

2 June 2026

**ENGAGE XR Holdings Plc**  
("ENGAGE XR", the "Company", or the "Group")

**Final Results**

ENGAGE XR Holdings Plc (AIM: EXR), a leading provider of immersive communications technology, announces its audited results for the year ended 31 December 2025.

**Financial Highlights:**

- Total revenue of €1.9 million (2024: €3.3 million), reflecting an 43% decline due to a changing focus in the Middle East market and a reduction in Enterprise demand globally.
- Gross margin of 93% (2024: 86%).
- EBITDA loss reduced to €2.8 million (2024: €3.9 million), reflecting disciplined cost control. Expected EBITDA loss reported in January 2026 was c €2.4m but a bad debt in the Middle East post year end increased the EBITDA loss to €2.8m
- Cash position of €1.6 million at 31 December 2025 (2024: €3.6 million), with no debt.

**Operational Highlights:**

- Launch of comprehensive education offering at BETT conference in London in January 2025.
- Participation and collaboration at BETT conference, ASU+GSV Summit and Leap 2025 with key partners including Meta and PWC.

**Current trading and Outlook:**

- Significant renewal by the Group's largest customer in May 2026 will improve the short-term cash position of the Group
- Renewals or new contracts signed with significant customers in 2026 to date include Bank of America, Optima Ed, University of Miami and a Fortune 500 technology company.

**David Whelan, CEO of ENGAGE XR, commented:** "Overall, 2025 was another challenging year for the Company across multiple fronts due to continued headwinds, especially from the further erosion in renewals from the Company's enterprise clients. The Board recognises the need to deliver improved performance and value for our shareholders over the long term and therefore as a board we will continue to explore initiatives to deliver on this objective.

Notwithstanding the headwinds the Company is confronting, especially in the Enterprise space, as a management team, we continue to believe that the Education sector provides an important opportunity for the Company and one where the Board is focused on enhancing value for ENGAGE's proposition. We believe that the ENGAGE platform is relevant across schools, universities and the homeschool market, with the United States likely to be a key geographic opportunity for the Company."

**For further information, please contact:**

**ENGAGE XR Holdings Plc**  
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Marc Milmo/ Seamus Fricker/ Andrea Callaghan (Corporate  
finance)  
Sunila de Silva (ECM)

**About ENGAGE XR**

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

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

## CHAIRMAN'S STATEMENT

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.

### 2025 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 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 30 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.

### **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 have 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.

### **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.

### **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

## CHIEF EXECUTIVE'S REVIEW

### 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 to the Board to move the Group 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.

### 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

## CHIEF FINANCIAL OFFICER'S REVIEW

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

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

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

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

	Note	2025 €	2024 €
<b>Non-Current Assets</b>			
Property, Plant & Equipment	12	34,404	56,417
Intangible Assets	13	-	-
		<hr/> 34,404	<hr/> 56,417
<b>Current Assets</b>			
Trade and other receivables	15	545,711	1,786,684
Cash and short-term deposits	16	1,623,843	3,566,927
		<hr/> 2,169,554	<hr/> 5,353,611
<b>Total Assets</b>		<hr/> <b>2,203,958</b>	<hr/> <b>5,410,028</b>
<b>Equity and Liabilities</b>			
<b>Equity Attributable to Shareholders</b>			
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)
<b>Total Equity</b>		<hr/> <b>1,870,545</b>	<hr/> <b>4,716,872</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	21	12,068	-
<b>Current Liabilities</b>			
Trade and other payables	22	307,035	658,616
Lease liabilities	21	14,310	34,540
		<hr/> 321,345	<hr/> 693,156
<b>Total Liabilities</b>		<hr/> <b>333,413</b>	<hr/> <b>693,156</b>
<b>Total Equity and Liabilities</b>		<hr/> <b>2,203,958</b>	<hr/> <b>5,410,028</b>

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

	Note	2025 €	2024 €
<b>Non-Current Assets</b>			
Investment in subsidiaries	14	2,865,430	3,635,844
		<u>2,865,430</u>	<u>3,635,844</u>
<b>Current Assets</b>			
Trade and other receivables	15	437	12,930
Cash and short-term deposits	16	1,228,930	3,226,157
		<u>1,229,367</u>	<u>3,239,087</u>
<b>Total Assets</b>		<b><u>4,094,797</u></b>	<b><u>6,874,931</u></b>
<b>Equity and Liabilities</b>			
<b>Equity Attributable to Shareholders</b>			
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)
<b>Total Equity</b>		<b><u>4,055,232</u></b>	<b><u>6,812,385</u></b>
<b>Current Liabilities</b>			
Trade and other payables	22	39,565	62,546
<b>Total Liabilities</b>		<b><u>39,565</u></b>	<b><u>62,546</u></b>
<b>Total Equity and Liabilities</b>		<b><u>4,094,797</u></b>	<b><u>6,874,931</u></b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the Year Ended 31 December 2025

	Share Capital €	Share Premium €	Other Reserves €	Retained Earnings €	Total €
Balance at 1 January 2024	524,826	43,910,062	(12,292,523)	(23,614,730)	8,527,635
<b>Total comprehensive income</b>					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(3,974,496)	(3,974,496)
Total comprehensive income	524,826	43,910,062	(12,292,523)	(27,589,226)	4,553,139
<b>Transactions with owners recognised directly in equity</b>					
Share option expense	-	-	163,733	-	163,733
<b>Balance at 31 December 2024</b>	<b>524,826</b>	<b>43,910,062</b>	<b>(12,128,790)</b>	<b>(27,589,226)</b>	<b>4,716,872</b>
	Share Capital €	Share Premium €	Other Reserves €	Retained Earnings €	Total €
Balance at 1 January 2025	524,826	43,910,062	(12,128,790)	(27,589,226)	4,716,872
<b>Total comprehensive income</b>					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(2,980,650)	(2,980,650)
Total comprehensive income	524,826	43,910,062	(12,128,790)	(30,569,876)	1,736,222
<b>Transactions with owners recognised directly in equity</b>					
Share option expense	-	-	134,323	-	134,323
<b>Balance at 31 December 2025</b>	<b>524,826</b>	<b>43,910,062</b>	<b>(11,994,467)</b>	<b>(30,569,876)</b>	<b>1,870,545</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
for the Year Ended 31 December 2025

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
	€	€	€	€	€
Balance at 1 January 2024	524,826	43,910,062	(1,246,172)	(25,081,249)	18,107,467
<b>Total comprehensive income</b>					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(11,421,975)	(11,421,975)
Total comprehensive income	524,826	43,910,062	(1,246,172)	(36,503,224)	6,685,492
<b>Transactions with owners recognised directly in equity</b>					
Share option expense	-	-	126,893	-	126,893
<b>Balance at 31 December 2024</b>	<b>524,826</b>	<b>43,910,062</b>	<b>(1,119,279)</b>	<b>(36,503,224)</b>	<b>6,812,385</b>
	<b>Share Capital</b>	<b>Share Premium</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
	€	€	€	€	€
Balance at 1 January 2025	524,826	43,910,062	(1,119,279)	(36,503,224)	6,812,385
<b>Total comprehensive income</b>					
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(2,876,836)	(2,876,836)
Total comprehensive income	524,826	43,910,062	(1,119,279)	(39,380,060)	3,935,549
<b>Transactions with owners recognised directly in equity</b>					
Share option expense	-	-	119,683	-	119,683
<b>Balance at 31 December 2025</b>	<b>524,826</b>	<b>43,910,062</b>	<b>(999,596)</b>	<b>(39,380,060)</b>	<b>4,055,232</b>

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

	Note	2025 €	2024 €
<b>Continuing Operations</b>			
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
		<hr/>	<hr/>
		(1,956,418)	(4,477,010)
Bank interest received		62,759	216,122
Bank interest & other charges paid		(6,509)	(6,449)
		<hr/>	<hr/>
<b>Net Cash used in Operating Activities</b>		<b>(1,900,168)</b>	<b>(4,267,337)</b>
		<hr/>	<hr/>
<b>Cash Flows from Investing Activities</b>			
Purchases of property, plant & equipment	12	-	(24,087)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(24,087)</b>
		<hr/>	<hr/>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of ordinary shares		-	-
Payment of lease liabilities	21	(42,916)	(52,728)
		<hr/>	<hr/>
<b>Net cash generated used in financing activities</b>		<b>(42,916)</b>	<b>(52,728)</b>
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,943,084)</b>	<b>(4,344,152)</b>
Cash and cash equivalents at beginning of year	16	3,566,927	7,911,079
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	16	<b>1,623,843</b>	<b>3,566,927</b>
		<hr/>	<hr/>

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

	Note	2025 €	2024 €
<b>Continuing Operations</b>			
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)
		<u>(695,453)</u>	<u>(809,682)</u>
Bank interest received		60,381	212,386
Bank interest & other charges paid		(615)	(722)
		<u>(635,687)</u>	<u>(598,018)</u>
<b>Cash Flows from Investing Activities</b>			
Capital contribution		<u>(1,361,540)</u>	<u>(1,967,466)</u>
<b>Net cash used in investing activities</b>		<b><u>(1,361,540)</u></b>	<b><u>(1,967,466)</u></b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of ordinary shares		<u>-</u>	<u>-</u>
<b>Net cash generated from financing activities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b><u>(1,997,227)</u></b>	<b><u>(2,565,484)</u></b>
Cash and cash equivalents at beginning of year	16	<u>3,226,157</u>	<u>5,791,641</u>
<b>Cash and cash equivalents at end of year</b>	16	<b><u>1,228,930</u></b>	<b><u>3,226,157</u></b>

## 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.

## **Business Combination**

### **Acquisition of ENGAGE XR Limited**

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

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

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

### **Significant accounting judgements, estimates and assumptions**

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

### **Judgements**

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

### **Capitalised development costs**

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

### **Estimates and assumptions**

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

### **Capitalised development costs impairment review**

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

### **Going Concern**

The financial statements have been prepared on a going concern basis which assumes that the group will continue in operational existence for at least 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.

## **Foreign Currency Translation**

### **(a) Functional and Presentation Currency**

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

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

### **(b) Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within Administrative Expenses.

### **Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

### **Segment Reporting**

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

### **Fair value measurement**

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

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

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

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

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

### **Revenue Recognition**

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

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

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

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

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

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

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

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

#### ENGAGE Revenue

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

#### Showcase Experiences

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

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

#### Other Revenue

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

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

#### **Government Grants**

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

#### **Property, Plant and Equipment**

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

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

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

Office equipment - 3 - 5 years

Furniture, fittings and equipment - 5 years

Leasehold improvements – over the life of the leased asset

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

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

### **Intangible Assets**

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

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

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

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

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

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

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

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

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

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

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

### **Trade Receivables**

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

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

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

### **Cash and Cash Equivalents**

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

### **Capital Contributions**

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

## **Share Capital**

Ordinary shares are classified as equity.

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

## **Share Based Payments**

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

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

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

## **Trade Payables**

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

## **Leases**

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

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

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

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

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

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

#### **Current and Deferred Income Tax**

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

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

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

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

### **Research and development tax credit**

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

### **Financial Instruments**

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

### **Financial Assets**

#### **Initial Recognition and Measurement**

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

#### **Subsequent Measurement**

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

#### **Financial Assets Carried at Amortised Cost**

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

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

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

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

### **Impairment of Financial Assets**

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

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

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

### **Financial Liabilities**

#### **Initial Recognition and Measurement**

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

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

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

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

#### **Derecognition of Financial Assets and Liabilities**

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

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

**New Standards, amendments, and interpretations not adopted by the group**

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

**New standards, amendments, and interpretations issued but not effective for the period ended 31 December 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**

<b>Revenue by Type</b>	<b>2025</b> €	<b>2024</b> €
<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
<b>Total ENGAGE Revenue</b>	<b>1,746,889</b>	<b>3,194,212</b>
Showcase experience revenue	192,737	203,039
Other revenue	-	-
<b>Total Revenue</b>	<b>1,939,626</b>	<b>3,397,251</b>

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

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

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

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

Other Revenue includes revenue from VR installations within museums.

#### 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.

<b>Group</b>	<b>2025</b>	<b>2024</b>
	<b>€</b>	<b>€</b>
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
<b>Net Funds</b>	<b>1,290,430</b>	<b>2,873,771</b>
Equity	1,870,545	4,716,872
<b>Total Equity</b>	<b>1,870,545</b>	<b>4,716,872</b>
<b>Capital and net funds</b>	<b>3,160,975</b>	<b>7,590,643</b>

#### 5. a. Expenses by nature

	<b>2025</b>	<b>2024</b>
	<b>€</b>	<b>€</b>
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
<b>Total cost of sales and administrative expenses</b>	<b>4,976,526</b>	<b>7,581,420</b>
<b>Disclosed as:</b>		
Cost of sales	129,992	379,640
Administrative expenses	4,846,534	7,551,774
<b>Total cost of sales and administrative expenses</b>	<b>4,976,526</b>	<b>7,931,414</b>

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:

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

## 6. Employees

<b>Employee Benefit Expense</b>	<b>2025</b>	<b>2024</b>
	<b>€</b>	<b>€</b>
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
<b>Total Employee Benefit Expense</b>	<b>3,480,347</b>	<b>5,066,103</b>

<b>Average Number of People Employed</b>	<b>2025</b>	<b>2023</b>
Average number of people (including executive Directors) employed:		
Operations	29	48
Administration	3	4
Sales, Marketing and Customer Support	3	6
<b>Total Average Headcount</b>	<b>35</b>	<b>58</b>

## 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			Total €
	Salaries and fees	Pension benefits	Options / Warrants issued	
	€	€	€	
<b>Executive Directors</b>				
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
<b>Non-executive Directors</b>				
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			Total €
	Salaries and fees	Pension benefits	Options / Warrants issued	
	€	€	€	
<b>Executive Directors</b>				
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
<b>Non-executive Directors</b>				
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.

## 8. Finance Costs

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

## 9. Finance Income

	<b>2025</b>	<b>2024</b>
	€	€
Bank Interest Received	62,759	216,122
<b>Total finance income</b>	<b>62,759</b>	<b>216,122</b>

## 10. Income Tax

	<b>2025</b>	<b>2024</b>
	€	€
Current tax:		
Current tax on loss for the year	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
Deferred tax (Note 23)	-	-
<b>Income Tax</b>	<b>-</b>	<b>-</b>

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:

	<b>2025</b>	<b>2024</b>
	€	€
<b>Loss Before Tax</b>	<b>(2,980,650)</b>	<b>(3,974,496)</b>
Tax calculated at domestic tax rates applicable to loss in Ireland of 12.5%	(372,581)	(496,812)
Tax effects of:		
- Depreciation in excess of capital allowances	1,899	5,595
- Expenses not deductible for tax purposes	(4,820)	65,779
- Tax losses for which no deferred tax asset was recognised	375,502	425,438
<b>Total tax</b>	<b>-</b>	<b>-</b>

## 11. Earnings per share (EPS)

	2025 €	2024 €
<b>Loss attributable to equity holders of the Group:</b>		
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 €
<b>Cost of Valuation</b>					
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
<b>Depreciation</b>					
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
<b>Net Book Amount</b>					
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'.

### 13. Intangible Assets

<b>Group</b>	<b>Software in development costs €</b>	<b>Total €</b>
<b>Cost</b>		
At 31 December 2024 and 31 December 2025	2,136,231	2,136,231
<b>Amortisation</b>		
At 31 December 2024 and 31 December 2025	2,136,231	2,136,231
<b>Net Book Value</b>		
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.

## 14. Investments in Subsidiaries

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

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.

<b>Name</b>	<b>Country of incorporation and residence</b>	<b>Nature of business</b>	<b>Proportion of equity shares held by the company</b>
ENGAGE XR Limited	Ireland	Virtual Reality Technology	100%
ENGAGE XR LLC	USA	Virtual Reality Technology	100%

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

## 15. Trade and Other Receivables

Current	Group		Company	
	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:

	2025 €	Group 2024 €	2024 €	Company 2023 €
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	-	-

## 16. Cash and short-term deposits

	<b>2025</b>	<b>Group</b>	<b>2025</b>	<b>Company</b>
	<b>€</b>	<b>2024</b>	<b>€</b>	<b>2024</b>
		<b>€</b>		<b>€</b>
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

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

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

	<b>Group</b> €	<b>Company</b> €
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>

## 19. Retained Earnings

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

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

- One third of the Options being capable of exercise if the five day volume-weighted average price preceding the date of such exercise was 12 pence or higher; and
- One third of the Options being capable of exercise if the five day volume-weighted average price preceding the date of such exercise was 16 pence or higher; and
- One third of the Options being capable of exercise if the five day volume-weighted average price preceding the date of such exercise was 20 pence or higher.

The Options will vest in full on a change of control provided a minimum price threshold of 10 pence per share is met. Options expire at the end of a period of 7 years from the Grant Date or on the date on which the option holder ceases to be an employee.

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

	<b>2025</b>	<b>2024</b>
<b>At 1 January</b>	40,903,393	38,493,393
Granted during period	-	2,700,000
Exercised during period	-	-
Forfeited during period	(3,438,393)	(290,000)
<b>At 31 December</b>	<u>37,465,000</u>	<u>40,903,393</u>
<b>Options outstanding at 31 December</b>		
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
<b>Exercisable at 31 December</b>		
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.

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

	<b>2025</b>	<b>2024</b>
<b>At 1 January</b>	3,585,080	3,585,080
Granted during period	-	-
Exercised during period	-	-
Forfeited during period	(151,607)	-
<b>At 31 December</b>	<u>3,433,473</u>	<u>3,585,080</u>
<b>Options outstanding at 31 December</b>		
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
<b>Exercisable at 31 December</b>		
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:

<b>Right of Use Assets</b>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	€	€	€	€
Buildings	-	20,913	-	-
Vehicles	26,378	13,627	-	-
	<u>26,378</u>	<u>34,540</u>	<u>-</u>	<u>-</u>

Lease Liabilities	Group		Company	
	2025	2024	2025	2024
	€	€	€	€
Current	14,310	34,540	-	-
Non-current	12,068	-	-	-
	<u>26,378</u>	<u>34,540</u>	<u>-</u>	<u>-</u>

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**

	Group		Company	
	2025	2024	2025	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:

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

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.