RNS Number : 2746B
Engage XR Holdings PLC
30 September 2025

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ENGAGE XR Holdings Plc

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

Unaudited Interim Results

ENGAGE XR Holdings Plc, a leading Metaverse / Spatial Computing technology company, is pleased to announce its unaudited interim results for the six months ended 30 June 2025 ("H1 2025").

Financial Highlights:

- Revenue of c.€1.2 million, down 46% (H1 2024: €2.2 million) due to delayed contract closures (expected in late 2025) and reduced one-off enterprise activity. Revenue to end of September of c€1.8m.
- Gross margin in H1 2025 up 2% to 91% (H1 2024: 89%), due to one-off hardware purchases for a key customer in early 2024 not recurring in 2025
- EBITDA loss was €1.6m (H1 2024: loss of €1.8m)
- Loss before tax was €1.6m, in line with management's expectations, compared to a loss in H1 2024 of €1.8m.
- Cash balance at 30 June 2025 of €2.1m and €2.2m at 30 September 2025 following receipt of R&D refund post period end (31 December 2024: €3.6m)

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.

Post-period end Highlights:

- Increase in K-12 licenses from one of our largest educational customers who has now in excess of 4,000 licenses with an annual revenue approaching €0.3m
- Receipt of €0.5m in R&D tax refund confirmed by Irish Revenue in relation to R&D carried out during 2024.

Outlook:

- Operating cost base reduced significantly in Q2 2025 with monthly run-rate of costs now approx. €0.3 million with net monthly burn of c.€0.15 million.
- With a strengthened educational product portfolio, our focus continues to be replacing one off enterprise revenue with education license revenue. We expect this continued shift to further improve our net revenue retention which was 98% in Education year to date compared to 50% in Enterprise year to date.

David Whelan, CEO of ENGAGE XR, said: The first half of 2025 has been a challenging transition period as we shift our focus toward education-related revenues. This has been influenced by a broader market slowdown in enterprise spending on immersive technology and a significant decline in demand from the tech sector, where we previously supported large-scale onboarding initiatives.

That said, I am confident that our renewed focus on the education sector, the very foundation on which this company was built positions us far more strongly for long term growth and stability.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

- Ends -

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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/

Chief Executive's Review

First Half Challenges

The first half of 2025 has been a challenging period for the wider technology sector, with widespread layoffs across major corporations impacting demand for training and onboarding solutions as hiring activity slowed.

This has been particularly evident in the enterprise projects we previously completed with major consultancy firms such as Accenture, KPMG, and PwC. Like many in the industry, they have experienced significant workforce reductions due to the rise of AI. While this shift contributed to a revenue decline in the first half of the year predominantly from reduced numbers of one off consultancy projects and lower enterprise license revenue, we have been actively working to replace this revenue stream with stronger, repeatable revenue within the education sector. This transition, if completed successfully, should position us on a more sustainable and growth oriented path as this market has proven more resilient, with clients showing stronger growth and renewal rates compared to the enterprise sector.

Educational leaders such as Optima ED and Inspired Education have achieved strong growth utilising ENGAGE software, each delivering truly engaging learning experiences both in the classroom and remotely.

AI Teacher

We are now helping to shape the future of education with our partners through the AI Teacher Program a groundbreaking initiative that gives students 24/7 access to domain-level experts. Powered by ENGAGE's advanced AI training tools, these AI Teachers can design lesson plans, assess student performance, and provide real-time progress reports to educators.

AI Teachers are not designed to replace educators but to empower them. By automating repetitive, lecture style teaching, educators gain more time to focus on high value one on one interactions with students, guiding those who need extra support while allowing advanced learners to progress at their own pace.

The video you see here is an early beta prototype, created in under an hour using our proprietary ENGAGE AI integration tools, seamlessly connected with OpenAI and Meta AI. This is just the beginning of how ENGAGE is redefining what's possible in education and expect to see a wider roll out of this tool for all our education clients later this year as we exit our private client testing phase.

AI Teacher Demo: https://vimeo.com/1115479480?share=copy

Middle East

We currently have two major educational projects underway in the Middle East, both of which are now moving forward after experiencing long delays over the past 12 months.

The first project, in partnership with PwC Middle East, announced in 2024, is about to welcome its first enterprise students, who will begin experiencing remote education in the hospitality sector within weeks. Following the initial evaluation phase, we anticipate a broader rollout most likely in FY26.

The second large-scale initiative has just launched with a university pilot program, where the first cohort of students is now testing immersive technology for media studies. This project is being developed in collaboration with the state education board, ENGAGE, and professors from Stanford University, ensuring world-class expertise and rigorous user acceptance testing. A wider rollout is scheduled for early next year.

Outlook

The first half of 2025 has been a challenging transition period as we continue to shift our focus toward education-related revenues. This has been influenced by a broader market slowdown in enterprise spending on immersive technology and a significant decline in demand from the tech sector, where we previously supported large-scale onboarding initiatives.

The ENGAGE board is cognisant of the Company's current cash runway. Having already taken steps to reduce the Company's cash burn, the ENGAGE board is very focused on the importance of cash conservation so as to ensure the Company is able to capture its future growth opportunity. In addition, the board is continually evaluating all the Company is able to capture its future growth opportunity. In addition, the Board is continually evaluating all options available to it to enable the Company to deliver value to shareholders.

Despite the challenges the business has faced in H1, the Board remains confident in meeting expectations for the current financial year. Looking further ahead, the Board is confident that our continued focus on the education sector, the very foundation on which this company was built, positions us strongly for long term growth and stability.

David Whelan
Chief Executive Officer
30 September 2025

Financial Review

Revenue for H1 2025 is down 46% on the prior half year to €1.2m (H1 2024: €2.2m), due to delayed contract closures (expected in late 2025) and reduced one-off enterprise activity.

ENGAGE revenue from Education customers fell in the period to €0.7 million (H1 2024: €1.0m) while ENGAGE revenue from Enterprise fell in the period to €0.3 million (H1 2024: €0.7m)

ENGAGE revenue from Content and Events fell to €0.1m (H1 2024: €0.4m) in line with management expectations as the Group's focus was centred on renewing license revenue from Enterprise and Education customers.

EBITDA loss was €1.6m (H1 2024: loss of €1.8m). The primary cost driver for the EBITDA loss is salary and associated costs, currently approximately €0.2m per month, following cost savings put in place in late Q2 2025.

Gross margin in H1 2025 up 2% to 91% (H1 2024: 89%), due to one-off hardware purchases for a key customer in 2024 not recurring in 2025.

Loss before tax was €1.6m, in line with management expectations, compared to a loss in the prior year of €1.8m.

The combination of operating cashflows and capital expenditure in H1 2024 were €1.4m compared to €2.3m in H1 2024. The cash balance at 30 June 2024 was €2.1m (30 June 2024: €5.5m). The management team are focused on actively managing the cash position of the Group, through cost control, as the Group aims to deliver cash flow profitability in the future.

Séamus Larrissey
Chief Financial Officer
30 September 2025

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2025

	Note	**Unaudited Six months ended 30 June 2025 €**	Unaudited Six months ended 30 June 2024 €
Continuing Operations			
Revenue		1,199,634	2,206,780
Cost of Sales		(111,988)	(251,643)
Gross Profit		1,087,646	1,955,137
Administrative Expenses		(2,755,138)	(3,894,365)
Operating Loss		(1,667,492)	(1,939,228)
Finance Costs		(2,428)	(1,779)
Finance Income		33,870	125,461
Loss before Income Tax		(1,636,050)	(1,815,546)
Income Tax Credit		-	-
Loss for the Year from continuing operations		(1,636,050)	(1,815,546)
Loss per share			
Basic from continuing operations	**4**	(0.003)	(0.003)

Consolidated Statement of Financial Position
As at 30 June 2025

	Note	Unaudited as at 30 June 2025 €	Unaudited as at 30 June 2024 €	Audited as at 31 Dec 2024 €
Non-Current Assets				
Property, Plant & Equipment		52,573	100,630	56,417
Intangible Assets		-	-	-
		52,573	100,630	56,417
Current Assets				
Trade and other receivables		1,392,911	1,744,012	1,786,684
Cash and short-term deposit		2,106,833	5,524,869	3,566,927
		3,499,744	7,268,881	5,353,611
Total Assets		3,552,317	7,369,511	5,410,028
Equity and Liabilities				
Equity Attributable to Shareholders				
Issued share capital	5	524,826	524,826	524,826
Share premium	5	43,910,062	43,910,062	43,910,062
Other reserves		(12,054,664)	(12,219,118)	(12,128,790)
Retained earnings		(29,225,276)	(25,430,276)	(27,589,226)
Total Equity		3,154,948	6,785,494	4,716,872
Non-Current Liabilities				
Operating lease liabilities		17,860	8,176	-
Current Liabilities				
Trade and other payables		359,748	523,113	658,616
Operating lease liabilities		19,761	52,728	34,540
		379,509	575,841	693,156
Total Liabilities		397,369	584,017	693,156
Total Equity and Liabilities		3,552,317	7,369,511	5,410,028

Consolidated Statement of Changes in Equity
At 30 June 2025

Attributable to Equity Shareholders

	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
Loss for the period	-	-	-	(1,815,546)	(1,815,546)
Share option expense	-	-	73,405	-	73,405
Balance at 30 June 2024	524,826	43,910,062	(12,219,118)	(25,430,276)	6,785,494

	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
Loss for the period	-	-	-	(1,636,050)	(1,636,050)
Share option expense	-	-	74,126	-	74,126
Balance at 30 June 2025	524,826	43,910,062	(12,054,664)	(29,225,276)	3,154,948

Consolidated Statement of Cash Flows
For six month period ended 30 June 2025

	Note	Unaudited Six months ended 30 June 2025 €	Unaudited Six months ended 30 June 2024 €
Cash Flows from Operating Activities			
Loss before income tax		(1,636,050)	(1,815,546)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation		38,599	44,894
Finance Income		(33,870)	(125,461)
Finance Costs		2,428	1,779
Share Option Expense		74,126	73,406
Movement in Trade & Other Receivables		393,773	(548,679)
Movement in Trade & Other Payables		(298,868)	(92,124)
		(1,459,862)	(2,461,731)
Bank interest & other charges paid		(2,428)	(1,779)
Bank interest received		33,870	125,461
Net cash used in operating activities		(1,428,420)	(2,338,049)
Cash Flows from Investing Activities			
Purchases of property, plant & equipment		-	(21,795)
Net cash used in investing activities		-	(21,795)
Cash Flows from Financing Activities			
Payment of operating lease liabilities		(31,674)	(26,366)
Net cash used in financing activities		(31,674)	(26,366)
Net decrease in cash and cash equivalents		(1,460,094)	(2,386,210)
Cash and cash equivalents at beginning of period		3,566,927	7,911,079
Cash and cash equivalents at the end of period		2,106,833	5,524,869

Notes to the Interim Report

1. Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union ("IFRS") and expected to be effective at the year-end of 31 December 2025.

The accounting policies are unchanged from the financial statements for the year ended 31 December 2024. The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2024, prepared in accordance with IFRS, have been filed with the Companies Registration Office. The Auditors' Report on these accounts was unqualified.

The consolidated interim financial statements are for the 6 months to 30 June 2025.

The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024, which were prepared in accordance with IFRS's as adopted by the European Union.

2. Summary of Significant Accounting Policies

New standards, interpretations and amendments adopted by the Company

No new standards or amendments have been adopted for the first time in these financial statements.

3. Share Based Payments

Share-based payment schemes with employees

Following the successful completion of the equity placing in H1 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 also assists 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 will provide the potential for rewards only if shareholders benefit from sustained growth in shareholder value over the coming years.

<u>New Scheme</u>

Under this new option grant there were no (2024: 2,700,000) employee options granted during 2025 at an exercise price of €0.046 per share. 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:

	2023 Scheme	
	Half-Year 2025	Half-Year 2024
At 1 January	40,903,393	38,493,393
Granted during period	-	200,000
Forfeited during period	(1,980,000)	(250,000)
At 30 June	38,923,393	38,443,393
Options outstanding at 30 June		
Number of shares	38,923,393	38,443,393
Weighted average remaining contractual life	5.15	6.10
Weighted average exercise price per share	€0.046	€0.046
Range of exercise price	€0.046	€0.046
Exercisable at 30 June		
Number of shares	-	-
Weighted average exercise price per share	-	-

<u>Old Scheme</u>

There were no employee options granted under the old scheme during H1 2025 (H1 2024: Nil). 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.

Share-based payment expense with Directors

There were no share options granted during H1 2025 (H1 2024: Nil) to Directors.

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

2018 Scheme

	Half-Year 2025	Half-Year 2024
At 1 January	3,585,080	3,585,080
Granted during period	-	-
Forfeited during period	-	
At 30 June	3,585,080	3,585,080
Options outstanding at 30 June		
Number of shares	3,585,080	3,585,080
Weighted average remaining contractual life	0.82	0.85
Weighted average exercise price per share	€0.022	€0.022
Range of exercise price	€0.0001 - €0.135	€0.0001 - €0.135
Exercisable at 30 June		
Number of shares	3,585,080	3,585,080
Weighted average exercise price per share	€0.022	€0.022

The expense recognised in respect of employee share based payment expense and credited to the share based payment reserve in equity was €74,127 (H1 2024: €73,405)

4. Loss per share

Loss attributable to equity holders of the Group:	**Unaudited Six months ended 30 June 2025 €**	Unaudited Six months ended 30 June 2024 €
Continuing Operations	(1,636,050)	(1,815,546)
Weighted average number of shares for Basic EPS	524,826,146	524,826,146
Basic loss per share from continuing operations	(0.003)	(0.003)

5. Share Capital

	Number of shares	**Ordinary shares €**	**Share premium €**	**Total €**
At 1 January 2025 and 30 June 2025	524,826,146	524,826	43,910,062	44,434,888

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 Company'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 Company'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 Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company 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 Company 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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