26 February 2024

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

Trading Update

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

Total Group revenue for the year ended 31 December 2023 was €3.7m which is in the middle of the range reported in the trading update published on 19 December 2023. Recurring revenues represented 63% of total revenue in 2023. The EBITDA loss will be better than previously reported at €4.5m and the net cash position at the year-end was higher than previously announced at €7.9 million, following the receipt of an R&D tax credit earlier than anticipated. At the year end, ENGAGE XR had 15k enterprise or education licensed users (FY22:10k) and an average contract value across the Group of €25k (FY22: €21k). The Group has adequate funding to reach break-even in the short to medium term.

As previously announced, 2023 was a challenging year for the Group as a number of enterprise customers either did not renew contracts or renewed at lower levels than in 2022. Notwithstanding this, and as noted in the announcement of 20 February 2024, the Group has made an encouraging start to the FY2024, having completed the signing of significant contracts which had been delayed in FY2023, including ENGAGE XR's first seven-figure contract with a large Middle East-based company in the education, training, and development sector, as well as extending the Company's relationship with a leading American bank. This additional six-figure contract continues the work previously done on the ENGAGE platform by the bank.

Looking ahead, the pipeline for the year continues to be encouraging and, having regard to the trends being seen from the Group's enterprise customers in the last 12 months, the Board anticipates that the current financial year will see increasing growth in the education, training and development verticals. The sector is buoyed by the launch of the new headset from Apple which will continue to drive further interest in spatial computing and technology. Overall the Board is confident that FY24 should demonstrate a return to revenue growth for the Group. In addition, the Board looks forward to the current financial year being the year that starts to demonstrate the benefits of the partnership arrangement entered into with Lenovo in 2022.

David Whelan, CEO, ENGAGE XR, said: "The Group is in robust shape due to the actions we have taken to cut costs and focus on our sales pipeline. We are pleased to confirm that we hit our revised expectations for FY2023, and the recent contract wins highlight our strong position, especially in the education, training and development verticals, which we expect to be the main source of future growth. The Board anticipates that FY2024 will see the benefits of our partnership with Lenovo come through, and we foresee increased interest in spatial computing / metaverse services with Apple's release of its Vision Pro headset this month, and new devices also expected to come on stream from Sony, Samsung, Google and Meta later this year. 2024 looks set to be an exciting period of growth for ENGAGE XR."

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About ENGAGE XR

ENGAGE XR Holdings plc (AIM: EXR) is a n 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. A demonstration of ENGAGE Link is https://youtu.be/2OHtimtFY3M?si=Ng0-mwgUpTgU4wtl

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)

Forward-Looking Statements

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

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