19 December 2023

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ENGAGE XR Holdings Plc

("ENGAGE XR" or the "Group" or the "Company")

Trading Update

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ENGAGE XR Holdings Plc (AIM: EXR), a leading spatial computing and metaverse technology company, has today issued an update on trading for the 12 months ending 31 December 2023.

The year has seen much change as the company has sought to expand its ENGAGE recurring revenue proposition. Good progress has been made with ENGAGE Link, with over 15,000 licensed enterprise and education customers using the platform. The Group also delivered a 5,400 user K-12 education license deal signed with a US state as a pilot programme and the year saw the growth of two other educational clients, Optima Domi Academy and Victory XR, all of which are large six figure deals that contributed to overall 2023 revenue. Furthermore, the Group also signed a six figure contract with one of the world's largest banks who used the ENGAGE platform to deliver an employee onboarding event. The Group's sales pipeline continued to grow steadily during H2 2023 and the Company continues to see encouraging demand for its technology, especially within education, training and development verticals.

However, the Company now expects some contracts that it was hoping to sign in the current financial year now likely to be recognised in FY24. Furthermore, following the launch of Lenovo™'s new ThinkReality™ VRX all-in-one virtual reality (VR) headset in June 2023 the Group now expects the benefits of its Lenovo hardware partnership to be seen in Q1 FY24 rather than Q4 FY23 with a relaunch of the device with ENGAGE AI features coming up at CES on January 19th 2024.

The Board now expects that total Group revenue for the year ending 31 December 2023 will be between €3.6m and €3.8m. ENGAGE revenues are expected to represent over 90% of Group revenue with recurring revenues from ENGAGE expected to represent c65% of Group revenues. The Groups other non-ENGAGE related revenue (Apollo 11, Titanic VR, Shuttle Commander) continues to fall from €0.54m to €0.35m as expected. With a focus on ensuring costs are aligned with revenue growth, the Company expects to report an EBITDA loss of approximately €4.6m and a net cash position at the year-end of approximately €7.3million giving us adequate funding to reach break-even in the short to medium term.

David Whelan, CEO, ENGAGE XR, said: "2023 has been a very valuable year for gathering data on the true value proposition of ENGAGE to our customer base. We are seeing a move away from our historic offering of one-off remote events with a focus on driving our recurring revenue model with encouraging progress being made in the education, training and development verticals. In a marked change in 2023 education, training and development revenue now comprise a bigger percentage of overall Group revenue compared to enterprise revenue whereas in 2022 enterprise revenue was almost double that of education, training and development.

Big contract wins in the US have really showed that education based customers are willing to invest heavily in ENGAGE and see their return on investment as less time to train employees and better educational outcomes overall. We continue to focus on these sectors as core opportunities for the group and are hopeful that our pipeline in these verticals will deliver good contract wins during FY 2024.

A key goal for the Group is to become cash flow positive and we have made excellent strides by keeping costs under control. We are going to finish the year with a strong cash balance and, based on the opportunities before us, we can see a clear path to profitability.

We are working hand in hand with Lenovo and will be releasing ENGAGE finally on their VRX headset at CES in January with additional AI features and abilities. We fully expect the Lenovo partnership to bear fruit in 2024. This along with the Apple Vision Pro and the rumoured lower cost Meta device coming out during 2024 places ENGAGE in a strong position to capitalise on renewed interest in spatial computing / metaverse as a whole.

Up to now ENGAGE has been the build anything you wish platform in a similar way to Wordpress for website development. We have had a broad and varied user base over the past three years which has enabled us to see what works and more importantly what doesn't. We now have a clear and visible customer base who are growing with us and this is where our focus will be for 2024 and beyond. 2023 has indeed being challenging but extremely informative and now it is time to capitalise on the opportunity before us to generate meaningful revenues and expand our customer base. "

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

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About ENGAGE XR

ENGAGE XR Holdings plc (AIM: EXR) is an extended reality (XR)technology company focused on becoming a leading global provider of virtual communications solutions through its new fully featured corporate metaverse, ENGAGE Link.

The Company also has a proprietary software platform, ENGAGE. ENGAGE provides users with a platform for creating, sharing, and delivering VR content for education, training, and online events through its three solutions: Virtual Campus, Virtual Office, and Virtual Events.

For further information, please visit: www.engagexrholdings.com (LinkedIn: @Engage XR Holdings plc Twitter: @engage_xr)

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