3 June 2025

ENGAGE XR Holdings Plc

("ENGAGE XR", the “Company”, or the "Group")

Final Results

ENGAGE XR Holdings Plc (AIM: EXR), a leading provider of immersive communications technology, announces its audited results for the year ended 31 December 2024.

Financial Highlights:

- Total revenue of €3.4 million (2023: €3.7 million), reflecting an 8% decline due to delayed contract closures (expected in 2025) and reduced one-off enterprise activity.
- Education revenue grew to €1.3 million (2023: €1.1 million), driven by strong renewals and expansion from key partners including OptimaED (USA) and InspiredED (UK).
- Gross margin of 86% (2023: 90%).
- EBITDA loss narrowed slightly to €3.9 million (2023: €4.0 million), reflecting disciplined cost control.
- Cash position of €3.6 million at 31 December 2024 (2023: €7.9 million), with no debt.

Operational Highlights:

- Continued pivot to education and training: Education and corporate training now represent over 50% of revenue YTD 2025, up from 38% in FY24.
- Partnership with OptimaED has shown significant growth, increasing its licenses sixfold from 500 at the start of 2023 to over 3,000 licenses currently, with plans to double again this year.
- Delivered the Group’s largest ever contract with major client in Middle East in partnership with PwC. Renewed contracts with Bank of America, KPMG, and PWC.
- “School of AI” initiative now live enabling immersive, AI-powered learning experiences. Thousands of students engage daily.

Current trading and Outlook:

- The first five months of the current financial year has seen the Company make good progress in broadening its opportunities, but the Company is still being impacted by delays in the pipeline converting into signed contracts.
- Operating cost base reduced significantly in Q2 2025 with monthly run-rate of costs now approx.€0.2 million.
- Expect progress in the sales pipeline throughout 2025 and 2026 as Group works closely with Meta, Lenovo and a host of global resellers who already have a large potential client base to sell to.

David Whelan, CEO of ENGAGE XR, commented: “2024 was a year of transition and strategic change. While headline revenue declined, our pivot to education and training is delivering tangible results. With strong partnerships, a growing reseller network, and a leaner cost base, we are well positioned to scale recurring revenue and deliver long-term value.”

For further information, please contact:

ENGAGE XR Holdings Plc Tel: +353 87 665 6708
David Whelan, CEO info@engagexr.co
Séamus Larrissey, CFO
Sandra Whelan, COO

Cavendish Capital Markets Limited Tel: +44 (0) 20 7220 0500
(Nominated Adviser & Broker)

Marc Milmo/ Seamus Fricker (Corporate finance)
Sunila de Silva (ECM)

SEC Newgate (Financial Communications) Tel: +44 (0)7540 106366
Robin Tozer engage@secnewgate.co.uk

About ENGAGE XR
ENGAGE XR Holdings plc (AIM: EXR) has developed ENGAGE, an immersive training, education and collaboration platform, offering cutting-edge VR/AR tools and environments that elevate employee training and student outcomes. Trusted by enterprise and educational clients worldwide, ENGAGE leverages the transformative power of spatial computing to revolutionize onboarding, sales meetings, product demos and a host of other vital business operations.

For further information, please visit: https://engagevr.io/

CHAIRMAN'S STATEMENT

This has been a year of significant challenge and transformation for Engage XR as we navigated macroeconomic volatility and adapted to changes in enterprise demand.

2024 Performance and Strategic Progress
Revenue declined by 8% to €3.4 million, with 2024 seeing continued reduction in enterprise spending and renewals and reduced one-off event activity. Furthermore, a significant contract was also expected to be finalised pre year end in the Middle East which would have led to the Group's revenue target being comfortably achieved but unfortunately this has been delayed into H2 FY25. While this delay resulted in the Group's headline revenue being behind market expectations, the Group's EBITDA and Cash are broadly in-line for FY24. While enterprise revenue declined due in part to post-pandemic workplace shifts as more people returned to the office, we believe churn has stabilised. However, the revenue decline masks a pivotal shift in the business mix. Revenue from the education and corporate training sectors rose 60%, driven by partnerships with institutions such as PWC in the Middle East and leading private education organisations in the US and UK. This aligns with our strategic pivot toward sectors offering sustainable, recurring revenues and measurable ROI. Our presence in the Middle East and expanding AI-led education offerings will drive revenue in the future.

Gross margin held firm at 86% (2023: 90%), and cost discipline reduced our EBITDA loss slightly to €3.9 million (2023: €4.0m). We closed the year with €3.6 million in cash and remain debt-free, giving us the flexibility to invest in future growth.

Outlook and Board Confidence
During the first five months of the current financial year, the Company has made solid progress in expanding its pipeline of opportunities in the Middle East and in North America. However, it continues to be impacted by delays in converting pipeline prospects into signed contracts. As a result, revenues in the period were below the corresponding period in FY24. In response, the Board has implemented measures to better align the Company's cost base with its current revenue profile. These measures will ensure the Company has the cash to ensure it can capitalise on the opportunities in progress.

We continue to develop opportunities through our strategic partnerships with Lenovo, Meta and other key partners in the Education and Corporate Training space, with contributions expected by year-end. The launch of our School of AI initiative and forthcoming AI-based enterprise training tools reinforces our position at the intersection of immersive technology and scalable learning. The Board is confident that this focus will drive long-term, recurring revenue growth and value creation.

Looking forwards, the Board continues to see significant growth opportunities for the Group through working with partners in the Middle East throughout the remainder of 2025 and beyond in both education and training verticals. The Group's strong pipeline is evidence of the progress being made with partners in the Middle East and in the USA. This pipeline gives the Board the continued confidence in the market opportunity for the Group and delivering results that benefit not just ENGAGE XR but also its partners and stakeholders. The key focus for the Board is to capitalise on the strength of the pipeline by converting more of its opportunities into contracts with the Board remaining confident in its strategic objective to become cash flow breakeven which it now expects to occur in FY26.

Board Governance and Acknowledgments
We were pleased to welcome Marc Metis to the Board as a Non-Executive Director in May 2024. As permitted by the shareholder agreement, Marc joined the Board as the representative of HTC which owns 11.96% of the total issued share capital of ENGAGE XR. Marc replaced Praveen Gupta who retired from HTC. Marc brings extensive global experience in immersive tech and strategic growth, including leadership roles at HTC.

I joined the Board as the Group's new non-Executive Chairman on 1 July 2024, replacing Richard Cooper, who had led the Board since the Group's IPO. Richard remains on the board as Senior Independent Director, Chair of the Audit Committee, and on the Remuneration Committee. Non-executive director, Kenny Jacobs, replaced Richard as Chair of the Remuneration Committee.

I thank my fellow Directors for their guidance and the management team for their resilience and execution. To our shareholders, thank you for your continued confidence and support as we advance our vision for Engage XR.

Karthik Manimozhi
Non-Executive Chairman
3 June 2025

CHIEF EXECUTIVE'S REVIEW

Overview
2024 has been a challenging year. While revenue declined, our revenue mix shows that our one-off project-based enterprise revenue streams were being replaced by recurring educational sector license-based revenue streams. We have signed up with several global resellers in partnership with Meta and Lenovo to go head-to-head with the market leaders in the immersive hardware and software education space.

ENGAGE was originally founded with a focus on the education sector and operated under the name Immersive VR Education. The company rebranded during the COVID lockdowns to better reflect the growing split between enterprise and education revenue, as we saw increased demand from corporations supporting remote teams. However, towards the end of 2023 and into the first half of 2024, I made the strategic decision to refocus the company on education and training services. This was driven by consistently strong renewal rates in that area, in contrast to declining demand in other segments of the business, such as one-off event services and remote collaboration post pandemic.

This is a key reason we have partnered with Meta and Lenovo, who are working together as a strategic collective, to sell Meta Quest 3 and 3S headsets into the education and enterprise space, via resellers such as TD Synnex, SHI, Insight, Mace Virtual Labs and others. Since the start of the year, we have secured distribution agreements in preparation for the busy mid-summer to mid-autumn educational buying season.

Middle East Growth
Last year, we announced a significant initial agreement with a major client in the Middle East, secured through our partners at PwC. I'm proud to share that, following some delays, we have successfully delivered the project creating a fully immersive learning environment for professional students. Client acceptance was received earlier this month, and we hope to see strong future growth in licenses once results from the first student cohort are available.

Education Partners
During 2024, many of our key educational partners not only renewed their agreements with us but a number also expanded their user bases. Two standout partnerships delivered in the year were with Florida-based OptimaED and UK-based InspiredED, both of which have renewed and increased their license commitments.

Our partnership with OptimaED has shown significant growth, increasing its licenses sixfold from 500 at the start of 2023 to over 3,000 licenses currently, with plans to double again this year. OptimaED has developed over 200 educational modules on ENGAGE tailored to the United States curriculum. While their primary focus has been the homeschool market, they have begun expanding into traditional brick-and-mortar schools. This summer, ENGAGE and OptimaED are teaming up to offer bundled pricing options for resellers.

The AI Effect
Over the past year, one of the most significant trends in the enterprise landscape has been the rapid acceleration of AI adoption, particularly in roles traditionally filled by human workers. This has been especially evident across major tech companies we've historically supported through onboarding and professional development services. As AI becomes more prevalent, the tech industry has experienced widespread layoffs, directly affecting enterprise investment in the XR space.

This shift has led to a decreased demand for ENGAGE XR's independent studio development team, which had focused on delivering custom onboarding experiences and enterprise events. In response, we've streamlined the team and implemented a series of cost-saving measures across the organisation. At the same time, we are integrating AI-driven processes to maintain consistent service delivery.

While enterprise clients once relied heavily on us for content creation, most of our educational partners now use the platform's built-in tools to develop their own content. This is precisely the goal these tools were designed to support. To scale effectively, it's essential to empower clients to become self-sufficient. We are now reaching a pivotal point in this transition, as we shift our focus toward Annual Recurring Revenue from license sales.

AI Integration in the Platform
Last year, we introduced the School of AI within the platform, an initiative that enables students to engage with virtual representations of historical figures and create personalised AI tutors. This feature has been well received and is now being used by thousands of students daily. With the United States government mandating AI education in schools, we see this as a major driver of future sales. We are expanding our AI capabilities in collaboration with Meta, integrating them into our broader reseller offerings.

Current trading and outlook
The first five months of the current financial year has seen the Company make good progress in broadening its opportunities but with the company still being impacted by delays in the pipeline converting into signed contracts. As noted above, we have exciting opportunities in the education space, especially in the Middle East but the delivery of revenues from these opportunities still require work, from both the Company and our customers. The delivery of the pipeline will prove crucial to the Company as the Board seeks to meet its expectations for the year. The Board has taken measures to ensure that the Company's cost base is more aligned to the current revenue profile of the Group.

Conclusion
2024 was a challenging year for enterprise sales, however we still landed our largest ever deal in the Middle East and renewed contracts with Bank of America, KPMG, and PWC. We continue to work with several US based insurance companies building out onboarding experiences for their clients.

The refocus on education and professional training has taken several months and we expect progress in the sales pipeline throughout 2025 and 2026 as we work closely with Meta, Lenovo and a host of global resellers who already have a large potential client base to sell to.

David Whelan
Chief Executive Officer
3 June 2025

CHIEF FINANCIAL OFFICER'S REVIEW

Revenue was down 8% on the prior year from €3.7 million to €3.4 million, driven by a delay in closing some significant contracts in the final quarter of the year which are expected to close in 2025. ENGAGE platform revenue was down 3% on the prior year from €3.3 million to €3.2 million.

ENGAGE revenue from education customers was €1.3 million up from €1.1 million in FY23. This was bolstered by significant growth of two long term partners of the company, OptimaED in the USA and InspiredED in the United Kingdom.

ENGAGE revenue from Professional Services declined to €0.7 million from €1.1 million driven by a reduction in one off VR events supported by the ENGAGE Event team while ENGAGE revenue from Enterprise customers increased from €1.0 million to €1.2 million, bolstered by the significant education/training related deal signed in partnership with PWC in Saudi Arabia in early 2024.

ENGAGE revenue declined in the North American market with 35% of total ENGAGE revenue being generated in North America (2023: 60%). This is due to a shift in focus towards the Middle East where significant opportunities have appeared which the Company is seeking to capitalise on. Revenue from the Middle East was 28% of total ENGAGE revenue (2023: 0%).

EBITDA loss was €3.9 million compared to a loss of €4.0 million in the prior year and loss before tax was €4.0 million compared to a loss in 2024 of €4.1 million. This reduced EBITDA loss is primarily driven by reductions in headcount and a disciplined approach to cost control across the Group, offsetting the reduction in revenue in the period.

Operating cashflows resulted in a net outflow of €4.3 million for the period. Following recently undertaken cost reductions in Q2 2025, the current run-rate of staff costs and other ongoing costs is expected to be approximately €0.2 million per month for the remainder of 2025 into 2026.

At the balance sheet date, trade and other receivables were €1.8 million, ahead of trade and other payables at €0.7 million. Trade receivables represented an average of 57 debtor days (2023: 59 days).

The Group's cash position on 31 December 2024 was €3.6 million (2023: €7.9 million) with no debt.

Séamus Larrissey
Chief Financial Officer
3 June 2025

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the Year Ended 31 December 2024

Continuing Operations	Note	2024 €	2023 €
Revenue	3	3,397,251	3,690,697
Cost of Sales	5	(476,728)	(379,640)
Gross Profit		**2,920,523**	**3,311,057**
Administrative Expenses	5	(7,104,692)	(7,551,774)
Operating Loss		**(4,184,169)**	**(4,240,717)**
Finance Income	9	216,122	193,605
Finance Costs	8	(6,449)	(6,966)
Loss before Income Tax		**(3,974,496)**	**(4,054,078)**
Income Tax credit	10	-	-
Loss for the financial year		**(3,974,496)**	**(4,054,078)**
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the parent		**(3,974,496)**	**(4,054,078)**
Earnings per Share (EPS) attributable to owners of the parent			
Basic earnings per share	11	(0.008)	(0.008)
Diluted earnings per share	11	(0.007)	(0.008)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Note	2024 €	2023 €
Non-Current Assets			
Property, Plant & Equipment	12	56,417	123,728
Intangible Assets	13	-	-
		56,417	123,728
Current Assets			
Trade and other receivables	15	1,786,684	1,195,333
Cash and short-term deposits	16	3,566,927	7,911,079
		5,353,611	9,106,412
Total Assets		**5,410,028**	**9,230,140**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	17	524,826	524,826
Share premium	17	43,910,062	43,910,062
Other reserves	18	(12,128,790)	(12,292,523)
Retained earnings	19	(27,589,226)	(23,614,730)
Total Equity		**4,716,872**	**8,527,635**
Non-Current Liabilities			
Lease liabilities	21	-	34,540
Current Liabilities			
Trade and other payables	22	658,616	615,237
Lease liabilities	21	34,540	52,728
		693,156	667,965
Total Liabilities		**693,156**	**702,505**
Total Equity and Liabilities		**5,410,028**	**9,230,140**

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Note	2024 €	2023 €
Non-Current Assets			
Investment in subsidiaries	14	3,635,844	12,366,593
		3,635,844	12,366,593
Current Assets			
Trade and other receivables	15	12,930	25,424
Cash and short-term deposits	16	3,226,157	5,791,641
		3,239,087	5,817,065
Total Assets		**6,874,931**	**18,183,658**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	17	524,826	524,826
Share premium	17	43,910,062	43,910,062
Other reserves	18	(1,119,279)	(1,246,172)
Retained earnings	19	(36,503,224)	(25,081,249)
Total Equity		**6,812,385**	**18,107,467**
Current Liabilities			
Trade and other payables	22	62,546	76,191
Total Liabilities		**62,546**	**76,191**
Total Equity and Liabilities		**6,874,931**	**18,183,658**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2024

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2023	290,451	33,503,300	(11,752,741)	(19,560,652)	2,480,358
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(4,054,078)	(4,054,078)
Total comprehensive income	290,451	33,503,300	(11,752,741)	(23,614,730)	(1,573,720)
Transactions with owners recognised directly in equity					
New Shares Issued	234,375	10,406,762	-	-	10,641,137
Share Issue Costs	-	-	(601,362)	-	(601,362)
Share option expense	-	-	61,580	-	61,580
Balance at 31 December 2023	**524,826**	**43,910,062**	**(12,292,523)**	**(23,614,730)**	**8,527,635**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2024	524,826	43,910,062	(12,292,523)	(23,614,730)	8,527,635
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(3,974,496)	(3,974,496)
Total comprehensive income	524,826	43,910,062	(12,292,523)	(27,589,226)	4,553,139
Transactions with owners recognised directly in equity					
Share option expense	-	-	163,733	-	163,733
Balance at 31 December 2024	**524,826**	**43,910,062**	**(12,128,790)**	**(27,589,226)**	**4,716,872**

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2024

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2023	290,451	33,503,300	(691,272)	(14,001,259)	19,101,220
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(11,079,990)	(11,079,990)
Total comprehensive income	290,451	33,503,300	(691,272)	(25,081,249)	8,021,230
Transactions with owners recognised directly in equity					
New Shares Issued	234,375	10,406,762	-	-	10,641,137
Share Issue Costs	-	-	(601,362)	-	(601,362)
Share option expense	-	-	46,462	-	46,462
Balance at 31 December 2023	**524,826**	**43,910,062**	**(1,246,172)**	**(25,081,249)**	**18,107,467**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2024	524,826	43,910,062	(1,246,172)	(25,081,249)	18,107,467
Total comprehensive income					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(11,421,975)	(11,421,975)
Total comprehensive income	524,826	43,910,062	(1,246,172)	(36,503,224)	6,685,492
Transactions with owners recognised directly in equity					
Share option expense	-	-	126,893	-	126,893
Balance at 31 December 2024	**524,826**	**43,910,062**	**(1,119,279)**	**(36,503,224)**	**6,812,385**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2024

Continuing Operations	Note	2024 €	2023 €
Loss before income tax		(3,974,496)	(4,054,078)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of fixed assets	5	91,398	106,179
Amortisation of intangible assets	5	-	39,492
Finance Costs	8	6,449	6,966
Finance Income	9	(216,122)	(193,605)
Share Option Expense		163,733	61,579
Movement in trade & other receivables		(591,351)	170,649
Movement in trade & other payables		43,379	(607,251)
		(4,477,010)	(4,470,069)
Bank interest received		216,122	193,605
Bank interest & other charges paid		(6,449)	(6,966)
Net Cash used in Operating Activities		**(4,267,337)**	**(4,283,430)**
Cash Flows from Investing Activities			
Purchases of property, plant & equipment	12	(24,087)	(17,465)
Net cash used in investing activities		**(24,087)**	**(17,465)**
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		-	10,039,775
Payment of lease liabilities	21	(52,728)	(36,970)
Net cash generated from / (used in) financing activities		**(52,728)**	**10,002,805**
Net increase / (decrease) in cash and cash equivalents		**(4,344,152)**	**5,701,910**
Cash and cash equivalents at beginning of year	16	7,911,079	2,209,169
Cash and cash equivalents at end of year	16	**3,566,927**	**7,911,079**

COMPANY STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2024

Continuing Operations	Note	2024 €	2023 €
Loss before income tax		(11,421,975)	(11,079,990)
Adjustments to reconcile loss before tax to net cash flows:			
Finance Costs		722	792
Finance Income		(212,386)	(192,971)
Share Option Expense		126,893	46,463
Impairment of Investment in Subsidiaries		10,698,215	10,157,911
Movement in trade & other receivables		12,494	(21,932)
Movement in trade & other payables		(13,645)	(77,354)
		(809,682)	(1,167,081)
Bank interest received		212,386	192,971
Bank interest & other charges paid		(722)	(792)
Net cash used in Operating Activities		**(598,018)**	**(974,902)**
Cash Flows from Investing Activities			
Capital contribution		(1,967,466)	(3,759,402)
Net cash (used) / generated in investing activities		**(1,967,466)**	**(3,759,402)**
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		-	10,039,775
Net cash generated from financing activities		**-**	**10,039,775**
Net increase / (decrease) in cash and cash equivalents		**(2,565,484)**	**5,305,471**
Cash and cash equivalents at beginning of year	16	5,791,641	486,170
Cash and cash equivalents at end of year	16	**3,226,157**	**5,791,641**

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. 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.

The Company is also the parent company of ENGAGE XR LLC. ENGAGE XR LLC is incorporated and domiciled in USA with a registered office of 251 Little Falls Drive, Wilmington, Delaware, 19808-1674, USA.

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 subsidiaries ENGAGE XR Limited and ENGAGE XR LLC.

All financial statements are made up to 31 December 2024. 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 have been prepared on a going concern basis which assumes that the group will continue in operational existence for at least one year from the date of approval of these financial statements.

At 31 December 2024 the group had a loss for the year of €3,974,496 and at that date net assets amounted to €4,716,872.

The group's ability to continue as a going concern is dependent on its ability to trade profitably in the future.

In forming this opinion, the Directors have considered all the information available to them. This includes management prepared forecasts, cost saving exercises, finalisation of significant contracts, due consideration of the ability to raise funds on the open market in respect of the listing on the Alternative Investment Market on the London Stock Exchange and the timing as to when such funds will be received. However, the Directors acknowledge that, in the current climate, assumptions used in financial forecasting are highly dependent on unpredictable future events.

Throughout 2025 the Group has continued to work on several significant opportunities in both the Middle East and North America. However, the timing for concluding these deals remains uncertain.

As a result of this uncertainty, during May 2025, the Group undertook a restructuring which resulted in a reduction in the size of the team. Together with other costs being eliminated this has resulted in significant savings for the Group. With these cost savings we expect that the Group has sufficient funding for at least 12 months from the date of signing the financial statements and until one or more of the significant opportunities close which will further bolster the cash position of the Group.

However, notwithstanding the foregoing, the directors believe that the above circumstances still represent significant challenges and uncertainties which may cast doubt on the company and group's ability to continue as a going concern and therefore it may be unable to realise its assets
and discharge its liabilities in the normal course of business for a period of at least one year from the date of the approval of these financial statements. However, the

Board remain optimistic that all actions that have been and continue to be taken will mitigate against these uncertainties.

While the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis, the financial statements do not include any adjustments that would result from a situation where the company failed to achieve the projected financial results.

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:

ENGAGE Revenue
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.

Showcase Experiences
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.

Other Revenue
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

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.

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.

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.

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, amendments, and interpretations not adopted by the group
The group did not adopt any new standards, amendments or interpretations in year as they did not have a material impact on the financial statements.

New standards, amendments, and interpretations issued but not effective for the period ended 31 December 2024, and not early adopted
There are several amendments to IFRS Accounting Standards that became applicable from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

None of these is expected to have a significant effect on the financial statements of the Group or Parent Company.

3. Segment Reporting

Revenue by Type	2024 €	2023 €
ENGAGE revenue		
Education License Revenue	1,256,165	1,165,294
Enterprise License Revenue	1,202,819	1,007,204
Professional Services Revenue	735,228	1,133,483
Total ENGAGE Revenue	3,194,212	3,305,981
Showcase experience revenue	203,039	324,924
Other revenue	-	59,792
Total Revenue	**3,397,251**	**3,690,697**

Education License Revenue is comprised of license revenue derived from customers with an education focus.

Enterprise License Revenue is comprised of licence revenue derived from customers with an enterprise focus.

Professional Services Revenue includes revenue from custom development work performed by the ENGAGE Studio team and also revenue generated from one off VR events.

Showcase Experience Revenue includes revenue from the sale of our showcase experiences including Apollo 11 VR, Titanic VR and Shuttle Commander on the

Oculus, Steam and PlayStation Stores.

Other Revenue includes revenue from VR installations within museums.

Total revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods was €432,029 (2023: €446,103)

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	**2024** **€**	**2023** **€**
Lease liabilities	(34,540)	(87,268)
Trade and other payables	(658,616)	(615,237)
Less: cash and short-term deposits	3,566,927	7,911,079
Net Funds	**2,873,771**	**7,208,574**
Equity	4,716,872	8,527,635
Total Equity	**4,716,872**	**8,527,635**
Capital and net funds	**7,590,643**	**15,736,209**

5. a. Expenses by nature

	2024 **€**	**2023** **€**
Depreciation charges	91,398	106,179
Amortisation expense	-	39,492
Operating Lease Payments	15,926	26,848
Foreign Exchange Loss / (Gain)	(153,556)	103,229
Staff Costs	5,066,103	5,272,155
Contractor Costs	1,128,931	1,250,703
Research & Development Tax Credit Received	-	(435,954)
Other Expenses	1,432,618	1,568,762
Total cost of sales and administrative expenses	**7,581,420**	**7,931,414**
Disclosed as:		
Cost of sales	476,728	379,640
Administrative expenses	7,104,692	7,551,774
Total cost of sales and administrative expenses	**7,581,420**	**7,931,414**

The aggregate amount of research and development expenditure recognised as an expense within cost of sales and administrative expenses was €2,041,049 (2023:

€1,583,220)

b. Auditor Remuneration

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

	2024	**2023**
	€	**€**
Fees payable to the Company's auditor for the audit of the financial statements	53,000	51,000

6. Employees

Employee Benefit Expense	**2024**	**2023**
	€	**€**
Wages and salaries	4,425,136	4,690,144
Social security costs	409,515	458,064
Defined contribution pension costs	67,719	62,368
Share option expense	163,733	61,579
Total Employee Benefit Expense	**5,066,103**	**5,272,155**

Average Number of People Employed	**2024**	**2023**
Average number of people (including executive Directors) employed:		
Operations	48	53
Administration	4	4
Sales, Marketing and Customer Support	6	10
Total Average Headcount	**58**	**67**

7. Directors remuneration

Below is the Directors' remuneration for the Year Ended 31 December 2024 and for the year ended 31 December 2023

Group	31 December 2024			
	Salaries and fees	Pension benefits	Options / Warrants issued	Total
	€	€	€	€
Executive Directors				
David Whelan	215,250	4,641	52,038	271,929
Sandra Whelan	167,750	4,594	52,038	224,382
Séamus Larrissey	162,250	6,563	12,809	181,622
Non-executive Directors				
Richard Cooper	97,711	-	-	97,711
Kenny Jacobs	28,500	-	-	28,500
Karthik Manimozhi	83,868	-	10,007	93,875
Marc Metis	-	-	-	-
	755,329	**15,798**	**126,892**	**898,019**

Group	31 December 2023			
	Salaries and fees	Pension benefits	Options / Warrants issued	Total
	€	€	€	€
Executive Directors				
David Whelan	235,875	6,445	20,686	263,006
Sandra Whelan	183,792	5,870	20,686	210,348
Séamus Larrissey	157,750	6,380	5,092	169,222
Non-executive Directors				
Richard Cooper	90,981	-	-	90,981
Praveen Gupta	-	-	-	-
Kenny Jacobs	29,688	-	-	29,688
	698,086	18,695	46,464	763,245

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 20.

8. Finance Costs

	2024 €	2023 €
Interest expense:		
- Lease interest	3,950	4,305
- Bank charges	2,499	2,661
Total finance costs	**6,449**	**6,966**

9. Finance Income

	2024 €	2023 €
Bank Interest Received	216,122	193,605
Total finance income	**216,122**	**193,605**

10. Income Tax

	2024 €	2023 €
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	**-**
Deferred tax (Note 23)	**-**	**-**
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:

	2024 €	2023 €
Loss Before Tax	(3,974,496)	(4,054,078)
Tax calculated at domestic tax rates applicable to loss in Ireland of 12.5%	(496,812)	(506,760)
Tax effects of:		
- Depreciation in excess of capital allowances	5,595	7,166
- Expenses not deductible for tax purposes	65,779	(52,917)
- Tax losses for which no deferred tax asset was recognised	425,438	552,511
Total tax	-	-

11. Earnings per share (EPS)

	2024	2023
Loss attributable to equity holders of the Group:	**€**	**€**
Continuing Operations	(3,974,496)	(4,054,078)
Weighted average number of shares for Basic EPS	524,826,146	484,149,493
Effects of dilution from share options and warrants	43,241,898	19,404,283
Weighted average number of ordinary shares adjusted for the effect of dilution	568,068,044	503,553,776
Basic loss per share from continuing operations	(0.008)	(0.008)
Diluted loss per share from continuing operations	(0.007)	(0.008)

12. Property, Plant & Equipment

Group	Leasehold improvements	Fixtures, fittings and equipment	Office Equipment	Right of use assets	Total
	€	€	€	€	€
Cost of Valuation					
At 1 January 2023	20,341	7,025	369,040	156,031	552,437
Additions	-	-	17,465	116,357	133,822
Disposals	-	-	-	(145,702)	(145,702)
At 31 December 2023	20,341	7,025	386,505	126,686	540,557
Additions	-	-	24,087	-	24,087
At 31 December 2024	20,341	7,025	410,592	126,686	564,644
Depreciation					
At 1 January 2023	20,341	7,025	280,838	148,148	456,352
Charge (note 5)	-	-	69,207	36,972	106,179
Disposals	-	-	-	(145,702)	(145,702)
At 31 December 2023	20,341	7,025	350,045	39,418	416,829
Charge (note 5)	-	-	38,670	52,728	91,398
At 31 December 2024	20,341	7,025	388,715	92,146	508,227
Net Book Amount					
At 31 December 2023	**-**	**-**	**36,460**	**87,268**	**123,728**
At 31 December 2024	-	-	21,877	34,540	56,417

Depreciation expense of €91,398 (2023: €106,179) has been charged in 'Administrative Expenses'.

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

13. Intangible Assets

Group	Software in developme nt costs €	Total €
Cost		
At 31 December 2023 and 31 December 2024	2,136,231	2,136,231
Amortisation		
At 31 December 2023 and 31 December 2024	2,136,231	2,136,231
Net Book Value		
At 31 December 2023 and 31 December 2024	-	-

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.

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

14. Investments in Subsidiaries

Company	€
At 1 January 2023	18,765,102
Capital contributions	3,759,402
Impairment Adjustment	(10,157,911)
At 31 December 2023	**12,366,593**
Capital contributions	1,967,466
Impairment Adjustment	(10,698,215)
At 31 December 2024	**3,635,844**

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 €1,967,466 was forwarded (2023: €3,759,402) to ENGAGE XR Limited to the Company during 2024. A repayment arises if ENGAGE XR Limited holds excess funds in a particular currency that is required by ENGAGE XR Holdings PLC to meet its liabilities as they fall due.

On 14 July 2022 the Company acquired all of the issued share capital of ENGAGE XR LLC for a consideration of $100,000.

The Board have recognised an impairment adjustment of €10,698,215 (2023: €10,157,911) in the current year to reflect the market capitalisation of the group at 31 December 2024.

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%
ENGAGE XR LLC	USA	Virtual Reality Technology	100%

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

15. Trade and Other Receivables

Current		Group		Company
	2024	2023	2024	2023
	€	€	€	€
Trade receivables	531,100	591,665	-	-
Less: provision for impairment of receivables	-	-	-	-
Trade receivables - net	531,100	591,665	-	-
Prepayments	197,089	156,820	12,494	24,603
Accrued income	1,045,282	432,029	-	-
Other debtors	937	3,100	-	-
VAT	12,276	11,719	436	821
	1,786,684	1,195,333	12,930	25,424

As at 31 December 2024, trade receivables of €531,100 (2023: €591,665) were fully performing and deemed fully recoverable. No bad debt provision charge was incurred during 2024 (2023: €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
	2024	2023	2024	2023
	€	€	€	€
Euro - Neither past due nor impaired	110,205	186,075	-	-
Pound Sterling – Neither past due nor impaired	41,793	-	-	-
Dollar - Neither past due nor impaired	379,102	405,590	-	-
	531,100	591,665	-	-

16. Cash and short-term deposits

	Group 2024 €	Group 2023 €	Company 2024 €	Company 2023 €
Cash at bank and on hand	3,566,927	7,911,079	3,226,157	5,791,641
	3,566,927	7,911,079	3,226,157	5,791,641

17. Issued Share Capital and Premium

	Number of shares	Ordinary shares €	Share premium €	Total €
At 1 January 2024 and at 31 December 2024	524,826,146	524,826	43,910,062	44,434,888

As at 31 December 2024 the number of shares authorised for issue were 524,826,146 (2023: 524,826,146). The par value of the shares authorised for issue were €0.001 each (2023: €0.001 each).

18. Other Reserves

	Group €	Company €
At 1 January 2023	(11,752,741)	(691,272)
Share issue costs	(601,362)	(601,362)
Share option expense	61,580	46,462
At 31 December 2023	(12,292,523)	(1,246,172)
At 1 January 2024	(12,292,523)	(1,246,172)
Share option expense	163,733	126,893
At 31 December 2024	12,128,790	1,119,279

19. Retained Earnings

	Group €	Company €
At 1 January 2023	(19,560,652)	(14,001,259)
Loss for the year	(4,054,078)	(11,079,990)
At 31 December 2023	(23,614,730)	(25,081,249)
At 1 January 2024	(23,614,730)	(25,081,249)
Loss for the year	(3,974,496)	(11,421,975)
At 31 December 2024	(27,589,226)	(36,503,224)

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

20. Share Based Payments

Following the successful completion of the equity placing in 2023, the Remuneration Committee evaluated appropriate solutions to put in place suitable longer-term incentives aimed at aligning the interests of employees and shareholders. The option grant was also to assist with the retention and motivation of key employees of the Company as the Company looks to deliver against the strategic opportunity outlined at the time of the placing. The Options provided the potential for rewards only if shareholders benefit from sustained growth in shareholder value over the coming years.

<u>New Scheme</u>

Under this new option grant there were 2,700,000 (2023: 38,493,393) employee options granted during 2024 at an exercise price of €0.046 per share.

The Options were granted at a price of GBP£0.04 each (€0.046) and cannot be exercised for at least three years from the date of grant (other than on a change of control).

The Options have performance criteria linked to the future share price performance of the Company with:

- One third of the Options being capable of exercise if the five day volume-weighted average price preceding the date of such exercise was 12 pence or higher; and

- One third of the Options being capable of exercise if the five day volume-weighted average price preceding the date of such exercise was 16 pence or higher; and

- One third of the Options being capable of exercise if the five day volume-weighted average price preceding the date of such exercise was 20 pence or higher.

The Options will vest in full on a change of control provided a minimum price threshold of 10 pence per share is met. 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 under the new option grant and weighted average exercise prices are as follows for the reporting periods presented:

	2024	**2023**
At 1 January	38,493,393	-
Granted during period	2,700,000	38,493,393
Exercised during period	-	-
Forfeited during period	(290,000)	-
At 31 December	40,903,393	38,493,393
Options outstanding at 31 December		
Number of shares	40,903,393	38,493,393
Weighted average remaining contractual life	5.65	6.59
Weighted average exercise price per share	€0.046	€0.046
Range of exercise price	€0.046	€0.046
Exercisable at 31 December		
Number of shares	-	-
Weighted average exercise price per share	-	-

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 Monte Carlo valuation model.

	Employee	**Non-Executive Director**
Number of options	200,000	2,500,000
Grant date	1 January	1 July
Vesting period	3 years	3 years
Share price at date of grant	€0.024	€0.015
Exercise price	€0.046	€0.046
Option life	7 years	7 years
Dividend yield	0%	0%
Staff Retention Rate	90%	90%
Risk free investment rate	4.47%	4.47%
Fair value per option at grant date	€0.0235	€0.0235
Weighted average remaining contractual life in years	6.01	6.50

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.

<u>Old Scheme</u>

No new options were granted in 2024 under the old scheme (2023: Nil).

The existing options from the old scheme 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 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 using the Black Scholes valuation model.

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

	2024	2023
At 1 January	3,585,080	4,404,127
Granted during period	-	-
Exercised during period	-	-
Forfeited during period	-	(819,047)
At 31 December	3,585,080	3,585,080
Options outstanding at 31 December		
Number of shares	3,585,080	3,585,080
Weighted average remaining contractual life	0.35	1.63
Weighted average exercise price per share	€0.022	€0.022
Range of exercise price	€0.0001 – €0.135	€0.0001 – €0.135
Exercisable at 31 December		
Number of shares	3,585,080	3,585,080
Weighted average exercise price per share	€0.022	€0.022

The total expense recognised in respect of all employee share-based payments and credited to the share-based payment reserve in equity was €163,733 (2023: €61,579).

21. Leases

Amounts recognised in the Statement Of Financial Position

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

		Group		Company
Right of Use Assets	**2024**	**2023**	**2024**	**2023**
	€	**€**	**€**	**€**
Buildings	20,913	62,741	-	-
Vehicles	13,627	24,527	-	-
	34,540	87,268	-	-

		Group		Company
Lease Liabilities	**2024**	**2023**	**2024**	**2023**
	€	**€**	**€**	**€**
Current	34,540	52,728	-	-
Non-current	-	34,540	-	-
	34,540	87,268	-	-

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	2024 €	2023 €
Buildings	41,828	20,914
Vehicles	10,900	16,058
	52,728	36,972
Interest expense (included in finance cost)	3,950	4,305

22. Trade and Other Payables

	Group 2024 €	Group 2023 €	Company 2024 €	Company 2023 €
Trade Payables	107,454	113,622	6,960	5,107
Amounts Due to Related Parties	-	-	-	-
PAYE/PRSI	106,700	133,622	12,482	25,850
VAT	-	-	-	-
Deferred Income	152,060	115,902	-	-
Accrued Expenses	292,402	252,091	43,104	45,234
	658,616	615,237	62,546	76,191

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Amounts Due to Related Parties are non-interest bearing and are settled over varying terms throughout the year
- 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

23. 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 €2,924,257 (2023: €2,525,356) in respect of losses and depreciation in excess of capital allowances amounting to €23,394,055 (2023: €20,202,845) that can be carried forward against future taxable income.

24. Related Parties

During the year the Directors received the following emoluments:

		Group		Company
	2024	**2023**	**2024**	**2023**
Directors	**€**	**€**	**€**	**€**
Aggregate emoluments	771,127	716,781	771,127	716,781
Share option expense	126,893	46,463	126,893	46,463
	898,020	763,244	898,020	763,244

Included in the above is an amount of €97,711 (2023: €90,981) 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 2024 €Nil was outstanding.

25. 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.

26. Events after the reporting date

The Company has evaluated all events and transactions that occurred after 31 December 2024 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.

27. Contingent Liabilities

The company has indicated that it will guarantee the liabilities (as defined in Section 397 of the
Companies Act 2014) of €590,915 (2023: €681,023) its Irish subsidiary, ENGAGE XR Limited for the Year Ended 31 December 2024.

28. Ultimate controlling party

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