

6 January 2025

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

Pre-Close Trading Update

ENGAGE XR Holdings Plc, a leading Metaverse / Spatial Computing technology company, announces the following update on trading for the 12 months ending 31 December 2024. The Company expects to publish its financial results for the year ending 31 December 2024 in May 2025.

Financial Highlights:

- The Group expects to report revenue of c.€3.4m (2023: €3.7m), below market expectations due to delays in finalisation of some larger contracts in the Middle East and the continued delayed deployment of the previously announced contract with a Middle Eastern client to the first half of FY25.
- Recurring revenues increased to 70% (2023: 63%) of total revenue
- The Group expects to report an EBITDA loss of c.€4.0m (2023: loss of €4.0m), broadly in line with market expectations as management focussed on operational efficiencies and strong cost control
- Cash balance at 31 December 2024 of €3.6m (31 December 2023: €7.9m).

In FY24, ENGAGE XR secured a number of important contracts in the education and training sector, including a significant seven-figure contract with a large Middle Eastern client via the Group's partnership with PwC. Client approval was finalised later than expected, but has now been completed, and full deployment is expected to begin in the first half of FY25. This means the remaining revenue associated with the contract of €0.4m not recognised in FY24, is expected to be fully recognised in FY25.

A significant contract was also expected to be finalised pre year end in the Middle East which would have led to the Group's revenue target being comfortably achieved but unfortunately this has been delayed into Q1 FY25. While this delay resulted in the Group's headline revenue being behind market expectations, the Group's EBITDA and Cash are broadly in-line.

Looking ahead, the Group anticipates significant growth opportunities through working with partners in the Middle East throughout 2025 and beyond in both education and training verticals. The Group's strong pipeline is evidence of the progress being made with partners in the Middle East and in the USA. This momentum gives the Group the confidence to drive meaningful progress, delivering results that benefit not just ENGAGE XR but also its partners and stakeholders. Furthermore, given the strength of the pipeline, the Board remains confident in its strategic objective to become cash flow break even during FY25.

During FY24, the Group continued to focus on the education and training verticals which has seen the continued reduction in revenues from clients that used the Group's technology for remote collaboration and one-off events, which had been popular during the pandemic. One of the benefits of this strategic decision is a more predictable revenue stream which has meant Annual Recurring Revenue (ARR) is above 70% for the first time (2023: 63%).

Other successes in the education and training verticals, include:

- Extending the Group's relationship with world-leading private education provider. [InspiredED](#), which signed a mid-six-figure contract for the delivery of education licenses to a small percentage of its 80k students globally. This represented growth of ten times in contracted revenue on the ENGAGE platform as [InspiredED](#) expanded its immersive learning initiatives worldwide.
- The US-based, Education Experience Company, OptimaED increasing the number of licenses it used from 950 to 2,500, with further growth projected in 2025

2023.

- The Group's training partnership with Bank of America continues to thrive and they are a key platform partner on the ENGAGE platform.

David Whelan CEO, ENGAGE XR, said: "While it is disappointing that the delay in our new Middle East contract hit revenue recognisable in 2024, given the strength of the pipeline, we expect 2025 to be a strong year and remain confident in delivering our strategic objective of cashflow break even in FY25. The Education and Training sectors will be the primary drivers of growth. Meta released the Quest 3S headset late last year which is a high-quality but affordable device ideal for education and training. We are working with Meta and its partners on creating an education offering to eclipse others in the sector and we expect to compete strongly on pricing and services. We start 2025 with a strong client base, supported by our strategy of securing 2- to 3-year contracts with many of our partners in the education and training sectors. This ensures a stable foundation for continued growth and innovation."

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 a leading Metaverse / Spatial Computing technology company focused on becoming a leading global provider of virtual communications solutions through its new fully featured corporate metaverse, ENGAGE Link. A demonstration can be viewed here: [ENGAGE The Spatial Computing Platform for Enterprise](#)

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.

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