8 March 2022

ENGAGE XR Holdings Plc
("ENGAGE XR" or the "Group")

Final Results

ENGAGE XR Holdings Plc, a virtual reality ('VR') technology company, is pleased to announce its results for the year ended 31 December 2021.

ENGAGE XR's aim is to become the world's largest crossed reality ('XR') communications, training and virtual events platform provider, through the commercialisation of ENGAGE, its proprietary online virtual communications platform.

Financial Highlights:

- Group revenue increased by 68% on the prior year to €2.4 million (FY20: €1.4 million)
- ENGAGE revenue up 200% to €1.8 million (FY20: €0.6 million)
- Cash position on 31 December 2021 was €7.8 million with no debt. Cash balance was significantly strengthened by a successful €9.0 million (€8.5 million net of expenses) fundraise
- Gross margin increased by 7% to 79% (FY20: 72%)

Operational Highlights:

- Increase in demand for ENGAGE services, which now has over 139 commercial customers
- ENGAGE was awarded ISO27001 certification, an internationally recognised information management security standard. The Group expects this to be a major help in accelerating the adoption of its new metaverse offering by corporate users
- The Group signed significant contracts during 2021, including:
    - A contract with 3M to use the ENGAGE platform to build its own MetaWorld "3M Home". This exploratory VR pilot project demonstrated the Group's growing appeal to enterprise clients in the metaverse space
    - An initial six-figure dollar contract (to August 2023) with Optima Domi LLC ("Optima Domi"), an innovative classical curriculum development company, to service the first VR-based Florida charter school
    - A six-figure euro contract with a Korean enterprise customer in December 2021
- Strengthened Board with the appointment of Kenny Jacobs, former Chief Marketing Officer at Ryanair. Since the period end, in March 2022, the Group has appointed a US-based Director of Marketing and a Chief Revenue Officer who will help to further international expansion with a particular focus on the US
- Expansion of strategic partnership with HTC with ENGAGE (sold as VIVE Sessions in China) included in the software bundle of HTC's new headset, the VIVE Focus 3 XR and rolled out on new HP ProBook laptops sold inside China
- In June 2021, the Group announced it was building its enterprise-focused Metaverse offering, with the launch expected in the second half of 2022

Medium-Term Outlook:

- The Group is on track to deliver its ambitious medium-term financial objectives:
  - Annual ENGAGE revenue growth in excess of 100% until €10 million target achieved by 2025
  - Gross margin to reach a level in excess of 80% once ENGAGE revenue is between €5 million and €10 million annually
  - 10% average month on month increase to reach 100,000 monthly users, reflecting a target of 500 active customers
  - Customer Retention Rate of at least 80%
  - Growth in average annual contract value to €20,000+, reflecting the targeted Enterprise and Institutional client base and ENGAGE value proposition

David Whelan, CEO, ENGAGE XR, said*: "2021 was a pivotal year of growth for our business with an impressive revenue increase of 68% thanks to the growth in demand for ENGAGE. During the year, we continued to expand ENGAGE's client list of blue-chip companies, and the platform reached a record 139 commercial customers.*

"We believe that one area that makes ENGAGE stand out compared to its competition is data security. Therefore, we are very proud to have become the only multi-user VR platform to have ISO 27001 certification in 2021.

"The really exciting growth opportunity for our business is providing Metaverse services, via ENGAGE, to major enterprise clients. Our Metaverse plans for ENGAGE are very different to Meta's Horizons, Microsoft's AltSpace or Roblox. We are well positioned to become the enterprise solution for companies seeking to enter the Metaverse to host meetings, events, product launches, and conduct training. We are already capturing this opportunity through our work with 3M, who is using our platform to build its own 'Metaworld'. We look forward to fully launching our metaverse offering in the second half of this year.

"At ENGAGE we are expanding fast, and I expect 2022 to far eclipse the achievements of previous years."

Investor Presentation

CEO David Whelan and CFO Seamus Larrissey will provide a live presentation relating to the results via the Investor Meet Company platform on 8 March 2022 at 10:30am UK time.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am UK time the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Engage XR Holdings Plc via: https://www.investormeetcompany.com/engage-xr-holdings-plc/register-investor

For further information, please contact:

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The Directors of the Company take responsibility for this announcement. This announcement contains inside information for the purposes of the UK Market Abuse Regulation.

CHIEF EXECUTIVE'S REVIEW

Overview
2021 has been a busy year with many changes to our organisation. One of the biggest changes was the rebranding of the Group to ENGAGE XR from VR Education Holdings Plc as we moved away from building one-off education-based products to a much broader immersive platform under the brand, ENGAGE.

Although these education-based products were profitable, the real growth opportunity is providing Metaverse services via ENGAGE to major enterprise clients. During the year, we have added great names to our client list, including BMW, 3M, Abbott, Unilever, and Facebook (now META) to name just a few. We also work with globally recognised international accountancy and professional services firms, and each month, we have seen our client base grow.

ENGAGE
We have seen a marked increase in demand for ENGAGE services, with more than 60% of our revenue coming through enterprise clients. To better target enterprise clients, we have completely rebranded our website (www.engagevr.io) to showcase our offer to them. Furthermore, our marketing and business development teams have been refocused on this area. To support them, we have hired a Director of Revenue, Richard Allin, and a new Head of Marketing, Kyle Horner, who will start before the end of March 2022.

For enterprise customers, security is paramount. One area we believe that makes ENGAGE stand out compared to its competition is its data security and hosting abilities. For enterprise clients to adopt metaverse services, they require extensive security clearance to know exactly how their data is handled and where it is stored. In October 2021, ENGAGE was granted ISO 27001 certification and as of today, ENGAGE is the only multi-user VR platform to have ISO 27001 certification. This certification makes it much easier for blue-chip companies to work with us, and move their employees and clients away from traditional video-based communications into the immersive spatial environments ENGAGE provides.

Expansion
In mid-2021, we closed a placing of €8.5 million (net of expenses) to help scale the business due to increased client demand. Our team has grown to serve our expanding client base, with many new hires in our after-sales and virtual event support teams. Our newly appointed Director of Revenue will have a sizable budget to build our sales, lead generation and client onboarding teams. The primary focus will be the US, and secondly, Asia.

To support our sales efforts in the US, we have engaged 5W Public Relations ("5WPR"), one of the larger US PR companies. With guidance from our new Non-Executive Director, Kenny Jacobs (former Chief Marketing Officer of Ryanair), and a new US-based Director of Marketing, 5WPR will be tasked with making ENGAGE a widely recognised brand name in the US before the year-end. The 5WPR contract starts in March 2022, and we expect to see significant growth in our brand awareness in the following months.

The Metaverse
With Facebook changing its name to Meta, and Mark Zuckerberg outlining his Metaverse vision, there has been increased interest in what we have been building. In terms of the Metaverse, our plans for ENGAGE are very different to Meta's Horizons, Microsoft's AltSpace or Roblox. All of these platforms are focused on massive user growth, with the majority being aimed at a young demographic to socialise and play games. Therefore, entertainment companies will engage with these platforms to increase brand awareness. However, enterprise clients seeking a metaverse solution to enable real business dealings and host professional virtual events will choose ENGAGE.

History tends to repeat itself. The technological awakening we see in relation to the Metaverse is following a similar path to what we saw with the emergence of the internet in the late 1990s. Then, AOL tried to dominate the internet as a single platform for everything and failed. Companies and individuals wanted more control, security, and freedom to build what they needed with no constraints. They ended up building out services on platforms such as .java, .net and other web technologies, which were then self-hosted. We believe that the same trend will happen with the Metaverse.

In the end, the Metaverse is simply an evolution of the internet. Our current 2D web screens will evolve into full 3D virtual worlds. Virtual interaction will become as personal and as social as the physical world. We believe ENGAGE is well-positioned as the enterprise solution for companies in a variety of industries seeking to enter the Metaverse to host meetings, events, product launches, and conduct training content.

Outlook
2021 was a pivotal year for the Group with strong client and revenue growth. In the past six months, we have put in the foundations for future growth and expect 2022 to far eclipse the achievements of previous years. As a business we continue to see an increase in client numbers, and the interest in and awareness of ENGAGE continue to grow. With a strong balance sheet and excellent opportunities before us, we look forward to 2022 with confidence.

David Whelan
Chief Executive Officer
7 March 2022

CHIEF FINANCIAL OFFICER'S REVIEW

I am pleased to report that revenue for the year was up 68% on the prior year from €1.4 million to €2.4 million, driven by a significant increase in demand for the ENGAGE platform. ENGAGE revenue was up 200% on the prior year from €0.6 million to €1.8 million.

EBITDA loss was €2.8 million compared to a loss of €2.1 million in the prior year and loss before tax was €3.1 million compared to a loss in the prior year of €2.7 million. This increased EBITDA loss is primarily driven by increased headcount in the year.

Operating cashflows were a net outflow of €2.6 million for the period. The current run-rate of staff costs and other ongoing costs is approximately €0.25m per month.

At the balance sheet date, trade and other receivables were €646k, ahead of trade and other payables at €482k. Trade receivables represented an average of 58 debtor days (2020: 42 days). This increase is driven by some large invoices near the year end.

The Group's cash position on 31 December 2021 was €7.8 million with no debt. The cash balance was significantly strengthened during the year by a successful €9.0 million (€8.5 million net of expenses) fundraise.

Séamus Larrissey
Chief Financial Officer
7 March 2022

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the year ended 31 December 2021

Continuing Operations	Note	2021 €	2020 €
Revenue	3	2,386,313	1,416,567
Cost of Sales	5	(492,396)	(403,622)
Gross Profit		**1,893,917**	**1,012,945**
Administrative Expenses	5	(5,007,421)	(3,734,071)
Operating Loss		**(3,113,504)**	**(2,721,126)**
Finance Costs	8	(16,767)	(7,316)
Loss before Income Tax		**(3,130,271)**	**(2,728,442)**
Income Tax credit	9	-	-
Loss for the financial year		**(3,130,271)**	**(2,728,442)**
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the parent		**(3,130,271)**	**(2,728,442)**
Earnings per Share (EPS) attributable to owners of the parent			
Basic earnings per share	10	(0.011)	(0.011)
Diluted earnings per share	10	(0.010)	(0.011)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 €	2020 €
Non-Current Assets			
Property, Plant & Equipment	11	102,075	83,834
Intangible Assets	12	426,454	964,126
		528,529	1,047,960
Current Assets			
Trade and other receivables	14	645,890	358,277
Cash and short-term deposits	15	7,790,060	2,032,717
		8,435,950	2,390,994
Total Assets		**8,964,479**	**3,438,954**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	16	290,451	241,751
Share premium	16	33,503,300	24,547,516
Other reserves	17	(11,775,474)	(11,337,058)
Retained earnings	18	(13,555,767)	(10,429,815)
Total Equity		**8,462,510**	**3,022,394**
Non-Current Liabilities			
Lease liabilities	20	7,883	20,392
Current Liabilities			
Trade and other payables	21	481,576	357,421
Lease liabilities	20	12,510	38,747
		494,086	396,168
Total Liabilities		**501,969**	**416,560**
Total Equity and Liabilities		**8,964,479**	**3,438,954**

The accompanying notes form an integral part of these financial statements.

On behalf of the board

Sandra Whelan
Director

7 March 2022

Séamus Larrissey
Director

7 March 2022

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 €	2020 €
Non-Current Assets			
Investment in subsidiaries	13	30,477,062	15,028,809
Other receivables	14	-	8,184,821
		30,477,062	23,213,630
Current Assets			
Trade and other receivables	14	1,035	20,041
Cash and short-term deposits	15	1,476,744	578,420
		1,477,779	598,461
Total Assets		**31,954,841**	**23,812,091**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	16	290,451	241,751
Share premium	16	33,503,300	24,547,516
Other reserves	17	(694,055)	(247,188)
Retained earnings	18	(1,223,374)	(791,234)
Total Equity		**31,876,322**	**23,750,845**
Current Liabilities			
Trade and other payables	20	78,519	61,246
Total Liabilities		**78,519**	**61,246**
Total Equity and Liabilities		**31,954,841**	**23,812,091**

The accompanying notes form an integral part of these financial statements.

On behalf of the board

Sandra Whelan
Director

7 March 2022

Séamus Larrissey
Director

7 March 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2020	193,136	21,587,539	(11,287,395)	(7,705,536)	2,787,744
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(2,728,442)	(2,728,442)
Total comprehensive income	-	-	-	(2,728,442)	(2,728,442)
Transactions with owners recognised directly in equity					
New shares issued	48,615	2,959,977	-	-	3,008,592
Share issue costs	-	-	(70,720)	-	(70,720)
Share option expense	-	-	21,057	4,163	25,220
Balance at 31 December 2020	**241,751**	**24,547,516**	**(11,337,058)**	**(10,429,815)**	**3,022,394**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2021	241,751	24,547,516	(11,337,058)	(10,429,815)	3,022,394
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(3,130,271)	(3,130,271)
Total comprehensive income	241,751	24,547,516	(11,337,058)	(13,560,086)	(107,877)
Transactions with owners recognised directly in equity					
New shares issued	48,700	8,955,784	-	-	9,004,484
Share issue costs	-	-	(538,060)	-	(538,060)
Share option expense	-	-	99,644	4,319	103,963
Balance at 31 December 2021	290,451	33,503,300	(11,775,474)	(13,555,767)	8,462,510

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2020	193,136	21,587,539	(194,087)	(1,173,957)	20,412,631
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Profit for the year	-	-	-	382,723	382,723
Total comprehensive income	-	-	-	382,723	382,723
Transactions with owners recognised directly in equity					
New shares issued	48,615	2,959,977	-	-	3,008,592
Share issue costs	-	-	(70,720)	-	(70,720)
Share option expense	-	-	17,619	-	17,619
Balance at 31 December 2020	**241,751**	**24,547,516**	**(247,188)**	**(791,234)**	**23,750,845**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2021	241,751	24,547,516	(247,188)	(791,234)	23,750,845
Total comprehensive income					
Other comprehensive income		-	-	-	- -
Loss for the year	-	-	-	(432,140)	(432,140)
Total comprehensive income	241,751	24,547,516	(247,188)	(1,223,374)	23,318,705
Transactions with owners recognised directly in equity					
New shares issued	48,700	8,955,784	-	-	9,004,484
Share issue costs	-	-	(538,060)	-	(538,060)
Share option expense	-	-	91,193	-	91,193
Balance at 31 December 2021	290,451	33,503,300	(694,055)	(1,223,374)	31,876,322

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

Continuing Operations	**Note**	**2021 €**	**2020 €**
Loss before income tax		(3,130,271)	(2,728,442)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of fixed assets	5	97,458	70,747
Amortisation of intangible assets	5	537,672	583,829
Finance Costs	8	16,767	7,316
Share Option Expense		103,963	25,222
Movement in trade & other receivables		(287,613)	(153,373)
Movement in trade & other payables		124,155	164,528
		(2,537,869)	(2,030,173)
Bank interest & other charges paid		(16,767)	(7,316)
Net Cash used in Operating Activities		**(2,554,636)**	**(2,037,489)**
Cash Flows from Investing Activities			
Purchases of property, plant & equipment	11	(115,699)	(12,852)
Payments to develop Intangible Assets	12	-	(114,222)
Net cash used in investing activities		**(115,699)**	**(127,074)**
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		8,466,424	2,937,872
Payment of lease liabilities		(38,746)	(33,444)
Net cash generated from financing activities		**8,427,678**	**2,904,428**
Net increase in cash and cash equivalents		**5,757,343**	**739,865**
Cash and cash equivalents at beginning of year	15	2,032,717	1,292,852
Cash and cash equivalents at end of year	15	**7,790,060**	**2,032,717**

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

Continuing Operations	Note	2021 €	2020 €
(Loss)/profit before income tax		(432,140)	382,723
Adjustments to reconcile loss before tax to net cash flows:			
Finance Costs		629	521
Share Option Expense		91,193	17,619
Movement in trade & other receivables		8,203,827	(2,851,429)
Movement in trade & other payables		17,273	(74,776)
		(304,039)	(2,525,342)
Bank interest & other charges paid		(629)	(521)
Net Cash used in Operating Activities		(304,668)	(2,525,863)
Cash Flows from Investing Activities			
Capital contribution	12	(15,448,253)	-
Net cash used in investing activities		**(15,448,253)**	**-**
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		8,466,424	2,937,872
Net cash generated from financing activities		**8,466,424**	**2,937,872**
Net increase in cash and cash equivalents		**898,324**	**412,009**
Cash and cash equivalents at beginning of year	15	578,420	166,411
Cash and cash equivalents at end of year	15	**1,476,744**	**578,420**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

ENGAGE XR Holdings plc ("the Company") is publicly traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and on the Euronext Growth Market ("Euronext Growth"), a market regulated by Euronext Dublin. The Company is incorporated and domiciled in the Republic of Ireland. The registered office is Unit 9, Cleaboy Business Park, Old Kilmeaden Road, Waterford and the registered number is 613330. The company was previously known as VR Education Holdings plc.

The Company is the parent company of ENGAGE XR Limited, previously known as Immersive VR Education Limited. ENGAGE XR Limited is incorporated and domiciled in the Republic of Ireland with the same registered office as the Company. On 12 March 2018 the Company acquired ENGAGE XR Limited and contemporaneously listed on London's AIM market and Dublin's Euronext Growth market. As part of the Admission process, the Group raised £6 million before expenses, through an oversubscribed placing of 60,000,000 new ordinary shares at a placing price of 10p each. On 12 June 2020 HTC Corporation invested €3.0 million in the Group and were issued 48,284,102 ordinary shares at an issue price of €0.062 per share. Net proceeds after expenses were €2.94 million.

The Group is principally engaged in the development of the educational Virtual Reality platform ENGAGE. The Company also develops and sells Virtual Reality experiences for the education market.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union issued by the International Accounting Standards Board ("IASB") including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation

The consolidated financial statements incorporate those of ENGAGE XR Holdings plc and its subsidiary ENGAGE XR Limited.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Business Combination

Acquisition of ENGAGE XR Limited
The Company entered into an agreement to acquire the entire issued share capital of ENGAGE XR Limited on 12 March 2018. The acquisition was effected by way of issue of shares. Due to the relative size of the companies, ENGAGE XR's shareholders became the majority shareholders in the enlarged capital of the Company. The transaction fell outside of IFRS 3 ("Business Combinations") and as such has been treated as a group reconstruction.

Therefore, although the Group reconstruction did not become unconditional until 12 March 2018, these consolidated financial statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Group's subsidiaries.

Furthermore, as ENGAGE XR Holdings plc was incorporated on 13 October 2017, while the enlarged group began trading on 12 March 2018, the Statement of Comprehensive Income and consolidated Statement of Changes in Equity and consolidated Cash Flow Statements are presented as though the Group was in existence for the whole year. On this basis, the Directors have decided that it is appropriate to reflect the combination using merger accounting principles as the transaction falls outside the scope of IFRS 3 and as such has been treated as a Group reconstruction. No fair value adjustments have been made as a result of the combination.

Significant accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Capitalised development costs
In applying the requirements of IAS 38 Intangible Assets, the Group assessed various development projects against the criteria required for capitalisation. Certain projects that did not meet the criteria regarding the ability to determine whether those projects would generate sufficient future economic benefits were expensed. The judgements reflect the early stage of the VR/AR market and will change over time.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Capitalised development costs impairment review
The Group's impairment review undertaken to assess the carrying value of capitalised development costs includes certain assumptions on future revenues and costs associated with the underlying technology. Those cashflows are discounted at an appropriate discount rate. These estimates and assumptions are reviewed on an on-going basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

Going Concern
The financial statements are presented on a going concern basis. In forming this opinion, the Directors have considered all the information available to them. This includes management prepared forecasts, due consideration of the ability to raise funds on the open market in respect of the dual listing on the Alternative Investment Market on the London Stock Exchange and on the Enterprise Securities Market, a market regulated by Euronext Dublin and the timing as to when such funds will be received. Based on their consideration of these matters the Directors believe the Group and Company to be a going concern.

In response to the significant impact that the coronavirus pandemic is having on the global economy, the Group has reviewed the potential impact upon on its business and revenue generation. The Directors anticipate experience sales will be relatively unaffected both during and immediately after the lockdown period, however there is scope to adjust levels of expenditure in the longer term, if required.

These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign Currency Translation

(a) Functional and Presentation Currency
Items included in the Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The Financial Statements are presented in euro (€), which is the Group's functional and presentation currency.

(b) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and

liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or costs’. All other foreign exchange gains and losses are presented in the income statement within Administrative Expenses.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. The Company has applied IFRS 9 for all periods presented.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and Value-Added Taxes (VAT).

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred revenue' on the Statement of Financial Position. The Group currently has two revenue streams:

<u>ENGAGE Revenue</u>

The Group is primarily focused on developing a proprietary VR platform which is sold through licences and professional services revenue. This is considered "ENGAGE Revenue" for reporting purposes. Revenue is recognised when the license is delivered to the customer, or when all performance obligations have been achieved.

<u>Showcase Experiences</u>

The Group also develops proprietary educational VR content which is sold through licences. This is considered "Showcase Experience Revenue" for reporting purposes. Revenue is recognised when the license key is delivered to the customer, or when all performance obligations have been achieved.

Revenue is received net of commission from the platforms where the Group licenses their content. The gross amount of revenue is recognised in revenue with the corresponding commission portion recognised in cost of sales.

<u>Other Revenue</u>

The Group develops educational VR content on behalf of customers based on specific customer requirements. This is considered "Other Revenue" for reporting purposes. Such revenue is recognised on a percentage completion basis unless there are significant performance obligations that would require deferral until such obligations are delivered. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. This is generally during the early stages of development where the specifications need to pass through the customer's approval as part of the development.

The disaggregation of revenue, required under IFRS 15, has been prepared on the basis of the two revenue streams outlined above and is included in Note 3.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost less residual value over their estimated useful lives, as follows:

Office equipment - 3 - 5 years

Furniture, fittings and equipment - 5 years

Leasehold improvements – over the life of the leased asset

Property, Plant and Equipment (continued)

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised in the income statement.

Intangible Assets

Research costs are expensed as they are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique commercial software controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use and sale;

- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and subcontracted development costs.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 3 years and commences after the development is complete and the asset is available for use. Intangible assets in relation to Showcase Experiences are amortised over their estimated useful lives based on the pattern of consumption of the underlying economic benefits. The ENGAGE platform is amortised on a straight line basis over 3 years. Amortisation is included in Administrative Expenses.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Trade Receivables

Trade receivables are amounts due from customers for licenses sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group holds the trade receivables with the objective of collecting the contractual cash flows.

The Group provides for known bad debts and other accounts over a certain age in line with Group policy. The realisation of the asset may differ from the provision estimated by management.

Cash and Cash Equivalents

In the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and short-term deposits. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Capital Contributions

A capital contribution represents irrevocable, non-repayable amounts contributed from connected parties. Capital contributions are accounted for as a contribution when they are approved, through the profit and loss account reserve.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where the issuance of the new shares or options occurs in a subsequent period from when the incremental costs are incurred these costs are prepaid until the issuance takes place.

Share Based Payments

The Group has an equity settled employee incentive plan. The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Group. No expense is recognised for awards that do not ultimately vest.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management’s best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in the profit and loss within administration expenses, with a corresponding entry in the balance sheet in share options reserve.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Leases

The Group leases office premises and motor vehicles under rental contracts for fixed periods but may contain extension options. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements entered into by the Group do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

From 1 January 2019 leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the lessee’s incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments associated with short-term leases (12 months or less) and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Research and development tax credit

The Group undertakes certain research and development activities that qualify for the receipt of a research and development (R&D) tax credit from the Irish tax authorities. Such grants are recognised as a credit against related costs on a cash receipts basis.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

In accordance with IFRS9, ‘Financial Instruments’ the Group has classified its financial assets as ‘Financial assets at amortised cost’. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through the Statement of Comprehensive Income, transaction costs that are attributable to the acquisition of the financial asset and expected credit losses based on historical collection experience of similar assets.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial Assets Carried at Amortised Cost

This category applies to trade and other receivables due from customers in the normal course of business. All amounts which are not interest bearing are stated at their recoverable amount, being invoice value less provision for any expected credit losses. These assets are held at amortised cost. The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

I. the asset is held within a business model with the objective of collecting the contractual cash flows; and
II. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost comprise current trade and other receivables due from customers in the normal course of business and cash and cash equivalents. The Group does not hold any material financial assets at fair value through other comprehensive income or at fair value through the Statement of Comprehensive Income. The Group does not hold any derivatives and does not undertake any hedging activities.

Trade receivables are initially recognised at their transaction price. The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money. Other financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Trade and other receivables are subsequently measured at amortised cost less provision for expected credit losses.

Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For other financial assets at amortised cost, the Group determines whether there has been a significant increase in credit risk since initial recognition. The Group recognises twelve month expected credit losses if there has not been a significant increase in credit risk and lifetime expected credit losses if there has been a significant increase in credit risk.

Expected credit losses incorporate forward looking information, take into account the time value of money when there is a significant financing component and are based on days past due; the external credit ratings of its customers; and significant changes in the expected performance and behaviour of the borrower.

Financial assets are written off when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Statement of Comprehensive Income.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Comprehensive Income. This category generally applies to interest-bearing loans and borrowings.

Derecognition of Financial Assets and Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: (1) The rights to receive cash flows from the asset have expired, or (2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Derecognition of Financial Assets and Liabilities (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

New standards, interpretations and amendments adopted by the Group and Company

The Group and Company have applied the following standards and amendments for the first time from 1 January 2021:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Definition of Accounting Estimates - Amendments to IAS 8

There has been no material impact on the financial statements as a result of the adoption of the new and amended standards.

There are no new and revised IFRSs that have been issued but are not yet effective that the Directors believe are expected to have a material impact on the Group and Company.

3. Segment Reporting

Revenue by Type	**2021** **€**	**2020** **€**
ENGAGE revenue	1,791,416	599,362
Showcase experience revenue	469,467	750,235
Other revenue	125,430	66,970

Total Revenue	**2,386,313**	**1,416,567**

4. Capital Management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. The primary objective of the Group's capital management is to maximise the shareholder value.

Group	**2021** **€**	**2020** **€**
Lease liabilities	(20,393)	(59,139)
Trade and other payables	(481,576)	(357,421)
Less: cash and short-term deposits	7,790,060	2,032,717
Net Funds	**7,288,091**	**1,616,157**
Equity	8,462,510	3,022,394
Total Equity	**8,462,510**	**3,022,394**
Capital and net funds	**15,750,601**	**4,638,551**

5. a. Expenses by nature

	2021 **€**	**2020** **€**
Depreciation charges	97,458	70,747
Amortisation expense	537,672	583,829
Operating Lease Payments	8,514	11,275
Foreign Exchange (Gain) / Loss	(85,789)	24,412
Staff Costs	3,356,152	2,371,432
Other Expenses	1,585,810	1,190,225
	5,499,817	**4,251,915**
Wages and salaries capitalised	-	(115,138)
Other expenses capitalised	-	916
Total cost of sales and administrative expenses	**5,499,817**	**4,137,693**

Disclosed as:

Cost of sales	492,396	403,622

Administrative expenses	5,007,421	3,734,071
Total cost of sales and administrative expenses	**5,499,817**	**4,137,693**

b. Auditor Remuneration

Services provided by the Company's auditor

During the year, the Company obtained the following services from the Company's auditor:

	2021 **€**	**2020** **€**
Fees payable to the Company's auditor for the audit of the financial statements	46,600	44,444

6. Employees

Employee Benefit Expense	**2021** **€**	**2020** **€**
Wages and salaries	2,906,329	2,111,980
Social security costs	314,091	214,326
Defined contribution pension costs	31,769	19,904
Share option expense	103,963	25,222
Capitalised employee costs	-	(115,138)
Total Employee Benefit Expense	**3,356,152**	**2,256,294**

Average Number of People Employed	**2021**	**2020**
Average number of people (including executive Directors) employed:		
Operations	44	34
Administration	3	3
Marketing	2	2
Total Average Headcount	**49**	**39**

7. Directors remuneration

Below is the Directors' remuneration for the year ended 31 December 2021 and for the year ended 31 December 2020

	31 December 2021			
Group	**Salaries and fees**	**Pension benefits**	**Options / Warrants issued**	**Total**
	€	**€**	**€**	**€**
Executive Directors				
David Whelan	176,917	4,824	-	181,741
Sandra Whelan	144,417	5,002	-	149,419
Séamus Larrissey	128,167	6,333	-	134,500
Non-executive Directors				
Richard Cooper	85,552	-	16,700	102,252
Praveen Gupta	-	-	-	-
Kenny Jacobs	3,033	-	-	3,033
Frank Poore	-	-	74,493	74,493
Harry Kloor	23,228	-	-	23,228
Tony Hanway	27,000	-	-	27,000
	588,314	16,159	91,193	695,666

	31 December 2020			
Group	**Salaries and fees**	**Pension benefits**	**Options / Warrants issued**	**Total**
	€	**€**	**€**	**€**
Executive Directors				
David Whelan	146,255	3,437	-	149,692
Sandra Whelan	110,115	3,675	-	113,790
Séamus Larrissey	110,635	4,875	919	116,429
Non-executive Directors				
Richard Cooper	68,295	-	16,700	84,995
Michael Boyce	18,071	-	-	18,071
Tony Hanway	31,715	-	-	31,715
Praveen Gupta	-	-	-	-
Harry Kloor	8,974	-	-	8,974
	494,060	11,987	17,619	523,666

The options issued are a non-cash amount and are accounted for in line with the treatment of the other share options issued to employees under IFRS 2**.** Further notes on Share Based Payments are included in Note 19.

8. Finance Costs

	2021 €	2020 €
Interest expense:		
- Lease interest	2,863	3,445
- Bank charges	13,904	3,871
Total finance costs	**16,767**	**7,316**

9. Income Tax

	2021 €	2020 €
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	**-**
Deferred tax (Note 21)	**-**	**-**
Income Tax	**-**	**-**

The tax assessed for the year differs from that calculated using the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2021 €	2020 €
Loss Before Tax	(3,130,271)	(2,728,442)
Tax calculated at domestic tax rates applicable to loss in Ireland of 12.5%	(391,284)	(341,055)
Tax effects of:		
- Depreciation in excess of capital allowances	7,400	5,868
- Expenses not deductible for tax purposes	39,780	66,642
- Tax losses for which no deferred tax asset was recognised	344,104	268,545
Total tax	-	-

10. Earnings per share (EPS)

Loss attributable to equity holders of the Group:	2021 €	2020 €
Continuing Operations	(3,130,271)	(2,728,442)
Weighted average number of shares for Basic EPS	290,451,146	241,750,955
Effects of dilution from share options and warrants	23,455,846	13,954,862

Weighted average number of ordinary shares adjusted for the effect of dilution	313,906,992	255,705,817
Basic loss per share from continuing operations	(0.011)	(0.011)
Diluted loss per share from continuing operations	(0.010)	(0.011)

11. Property, Plant & Equipment

Group	**Leasehold improvements**	**Fixtures, fittings and equipment**	**Office Equipment**	**Right of use assets**	**Total**
	€	**€**	**€**	**€**	**€**
Cost of Valuation					
At 1 January 2020	20,341	7,025	166,031	145,702	339,099
Additions	-	-	12,852	25,799	38,651
Disposals	-	-	-	(15,470)	(15,470)
At 31 December 2020	20,341	7,025	178,883	156,031	362,280
Additions	-	-	115,699	-	115,699
At 31 December 2021	20,341	7,025	294,582	156,031	477,979
Depreciation					
At 1 January 2020	12,498	4,937	126,815	78,919	223,169
Charge (note 5)	4,607	1,125	31,572	33,443	70,747
Disposals	-	-	-	(15,470)	(15,470)
At 31 December 2020	17,105	6,062	158,387	96,892	278,446
Charge (note 5)	3,236	694	54,781	38,747	97,458
At 31 December 2021	20,341	6,756	213,168	135,639	375,904
Net Book Amount					
At 31 December 2020	3,236	963	20,496	59,139	83,834
At 31 December 2021	-	269	81,414	20,392	102,075

Depreciation expense of €97,458 (2020: €70,747) has been charged in 'Administrative Expenses'.

Right of use asset relates to properties and vehicles held under lease

12. Intangible Assets

Group	Software in development costs €	Total €
Cost		
At 1 January 2020	2,022,009	2,022,009
Additions	114,222	114,222
At 31 December 2020	2,136,231	2,136,231
Additions	-	-
At 31 December 2021	2,136,231	2,136,231
Amortisation		
At 1 January 2020	588,276	588,276
Charge	583,829	583,829
At 31 December 2020	1,172,105	1,172,105
Charge	537,672	537,672
At 31 December 2021	1,709,777	1,709,777
Net Book Value		
At 31 December 2020	964,126	964,126
At 31 December 2021	**426,454**	**426,454**

The software being developed relates to the creation of virtual reality experiences and an online virtual learning and corporate training platform.

ENGAGE is an online virtual learning and corporate training platform currently in development by the Company. A desktop version was released in December 2018 and the mobile version was released in December 2019. Amortisation commenced when the mobile version launched.

Titanic VR which is available for sale across all major VR capable platforms since November 2018 has commenced being amortised in the period. Raid on the Ruhr launched during 2019 and amortisation commenced during the period. Space Shuttle launched during 2020 and amortisation commenced during the period.

Amortisation expense of €537,672 (2020: €583,829) has been charged in 'Administrative Expenses'.

An impairment review was carried out at the balance sheet date. No impairment arose.

13. Investments in Subsidiaries

Company	**€**
At 1 January 2020	15,028,809
Additions	-
At 31 December 2020	**15,028,809**
Capital contributions	15,448,253
At 31 December 2021	**30,477,062**

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

On 12 March 2018, the Company acquired all of the issued capital of ENGAGE XR Limited for a consideration of €15,000,000 which was settled by issuing 133,089,739 Ordinary Shares in the Company. The Company incurred expenses totalling €28,809 as part of the transaction.

On 31 December 2021 the Company resolved to enter into a capital contribution agreement with ENGAGE XR Limited to facilitate the funding of the wholly owned subsidiary. An amount of €7,263,432 was forwarded during 2021 and €8,184,821 was converted from the termination of the intercompany loan agreement in force since 1 January 2020.

Name	**Country of incorporation and residence**	**Nature of business**	**Proportion of equity shares held by the company**
ENGAGE XR Limited	Ireland	Virtual Reality Technology	100%

This subsidiary undertaking is included in the consolidation. The proportion of the voting rights in the subsidiary undertaking held directly by the Parent Company does not differ from the proportion of ordinary shares held.

14. Trade and Other Receivables

Non-Current	**Group**	**Company**

	2021 €	2020 €	2021 €	2020 €
Amounts due from related parties	-	-	-	8,184,821
	-	-	-	8,184,821

Amounts due from related parties relates to an intercompany loan agreement entered into on 1 January 2020 between the parent company and the subsidiary undertaking. The interest rate on this agreement is 14% per annum and the loan is due for repayment no later than the date falling 10 years from the date of the agreement**.** At 31 December 2021 the company resolved to terminate the intercompany loan agreement and waive the interest charged for 2021. A capital contribution agreement was put in place effective from 31 December 2021 to replace the intercompany loan agreement.

Current		**Group**		**Company**
	2021 €	**2020 €**	**2021 €**	**2020 €**
Trade receivables	381,568	163,355	-	-
Less: provision for impairment of receivables	-	-	-	-
Trade receivables - net	381,568	163,355	-	-
Prepayments	110,640	68,708	768	19,994
Accrued income	139,512	123,114		
Other debtors	3,100	3,100	-	-
VAT	11,070	-	267	47
	645,890	358,277	1,035	20,041

As at 31 December 2021, trade receivables of €381,568 (2020: €163,355) were fully performing and deemed fully recoverable. No bad debt provision charge was incurred during 2021 (2020: €Nil).

The Group assesses exposure to credit risk arising from outstanding receivables on an annual basis. The maximum exposure to credit risk at the reporting date is the carrying value of each of the receivables above. The Group does not consider the credit risk of any receivable has increased post recognition.

The Group does not expect any losses from outstanding receivables in the current year.

The carrying amounts of the Company’s trade and other receivables are denominated in the following currencies:

		Group		Company
	2021	2020	2021	2020
	€	€	€	€
Euro - Neither past due nor impaired	330,287	90,801	-	-
Dollar - Neither past due nor impaired	51,282	72,554	-	-
	381,568	163,355	-	-

15. Cash and short-term deposits

		Group		Company
	2021	2020	2021	2020
	€	€	€	€
Cash at bank and on hand	7,790,060	2,032,717	1,476,744	578,420
	7,790,060	2,032,717	1,476,744	578,420

16. Issued Share Capital and Premium

	Number of shares	Ordinary shares €	Share premium €	Total €
At 1 January 2020	193,136,406	193,136	21,587,539	21,780,675
Ordinary Shares Issued	48,284,102	48,285	2,951,715	3,000,000
Exercise of Share Options	330,447	330	8,262	8,592
At 31 December 2020	241,750,955	241,751	24,547,516	24,789,267
At 1 January 2021	241,750,955	241,751	24,547,516	24,789,267
Ordinary Shares Issued	48,350,191	48,350	8,947,034	8,995,384
Exercise of Share Options	350,000	350	8,750	9,100
At 31 December 2021	290,451,146	290,451	33,503,300	33,793,751

As at 31 December 2021 the number of shares authorised for issue were 290,451,146 (2020: 241,750,955). The par value of the shares authorised for issue were €0.001 each (2020: €0.001 each).

On 22 June 2021 following a successful placing, an amount of €9.0 million was raised by the Group and 48,350,191 ordinary shares were issued at an issue price of €0.186 per share. Net proceeds after expenses were €8.46 million.

On 5 November 2021, as a result of the exercise of share options, 350,000 ordinary shares in the Company at an exercise price of €0.026 per share providing the Company with gross proceeds of €9,100.

17. Other Reserves

	Group €	Company €
At 1 January 2020	(11,287,395)	(194,087)
Share issue costs	(70,720)	(70,720)
Share option expense	21,057	17,619
At 31 December 2020	(11,337,058)	(247,188)
At 1 January 2021	(11,337,058)	(247,188)
Share issue costs	(538,060)	(538,060)
Share option expense	99,644	91,193
At 31 December 2021	(11,775,474)	(694,055)

18. Retained Earnings

	Group €	Company €
At 1 January 2020	(7,705,536)	(1,173,957)
Loss/(profit) for the year	(2,728,442)	382,723
Share option expense – transfer on exercise	4,163	-
At 31 December 2020	(10,429,815)	791,234
At 1 January 2021	(10,429,815)	791,234
(Loss)/profit for the year	(3,130,271)	432,140
Share option expense – transfer on exercise	4,319	-
At 31 December 2021	(13,555,767)	1,223,374

Capital contributions represent irrevocable, non-repayable amounts contributed from connected parties.

19. Share Based Payments

There were 200,000 (2020: 200,000) employee options granted during 2021 at an exercise price of €0.20 (2020: €0.10) per share and these vest subject to continued service by the employee over a period of 3 years. Options expire at the end of a period of 7 years from the Grant Date or on the date on which the option holder ceases to be an employee.

The movement in employee share options and weighted average exercise prices are as follows for the reporting periods presented:

	2021	**2020**
At 1 January	4,298,042	4,465,526
Granted during period	200,000	200,000
Exercised during period	(350,000)	(330,447)
Forfeited during period	(29,629)	(37,037)
At 31 December	4,118,413	4,298,042
Options outstanding at 31 December		
Number of shares	4,118,413	4,298,042
Weighted average remaining contractual life	1.37 years	2.05 years
Weighted average exercise price per share	€0.038	€0.031
Range of exercise price	€0.0001 – €0.20	€0.0001 – €0.135
Exercisable at 31 December		
Number of shares	2,585,324	2,783,473
Weighted average exercise price per share	€0.032	€0.026

350,000 options (2020: 330,447) options were exercised during the period at a price of €0.026 per share. The weighted average exercise price of options granted during the period was €0.20 (2020: €0.10). The expense recognised in respect of employee share-based payment expense and credited to the share-based payment reserve in equity was €25,151 (2020: €21,057).

The Company has measured the fair value of the services received as consideration for equity instruments of the Company, indirectly by reference to the fair value of the equity instruments. The table below sets out the options and warrants that were issued during the period and the principal assumptions used in the Black Scholes valuation model.

	Employee	**Employee**
Number of options	100,000	100,000
Grant date	7 July	7 July
Vesting period	3 years	3 years
Share price at date of grant	£0.175	£0.175
Exercise price	€0.20	€0.20
Volatility	57%	57%

Option life	7 years	7 years
Dividend yield	0%	0%
Risk free investment rate	0.14%	0.14%
Fair value per option at grant date	€0.0989	€0.0989
Weighted average remaining contractual life in years	6.52	6.52

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

On 1 October 2021, 17,406,069 share warrants were granted to Frank Poore upon his appointment as a non-executive Director, at an exercise price of €0.174 (GBP £0.15) per share. The warrants expire at the end of a period of 5 years from the grant date or on the date the employee leaves. The vesting conditions in relation to these options are set out in the table below.

	Tranche 1	**Tranche 2**	**Tranche 3**
Grant Date	1 October 2021	1 October 2021	1 October 2021
Number of Warrants	5,802,023	5,802,023	5,802,023
Vesting Criteria	By end 29 July 2023	By end 29 July 2024	By end 29 July 2025
Exercise Price	GBP £0.15	GBP £0.15	GBP £0.15
Trigger Price	GBP £0.30	GBP £0.60	GBP £0.90
Volatility	43%	43%	43%
Risk Free Rate of Return	0.62%	0.62%	0.62%
Dividend Yield	0%	0%	0%
Option Life	5 Years	5 Years	5 Years
Fair Value	€0.063	€0.031	€0.023
Expense	€365,070	€178,441	€134,452

The cumulative expense of €677,963 is recognised in line with the vesting conditions and on a straight line basis. An amount of €74,493 is included in administration expenses.

20. Leases

Amounts recognised in the Statement Of Financial Position

The Statement Of Financial Position shows the following amounts relating to leases:

Right of Use Assets		**Group**		**Company**
	2021	**2020**	**2021**	**2020**
	€	**€**	**€**	**€**
Buildings	1,813	23,571	-	-
Vehicles	18,579	35,568	-	-
	20,392	59,139	-	-

Lease Liabilities	2021	Group 2020	2021	Company 2020
	€	€	€	€
Current	12,510	38,747	-	-
Non-current	7,883	20,392	-	-
	20,393	59,139	-	-

Amounts recognised in the Consolidated Statement Of Total Comprehensive Income

The Consolidated Statement Of Total Comprehensive Income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2021	2020
	€	€
Buildings	21,758	21,758
Vehicles	16,989	11,685
	38,747	33,443

Interest expense (included in finance cost)	2,863	3,445

21. Trade and Other Payables

	2021	Group 2020	2021	Company 2020
	€	€	€	€
Trade Payables	23,763	24,156	3,653	9,022
PAYE/PRSI	129,972	70,106	25,914	18,150
VAT	-	2,004	-	-
Deferred Income	108,901	80,000	-	-
Accrued Expenses	218,940	181,155	48,952	34,074
	481,576	357,421	78,519	61,246

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- PAYE/PRSI payables are non-interest bearing and are normally settled on 30-day terms
- VAT payables are non-interest bearing and are normally settled on 60-day terms
- Deferred income is non-interest bearing and are settled over varying terms throughout the year
- Accrued expenses are non-interest bearing are settled over varying terms throughout the year

22. Deferred Tax

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred income tax assets of €1,313,216 (2020: €899,370) in respect of losses and depreciation in excess of capital allowances amounting to €10,505,731 (2019: €7,194,960) that can be carried forward against future taxable income.

23. Related Parties

During the year the Directors received the following emoluments:

		Group		Company
	2021	2020	2020	2019
Directors	**€**	**€**	**€**	**€**
Aggregate emoluments	588,313	494,059	588,313	494,059
Share option expense	91,193	17,619	91,193	17,619
	679,506	511,678	679,506	511,678

Included in the above is an amount of €85,552 (2020: €68,295) paid to Luclem Estates and Advisory Limited, a company in which Richard Cooper, a director of the Company, is also a director. These fees relate to Richard Cooper's consultancy services to the Company. As at 31 December 2021 €Nil was outstanding.

24. Capital Management

The capital of the company is managed as part of the capital of the group as a whole. Full details, are contained in note 4 to the consolidated financial statements.

25. Events after the reporting date

The Company has evaluated all events and transactions that occurred after 31 December 2021 up to the date of signing of the financial statements.

No material subsequent events have occurred that would require adjustment to or disclosure in the financial statements.

26. Contingent Liabilities

The company has indicated that it will guarantee the liabilities (as defined in Section 397 of the
Companies Act 2014) of €17,496,026 (2020: €8,540,183) its Irish subsidiary, ENGAGE XR Limited for the year ended 31 December 2021.

27. Ultimate controlling party

The Directors believe that there is no ultimate controlling party as no one shareholder has control of the Company.

Forward-Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Group's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Group's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

The Group cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Group only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Group will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.