



XREALITY GROUP LIMITED

**xReality Group Limited**  
**Chairman's Address**  
**2025 Annual General Meeting – 21 November 2025**

**Chairman**

Good afternoon ladies and gentlemen, it is my great pleasure to welcome you to xReality Group Limited's 2025 Annual General Meeting.

My name is John Diddams and I am the 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 and Chief Operating Officer;
- Danny Hogan        Non-executive Director;
- Mark Smethurst      Non-executive Director;
- Phil Copeland        Non-executive Director.

I would also like to welcome Steven Zabeti, 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.

**2025 Financial Performance**

FY25 total income increased 36% to \$14m from FY24's \$10m, driven by Operator XR's \$5.1m in recognised revenue (up 610% from \$0.7m). Deferred revenue rose 61% to \$7.4m from \$4.5m, securing future revenue in FY26 and FY27. EBITDA was \$0.6m, improving \$0.9m from FY24 result of -\$0.3m. Cash reserves increased by \$1.4m to \$2.8m, with the company having sufficient cashflow to meet forecast working capital requirements across major projects and orders confirmed for FY26.



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XRG made material progress in strengthening its balance sheet during FY25. XRG refinanced maturing debt with Causeway Financial, before converting \$4.6m of additional debt into equity at a 39% premium by Birkdale Holdings – a strong demonstration of support from leading defence and technology investor, Steve Baxter. Finally, a \$2m placement was undertaken late in FY25 and was well supported by new institutional investors attracted by the XRG outlook and positioning in a growing sector supported by defence and law enforcement spending tailwinds.

### **Operator XR – gaining traction and scaling rapidly**

Product market fit of Operator XR was further validated across all customer tiers of the US military and law enforcement market. Operator XR experienced substantial growth in FY25, as the sales strategy for smaller US Police Departments continued to gain traction, whilst larger Tier 1 contract opportunities were progressed ahead of schedule. XRG delivered outstanding progress with Operator XR across Total Contract Value (TCV), Annual Recurring Revenue (ARR), and global customer count. FY25 TCV reached \$11.3m, representing a 176% increase from FY24's \$4.1m, supported by multi-year contracts in priority segments. ARR grew 114% to \$4.7m from \$2.21m, highlighting the platform's recurring revenue model. By year-end, our customer base expanded to 67 customers worldwide, up from 29, including leading U.S. law enforcement, military organizations, educational institutions, and government entities—demonstrating the platform's versatility, security, and immersive capabilities.

Our emphasis on the U.S. and Australia delivered strong results. In the U.S., we secured 35 new clients through targeted demonstrations and industry events, including contracts with federal and state agencies. In Australia, we signed new customers across federal government agencies, state police and the private security market, strengthening our presence in the region. We are winning in these markets through leveraging our edge in immersive training solutions to address limitations and better meet operational readiness needs than traditional training and simulation systems. As we've rapidly grown our footprint in the US direct sales team, we've refined the sales team structure to position for direct sales team growth across key markets with US Tier 1-2 agencies, US Tier 3-4 agencies and Australia whilst dedicating specific resourcing to distributors for other international sales opportunities. Additionally, we increased customer success and technical support functions in the U.S. to focus on providing an outstanding post sale experience for our customers.

Our delivery of the US DoD contract, announced in FY24 continues to expectations, and our horizon now starts to shift to commercialising outputs from that project. As the team delivers through to project closure in May 2026, the cashflow profile for that investment becomes increasingly positive from December 2025, with \$3.9m AUD of milestone delivery payments forecast in FY26. We are in the early stages of product and distribution planning for these outputs, with IP developed 100% owned by XRG.



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### **Operator XR growth – investment in new markets through distributors**

Having gained strong traction in the US and Australia with our direct sales efforts, XRG aims to rapidly capture international demand in the growing immersive training segment. During FY 25, we invested in onboarding and upskilling our distributors for the SE Asia, Europe and Middle Eastern international markets. We have also invested in refining and optimising these relationships, ensuring our products are well represented in new international markets by partnering with the best-fit distributors. Given the activity that has been generated by distributors, and representation across major international trade shows and markets, we expect this investment to support Operator XR sales growth in FY26.

### **Product Development and Growth Investment**

In FY 25 we invested \$3.8M in Operator XR enhancements and engaged Ash Crick, a leading AI technologist, to integrate cloud capabilities and advanced AI across our platform. This work is fast-tracking feature delivery and reinforcing competitive differentiation, while embedding AI-driven adaptive learning and automated scenario generation that lift training effectiveness and customer ROI. By automating instructor workflows, we reduce resource requirements and improve outcomes—driving efficiency, scalability, and higher margins. With Ash's support, this investment also unlocks attractive longer-term product and license revenue opportunities on our roadmap across customer types, while keeping Operator XR's core product compelling and differentiated for current users. In FY26 we are progressing new products with a focus on larger scenarios in fixed facilities and counter UAS, which integrates with Operator XR, and increase the value of our product set to existing and new customers.

### **Entertainment Sector**

The XRG wind tunnel assets located in Penrith and Gold Coast continued to perform well in a challenging consumer environment.

Positive cash flow from the wind tunnel assets continued to contribute to the funding profile for XRG and its investment in Operator XR. XRG continues to explore corporate options relating to these assets, as it streamlines its operational focus to the scaling high-growth, high-margin recurring revenue business in Operator XR.

Following the completion of a comprehensive divestment process for the FREAK business, the Board has resolved to wind down this component of the Group's entertainment operations. Exit plans are currently being executed across all existing lease agreements, with store closures aligned to respective lease expiry dates. The full closure program is expected to be completed prior to the end of 2026.



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The Penrith Freak venue, co-located with iFLY Downunder in the Penrith lease, will be maintained in its current form to retain optionality to the ongoing corporate process for XRG's wind tunnel assets. The financial impact of Freak closure is non-material, as operational exit will align with lease expiration by site with Penrith being retained in its current form.

### **FY2026 Outlook**

Building on FY25's achievements, the directors believe XRG is positioned for outsized growth across all key metrics. Wins post FY25, including the \$5.71m Texas State contract and a \$2.1m grant confirm a strong start. With potential corporate options in entertainment, a strong Operator XR pipeline, rapidly developing product roadmap and the outputs from the US DoD project we believe our optimism is well placed. The FY25 investment in onboarding global distributors will further support sales with global tier 1 customers and whole of government opportunities in FY26 and beyond. The Directors are highly encouraged by the validation of Operator XR technology, sales outlook, and significant tailwinds for global defence and law enforcement expenditure.

### **Closing Remarks**

The Board looks forward to a successful FY26 and is excited by the confluence of XRG's strong leadership with deep specialised expertise guiding a leading product at a time when sectoral and global trends are aligning very positively for your company.

In closing, I want to express my sincere thanks to my fellow directors for their guidance and stewardship; to our excellent management team and support staff for their dedication and hard work; and to our loyal shareholders for their continued confidence in us. Your support and commitment underpin everything we do. Together, we have navigated challenges, delivered meaningful progress, and positioned the company for the opportunities ahead. I am confident that, with your ongoing backing, we will continue to build long-term value and deliver on our purpose.

Thank you.

A handwritten signature in black ink, appearing to read 'John Diddams', is positioned above the printed name.

John Diddams  
Chairman  
21 November 2025