

ENGAGE XR HOLDINGS PLC

(formerly VR Education Holdings PLC)

Annual Report and Financial Statements
for the Year Ended 31 December 2025

ENGAGE XR HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the Year Ended 31 December 2025

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ENGAGE XR HOLDINGS PLC

COMPANY INFORMATION

DIRECTORS	Non-Executive Chairman - Karthik Manimozhi Chief Executive Officer - David Whelan Chief Operating Officer - Sandra Whelan Chief Financial Officer - Séamus Larrissey Non-Executive Director – Richard Cooper Non-Executive Director – Kenny Jacobs Non-Executive Director – Marc Metis
SECRETARY	Séamus Larrissey
REGISTERED OFFICE	G16, Arclabs Reasearch and Innovation Centre South East Technological University West Campus Carriganore Waterford X91 P20H
REGISTERED NUMBER	613330
BANKERS	Allied Irish Bank Dunmore Road Waterford X91 XHP0
AUDITOR	Azets Audit Services Ireland Limited 3rd Floor 40 Mespil Road D04 C2N4
NOMINATED ADVISER & BROKER	Cavendish Capital Markets Ltd 1 Bartholomew Close London EC1A 7BL United Kingdom

CHAIRMAN'S STATEMENT

for the Year Ended 31 December 2025

On behalf of the Board of ENGAGE XR Holdings plc, I am pleased to present our Annual Report and Financial Statements for the year ended 31 December 2025. This was, without question, another challenging year for the Group — one in which we confronted significant external headwinds, recalibrated our cost base, and sharpened our strategic focus on the markets and product capabilities that we believe offer the most durable long-term value for shareholders.

Trading performance fell short of the expectations we held at the start of the year. The principal causes were two-fold. The first was the global slowdown in hiring, especially across the technology sector with several of the Group's larger enterprise clients either renewing at materially lower levels or not renewing at all. The second was the delay of major tourism training contracts in the Middle East. The current regional conflict has further materially altered the near-term demand environment for immersive services from this region. While disappointing, it has served to accelerate a strategic pivot that the Board considers necessary and correct: a deliberate move away from volatile, project-based revenues toward a more predictable, subscription-led model anchored in education and training.

Financial Performance

Group revenue for the year was €1.94 million, compared to €3.40 million in 2024, a reduction of 43%. Recurring revenue from our core ENGAGE education customer base held firm at €1.3 million, demonstrating the resilience of our subscription franchise. The decline was concentrated in Enterprise revenue, which fell from €1.0 million to €0.3 million as enterprise customer renewals eroded, and in Professional Services, which reduced from €0.7 million to €0.1 million as the Group consciously stepped back from one-off VR event and bespoke development work.

Gross margin improved meaningfully to 93% (2024: 86%), reflecting the higher-quality revenue mix as the business tilts toward software licensing. The EBITDA loss reduced to €2.8 million (2024: €3.9 million) however reported loss before tax improved to €3.0 million (2024: €4.0 million), the result of disciplined cost action across the organisation. Operating cash outflow was €1.9 million for the period, less than half the €4.3 million outflow recorded in 2024.

The Group closed the year with cash of €1.6 million (2024: €3.6 million) and no debt resulting from continued operating loss. Trade receivables stood at €0.5 million against trade payables of €0.3 million, with debtor days reduced from 57 to 21 — a clear indicator of the tighter working capital discipline implemented across the business.

Strategic Repositioning

During the year management acted decisively to reshape the cost base. A restructuring undertaken in May 2025 reduced headcount from approximately 50 in mid-2024 to approximately 25 core staff today, and the run-rate of monthly operating costs has been brought down to approximately €0.2 million for the remainder of 2026. These were difficult decisions, and on behalf of the Board I would like to record our thanks to colleagues who left the business during the year for their contribution to ENGAGE XR.

With our cost base now appropriately sized, the Group is concentrating its energies on the two areas where we see the clearest path to scalable, recurring revenue: enhancing our immersive platform for education and training customers and bringing our AI Teacher proposition to market.

Our geographic focus has shifted in step. North America now accounts for 62% of ENGAGE revenue (2024: 32%), as we have redirected commercial attention to a region where adoption of immersive learning is most advanced and where we hold a strong installed base. Middle East revenue, at 11% of the total, will remain an important but more measured component of the mix until conditions in the region stabilise.

ENGAGE XR HOLDINGS PLC

CHAIRMAN'S STATEMENT (continued) for the Year Ended 31 December 2025

Innovation and the AI Opportunity

The Board believes that the convergence of immersive technology with generative artificial intelligence represents the most significant opportunity in our addressable market. Our AI Teacher programme, together with the no-code Experience Editor and forthcoming PowerPoint-to-immersive conversion capability, positions ENGAGE XR to offer educators something that no competitor today can credibly deliver at scale: a measurable, ROI-led platform on which AI-driven instruction is always supervised by a human teacher. Research and development investment of €1.56 million (2024: €2.04 million) underpinned a substantial upgrade to our technology stack during the year. This investment is already being rewarded in higher subscription pricing on renewal, and the medium-term ambition remains an average contract value in excess of €25,000.

Trading Since the Year End

As noted above, the Group's opportunities in the Middle East has clearly been impacted by the ongoing conflict in the region. Notwithstanding this, the Board is pleased that during 2026 the Group has been able to deliver a number of customer renewals and contract wins in North America. The Group has secured contract wins and renewals with a number of notable customers including Bank of America, the University of Miami and a Fortune 500 Technology Company. Importantly, a significant renewal by the Group's largest customer in May 2026, on enhanced commercial terms, will improve the short-term cash position of the Group, once funds are received later in the year. The outcome is that the performance for the current financial year will be second half weighted as the majority of revenue from these recent wins is expected to be recognised in the second half of 2026.

Going Concern

As set out in greater detail in the Strategic Report, the Directors have prepared the financial statements on a going concern basis. The combination of the cost actions taken in 2025, the May 2026 customer renewal, and the pipeline of opportunities now being progressed provides the Board with a basis for concluding that the Group has sufficient funding for at least twelve months from the date of signing these financial statements. However, the Directors acknowledge that the timing of conclusion of certain significant contracts remains uncertain and that, taken together, these matters represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Shareholders are encouraged to read the disclosures on page 11 in full.

Governance, People and Stakeholders

The Board currently comprises seven Directors, with a balance of executive leadership and non-executive challenge. The Group continues to apply the Quoted Companies Alliance Corporate Governance Code, and during the year the Board met formally on five occasions with a strong attendance record. We continue to keep the composition and effectiveness of the Board under review and intend to formalise our annual performance evaluation in the coming year.

On behalf of the Board, I would like to thank David Whelan and the entire ENGAGE XR team for their resilience, focus and commitment during what has been a demanding year. I would also like to thank our customers, partners, our Nominated Adviser and our advisers for their continued support, and you, our shareholders, for your patience and confidence as we reshape the business for the next phase of its growth.

Board Change

Non-Executive Director Kenny Jacobs will not seek re-election to the Board at the AGM on 25 June 2026. The Board would like to thank Kenny for his efforts and expertise over the past 4 years and wishes him well with his future endeavours.

ENGAGE XR HOLDINGS PLC

CHAIRMAN'S STATEMENT (continued) for the Year Ended 31 December 2025

Outlook

ENGAGE XR enters the second half of 2026 a leaner, more focused and more technologically capable business than at any point in its history. The structural drivers of our market — the proven effectiveness of immersive learning, the rapid maturation of generative AI, and the imperative for educators to deliver measurable outcomes at scale — are firmly in our favour. The Board is confident that the actions taken during 2025, combined with the commercial momentum now building, position the Group to deliver sustainable, recurring revenue growth and, in time, attractive returns for our shareholders.

Karthik Manimozhi
Non-Executive Chairman

2 June 2026

ENGAGE XR HOLDINGS PLC

CHIEF EXECUTIVE'S REVIEW

for the Year Ended 31 December 2025

Overview

The 2025 financial year was a period of significant transition and recalibration for ENGAGE XR. We recorded a total revenue of €1.94m, a decrease from the €3.40m achieved in 2024. The principal causes were two fold. The first was the global slowdown in hiring, especially across the technology sector with several of the Group's larger enterprise clients either renewing at materially lower levels or not renewing at all. The second was the delay of major tourism training contracts in the Middle East. However, this shift has led the Board to move away from volatile, project-based revenue toward engagement with customers on a subscription basis thereby affording the Group a more stable and scalable future.

We have proactively adjusted our operations, significantly reduced our cost base and streamlined our organisation to approximately 30 core staff. This leaner structure has positioned the company to reduce cash burn and grow into H2 2026 and into 2027.

Our path forward is bolstered by significant client renewals at significantly increased subscription rates and the expanding sale of licenses within the education and training sectors. Key contracts / renewals signed so far in 2026 have been Bank of America, University of Miami and a Fortune 500 Technology company most of which will be revenue recognized in the second half of this year with expectations of further growth with new clients in our pipeline and recurring client growth using the platform.

Although revenue decreased in 2025, for reasons already mentioned, we have bolstered our technical capabilities with a much improved technology stack which in turn allows us to command a higher price subscription fee for the newly enhanced platform for our clients who value the increased security and feature that the platform now offers

AI Teacher Coming Soon

Our strategic priority is now our AI Teacher programme, which is the operating system for the future of education. This initiative addresses a critical inefficiency in the sector: approximately 60% of a teacher's time is currently spent delivering repetitive, lecture style content. By deploying AI Teachers, we enable educators to automate these high frequency tasks, allowing them to focus on high impact, one on one student support or to scale remote class sizes without increasing teacher workloads.

Our technology allows real world teachers to create AI clones of themselves using existing materials or spatial recordings, ensuring the AI looks and sounds like the original educator. These AI Teachers maintain student specific memory, allowing lessons to resume exactly where a learner left off while reporting performance back to the human supervisor. Humans are always kept in the loop when it comes to a student education, and we do not leave it to generative AI tools to make assumptions and predictions as to how to navigate a subject matter.

We have been releasing our AI tools to educators across K12, Universities and Homeschools over the past 12 months and the educators within these organisations are actively building and testing AI Faculty bots which will be deployed and used with live students this coming academic year. This is a progression from our School of AI characters which have been successfully used in many schools across the US over the past 12 months.

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CHIEF EXECUTIVE'S REVIEW (continued) for the Year Ended 31 December 2025

Immersive Building Tools

Beyond the classroom, we are providing a massive scalability solution through our Experience Editor, a no code tool that enables educators to build custom immersive learning experiences themselves. We are currently completing a feature that will allow educators to upload standard PowerPoint presentations and have them automatically converted into interactive, immersive lessons led by an embodied AI Teacher. To ensure measurable outcomes, the system is designed to sync performance data directly with existing Learning Management Systems, such as Canvas, reducing administrative workloads while maintaining academic oversight. This creates a closed-loop architecture where instruction is AI-driven but human-supervised.

A fundamental pillar of our business case is student safety. Recognizing that students may perceive virtual classrooms as a private space, ENGAGE actively monitors interactions for inappropriate language or content. We use AI driven tools to flag concerning keywords and phrases, alerting real-world educators to students who may be experiencing challenges or maltreatment at home. Given that one in eight children in the USA will experience a confirmed case of maltreatment by age 18, our platform provides a vital, secure social outlet where struggling students can seek support.

Conclusion

Despite the slower than expected adoption of immersive technology in many commercial industries, its effectiveness in education is supported by compelling data. Learners using immersive technology have been shown to retain up to 75% of information, a significant increase over traditional methods, and can learn up to four times faster than in a standard classroom setting. Immersive training leads to a 275% increase in student confidence when applying new skills. By focusing on these proven benefits and our new AI capabilities, ENGAGE XR has moved past the worst of the market downturn and is building a sustainable, growing future for our shareholders and educational partners. Unlike many AI startups we are focused on selling measurable ROI not product. Get the ROI right and growth will follow.

David Whelan
Chief Executive Officer

2 June 2026

ENGAGE XR HOLDINGS PLC

CHIEF FINANCIAL OFFICER'S REVIEW for the Year Ended 31 December 2025

I am pleased to present Chief Financial Officer's review for the Year Ended 31 December 2025.

Revenue was down 43% on the prior year from €3.4 million to €1.9 million, driven by a significant reduction in activity within the Middle East which had a significant impact on our performance.

ENGAGE revenue from education customers remained constant at €1.3 million in FY25.

ENGAGE revenue from Professional Services declined to €0.1 million from €0.7 million driven by a continued reduction in one off VR events supported by the ENGAGE Event team and also a reduction in custom VR development by the ENGAGE Studio Team.

ENGAGE revenue from Enterprise customers decreased from €1.0 million to €0.3 million, driven by the significant reduction of activity within the Middle East.

ENGAGE revenue within the North American market was 62% of total ENGAGE revenue (2024: 32%). This is due to a shift in focus from the Middle East where uncertainty in the region has led the Group to focus attention back to North America. Revenue from the Middle East was 11% of total ENGAGE revenue (2023: 28%).

EBITDA loss was €2.8 million compared to a loss of €3.9 million in the prior year and loss before tax was €3.0 million compared to a loss in 2024 of €4.0 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 €1.9 million for the period (2024: €4.3m). 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 2026.

At the balance sheet date, trade and other receivables were €0.5 million, ahead of trade and other payables at €0.3 million. Trade receivables represented an average of 21 debtor days (2024: 57 days).

The Group's cash position on 31 December 2025 was €1.6 million (2024: €3.6 million) with no debt.

Séamus Larrissey
Chief Financial Officer

2 June 2026

ENGAGE XR HOLDINGS PLC

STRATEGIC REPORT

for the Year Ended 31 December 2025

The Directors present herewith their strategic report for the Year Ended 31 December 2025.

Results and Dividends

The loss for the year after taxation amounted to €2,980,650 (2024: €3,974,496). No dividends were paid during the year (2024: €Nil) and as such an amount of €2,980,650 was debited to reserves.

Review of the business and future developments

The review of the business and future developments are set out in the Chairman's Statement.

Key Performance Indicators

Revenue

Revenue and revenue growth tracks the Group's performance against the strategic aim to grow the business.

Revenue for the year was €1.94m compared to €3.40m in 2024, a decrease of 43%.

Gross Margin

Gross margin tracks the margin earned on revenue after the deduction of cost of sales.

Gross margin for the year was 93% compared to 86% in 2024, an increase of 7%.

Average Contract Value

Average Contract Value is calculated as the average non-trial recurring licence revenue from customers.

Average contract value for 2025 was approximately €17,500 (2024: €26,000). The expectation is that average contract value will grow year on year as ENGAGE deals become larger in size. However, due to the contraction in revenue in 2025 the group saw a reduction in average contract value.

Medium-term outlook target of average contract value in excess of €25,000.

Cash and Cash Equivalents

Tracking the cash balance monitors the conversion of revenue into cash ensuring that cash is available for reinvestment.

Cash and cash equivalents at 31 December 2025 was €1.62 million compared to €3.56 million at 31 December 2024, a decrease of 54%.

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STRATEGIC REPORT (continued)

for the Year Ended 31 December 2025

Principal Activity

The principal activity of the Group is the development of the Virtual Reality platform 'ENGAGE'. The Group also develops and sells Virtual Reality experiences.

Principal Risks and Uncertainties

The Group's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which the Group face are detailed as follows:

Activity	Risk	Impact	Control(s)
Technology Risk	Fast moving market that is subject to changing trends and technological advances.	Being behind market leaders or the provision of non-standard material for which there is a limited target audience, consequently reducing potential for profit/revenue.	The Company regularly conducts market research to be aware of upcoming trends, and it aims to achieve 'first mover' advantage in the VR Educational sector to manage this risk.
Business performance	Company may not perform as expected.	Adverse consequences such as management distraction, disposal and reduced profit.	This risk is managed through a number of measures: authorisation of purchases and capital requirement; ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting.
Financial Risk	Adequate financial and business controls.	Error or fraud, leading to a loss in reputation, business partners and customers.	The Company exercises financial and business control through a combination of: qualified and experienced financial personnel; dual signatories; performance analysis; budgeting and cash flow forecasting; local audit to international standards; and clearly defined approval limits.
Critical Person Risk	Loss of key management or development staff	Operational impact of loss of key staff could see a delay in product / service delivery	The nature and operation of the board ensures that issues are disseminated to all board members in a timely manner which would help address the loss of any key staff. Keyman insurance policy is also in place for the CEO.
Data Protection Risk	Loss of customer personal information	Loss of reputation, fines and potential litigation	Payment processing handled by reputable third party (Stripe); GDPR policies in place and made available to new and existing users; best practise policy and procedure in place for storing user personal data

ENGAGE XR HOLDINGS PLC

STRATEGIC REPORT (continued) for the Year Ended 31 December 2025

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 12 months from the date of approval of these financial statements.

At 31 December 2025 the group had a loss for the year of €2,980,650 (2024: €3,974,496) and at that date net assets amounted to €1,870,545 (2024 - €4,716,872).

The group's ability to continue as a going concern is dependent on its ability to generate sufficient cashflows such that it can discharge its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.


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 AIM market of 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, outside the Group's control.

Throughout 2026, the Group has continued to work on several significant opportunities in North America. However, the timing for concluding these deals remains uncertain. A significant renewal by the Group's largest customer in May 2026 will improve the short-term cash position of the Group, later in the year.

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. These cost savings materially reduce the Group's cash outflows; however, the Group's ability to continue as a going concern for at least 12 months from the date of signing the financial statements remains dependent not only on the maintenance of this reduced cost base but also on the successful timing and conversion of one or more of the significant revenue opportunities currently being progressed. The conclusion of such opportunities would 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.



Sandra Whelan
Director

2 June 2026



Séamus Larrissey
Director

2 June 2026

ENGAGE XR HOLDINGS PLC

DIRECTORS' REPORT

for the Year Ended 31 December 2025

The Directors present herewith their annual report and audited financial statements for the Year Ended 31 December 2025.

Results and Dividends

The results for the period are set out in the Strategic Report on page 9-11. The Directors do not propose to declare a dividend.

Directors

The present Directors are as listed on page 2 and, unless otherwise indicated, have served throughout the period.

Directors' and Secretary's interests in shares

The direct and indirect interests of the Directors and secretary in the share capital of the Company at the beginning and the end of the period were as follows:

	31/12/2025		31/12/2024	
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
Karthik Manimozhi	-	2,500,000	-	2,500,000
David Whelan	39,370,000	13,000,000	39,370,000	13,000,000
Sandra Whelan	39,213,000	13,000,000	39,213,000	13,000,000
Séamus Larrisey	407,500	4,110,940	407,500	4,110,940
Richard Cooper	1,070,400	1,000,000	1,070,400	1,000,000
Kenny Jacobs	-	-	-	-
Marc Metis	-	-	-	-

Significant shareholdings

As at 2 June 2026, the following interests in 3% or more of the issued share capital appear in the register:

Canaccord	16.45%
Octopus Investment Limited	12.14%
HTC	11.96%
David Whelan	7.50%
Sandra Whelan	7.47%
Seneca	4.11%
Enterprise Ireland	3.62%
Unicorn AIM VCT Plc	3.62%
Premier Miton	3.55%

Transactions Involving Directors

Transactions involving Directors are disclosed within note 24.

ENGAGE XR HOLDINGS PLC

DIRECTORS' REPORT (continued) for the Year Ended 31 December 2025

Events after the reporting period

The Company has evaluated all events and transactions that occurred after 31 December 2025 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.

Research and development

Being at the forefront of a competitive industry and in order to strengthen its market position the Group needs to continue to break new ground by investing in the development and trial of new technologies. The Group aims to provide educators the tools they need to create their own content in virtual classrooms or virtual training environments and thus improving Customer experience.

The aggregate amount of research and development expenditure recognised as an expense within cost of sales and administrative expenses was €1,560,313 (2024: €2,041,049)

Accounting Records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records throughout the company, including the employment of appropriately qualified personnel and the maintenance of computerised accounting systems. The accounting records of the Company are held at their registered office at G16, Arclabs Research and Innovation Centre, South East Technological University West Campus, Carriganore, Waterford, X91 P20H.

Branches outside the state

The Company has a branch established in the United Kingdom.

Political Donations

There were no political donations made during the current or prior year.

Disclosure of information to the Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

The auditors, Azets Audit Services Ireland Limited, continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the board



Sandra Whelan
Director



Séamus Larrissey
Director

2 June 2026

2 June 2026

ENGAGE XR HOLDINGS PLC

DIRECTORS' RESPONSIBILITIES STATEMENT for the Year Ended 31 December 2025

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with accounting standards issued by the Financial Reporting Council including International Financial Reporting Standards as adopted by the European Union (IFRSs).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at the financial year end date and of the profit or loss of the Group and Parent Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Group and Parent Company, enable at any time the assets, liabilities, financial position and profit or loss of the Group and Parent Company to be determined with reasonable accuracy and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Parent Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.engagexr.co. Legislation in the Republic of Ireland governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors are responsible for ensuring that the Company is compliant with AIM Rule 26 which is discussed further in the Corporate Governance Report on page 15 – 22.

On behalf of the board



Sandra Whelan
Director



Séamus Larrissey
Director

2 June 2026

2 June 2026

ENGAGE XR HOLDINGS PLC

CORPORATE GOVERNANCE REPORT for the Year Ended 31 December 2025

As Chair of the Board of Directors of Engage XR Holdings plc (Engage XR, EXR, we, or the Company/Group as the context requires), I am responsible for leading the Board effectively and for overseeing the adoption, delivery and communication of the Company's corporate governance arrangements. The Board believes that good governance supports sustainable growth and long-term value creation for shareholders, while having regard to the interests of wider stakeholders.

Part of my role also requires the promotion and pursuit of a healthy corporate culture, where the Board provides both appropriate support and effective challenge to the Executive, and the Executive are empowered to pursue the agreed strategy within the Company's risk tolerance and report openly to the Board on challenges facing the business.

During the year, the Board sought to ensure that governance arrangements remained aligned to the Company's purpose, strategy and business model and that they enabled effective oversight of performance, culture, risk and internal control. This includes promoting an open culture of constructive challenge, ensuring high-quality information flows to the Board and maintaining effective engagement with shareholders and other stakeholders. The Board recognises that this has been a challenging year for the Group and believes that the governance arrangements in place, together with the Board's culture, have been effective in supporting the Group in responding to those challenges.

The Board also recognises that the Group operates in a fast-moving technology environment and that the governance framework must remain proportionate, practical and capable of evolving as the business develops.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2023 (the QCA Code). This report explains how we have applied the QCA Code's ten principles and provides the related disclosures. Where our arrangements differ from the QCA Code's stated application guidance, we explain why the Board considers the alternative approach to be appropriate and, where relevant, how and when the Company expects its governance arrangements to evolve.

Karthik Manimozhi
Chairman

2 June 2026

CORPORATE GOVERNANCE REPORT (continued)
for the Year Ended 31 December 2025

<i>Principle</i>	<i>How we apply the QCA Code (2023) and related disclosures</i>
<p>1. Establish a purpose, strategy and business model which promote long-term value for shareholders</p>	<p>The Board has concluded that the highest medium and long-term value can be delivered to its shareholders by the adoption of a single strategy for the Company to establish Engage XR as the metaverse platform of choice for corporations, professionals, education organisations, and event organisers to create their own virtual worlds, provide services directly to their clients and allow them to engage with employees, customers, and suppliers.</p> <p>Engage XR aims to deliver shareholder returns primarily through capital appreciation. The Company’s methodology is to secure partnerships with leading hardware suppliers and corporates / educators who are adopters of the metaverse technology and opportunity, to demonstrate the attractiveness and application of the metaverse generally and the Company’s products. The directors believe that this, together with the work of other companies in the space, is generating a critical mass environment in preparation for a substantial growth phase both for the Company and the metaverse market. The directors also believe that the ongoing developments in other emerging technologies, including artificial intelligence, present a number of opportunities that the Company is well positioned to capitalise upon.</p> <p>Further details on the Company’s purpose, strategy and business model are included in the Strategic Report on pages 9 to 11.</p> <p>The principal risks and key challenges to the execution of the Company’s strategy and its business model are outlined on page 10 and in the risk management disclosures under Principle 5.</p>
<p>2. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The Directors recognise the importance of maintaining a healthy corporate culture, including open and respectful communication with employees, clients and other stakeholders. In a rapidly evolving market (including the metaverse and other emerging technologies), the Company seeks to foster a culture that supports dynamism, innovation, openness and transparency, underpinned by sound ethical values and behaviours which support delivery of the Company’s objectives. The Company’s purpose, strategy and business model are outlined further on pages 9 to 11.</p> <p>The Company maintains a range of policies that support ethical values and behaviours, which are available to all employees via the employee handbook. These include “Must Read Policies” that employees are required to read and acknowledge, and which management monitors and updates where necessary. The Company also has an Anti-Bribery and Corruption Policy.</p> <p>The Company has adopted a code for directors’ and employees’ dealings in securities appropriate for a company whose securities are traded on AIM and in accordance with the Market Abuse Regulation.</p> <p>The Board monitors culture through regular employee reviews and internal meetings and, given the Company’s close working environment, is able to assess whether ethical values and behaviours are understood and applied. The Directors consider that the Company has an open culture that encourages dialogue and feedback and enables positive and constructive challenge.</p>

<i>Principle</i>	<i>Application</i>
<p>3. Seek to understand and meet shareholder needs and expectations</p>	<p>The Company places importance on maintaining effective communication and constructive dialogue with shareholders and the wider investment community. The Company retains financial PR support and communicates with shareholders through regulatory announcements, results reporting and presentations, the annual general meeting and the Company’s website.</p> <p>The Company places great importance on the need for effective communication and constructive dialogue with investors and the media and retains the services of a financial PR company to help ensure that key information reaches the right audience.</p> <p>The Company communicates with shareholders through a variety of platforms including:</p> <ul style="list-style-type: none"> • Regular financial reports, including the Group’s full-year and interim results, alongside periodic trading updates; • RNS announcements regarding noteworthy developments in the business; • results presentations to institutional shareholders which provide an opportunity for the executive to receive feedback from institutional shareholders; • the Company’s website; • the Annual General Meeting where shareholders have the opportunity to meet the Board and ask questions about the business; and <p>Shareholder views are also represented in the Boardroom. In addition, the Chair, Karthik Manimozhi, acts as a liaison for shareholders where required. The Board is confident that the range of methods that the Board and the Company have in place to engage with shareholders is effective.</p> <p>All 2025 AGM resolutions were passed comfortably, with all resolutions passing by more than 90% of those votes cast. The results of voting at AGMs are disclosed on the Company’s website.</p>
<p>4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success</p>	<p>The Board recognises that the Company’s long-term success depends on strong relationships with employees, contractors, customers/users, suppliers, regulators and other stakeholders. The Board receives feedback via management reporting and engagement processes and considers stakeholder impacts as part of decision-making. For further information on how we meet our wider stakeholder and social responsibilities, please see our ESG Report on pages 23 to 28.</p> <p><u>Environment</u></p> <p>The Directors consider that the Group has no significant direct environmental impact, but recognises the need to consider and, where appropriate, implement actions to mitigate environmental and social impacts. Further detail is set out in the ESG Report on pages 23 to 28.</p>

CORPORATE GOVERNANCE REPORT (continued)
for the Year Ended 31 December 2025

<i>Principle</i>	<i>Application</i>
<p>4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success (continued)</p>	<p><u>Employees</u> The Group aims to value, incentivise and support employees and promotes equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion, or sexual orientation. Employee feedback is supported through annual reviews and team engagement and wellbeing initiatives, including flexible working arrangements.</p> <p><u>Customers</u> The Board recognises that customer and user experience is central to business success. The Group engages with customers and users through project/service delivery processes, a customer review process, and responsive handling of queries and support requests. Product improvement is supported through regular product meetings and a two-week sprint approach to ensure smooth process.</p> <p><u>Suppliers</u> The Board recognises the importance of fair and effective supplier relationships, including timely settlement of contractual obligations. The Board receives updates from executive directors on supplier interactions and payment practices.</p>
<p>5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation</p>	<p>The Board recognises the need for an effective and well-defined risk management process, and it oversees and regularly reviews the current risk management and internal control mechanisms. While the Board retains ultimate responsibility for the integrity of financial reporting, the Audit Committee has delegated responsibility for ensuring that the financial performance of the Company is properly monitored and reported.</p> <p>The Principal Risks and Uncertainties section of this Report on page 10 set out the key risks and opportunities that the Board consider to be facing the business.</p> <p>The Company has an ongoing process to identify, evaluate, manage and mitigate the significant risks the Company faces and review the effectiveness of related controls. The Company has a risk register which identifies risks, evaluates the risk level (level of impact and the probability of the risk materialising), and the principal person responsible for each risk. This is reviewed regularly by the Audit Committee and the Board, with the nature, extent and mitigation of such risks considered.</p> <p>The Audit Committee, on behalf of the Board, and the Board regularly review the mechanisms of internal control it has implemented, assessing for effectiveness, including taking into account views expressed by our external auditor. On the basis of such review, the Board is confident that the reporting and control mechanisms remain appropriate in assessing the effectiveness of our control systems.</p>

CORPORATE GOVERNANCE REPORT (continued)

for the Year Ended 31 December 2025

<i>Principle</i>	<i>Application</i>
<p>5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation (continued)</p>	<p>The Audit Committee regularly considers the auditor's independence, in particular ahead of the Company's year-end audit, and is satisfied that the auditor continues to have appropriate measures in place to preserve its independence and objectivity in the provision of its services.</p> <p>An internal audit function is not yet considered necessary or practical due to the size of the Company and the day-to-day control exercised by the Executive Directors. However, the Board will continue to monitor the need for an internal audit function.</p>
<p>6. Establish and maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The Board is collectively responsible for promoting the success of the Company for the benefit of its members as a whole and for establishing governance arrangements appropriate to the Company's size, complexity and stage of development. The Chair has overall responsibility for board leadership, effectiveness and governance.</p> <p>Over the reporting period, the Board comprised the following directors:</p> <ul style="list-style-type: none"> • Independent Non-Executive Chair – Karthik Manimozhi • CEO – David Whelan • COO – Sandra Whelan • CFO – Séamus Larrisey • Independent Non-Executive Director – Kenny Jacobs • Independent Non-Executive Director – Richard Cooper • Non-Executive Director – Marc Metis <p>It is the Board's opinion that Karthik Manimozhi, Kenny Jacobs and Richard Cooper are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. The Board considers Marc Metis not to be independent, as he is an appointed representative of a major shareholder (HTC).</p> <p>As at 31 December 2025, Richard Cooper had an interest in 1,070,400 shares. As at 31 December 2025, Karthik Manimozhi held options over 2,625,000 ordinary shares. The Board has determined that these interests do not, of themselves, compromise independence and keeps this assessment under review. Directors are expected to dedicate sufficient time to fulfil their roles. Non-executive directors are expected to dedicate at least two days per month to the Company.</p> <p>While the Company's Articles provide for rotation of directors, all directors submit themselves for re-election at each AGM.</p>

CORPORATE GOVERNANCE REPORT (continued)
for the Year Ended 31 December 2025

<i>Principle</i>	<i>Application</i>																
<p>6. Establish and maintain the board as a well-functioning, balanced team led by the chair (continued)</p>	<p>The Board aims to meet at least four times each year and will convene additional meetings as required to discharge its responsibilities effectively. During the reporting period, the Board met formally ten times; a schedule of attendance is set out below.</p> <table border="1" data-bbox="568 539 1278 891"> <thead> <tr> <th>Director</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Karthik Manimozhi</td> <td>10/10</td> </tr> <tr> <td>David Whelan</td> <td>10/10</td> </tr> <tr> <td>Sandra Whelan</td> <td>9/10</td> </tr> <tr> <td>Séamus Larrissey</td> <td>10/10</td> </tr> <tr> <td>Marc Metis</td> <td>10/10</td> </tr> <tr> <td>Richard Cooper</td> <td>9/10</td> </tr> <tr> <td>Kenny Jacobs</td> <td>7/10</td> </tr> </tbody> </table> <p>The Board is supported by an Audit Committee and a Remuneration Committee. Each committee comprises the Company's independent Non-Executive Directors, Kenny Jacobs and Richard Cooper. Kenny Jacobs chairs the Remuneration Committee and Richard Cooper chairs the Audit Committee. Each committee is expected to meet at least twice each year, and more frequently if required; during the year under review, each committee met twice.</p>	Director	Attendance	Karthik Manimozhi	10/10	David Whelan	10/10	Sandra Whelan	9/10	Séamus Larrissey	10/10	Marc Metis	10/10	Richard Cooper	9/10	Kenny Jacobs	7/10
Director	Attendance																
Karthik Manimozhi	10/10																
David Whelan	10/10																
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Marc Metis	10/10																
Richard Cooper	9/10																
Kenny Jacobs	7/10																
<p>7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has adopted the QCA Code. We review our corporate governance arrangements regularly and expect to evolve these processes over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit, with the Chairman being responsible for the effectiveness of the Board, and the Executive Directors being accountable for the management of the Company's business and primary contact with shareholders, clients and partners.</p> <p>The Chairman is responsible for shareholder communications, the leadership of the Board and ensuring its effectiveness in all aspects of its role, including creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions and corporate governance arrangements, receive adequate time and attention at Board meetings.</p> <p>The Executive Directors are responsible for the day-to-day running of the business, the leadership of the management team and the development and execution of corporate strategy. The Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.</p> <p>The Board delegates authority to two Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.</p>																

CORPORATE GOVERNANCE REPORT (continued)
for the Year Ended 31 December 2025

<i>Principle</i>	<i>Application</i>
<p>7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities (continued)</p>	<p>The Audit and Risk Committee oversee financial reporting, internal controls, risk management, auditor independence and compliance with the AIM Rules and UK Market Abuse Regulation. Further details can be found in the Audit Committee Report on pages 29 to 30.</p> <p>The Remuneration Committee is responsible for the Company’s Remuneration Policy and the remuneration of Executive Directors, the Chairman and senior management. Further details can be found in the Remuneration Committee Report on pages 31 to 33.</p> <p>The Board has elected not to establish a Nominations Committee, preferring instead that the Board should, itself, deal with such matters, including succession planning and the balance of the Board. Therefore, the Board will review Board composition.</p> <p>The Chairman and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.</p>
<p>8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The Board recognises the importance of regular evaluation of its effectiveness, including the performance of its committees, the Chair and individual directors, and the role this plays in continuous improvement and succession planning. The Company has not historically implemented a formal board performance review process; the Board has instead relied on ongoing discussion and feedback through the year. The Board recognises that this is not fully aligned with the QCA Code’s expectations and intends to evolve its approach, however the Directors are supportive of the principle of regular review and will consider the most effective time to implement such a review</p> <p>Each member of the Board is invited to openly share their views on all aspects of the Board’s performance and effectiveness with the Chairman of the Board, who acts upon such views as required. The Directors remain confident that each Director contributes actively to the Board and that the Board, as a whole, performs its role effectively.</p>
<p>9. Establish a remuneration policy which is supportive of long-term value creation and the company’s purpose, strategy and culture</p>	<p>The Board recognises that remuneration arrangements should support delivery of the Company’s purpose, strategy and culture, incentivise appropriate performance over the medium to long-term and align the interests of executive management with those of shareholders.</p> <p>The Remuneration Committee oversees remuneration policy and practice for executive directors and senior management, including incentive arrangements and share plans, as appropriate. Further details are set out in the Remuneration Committee Report on pages 31 to 33.</p> <p>The Board has determined not to put remuneration-related resolutions to shareholders at this year’s AGM in light of its ongoing review of the Group’s remuneration framework to ensure alignment with strategy and shareholder expectations. The Board and Remuneration Committee will undertake this review during 2026, including appropriate shareholder engagement, and intends to bring forward proposals for shareholder consideration at the 2027 AGM.</p>

ENGAGE XR HOLDINGS PLC

CORPORATE GOVERNANCE REPORT (continued)
for the Year Ended 31 December 2025

<i>Principle</i>	<i>Application</i>
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	<p>The Company discloses on its website and within its annual report and accounts how the Company is governed. Further details on the Company governance, including reflections on the challenges experienced in the year under review, can be found in the Strategic Report on pages 9 to 11. The Audit Committee Report on pages 29 to 30 and the Remuneration Committee Report on pages 31 to 33 outline the structure, responsibilities and governance of each committee.</p> <p>The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings as well as posting them on the website. The Board will take measures to ensure that, if there is a resolution passed at an AGM with at least 20% of votes cast being against the resolution, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.</p>

ESG REPORT

This report provides stakeholders with a guide to the way in which the Group deals with the three core tenets of ESG, namely:

1. Environmental
2. Social
3. Governance

This Annual Report has already dealt with governance in detail in its report on Corporate Governance on pages 15 to 22, however there are some other aspects which are reported in the sections below.

The Board has ultimate responsibility for ENGAGE's ESG commitments and ESG was a distinct agenda point during the year. Our Senior Management Team is responsible for overseeing the management of ENGAGE as a whole and for cascading key business messages clearly throughout their departments, including messages about ESG matters. The highest management position responsible for oversight of ESG is Sandra Whelan, Chief Operating Officer

1. ESG – The Environmental Dimension

The Group has one physical office based in Waterford City, Ireland.

The Waterford office is managed in accordance with the landlord. It has a secure bicycle store and staff are encouraged to cycle to work through the promotion of the Company's Bike to Work Scheme.

The Company commenced a paper free initiative in 2021. Where paper may be needed, it is minimal and printer paper ordering is modest.

Responsible Procurement

The environmental impact of the Company's supply chain is a consideration for all new vendors. Since 2021, all new vendors are required to complete a Vendor Risk Management Assessment to ensure that their environmental and sustainability goals align with that of the Company. These vendors are then added to our Approved Supplier list and are audited and reviewed periodically throughout the year.

2. ESG – The Social Dimension

Engaging with our stakeholders helps the continued success of our business; stakeholders provide different perspectives and expertise that can drive innovation and support our strategic direction and financial performance. We engage regularly with our stakeholders, through both direct communications and our reporting, which we ensure accurately reflect the performance of the business. We also appreciate that each stakeholder group has different interests and concerns, and we therefore tailor our method of engagement with each appropriately.

ENGAGE XR HOLDINGS PLC

ESG REPORT (continued)

2. ESG – The Social Dimension (continued)

Employees

We are passionate on making ENGAGE XR a rewarding place to work and to foster attraction and retention of employees by developing our recruitment practices and offering more opportunities for growth and progression to ensure we are accessing the broadest pools of talent.

Initiatives by the Company include:

- The Company has a referral program which allows employees (below the level of executive) to financially benefit from direct employee introductions and hence avoid paying recruitment fees externally.
- Training and Development Programme
- Flexible working
- Mental health support
- Financial health support
- Healthcare schemes

Employee Communication

The Company has a strong ethos of employee communication with internal company meetings being held monthly with a presentation from the CEO via the use of our internal communications platform.

EDI

Ensuring that equality, diversity and inclusion considerations are embedded within all facets of our business is a key priority.

We have a policy in place, the aim of which, in terms of employment, is to ensure that no job applicant or employee receives less favourable treatment on any grounds which cannot be shown to be justified. This applies to Recruitment and Selection, Training, Promotion, Pay and Employee Benefits, Employee Grievances and Discipline Procedures and all Terms and Conditions of Employment.

The table below provides as summary of the number of staff within the Group based on reporting period end dates:

EMPLOYEES	31 December 2025	30 June 2025	31 December 2024
<i>Employees by employment type</i>			
Number of full-time employees	26	28	51
Number of part-time employees	-	-	-
Number of temporary employees	-	-	-

2. ESG – The Social Dimension (continued)

EDI (continued)

EMPLOYEES	31 December 2025	30 June 2025	31 December 2024
<i>Diversity</i>			
Number of women at Board level	1	1	1
Number of women in workforce	4	4	10
Percentage of women in workforce	15%	14%	20%
Number of people from ethnic minorities at Board level	1	1	1
Employees paid a national living wage (%)	100%	100%	100%

Customers

The Company prides itself on providing a high level of customer service.

At the heart of this is our initial on ongoing engagement with our customers. Our customers enable us to understand their requirements and maintain clear and transparent communication with them. To this end, we have adopted the following approach.

- Created one centralised customer identity system (Pipedrive)
- Logging of dissatisfaction to drive improvements
- Responding to customer feedback and implementing quick fixes where appropriate
- Two channels for customer service
- Ongoing training for staff

The integration of our online training platform, Meta Compliance, increases accessibility to the staff training modules and enables us to monitor rates of completion and send reminders to employees when necessary.

Suppliers

The key issues for us with suppliers are:

- Their integrity
- Their reliability
- Their governance and business ethics

For all new significant suppliers, we ask them to complete a due-diligence questionnaire and periodically review the supplier. Many of our suppliers have been with us for a number of years and we have built up a good understanding of them and their values.

ESG REPORT (continued)

2. ESG – The Social Dimension (continued)

Shareholders and the Analyst Community

Shares in ENGAGE XR are publicly traded on London’s AIM (Ticker: EXR). Under AIM rules we are obliged to have a Nominated Advisor (“NOMAD”) and broker with whom we work closely on all AIM and MAR (Market Abuse Regulations) matters.

The broker is the prime interface with our shareholders.

In 2025, in addition to the Annual and Interim results, ENGAGE XR released an additional trading update. At the final and interim results, the Executive directors present the results to investors and handle regular analyst calls.

Giving back to the community

In considering societal impact, the Group wishes to give employees the opportunity to get involved and support is provided to employees in their endeavours. A number of charitable donations have been made by the Company to select charities.

3. ESG - The Governance Dimension

To execute our strategy flawlessly we maintain strong governance practices. These practices are streamlined and harmonised across the Group. Our full Report on Corporate Governance is on pages 15 to 22.

IT and data security

The Company recognises that security is critical to our customers. We aim to continually improve our cybersecurity procedures and have focussed on increasing security awareness among our colleagues.

In 2021 the Company achieved ISO27001 certification. This certification reflects the emphasis we place on ensuring the highest standards of security and safety. Verification of ISO27001 certification can be viewed here <https://certcheck.ukas.com/> using our trading company name ENGAGE XR Limited.

Central to cybersecurity for the business is having robust oversight and effective governance. The importance of IT and data security is driven from the very top of the business with CEO and COO recognition, the latter having direct involvement in cybersecurity matters.

There are strong lines of communication between the Executive Team and the Technical Architects and Security Performance Engineers within the Company. There is ever present Executive and Senior Management participation in all technical and risk assessment meetings. To support the secure operation of our systems, there are a comprehensive series of security policies and procedures in place, and external penetration tests performed yearly.

There are two main committees that meet weekly/monthly. Information Security Forum (ISF) and Change Advisory Board (CAB).

ESG REPORT (continued)

3. ESG - The Governance Dimension (continued)

Information Security Forum (ISF)

Chair: Chief Operating Officer

Purpose:

- Evaluate security threats to the Company
- Sign off new technical decisions or system changes which flow through CAB
- Sign off new third-party integrations which flow through CAB
- Ensure compliance with relevant regulations

Change Advisory Board (CAB)

Chair: Chief Operating Officer

Purpose:

- Whitelisting of approved software
- Verify that changes to projects align with Company goals,
- To review change requests and the impact of proposed changes,
- To review the risks associated with change requests and decide whether to approve or reject.

We conduct an annual audit of our existing technology suppliers to ensure that they are still meeting the required standards

Continuous improvement

In 2021, we achieved ISO 27001 certification. The Chief Operating Officer (COO) is the Executive Sponsor of the initiative, and it is being driven by executive and middle management.

As internal employee actions can pose the greatest risk to IT and data security, the overarching objective is to raise awareness for cybersecurity across the Company. We run targeted phishing campaigns on our own staff to improve awareness and reduce the risk of employees clicking through on suspicious emails.

Data security and IT practices are constantly improved, as we react to developments and implement adjustments to existing systems and procedures.

All employees must complete continuous security awareness, general cyber and data security and GDPR training. With the integration of our online training platform, Meta Compliance, we can monitor levels of training completion, and push out reminders via email and our internal communications platform. We have introduced security awareness training as part of our onboarding process for new employees.

3. ESG - The Governance Dimension (continued)

Privacy of customer data

Our data privacy practices are of extreme importance, and we approach all data security scenarios from the perspective that no employee is necessarily secure. We have two-factor authentication for all systems that contain customer data. Where an employee must use a personal device for work, we require all employees to adhere to the Bring Your Own Device (BYOD) Policy.

Under the Data Protection Act 2018 and the General Data Protection Regulation (EU 2016/679), Information Subjects have rights with regards to the Personal Information where ENGAGE XR is the Controller. To ensure that all employees are aware of their obligations we have implemented a Handling of Personal Information Processing Request Procedure which is available to all employees within the Company’s Information Security Management System (ISMS) and is part of the compulsory onboarding process for all new employees.

Risk management

We increased the capabilities within the risk management side of the business. We have a Security and Performance Engineer who assesses any perceived security risks to the business by monitoring anti-virus health, patch compliance and other IT security controls. We have a Risk Assessment and Treatment Process in place along with, Threat and Vulnerability Management Policy and Security Incident Management Procedures.

Governance and business ethics

We continue to strengthen our internal governance and ensure we are conducting business correctly. We have created a conduct policy, rolled-out in 2022. Using our online training platform, Meta Compliance, we are also able to deliver compliance and ethics training easily.

We are committed to the highest possible standards of openness, probity and accountability. In line with that commitment the organisation expects employees, and others that we deal with, who have serious concerns about any aspect of ENGAGE XR’s work to come forward and voice those concerns. We have distributed our Whistle Blowing Policy which is intended to cover major concerns that fall outside the scope of other procedures.

As a result of our continued harmonisation efforts, we are now better placed as a business for innovation and improvement of the customer experience.

OUR GOVERNANCE	2025	2024	2023
<i>Employees by employment type</i>			
Number of data breaches	0	0	0
Employees completed Meta Compliance Security Awareness training (%)	100%	98.00%	98.25%

ENGAGE XR HOLDINGS PLC

AUDIT COMMITTEE REPORT

Dear Shareholder

I present my Audit Committee (**Committee**) Report for the Year Ended 31 December 2025, which has been prepared by the Committee and approved by the Board.

Committee Composition and Meetings

As at 31 December 2025, the Audit Committee has two members, Richard Cooper (**Chair**), and Kenny Jacobs and aims to meet at least two times each financial year. During 2025, the Audit Committee met two times. The CFO and external auditors attend meetings by invitation.

The Committee and the Board believe that I have sufficient relevant financial experience to fulfil my duties as Committee Chair because I have 25 years' experience in both publicly traded and privately-owned companies in a variety of service industries including gaming, insurance, and financial services. In respect of the overall composition of the Committee in 2025, the Board believes that Kenny's wealth of experience in corporate business development and related financial matters augmented the Committee with the requisite skills and capabilities and supported the Committee to perform its role effectively.

Responsibilities

The Audit Committee has the following responsibilities:

Financial Reporting

As stated in the Committee's terms of reference, the Committee is responsible for monitoring the integrity of the financial statements of the Company, including its annual and interim accounts and reports, preliminary results announcements, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements contained in them having regard to the matters communicated to it by the auditor. The Committee is required to review and challenge where necessary the methods used to account for significant or unusual transactions where different approaches are possible. The Committee is also responsible for reviewing summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of price sensitive information. The Audit Committee is required to compile a report to Shareholders on its role and activities to be included in the Company's Corporate Governance Report, in addition to reporting formally to the Board on the Committee's proceedings after each meeting on all matters.

External Audit

The Committee expects to meet with the auditor at least twice a year, once at the planning stage, where the nature and scope of the audit will be considered, and once post-audit at the reporting stage. The Committee is responsible for reviewing and approving the annual audit plan with the auditor and ensuring that it is consistent with the scope of the audit engagement and the effectiveness of the audit. In addition, the Committee is responsible for reviewing the findings of the audit with the external auditor which shall include but not be limited to discussing major issues which arose on the audit, any accounting and audit judgements, levels of errors identified during the audit and the effectiveness of the audit.

ENGAGE XR HOLDINGS PLC

AUDIT COMMITTEE REPORT (continued)

The Committee liaises with the auditor regarding fees, internal controls and such issues as compliance with accounting standards and any proposals which the external auditor has made regarding the Company's internal auditing standards.

Risk Management and Internal Controls

The Committee keeps under review the adequacy and effectiveness of the Company's internal financial controls and risk management systems including monitoring the proper implementation of such controls and will review and approve the statements to be included in the annual report concerning internal controls and risk management. The Committee will also consider annually whether there is a need for an internal audit function and make a recommendation to the Board.

The Committee also has a responsibility to review the adequacy of the Company's arrangements for its employees and contractors to confidentially raise any concerns about possible wrongdoings regarding financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. In addition, the Committee shall review the Company's procedures for detecting fraud and the Company's systems and controls for the prevention of bribery and receive reports on non-compliance. The Committee will also monitor and ensure the Company's adherence to its AIM Rules compliance policy.

Significant Issues Considered by the Audit Committee During the Year

The Committee considered the following significant issues in relation to the Annual Report and Accounts:

- Revenue Recognition
- Going Concern
- Carrying value of subsidiary investments

Auditor's Independence, Appointment and Remuneration

The current auditor has held office since 2021. The audit was last put out to tender in 2021. There are no current plans to retender the audit.

The Committee approves the external auditor's terms of engagement and the level of their remuneration, scope of work, the process for the interim review and the annual audit. It has primary responsibility for making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor.

The Committee is responsible for reviewing and monitoring the external auditor's independence and objectivity as well as their qualifications, expertise and resources and the effectiveness of the audit process, taking into consideration relevant Irish, UK and other relevant professional and regulatory requirements. The Committee receives the auditor's recommendations on improvements in the control environment and tracks progress on these to resolution where necessary. During the year under review the auditor did not perform any material non-audit services for the Company.

Richard Cooper
Chairman of the Audit Committee
2 June 2026

ENGAGE XR HOLDINGS PLC

REMUNERATION COMMITTEE REPORT

Dear Shareholder

I present my Remuneration Committee (**Committee**) Report for the Year Ended 31 December 2025, which has been prepared by the Committee and approved by the Board.

The Committee has 2 members, Kenny Jacobs (**Chair**) and Richard Cooper and aims to meet at least twice annually. The Committee invites recommendations as to remuneration levels, incentive arrangements for senior executives and proposals regarding share option awards. Kenny Jacobs was appointed as Non-Executive Director of the Company in November 2021 and has joined the Committee since his appointment.

Responsibilities

The Committee's principal responsibilities include:

- Determining and agreeing with the Board the framework or broad policy for the remuneration of Executive Management;
- Reviewing and having regard to pay and employment conditions across the Company when setting remuneration policy for Executive Management and especially when determining salary increases;
- Approving the design of and determining targets for any performance-related pay schemes operated by the Company;
- Overseeing the design and application of share options and any other such reward plan in conjunction with the Board; and
- Determining the policy for and scope of pension arrangements for Executive Management.

The Non-Executive Directors, whose remuneration is determined by the Board as a whole, receive fees in connection with their services provided to the Group, to the Board and to Board Committees.

Certain senior staff and Executive Directors receive basic salaries, annual bonuses according to performance against defined targets, and certain benefits in kind.

Directors' remuneration

The Directors' remuneration during the year is set out below:

a) Directors' Salaries and fees:

	2025 Total €	2024 Total €
<i>Executive Directors</i>		
David Whelan	114,000	215,250
Sandra Whelan	89,000	167,750
Séamus Larrisey	109,889	162,750

REMUNERATION COMMITTEE REPORT (continued)

a) Directors' Salaries (continued):

<i>Non-executive Directors</i>		
Karthik Manimozhi	127,334	83,868
Richard Cooper	70,810	97,711
Kenny Jacobs	28,500	28,500
Marc Metis	-	-
Total	539,533	755,329

b) Directors' Share Options:

Name	No. of options	Date of Grant	Exercisable	Exercise price (€)
David Whelan	13,000,000	03/08/2023	-	0.046 (£0.04)
Sandra Whelan	13,000,000	03/08/2023	-	0.046 (£0.04)
Séamus Larrisey	3,200,000	03/08/2023	-	0.046 (£0.04)
Séamus Larrisey	910,940	21/08/2017	910,940	0.026
Richard Cooper	1,000,000	12/03/2018	1,000,000	0.0001
Karthik Manimozhi	2,500,000	01/07/2024	-	0.046 (£0.04)

No share options were issued to the Executive Directors during 2025 (2024: 0).

No share options were issued to the Non-Executive Directors during 2025 (2024: 2,500,000).

The Options have been granted at a price of 4 pence each 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.

ENGAGE XR HOLDINGS PLC

REMUNERATION COMMITTEE REPORT (continued)

Directors' interests

The interests and beneficial interests of the Directors in the shares of the Company at 31 December 2025 are set out below:

	No of Shares
<i>Executive Directors</i>	
David Whelan	39,370,000
Sandra Whelan	39,213,000
Seamus Larrissey	407,500
<i>Non-Executive Directors</i>	
Richard Cooper	1,070,400

Richard Cooper
Chairman of the Audit Committee

ENGAGE XR HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGAGE XR HOLDINGS PLC

Opinion

We have audited the financial statements of Engage XR Holdings Plc formerly 'VR Education Holdings Plc' (the 'parent company') and its subsidiaries (the 'group') for the Year Ended 31 December 2025 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent assets, liabilities and financial position as at 31 December 2025 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis is included in the key audit matters section of our report.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Material Uncertainty Related to Going Concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in Note 2 "Going Concern" to the financial statements concerning the group's ability to continue as a going concern. At 31 December 2025 the company had a loss for the year of €2,980,650 and at that date remaining net assets amounted to €1,870,545. These conditions together with the other matters explained in Note 2, indicates the existence of a material uncertainty which may cast doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in the evaluation of the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements in forming the opinion in the auditor's report.

We define materiality as the magnitude of misstatement in the financial statements that, individually or in aggregate could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality in determining the nature, timing and extent our of audit work.

The materiality applied to the group financial statements was €89,000 (2024: €119,000). This has been calculated using Revenue and Loss Before Tax benchmarks which we have determined, in our professional judgement, to be the most appropriate benchmarks within the financial statements relevant to the members of the Group in assessing financial performance. The materiality applied to the parent company financial statements was €30,000 (2024: €22,000) based upon 3% of the Loss Before Tax.

We calculated materiality during the planning stage of the audit, and then during our audit, we re-assessed our initial materiality based on actual results for the Year Ended 31 December 2025 and adjusted our audit procedures accordingly. We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Our performance materiality for the group is €73,500 (2024: €98,000), which is 75% of overall materiality. Our performance materiality for the Parent Company is €22,500 (2024: €16,500) which is 75% of the overall materiality. We calculated performance materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial performance materiality based on actual results and adjusted our audit procedures accordingly.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €3,675 for the group and parent company. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

Our audit is risk based and designed to focus our efforts on the areas of greatest risk and material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

ENGAGE XR HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGAGE XR HOLDINGS PLC (continued)

An overview of the scope of our audit (continued)

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain.

These areas of estimation and judgement included:

- The fair value of share based payment transactions in the year;
- Revenue recognition
- Going concern;
- The carrying value of the subsidiary investments; and
- The treatment of research and development tax credits.

We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The group and its two subsidiaries are accounted for from a central location in Waterford, Ireland.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ENGAGE XR HOLDINGS PLC (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition (Refer to notes 2 and 3)</p> <p>We assessed revenue recognition as a key risk as revenue forms the basis for certain of the Group’s key performance indicators, including EBITDA.</p> <p>As the Group is entering into new and evolving revenue streams, which require further judgement around the recognition and measurement principles, there is a risk that revenue could be recognised incorrectly.</p> <p>Manual journal entries are required to ensure that revenue is recognised appropriately and in the correct period. However, owing to the manual nature of these adjustments, there may be a higher risk of error or potential management override.</p>	<p>The work undertaken to mitigate the risks were as follows:</p> <p>We have reviewed the technical accounting papers and policies prepared by management in relation to revenue recognition for the Group.</p> <p>We performed walkthroughs of significant classes of revenue transactions to understand significant processes and to identify and assess the design effectiveness of key financial controls.</p> <p>We have inspected the terms of key contracts held by the Group in relation to revenue recognition, and have given consideration to these contracts against the relevant accounting standard, IFRS 15, to ensure appropriate accounting treatment has been made.</p> <p>We have selected a representative sample of current year revenue transactions and sought appropriate, corroborating, evidence (internal and third-party) to test the completeness, occurrence and existence of the revenue recognised.</p> <p>We have performed detailed testing procedures on deferred revenue. We have assessed and recalculated management’s calculations for this balance, in line with relevant accounting guidance.</p> <p>We have tested a sample of journal entries in relation to revenue through applying criteria in regard to both quantum and risk profile, such as significantly sized manual journal postings.</p> <p>Based on our audit work, we did not identify any material misstatement in respect of revenue recognition.</p>

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ENGAGE XR HOLDINGS PLC (continued)

Key Audit Matter	How the scope of our audit addressed the key audit matter
<p>Going concern (refer note 2)</p> <p>The group and parent company are currently loss making. The Group’s ability to continue as a going concern is dependent on the maintenance of a reduced cost base and the successful timing and conversion of forecast revenues during the going concern period. Should forecast revenues not be realised in the anticipated timeframe, additional funds may need to be raised during this period.</p>	<p>The work undertaken to mitigate this risk was as follows:</p> <ul style="list-style-type: none"> • Obtained and reviewed cash flow forecasts prepared which underpin the Directors Assessment of Going Concern. We have tested and challenged management on the key assumptions underlying those forecasts, including the sustainability of the reduced cost base, the timing and conversion of forecast revenues, sensitivity analysis and stress testing for potential shortfalls in revenue, and the availability of mitigating actions. • Comparison of actual results to date against forecasted figures to assess the forecasting ability and accuracy of management. • Considered the accuracy of previous forecasts to actual results, particularly regarding costs and revenue. • Review of the financial statements disclosures for the year ended 31 December 2025 and supporting documentation. • Assessment of the risks faced by the Group and the parent company, including operational resilience and business continuity plans, and the ability to continue to provide services to customers. Based on the conditions identified above, including the Group’s reliance on maintaining reduced cost levels and achieving forecast revenues within the going concern period, we have concluded that it was necessary to include a “Material Uncertainty Related to Going Concern” paragraph in the Audit Report.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ENGAGE XR HOLDINGS PLC (continued)

Key Audit Matter	How the scope of our audit addressed the key audit matter
<p>Carrying value of subsidiary investments (refer note 14)</p> <p>The parent company has a material carrying value of its investment in subsidiary undertaking, including the intercompany receivable. There is a risk that these balances are not fully recoverable and should be impaired.</p>	<p>The work undertaken to mitigate this risk was as follows:</p> <ul style="list-style-type: none"> ▪ Assessed the carrying values by reference to the subsidiary’s underlying net assets and trading performance. ▪ Assessed recoverability with reference to the budgets and cash flow forecasts prepared for going concern purposes. ▪ Considered impairment adjustments prepared by management for reasonableness. <p>Based on our audit work, we did not identify any material misstatement in respect of the carrying value of subsidiary investments.</p>

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors’ report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purpose of our audit. In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement

ENGAGE XR HOLDINGS PLC

with the accounting records.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VR EDUCATION HOLDINGS PLC (continued)

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and the application of our audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from IFRS, Companies Act 2014, AIM rules and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to employee matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VR EDUCATION HOLDINGS PLC (continued)

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
 - We obtained an understanding of the effectiveness of the Group's overall control environment and policies to monitor these controls, and it appears that the controls are designed appropriately to identify irregularities.
 - In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and financial statements with applicable reporting requirements. We communicated relevant laws and regulations risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
 - Reviewing RNS announcements.
 - Reviewing legal and professional fees ledger accounts.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to management bias through judgements and assumptions in significant accounting estimates, and to posting inappropriate journal entries. The key audit matters section of our report explains the specific procedures performed in respect of revenue recognition and the carrying value of subsidiary investments.

Our audit procedures performed included:

- Discussions with and inquiry of management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes from board and other committee meetings;
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and financial statements with applicable reporting requirements.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- We also identified the risks of material misstatement of the financial statements due to fraud.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

ENGAGE XR HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VR EDUCATION HOLDINGS PLC (continued)

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David McGarry
For and on behalf of Azets Audit Services Ireland Limited
Statutory Auditor
2 June 2026

3rd Floor
40 Mespil Road
Dublin 4

ENGAGE XR HOLDINGS PLC

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the Year Ended 31 December 2025**

	Note	2025 €	2024 €
Continuing Operations			
Revenue	3	1,939,626	3,397,251
Cost of Sales	5	(129,992)	(476,728)
		<hr/>	<hr/>
Gross Profit		1,809,634	2,920,523
Administrative Expenses	5	(4,846,534)	(7,104,692)
		<hr/>	<hr/>
Operating Loss		(3,036,900)	(4,184,169)
Finance Income	9	62,759	216,122
Finance Costs	8	(6,509)	(6,449)
		<hr/>	<hr/>
Loss before Income Tax		(2,980,650)	(3,974,496)
Income Tax credit	10	-	-
		<hr/>	<hr/>
Loss for the financial year		(2,980,650)	(3,974,496)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year attributable to owners of the parent		(2,980,650)	(3,974,496)
		<hr/>	<hr/>
Earnings per Share (EPS) attributable to owners of the parent			
Basic earnings per share	11	(0.006)	(0.008)
Diluted earnings per share	11	(0.005)	(0.007)

The accompanying notes on pages 50-76 form an integral part of these financial statements.

ENGAGE XR HOLDINGS PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2025**

	Note	2025 €	2024 €
Non-Current Assets			
Property, Plant & Equipment	12	34,404	56,417
Intangible Assets	13	-	-
		34,404	56,417
Current Assets			
Trade and other receivables	15	545,711	1,786,684
Cash and short-term deposits	16	1,623,843	3,566,927
		2,169,554	5,353,611
Total Assets		2,203,958	5,410,028
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	(11,994,467)	(12,128,790)
Retained earnings	19	(30,569,876)	(27,589,226)
Total Equity		1,870,545	4,716,872
Non-Current Liabilities			
Lease liabilities	21	12,068	-
Current Liabilities			
Trade and other payables	22	307,035	658,616
Lease liabilities	21	14,310	34,540
		321,345	693,156
Total Liabilities		333,413	693,156
Total Equity and Liabilities		2,203,958	5,410,028

The accompanying notes on pages 50-76 form an integral part of these financial statements.

On behalf of the board



Sandra Whelan
Director

2 June 2026



Séamus Larrissey
Director

2 June 2026


ENGAGE XR HOLDINGS PLC

**COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2025**

	Note	2025 €	2024 €
Non-Current Assets			
Investment in subsidiaries	14	2,865,430	3,635,844
		2,865,430	3,635,844
Current Assets			
Trade and other receivables	15	437	12,930
Cash and short-term deposits	16	1,228,930	3,226,157
		1,229,367	3,239,087
Total Assets		4,094,797	6,874,931
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	(999,596)	(1,119,279)
Retained earnings	19	(39,380,060)	(36,503,224)
Total Equity		4,055,232	6,812,385
Current Liabilities			
Trade and other payables	22	39,565	62,546
Total Liabilities		39,565	62,546
Total Equity and Liabilities		4,094,797	6,874,931

The accompanying notes on pages 50-76 form an integral part of these financial statements.

On behalf of the board



Sandra Whelan
Director

2 June 2026



Séamus Larrissey
Director

2 June 2026

ENGAGE XR HOLDINGS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2025**

	Note	2025 €	2024 €
Continuing Operations			
Loss before income tax		(2,980,650)	(3,974,496)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of fixed assets	5	56,766	91,398
Finance Costs	8	6,509	6,449
Finance Income	9	(62,759)	(216,122)
Share Option Expense		134,323	163,733
Movement in trade & other receivables		1,240,974	(591,351)
Movement in trade & other payables		(351,581)	43,379
		<u>(1,956,418)</u>	<u>(4,477,010)</u>
Bank interest received		62,759	216,122
Bank interest & other charges paid		(6,509)	(6,449)
		<u>(1,900,168)</u>	<u>(4,267,337)</u>
Cash Flows from Investing Activities			
Purchases of property, plant & equipment	12	-	(24,087)
		<u>-</u>	<u>(24,087)</u>
Cash Flows from Financing Activities			
Payment of lease liabilities	21	(42,916)	(52,728)
		<u>(42,916)</u>	<u>(52,728)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year	16	3,566,927	7,911,079
		<u>1,623,843</u>	<u>3,566,927</u>

The accompanying notes on pages 50-76 form an integral part of these financial statements.

ENGAGE XR HOLDINGS PLC

**COMPANY STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2025**

	Note	2025 €	2024 €
Continuing Operations			
Loss before income tax		(2,876,836)	(11,421,975)
Adjustments to reconcile loss before tax to net cash flows:			
Finance Costs		615	722
Finance Income		(60,381)	(212,386)
Share Option Expense		119,683	126,893
Impairment of Investment in Subsidiaries		2,131,954	10,698,215
Movement in trade & other receivables		12,493	12,494
Movement in trade & other payables		(22,981)	(13,645)
		<hr/>	<hr/>
		(695,453)	(809,682)
Bank interest received		60,381	212,386
Bank interest & other charges paid		(615)	(722)
		<hr/>	<hr/>
Net cash used in Operating Activities		(635,687)	(598,018)
		<hr/>	<hr/>
Cash Flows from Investing Activities			
Capital contribution		(1,361,540)	(1,967,466)
		<hr/>	<hr/>
Net cash used in investing activities		(1,361,540)	(1,967,466)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1,997,227)	(2,565,484)
Cash and cash equivalents at beginning of year	16	3,226,157	5,791,641
		<hr/>	<hr/>
Cash and cash equivalents at end of year	16	1,228,930	3,226,157
		<hr/>	<hr/>

The accompanying notes on pages 50-76 form an integral part of these financial statements.

ENGAGE XR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

ENGAGE XR Holdings plc (“the Company”) is publicly traded on the AIM market of the London Stock Exchange. The Company is incorporated and domiciled in the Republic of Ireland. The registered office is G16, Arclabs Research and Innovation Centre, South East Technological University West Campus, Carriganore, Waterford, X91 P20H 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 2025. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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 12 months from the date of approval of these financial statements.

At 31 December 2025 the group had a loss for the year of €2,980,650 (2024: €3,974,496) and at that date net assets amounted to €1,870,545 (2024 - €4,716,872).

The group's ability to continue as a going concern is dependent on its ability to generate sufficient cashflows such that it can discharge its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

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 AIM Market of 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, outside the Group's control.

Throughout 2026 the Group has continued to work on several significant opportunities in North America. However, the timing for concluding these deals remains uncertain. A significant renewal by the Group's largest customer in May 2026 will improve the short-term cash position of the Group, later in the year.

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. These cost savings materially reduce the Group's cash outflows; however, the Group's ability to continue as a going concern for at least 12 months from the date of signing the financial statements remains dependent not only on the maintenance of this reduced cost base but also on the successful timing and conversion of one or more of the significant revenue opportunities currently being progressed. The conclusion of such opportunities would further bolster the cash position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Going Concern (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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.

2. Summary of Significant Accounting Policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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, 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 2025, and not early adopted

There are several amendments to IFRS Accounting Standards that became applicable from 1 January 2025:

Lack of Exchangeability – Amendments to IAS 21.

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	2025 €	2024 €
<u>ENGAGE revenue</u>		
Education License Revenue	1,309,691	1,256,165
Enterprise License Revenue	321,863	1,202,819
Professional Services Revenue	115,335	735,228
Total ENGAGE Revenue	1,746,889	3,194,212
Showcase experience revenue	192,737	203,039
Total Revenue	1,939,626	3,397,251

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Segment Reporting (continued)

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.

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	2025 €	2024 €
Lease liabilities	(26,378)	(34,540)
Trade and other payables	(307,035)	(658,616)
Less: cash and short-term deposits	1,623,843	3,566,927
Net Funds	1,290,430	2,873,771
Equity	1,870,545	4,716,872
Total Equity	1,870,545	4,716,872
Capital and net funds	3,160,975	7,590,643

5. a. Expenses by nature

	2025 €	2024 €
Depreciation charges	56,766	91,398
Operating Lease Payments	14,537	15,926
Foreign Exchange Loss / (Gain)	132,859	(153,556)
Staff Costs	3,480,347	5,066,103
Contractor Costs	608,486	1,128,931
Bad Debts Written Off	494,583	-
Research & Development Tax Credit Received	(760,562)	-
Other Expenses	949,510	1,432,618
Total cost of sales and administrative expenses	4,976,526	7,581,420

NOTES TO THE FINANCIAL STATEMENTS

5. a. Expenses by nature (continued)

Disclosed as:

Cost of sales	129,992	476,728
Administrative expenses	4,846,534	7,104,692
Total cost of sales and administrative expenses	4,976,526	7,581,420

The aggregate amount of research and development expenditure recognised as an expense within cost of sales and administrative expenses was €1,560,313 (2024: €2,041,049)

b. Auditor Remuneration

Services provided by the Company's auditor

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

	2025	2024
	€	€
Fees payable to the Company's auditor for the audit of the financial statements	56,000	53,000

6. Employees

Employee Benefit Expense	2025	2024
	€	€
Wages and salaries	3,029,916	4,425,136
Social security costs	270,743	409,515
Defined contribution pension costs	45,365	67,719
Share option expense	134,323	163,733
Total Employee Benefit Expense	3,480,347	5,066,103

Average Number of People Employed	2025	2024
Average number of people (including executive Directors) employed:		
Operations	29	48
Administration	3	4
Sales, Marketing and Customer Support	3	6
Total Average Headcount	35	58

ENGAGE XR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

7. Directors remuneration

Below is the Directors' remuneration for the Year Ended 31 December 2025 and for the year ended 31 December 2024

Group	31 December 2025			
	Salaries and fees	Pension benefits	Options / Warrants issued	Total
	€	€	€	€
Executive Directors				
David Whelan	114,000	3,094	49,081	166,175
Sandra Whelan	89,000	3,063	49,081	141,144
Séamus Larrissey	109,889	5,419	12,082	127,390
Non-executive Directors				
Richard Cooper	70,810	-	-	70,810
Kenny Jacobs	28,500	-	-	28,500
Karthik Manimozhi	127,334	-	9,439	136,773
Marc Metis	-	-	-	-
	539,533	11,576	119,683	670,792

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

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.

ENGAGE XR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

8. Finance Costs

	2025 €	2024 €
Interest expense:		
- Lease interest	2,589	3,950
- Bank charges	3,920	2,499
Total finance costs	6,509	6,449

9. Finance Income

	2025 €	2024 €
Bank Interest Received	62,759	216,122
Total finance income	62,759	216,122

10. Income Tax

	2025 €	2024 €
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:

	2025 €	2024 €
Loss Before Tax	(2,980,650)	(4,054,078)
Tax calculated at domestic tax rates applicable to loss in Ireland of 12.5%	(372,581)	(506,760)
Tax effects of:		
- Depreciation in excess of capital allowances	1,899	7,166
- Expenses not deductible for tax purposes	(4,820)	(52,917)
- Tax losses for which no deferred tax asset was recognised	375,502	552,511
Total tax	-	-

NOTES TO THE FINANCIAL STATEMENTS

11. Earnings per share (EPS)

	2025	2024
	€	€
Loss attributable to equity holders of the Group:		
Continuing Operations	(2,980,650)	(3,974,496)
Weighted average number of shares for Basic EPS	524,826,146	524,826,146
Effects of dilution from share options and warrants	42,356,866	43,241,898
Weighted average number of ordinary shares adjusted for the effect of dilution	567,183,012	568,068,044
Basic loss per share from continuing operations	(0.006)	(0.008)
Diluted loss per share from continuing operations	(0.005)	(0.007)

12. Property, Plant & Equipment

Group	Leasehold improvements €	Fixtures, fittings and equipment €	Office Equipment €	Right of use assets €	Total €
Cost of Valuation					
At 1 January 2024	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
Additions	-	-	-	34,753	34,753
Disposals	(20,341)	(7,025)	(297,325)	(109,454)	(434,145)
At 31 December 2025	-	-	113,267	51,985	165,252
Depreciation					
At 1 January 2024	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
Charge (note 5)	-	-	13,850	42,916	56,766
Disposals	(20,341)	(7,025)	(297,325)	(109,454)	(434,145)
At 31 December 2025	-	-	105,240	25,608	130,848
Net Book Amount					
At 31 December 2024	-	-	21,877	34,540	56,417
At 31 December 2025	-	-	8,027	26,377	34,404

Depreciation expense of €56,766 (2024: €91,398) has been charged in 'Administrative Expenses'. Right of use asset relates to properties and vehicles held under lease.

ENGAGE XR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

13. Intangible Assets

Group	Software in development costs €	Total €
Cost		
At 31 December 2024 and 31 December 2025	2,136,231	2,136,231
Amortisation		
At 31 December 2024 and 31 December 2025	2,136,231	2,136,231
Net Book Value		
At 31 December 2024 and 31 December 2025	-	-

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.

ENGAGE XR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Investments in Subsidiaries

Company	€
At 1 January 2024	12,366,593
Capital contributions	1,967,466
Impairment Adjustment	(10,698,215)
At 31 December 2024	3,635,844
Capital contributions	1,361,540
Impairment Adjustment	(2,131,954)
At 31 December 2025	2,865,430

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 €2,131,954 (2024: €10,698,215) in the current year to reflect the market capitalisation of the group at 31 December 2025.

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.

NOTES TO THE FINANCIAL STATEMENTS

15. Trade and Other Receivables

Current	Group		Company	
	2025 €	2024 €	2025 €	2024 €
Trade receivables	109,425	531,100	-	-
Less: provision for impairment of receivables	-	-	-	-
Trade receivables - net	109,425	531,100	-	-
Prepayments	142,059	197,089	-	12,494
Accrued income	288,804	1,045,282	-	-
Other debtors	825	937	-	-
VAT	4,598	12,276	437	436
	545,711	1,786,684	437	12,930

As at 31 December 2025, trade receivables of €109,425 (2024: €531,100) were fully performing and deemed fully recoverable. A bad debt write off totalling €494,583 was incurred during 2025 (2024: €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	
	2025 €	2024 €	2025 €	2024 €
Euro - Neither past due nor impaired	18,800	110,205	-	-
Pound Sterling – Neither past due nor impaired	21,399	41,793	-	-
Dollar - Neither past due nor impaired	69,226	379,102	-	-
	109,425	531,100	-	-

NOTES TO THE FINANCIAL STATEMENTS

16. Cash and short-term deposits

	2025 €	Group 2024 €	2025 €	Company 2024 €
Cash at bank and on hand	1,623,843	3,566,927	1,228,930	3,226,157
	<u>1,623,843</u>	<u>3,566,927</u>	<u>1,228,930</u>	<u>3,226,157</u>

17. Issued Share Capital and Premium

	Number of shares	Ordinary shares €	Share premium €	Total €
At 1 January 2025 and at 31 December 2025	524,826,146	524,826	43,910,062	44,434,888

As at 31 December 2025 the number of shares authorised for issue were 524,826,146 (2024: 524,826,146). The par value of the shares authorised for issue were €0.001 each (2024: €0.001 each).

18. Other Reserves

	Group €	Company €
At 1 January 2024	(12,292,523)	(1,246,172)
Share option expense	<u>163,733</u>	<u>126,893</u>
At 31 December 2024	<u>(12,128,790)</u>	<u>(1,119,279)</u>
At 1 January 2025	(12,128,790)	(1,119,279)
Share option expense	<u>134,323</u>	<u>119,683</u>
At 31 December 2025	<u>(11,994,467)</u>	<u>(999,596)</u>

NOTES TO THE FINANCIAL STATEMENTS

19. Retained Earnings

	Group €	Company €
At 1 January 2024	(23,614,730)	(25,081,249)
Loss for the year	<u>(3,974,496)</u>	<u>(11,421,975)</u>
At 31 December 2024	<u>(27,589,226)</u>	<u>(36,503,224)</u>
At 1 January 2025	(27,589,226)	(36,503,224)
Loss for the year	<u>(2,980,650)</u>	<u>(2,876,836)</u>
At 31 December 2025	<u>(30,569,876)</u>	<u>(39,380,060)</u>

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.

New Scheme

Under this new option grant there were no (2024: 2,700,000) employee options granted during 2025.

The Options previously granted were 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.

NOTES TO THE FINANCIAL STATEMENTS

20. Share Based Payments (continued)

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:

	2025	2024
At 1 January	40,903,393	38,493,393
Granted during period	-	2,700,000
Exercised during period	-	-
Forfeited during period	(3,438,393)	(290,000)
At 31 December	<u>37,465,000</u>	<u>40,903,393</u>
Options outstanding at 31 December		
Number of shares	37,465,000	40,903,393
Weighted average remaining contractual life	4.65	5.65
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	-	-

Old Scheme

No new options were granted in 2025 under the old scheme (2024: 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.

20. Share Based Payments (continued)

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

	2025	2024
At 1 January	3,585,080	3,585,080
Granted during period	-	-
Exercised during period	-	-
Forfeited during period	(151,607)	-
At 31 December	3,433,473	3,585,080
Options outstanding at 31 December		
Number of shares	3,433,473	3,585,080
Weighted average remaining contractual life	0.33	0.35
Weighted average exercise price per share	€0.019	€0.022
Range of exercise price	€0.0001 – €0.026	€0.0001 – €0.135
Exercisable at 31 December		
Number of shares	3,433,473	3,585,080
Weighted average exercise price per share	€0.019	€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 €134,323 (2024: €163,733).

21. 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	
	2025	2024	2025	2024
	€	€	€	€
Buildings	-	20,913	-	-
Vehicles	26,378	13,627	-	-
	26,378	34,540	-	-
<hr/>				
Lease Liabilities	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Current	14,310	34,540	-	-
Non-current	12,068	-	-	-
	26,378	34,540	-	-
<hr/>				

ENGAGE XR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

21. Leases (continued)

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	2025	2024
	€	€
Buildings	20,913	41,828
Vehicles	22,003	10,900
	<u>42,916</u>	<u>52,728</u>
Interest expense (included in finance cost)	<u>2,589</u>	<u>3,950</u>

22. Trade and Other Payables

	2025	Group	2025	Company
	€	2024	€	2024
		€		€
Trade Payables	71,027	107,454	6,327	6,960
PAYE/PRSI	60,522	106,700	10,952	12,482
Deferred Income	8,833	152,060	-	-
Accrued Expenses	166,653	292,402	22,286	43,104
	<u>307,035</u>	<u>658,616</u>	<u>39,565</u>	<u>62,546</u>

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
- 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 €3,004,021 (2024: €2,924,257) in respect of losses and depreciation in excess of capital allowances amounting to €24,320,425 (2024: €21,316,404) that can be carried forward against future taxable income.

24. Related Parties

During the year the Directors received the following emoluments:

	2025	Group 2024	2025	Company 2024
Directors	€	€	€	€
Aggregate emoluments	551,109	771,127	551,109	771,127
Share option expense	119,683	126,893	119,683	126,893
	<u>670,792</u>	<u>898,020</u>	<u>670,792</u>	<u>898,020</u>

Included in the above is an amount of €70,810 (2024: €97,711) 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 2025 €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 2025 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 €420,109 (2024: €590,915) its Irish subsidiary, ENGAGE XR Limited for the Year Ended 31 December 2025.

28. Ultimate controlling party

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