



XREALITY GROUP LIMITED



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Henslow Defence Conference Presentation

27 May 2026



Executive Summary

Delivering next-generation immersive training to defense and law enforcement globally

Company Overview

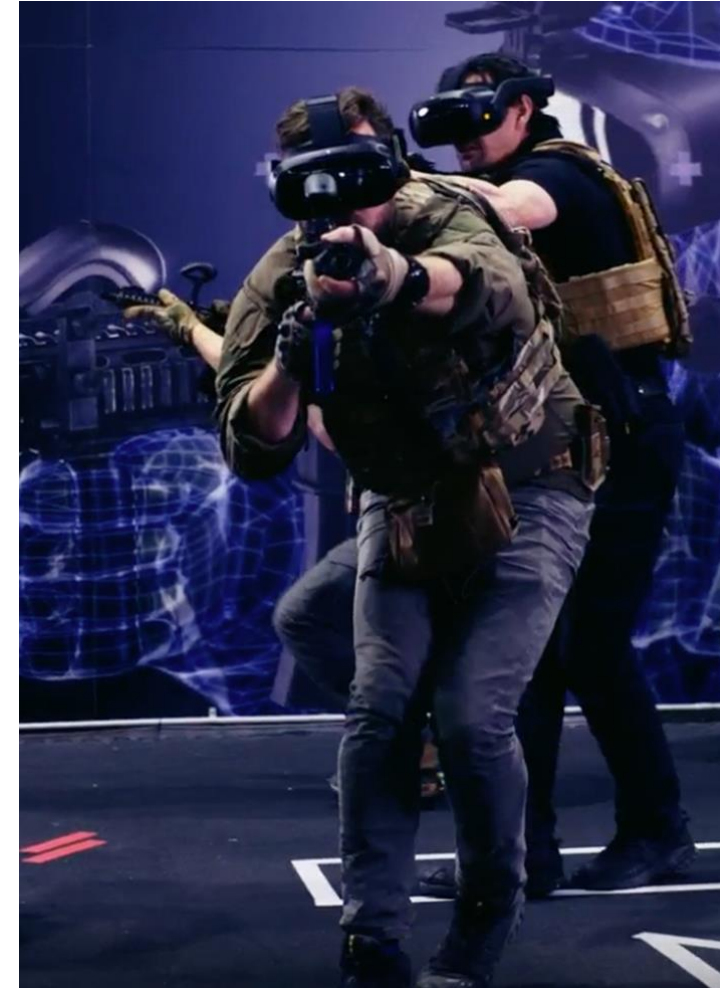
- XReality Group (XRG) is a market leader in immersive Extended Reality (XR) solutions, offering both VR and MR experiences.
- Current portfolio includes advanced global defence and law enforcement XR training and simulation products, and entertainment businesses including VR entertainment and indoor skydiving facilities.
- XRG's core product, Operator XR, is significantly outpacing the legacy entertainment segment across operator adoption, revenue and scalability.

FY26 YTD (April EoM)

- Record ARR of \$7.4m and 108 global customers, with 100 across US federal, state and local tiers.
- Total revenue of \$16.0m YTD at an 84% gross margin.
- First commercial MR-1 sale completed to a US DoD customer in April 2026
- First European contract secured with the Swedish Armed Forces announced 20 May 2026.

Growth Strategy

- XRG's primary growth lever is scaling Operator XR globally across its full product suite: OP-2 AND MR-1 (Mixed Reality) with Interceptor (C-sUAS) from FY 27
- The company is pursuing larger, longer-cycle defence contracts through the Australian DoD Global Supply Chain Program and multi-prime engagement, while expanding its international distribution network across Europe, Asia-Pacific and the Middle East.



Capital Structure & Trading Data

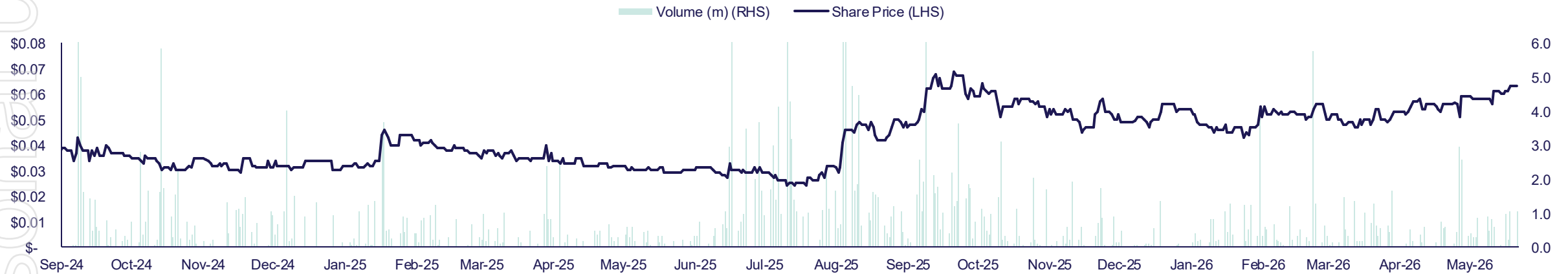
Company Snapshot

CAPITAL STRUCTURE

Item	Value
Shares on issue	752.1m
Total options on issue	34.9m
Share Price	\$0.065
Market capitalisation	\$51.2m
Closing cash (31 Mar 26)	\$2.7m
Drawn debt (31 Mar 26)	\$4.7m

TOP SHAREHOLDERS

Holder	Shares (m)	%
Birkdale	192	26%
Wayne Jones (CEO)	55	7%
Kim Hopwood (Exec Director)	38	5%
BNP Paribas Noms (NZ)	33	4%
Patagorang Pty Ltd	22	3%
Top 5	338	45%



FY26 YTD Financial Results

Strong gross margins and growing Operator XR revenue

Group Results (YTD April 2026)

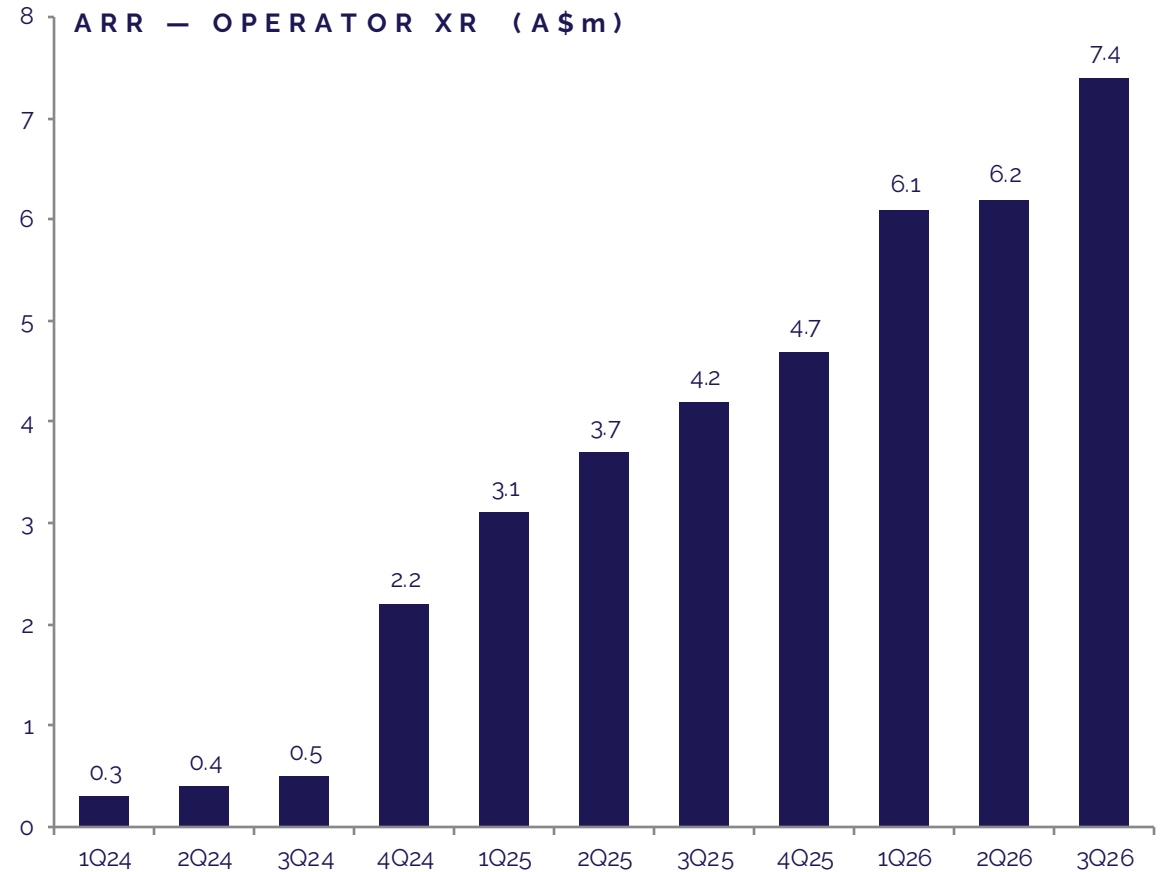
- Total revenue of \$16.0m
- Total ARR of \$7.4m
- Total TCV of \$11.2m
- Gross profit of \$13.5m at an 84% gross margin
- Positive net profit
- \$12.8m deferred revenue (vs \$7.4m June 25)

Revenue by Segment (YTD)

- Operator XR: \$9.3m, reflecting the switch to the growing recurring revenue base.
 - Includes annual RDTI \$1.3m & IGP grant \$1m
- Entertainment \$6.7m

Outlook

- Operator XR is the primary cashflow growth driver, supported by the entertainment segment's ongoing contribution.
- Growth is underpinned by US market penetration and commercialisation of new products.



Core Business: 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 Business: OPERATOR XR

The world's leading immersive XR training platform for defence and law enforcement

What is Operator XR

- Operator XR is XRG's core defence and law enforcement product, delivering immersive VR and MR training systems to government and industry customers globally.
- The platform trains operators across small arms close quarters battle, use of force decision making, tactics techniques and procedure (TTP) development, and now counter-drone scenarios — **in both virtual and mixed reality.**
- 108 global customers, and a growing installed base across the full US federal, state and local tiers.

Product Suite

- **OP-2:** the core VR tactical training system, deployed across 100 US customers and now into NATO and Asia-Pacific markets.
- **MR-1:** mixed reality capability delivering training in real-world locations, no facility required — first commercial US DoD sale completed April 2026.
- **Interceptor:** Counter-sUAS training system, purpose-built for the rapidly growing C-sUAS operator training market.
- **Sentinel:** higher-tier system in development for Tier 1 SOF and large training academy customers.
- OP-2 is now proven. Over 100 customers globally with a rapidly expanding pipeline (\$74.4m end Q3FY26).

Momentum

- DoD's investment in MR-1 R&D has validated and de-risked XRG's product development model, with commercial conversion already underway.
- International distribution is now generating contracted revenue including Sweden and Japan, opening new markets beyond the US & Australian base.



US Business & International Wins

Scaling from the US base and winning internationally

US Business: Continuing growth trajectory

- 108 global customers with 100 in the US across federal, state and local law enforcement, education and corporate security.
- Sales cadence continues to grow, generating increasing cashflow to support ongoing product investment and international expansion.

First MR-1 Commercial Sale

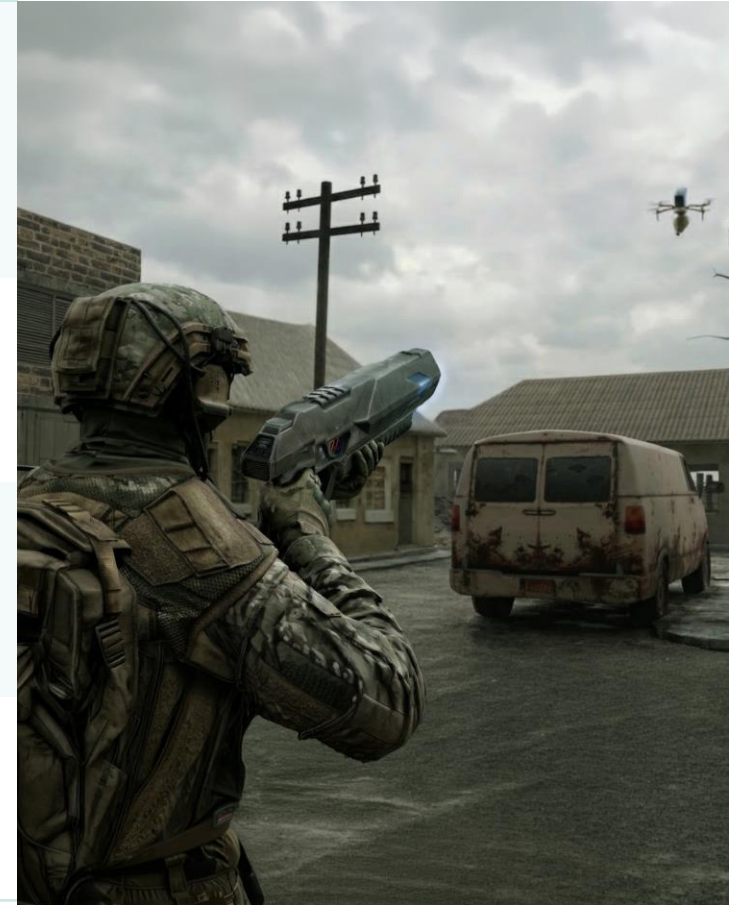
- The first commercial MR-1 sale was completed to a **US DoD customer** in Q4 FY26, distinct from the entity that funded the original R&D program.
- This validates product-market fit and XRG's ability to convert a completed R&D program into independent commercial revenue within the same customer ecosystem.

First European Contract

- Operator XR secured its first European contract in May 2026, an OP-2 system sold to an end-user within the **Swedish Armed Forces** via distributor Promoteq, with delivery scheduled Q4 FY26.
- XRG's first deployment with a NATO member's armed forces, establishing a reference customer for the broader European pipeline.

First Asia-Pacific Sale

- Operator XR completed its first commercial sale into **Japan** via an APAC distribution partner in H1 FY26, as disclosed in the Q3 FY26 quarterly.
- Opens the Asia-Pacific defence and maritime training market and validates the APAC distributor model.



New Product | MR-1

Mixed Reality tactical training system

- MR-1 operates in real-world locations including bases, shoot houses, transit hubs, nuclear facilities, embassies and critical infrastructure, removing the need for a dedicated VR facility.
- Use OP-2 in an empty warehouse, classroom, or any open indoor space
- Use MR-1 in your real world training facility or operational environment
- MR-1 provides the digital threat layer to train in the real, physical world. This unlocks immersive training scenarios on physically large-scale infrastructure sites, outdoor MR (which VR cannot service) and in-situ critical facilities.
- MR-1 supports XRG to help customers 'train as you fight', narrowing the gap between training fidelity and capability responding to real-world threats.
- New segments opened include all military and law enforcement agencies that train in real locations or have existing training facilities.
- XRG is differentiated by its training stack and a completed DoD-funded R&D program that has already converted into a commercial sale.
- No credible dismantled MR training product exists at scale, tackling an unaddressed training opportunity.



New Product | OP-2 Interceptor

Counter-small Unmanned Aircraft Systems (C-sUAS) tactical training product for dismounted troops

- C-sUAS training for dismounted troops is expensive and hard to replicate real world scenarios. Simulation is a natural fit.
- C-sUAS is a 'system of systems' with kinetic and non-kinetic defense platforms. OP-2 Interceptor is built to integrate into current and future C-sUAS devices matching the end users configuration.
- Soldier training programs are currently limited, XRG's background in Special Operations is an advantage in developing the right product for the need.
- Large "programs of record" in the training domain are starting to surface with no clear incumbent.
- US DoD: Army, Marines, USAF Security Forces and the broader Joint Interagency Task Force 401 (JIATF-401) user base.
- ADF LAND 156 project: \$7bn over 10 years for C-UAS, including training capability.
- US State and local LE: every agency drawing \$500M Federal Emergency Management Agency (FEMA) grant funding for C-UAS mitigation is by regulation a candidate training customer.



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Prime & Distributor Relationships

Accessing larger contracts through primes, and validating global distribution

Channel Overview

- XRG sells direct to law enforcement (LE) and military (MIL) customers which is supported indirectly by a growing international distributor network and prime contractor relationships.
- Direct sales target US federal, state and local LE (100 customers) and DoD, while distributors drive international revenue across Europe and APAC, and prime engagement via the Australian DoD Global Supply Chain Program provides a pathway to larger, longer-cycle contracts.
- XRG's primary structured pathway to prime relationships is the Australian DoD Global Supply Chain Program

Defence Primes Strategy

- Of 13 participating primes, 9 including BAE Systems, Lockheed Martin, Rheinmetall, Thales, Boeing, Saab, L3Harris, Babcock and HII explicitly list Simulation & Training as a category being sourced from Australian suppliers.
- Operator XR is positioned as a low-integration, exportable capability that primes can bundle into global offerings without cannibalising their existing fixed-site products.

Global Distribution

- The distributor model has produced its first commercial results in two regions: the Swedish Armed Forces contract via Promoteq (Europe), and the first Japan sale via the APAC distribution partner.
- Distributor coverage is being actively expanded across ASEAN, Europe, the Middle East and Central America, with selection driven by proven defence and law enforcement channels.

CY26 Major Trade Shows

- H1: SHOT Show (Jan), Singapore Airshow (Feb), EnforceTac (Feb, Germany), ITEC (Apr, London), SOF Week (May, Tampa), Eurosatory (Jun, France).
- H2: Land Forces 2026 (Sep, Australia), AUSA (Oct, Washington DC), IACP (Oct, Orlando), ALERRT (Nov, Texas), I/ITSEC (Dec, Orlando).



ALERRT Partnership

A longer-term strategic relationship with the US national standard for active threat response training

Partnership Overview

- Advanced Law Enforcement Rapid Response Training (ALERRT) is the US national standard for active threat response training, operating under an FBI partnership framework and reaching hundreds of thousands of law enforcement personnel annually.
- Operator XR is a technology partner to ALERRT, with the platform deployed as part of the curriculum to provide scalable VR-based pre-training that extends the reach of the instructor-led program.

Strategic Value

- The ALERRT partnership functions as a scaled distribution channel, any law enforcement agency accessing ALERRT training is a warm prospect for Operator XR.
- It provides brand endorsement at the level of the national training standard, not a single agency reference, and is expected to deepen as ALERRT expands its technology-enabled footprint.
- While near-term revenue contribution is not expected to be material, the long-term strategic distribution potential across hundreds of thousands of LE personnel is significant

ALERRT Annual Conference

- The ALERRT Annual Conference (Round Rock, TX, November 2026) provides direct access to the broader US law enforcement training community.
- A key pipeline development event for XRG's commercial team — with Operator XR exhibiting and engaging prospective customers across federal, state and local tiers.



Outlook

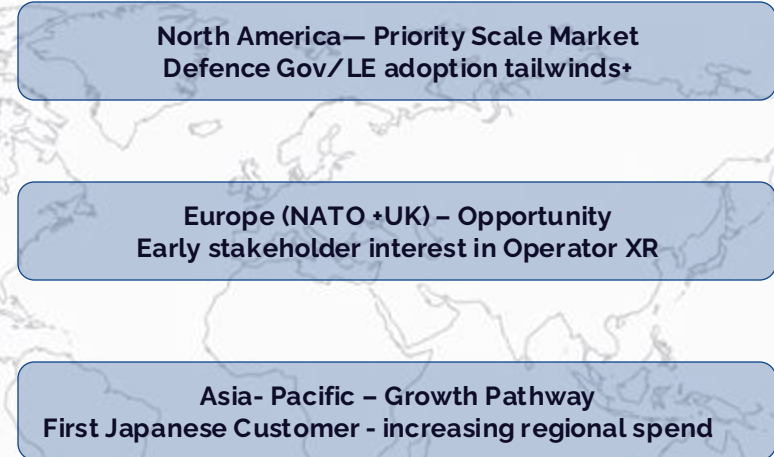
Multiple near-term catalysts across product commercialisation and geographic expansion

Scale Product Footprint and Depth

- Scale US BAU ARR and deepen the installed base through MR-1 and Interceptor cross-sell.
- Commercialise MR-1 across DoD and allied militaries — the proven DoD-to-commercial pathway opens a significant new addressable market.
- Bring Interceptor to market as C-sUAS training demand accelerates
- Progress Sentinel for the Tier 1 SOF and large training academy segment.

Global Expansion

- Broaden European footprint using the Swedish Armed Forces reference customer and Promoteq distribution network.
- Expand APAC coverage through the Japan reference customer and APAC distribution partner network.
- Progress global supply chain prime opportunities.



**Thank You
Questions?**

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OP-2 Total Addressable Market

1% of Global Market = **US\$203m ARR**



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

Total Addressable Market	Annual Recurring Revenue (modelled potential) > Market Share Sensitivity (USD\$m)					
	1%	3%	5%	10%	20%	Total Market (m)
Law Enforcement						
United States	11	32	53	106	212	1,063
Rest of the World	18	53	88	176	353	1,764
<i>Law Enforcement ARR</i>	<i>29</i>	<i>85</i>	<i>141</i>	<i>282</i>	<i>565</i>	<i>2,827</i>
Military						
United States	81	242	403	805	1,611	8,055
Rest of the World	94	282	470	941	1,881	9,406
<i>Military ARR</i>	<i>174</i>	<i>524</i>	<i>873</i>	<i>1,746</i>	<i>3,492</i>	<i>17,461</i>
Combined						
United States	92	274	456	912	1,823	9,118
Rest of the World*	111	335	559	1117	2,234	11,170
Total ARR	203	609	1,015	2,029	4,057	20,288

\$20.29 BN total addressable market for military and law enforcement immersive training.

*ROW = UK, Australia, NZ, Singapore, South Korea, Japan, India, Philippines, Europe

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OP-CUAS Total Addressable Market

1% of Global Market = **US\$21m ARR**



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

\$2.12 BN total addressable market for military and law enforcement C-UAS immersive training.

Total Addressable Market	Annual Recurring Revenue (modelled potential) > Market Share Sensitivity (USD\$m)					Total Market (m)
	1%	3%	5%	10%	20%	
Law Enforcement						
United States	1	4	7	14	28	138
U.K. & Europe	1	2	3	7	13	66
Asia Pacific	0	1	2	3	6	31
<i>Law Enforcement ARR</i>	<i>2</i>	<i>7</i>	<i>12</i>	<i>24</i>	<i>47</i>	<i>235</i>
Military						
United States	11	33	54	109	217	1,087
U.K. & Europe	5	16	27	54	109	544
Asia Pacific	3	8	13	26	52	262
<i>Military ARR</i>	<i>19</i>	<i>57</i>	<i>94</i>	<i>189</i>	<i>378</i>	<i>1,893</i>
Combined						
United States	12	37	61	123	245	1,225
U.K. & Europe	6	18	30	61	122	610
Asia Pacific	3	9	15	29	58	293
Total ARR	21	64	106	213	425	2,128

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