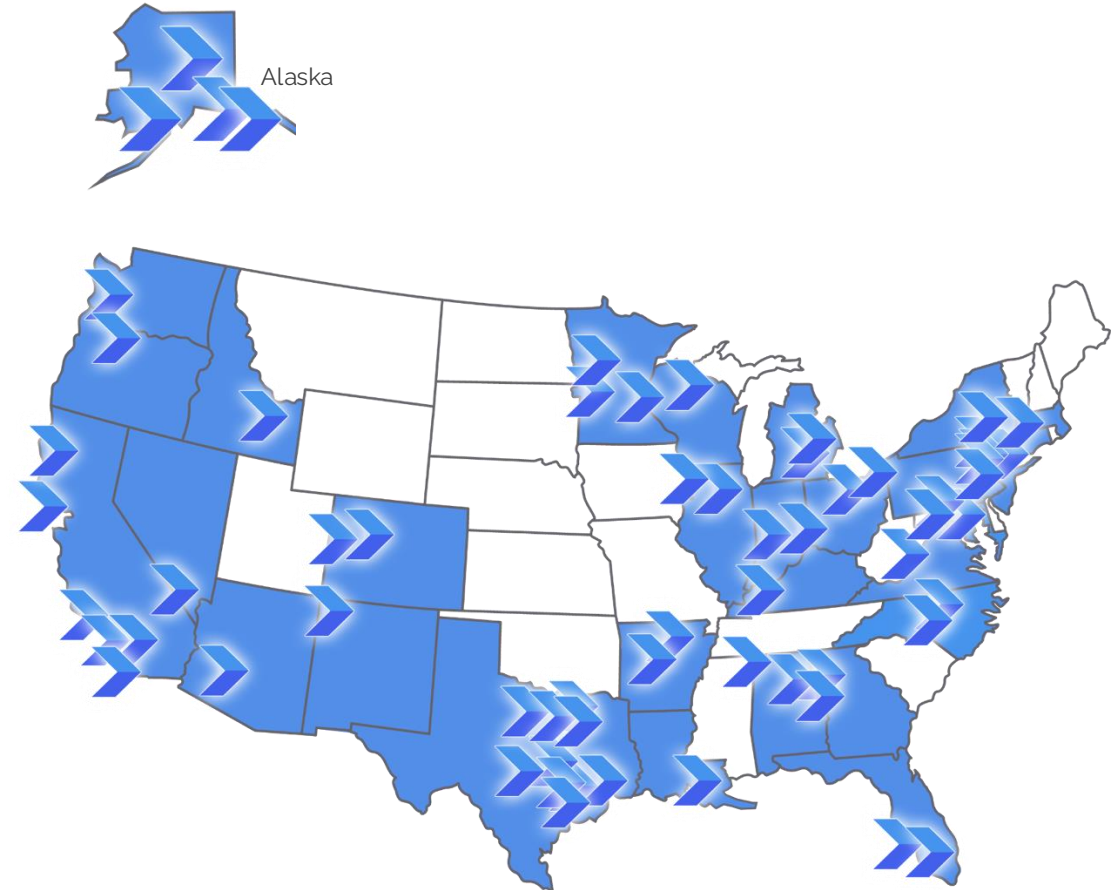
- **60** individual Agencies including federal, state and county departments
- Recently signed first Department of Public Safety (Texas) c.\$5.7m

### 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

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# 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.



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# 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.

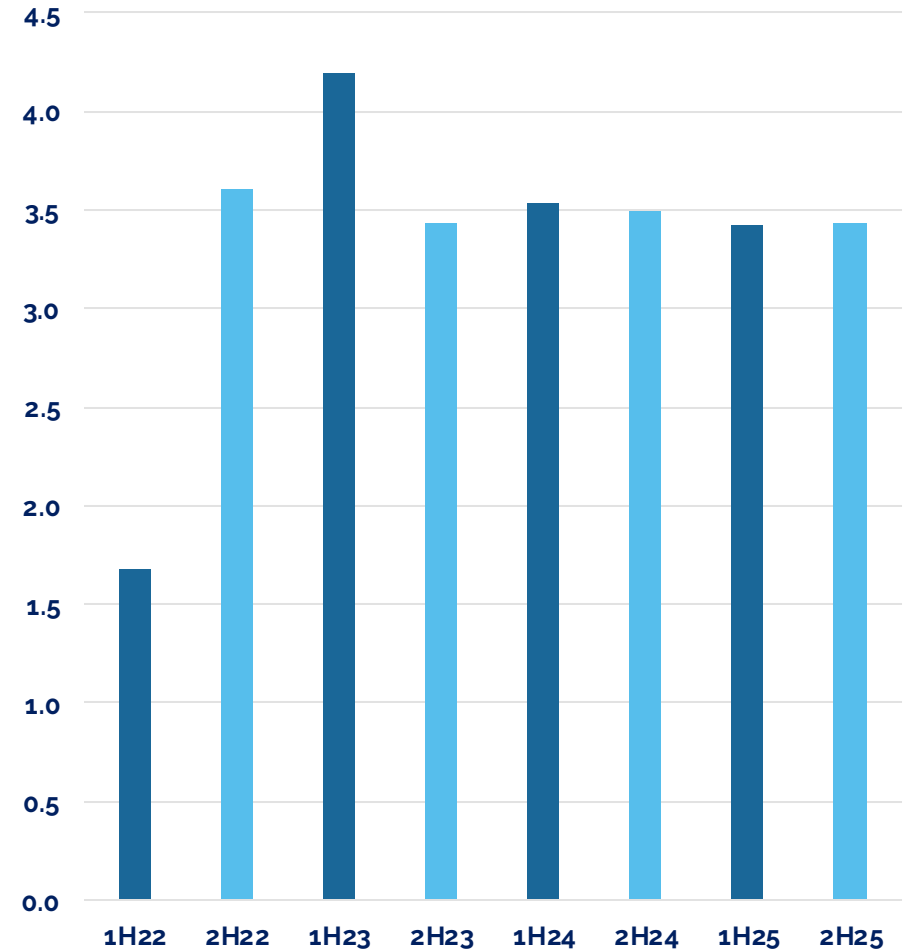
- XRG is reviewing corporate options for the iFLY assets as it streamlines operations and focuses on scaling the high-growth, high-margin Operator XR business.

## 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)



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# 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%
<b>Revenue</b>	<b>14</b>	<b>10.2</b>	<b>36%</b>
Costs of Sales	-2.4	-1.6	49%
<b>Gross Profit</b>	<b>11.5</b>	<b>8.6</b>	<b>34%</b>
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%
<b>Expenses</b>	<b>-11</b>	<b>-8.9</b>	<b>24%</b>
<b>EBITDA</b>	<b>0.6</b>	<b>-0.3</b>	<b>na</b>
Depreciation and Amortisation	-1.9	-2.1	10%
<b>EBIT</b>	<b>-1.3</b>	<b>-2.4</b>	<b>43%</b>
Finance Expense	-1.8	-1.7	3%
<b>PBT</b>	<b>-3.1</b>	<b>-4.1</b>	<b>24%</b>
Tax	-	-	
<b>NLAT</b>	<b>-3.1</b>	<b>-4.1</b>	<b>24%</b>
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	-	-	
<b>Current Assets</b>	<b>5.7</b>	<b>4.4</b>	<b>30%</b>
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%
<b>Non-Current Assets</b>	<b>39.5</b>	<b>38.3</b>	<b>3%</b>
<b>Total Assets</b>	<b>45.3</b>	<b>42.7</b>	<b>6%</b>
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%
<b>Current Liabilities</b>	<b>10.7</b>	<b>6.5</b>	<b>65%</b>
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%
<b>Non-Current Liabilities</b>	<b>23.1</b>	<b>26.7</b>	<b>-14%</b>
<b>Total Liabilities</b>	<b>33.8</b>	<b>33.2</b>	<b>2%</b>
<b>Net Assets</b>	<b>11.5</b>	<b>9.4</b>	<b>22%</b>

# 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%
<b>NCF from Operating activities</b>	<b>3.3</b>	<b>0.1</b>	<b>na</b>
Purchase of PP&E	-0.2	-2.4	92%
Payment for investment	-2.4	-	na
<b>NCF (used in) Investing Activities</b>	<b>-2.5</b>	<b>-2.4</b>	<b>-4%</b>
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%
<b>NCF (used in) Financing Activities</b>	<b>0.6</b>	<b>3.0</b>	<b>-80%</b>
Net Change in cash	<b>1.4</b>	<b>0.6</b>	<b>na</b>
Cash at beginning of year	1.4	0.8	75%
<b>Cash at end of Year</b>	<b>2.8</b>	<b>1.4</b>	<b>100%</b>

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# Outlook & Growth Strategy

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

## Financial

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

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# Company Outlook

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- 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.

# Contact

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# Appendix

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# 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



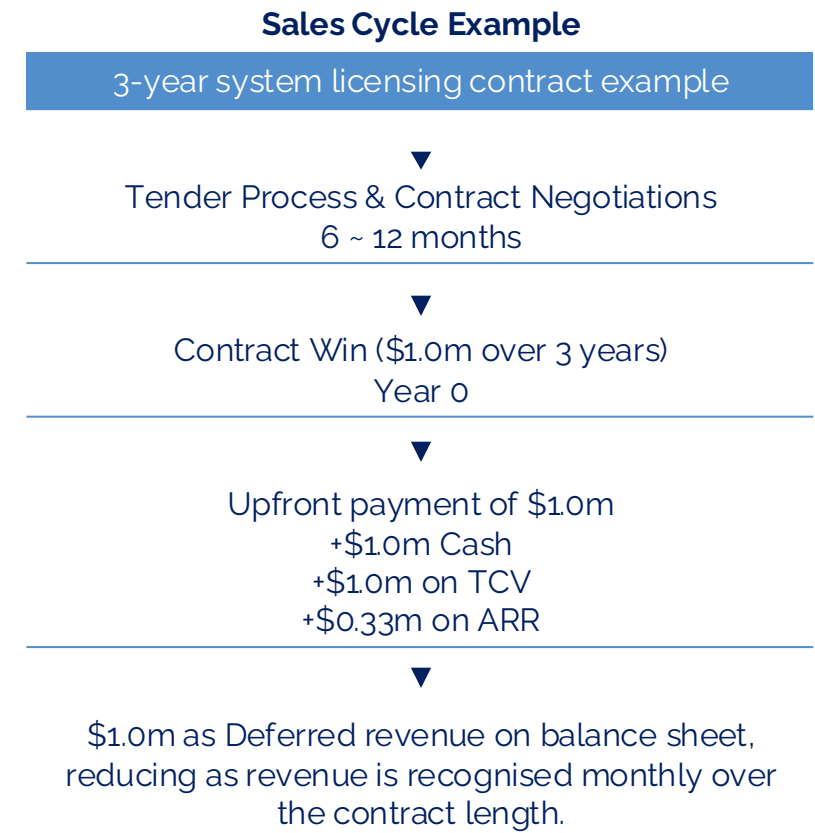
- Operator XR has developed a tactical level system that is highly scalable and affordable

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

	<b>Customer Projects</b>	<b>System Licensing</b>	<b>Enterprise Model</b>
<b>Revenue Streams</b>	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
<b>Payment</b>	<b>Milestone Based</b> Tied to the completion of specific milestones	<b>Upon Delivery</b> Licensing sales are mostly paid entirely upon delivery	<b>Upon Delivery</b> 100% paid upfront on an annual basis
<b>Revenue Recognition</b>	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



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# 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

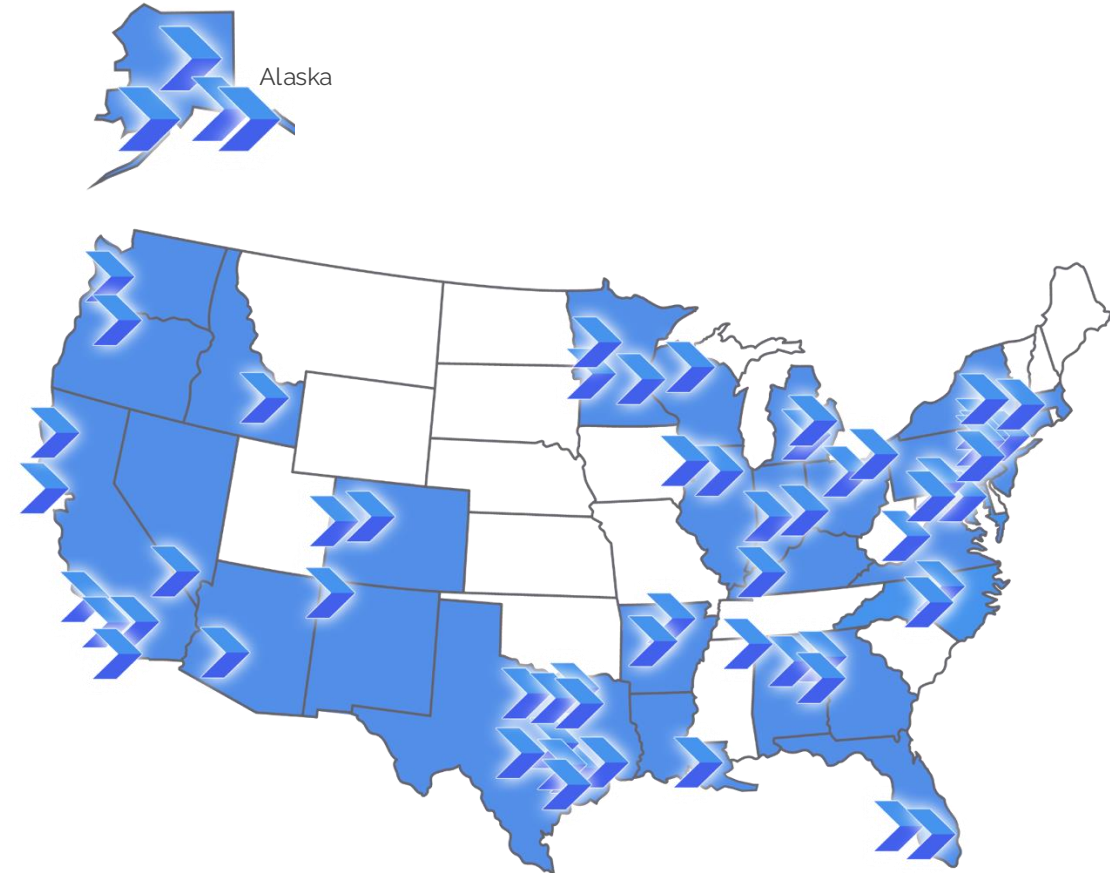
- Training weapons and sensors designed and manufactured in-house in Australia, combined with COTS VR technology. Tailored solutions for both Military and Law Enforcement.

## 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.



OPERATOR XR

# 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
<b>Law Enforcement</b>						
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>
<b>Military</b>						
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>
<b>Combined</b>						
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
<b>Total ARR</b>	<b>33.70</b>	<b>101.09</b>	<b>168.48</b>	<b>336.96</b>	<b>673.92</b>	<b>3,369.59</b>

**\$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.

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