

**THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Admission Document, or the action you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser, such as a stockbroker, solicitor, accountant or other adviser who specialises in advising on the acquisition of shares and securities and is authorised under the Financial Services and Markets Act 2000 ("FSMA") or if you are resident in the Republic of Ireland is duly authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1-3) or the Investment Intermediaries Act 1995 (as amended) or, person otherwise similarly qualified in your jurisdiction).

Application has been made for the whole of the Company's issued and to be issued ordinary share capital to be admitted to trading on AIM and ESM. It is expected that Admission will become effective and dealings on AIM and ESM will commence at 8:00 a.m. on 12 March 2018.

AIM and ESM are markets designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM and ESM securities are not admitted to the Official List of the UKLA or the Official List of the Irish Stock Exchange plc (together the "Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM and ESM company is required pursuant to the AIM Rules for Companies and ESM Rules for Companies to have a nominated adviser and ESM Adviser respectively. The nominated adviser and ESM Adviser are required to make a declaration to the London Stock Exchange and the Irish Stock Exchange plc in the form set out in Schedule Two to the AIM Rules for Nominated Advisers and Schedule Two to the Rules for ESM Advisers respectively.

Neither the London Stock Exchange plc, nor the Irish Stock Exchange plc have examined or approved the contents of this Admission Document. The rules of AIM and ESM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any recognised investment exchange and no such applications have been made.

Prospective investors should read the whole of this Admission Document. An investment in the Company is speculative and involves a high degree of risk. The attention of prospective investors is drawn in particular to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Company and the Group's business, financial position and prospects should be viewed in light of these risk factors.

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## **VR EDUCATION HOLDINGS PLC**

*Incorporated and registered in Ireland with registered number 613330*

**Placing of 60,000,000 new Ordinary Shares each at a price of 10 pence per share and  
Admission of the Enlarged Ordinary Share Capital to trading on AIM and ESM**



**ORDINARY SHARES FOLLOWING ADMISSION**  
**193,136,406 issued and fully paid Ordinary Shares of €0.001**

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This document is an Admission Document drawn up in accordance with the AIM Rules for Companies and the ESM Rules for Companies and has been prepared in connection with the proposed application for admission of the issued and to be issued share capital of the Company to trading on AIM, a market of the London Stock Exchange and ESM, a market of the Irish Stock Exchange plc. This Admission Document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") or the Irish Prospectus Rules and a copy has not been, and will not be, approved or filed with the FCA or the Central Bank.

This Admission Document does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102B of FSMA or for the purposes of the Irish Prospectus Regulations or otherwise.

The Company and each of the Directors, whose names appear on page 16 of this Admission Document, individually and collectively accept full responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies and the ESM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Reorganisation Shares, the Placing Shares and Fee Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, paid or made after Admission.

Cairn Financial Advisers LLP and Shard Capital Partners LLP, which are both regulated in the UK by the FCA, are acting as the Company's nominated adviser and joint broker, respectively, in connection with the proposed Admission. Cairn Financial Advisers LLP's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and Shard Capital Partners LLP's responsibilities as the Company's joint broker under the AIM Rules for Companies are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document without limiting the statutory rights of any person to whom this document is issued. No representation or warranty, express or implied,

is made by Cairn Financial Advisers LLP or Shard Capital Partners LLP as to, and no liability whatsoever is accepted by Cairn Financial Advisers LLP or Shard Capital Partners LLP for, the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible. Neither Cairn Financial Advisers LLP nor Shard Capital Partners LLP will be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of any acquisition of Ordinary Shares.

Davy, which is regulated in Ireland by the Central Bank, is acting as ESM adviser and joint broker to the Company in connection with the proposed Admission. Davy's responsibilities as the Company's ESM Adviser and joint broker under the ESM Rules are owed solely to the Irish Stock Exchange plc and are not owed to the Company or any Director, or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Davy as to, and no liability whatsoever is accepted by Davy for the accuracy of, any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible. Davy will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of any acquisition of Ordinary Shares.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays in England) at the offices of Cairn Financial Advisers LLP, 62-63 Cheapside, London EC2V 6AX and during normal business hours on any day (except Saturdays, Sundays and public holidays in Ireland) at the offices of Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland from the date of this document and shall remain available for a period of one month from Admission. This document will also be available on the Company's website, [www.vreducationholdings.com](http://www.vreducationholdings.com), from Admission.

This Admission Document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any securities other than the shares to which it relates, or any offer or invitation to sell, or any solicitation of any offer to purchase, such shares by any person in any circumstances or jurisdiction in which such offer or solicitation is unlawful. No steps have been taken to allow the offering of, and dealings in, the Ordinary Shares under the applicable securities laws of the United States, Canada, Japan, New Zealand, the Republic of South Africa or Australia or in any other jurisdiction where this would not be lawful. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold or subscribed, directly or indirectly, within, the United States, Canada, Japan, New Zealand, the Republic of South Africa or Australia or any national, resident or citizen of the United States, Canada, Japan, New Zealand, the Republic of South Africa or Australia or any corporation, partnership or other entity created or organised under the laws of any such jurisdiction or any other jurisdiction where such action would not be lawful. This document should not be distributed to persons with addresses in the United States, Canada, Japan, New Zealand, the Republic of South Africa or Australia or to any corporation, partnership or other entity created or organised under the laws of any such jurisdiction or any other jurisdiction, where such distribution may lead to breach of any law or regulatory requirements.

This Admission Document may not be published, distributed or transmitted by any means or media, directly or indirectly in whole or in part, in or into the United States. These materials do not constitute an offer to sell, or a solicitation or an offer to buy, securities in the United States or to, or for the account or benefit of, any US person (within the meaning of Regulation S). Securities may not be offered or sold in the United States absent: (i) registration under the US Securities Act; or (ii) an available exemption from registration under the US Securities Act. The securities described in this Admission Document have not been and will not be registered under the US Securities Act or under the applicable state securities laws of the United States, subject to certain limited exceptions, and may not be offered or sold directly or indirectly in or into the United States or to or for the account or benefit of any US Person. In addition, the Company has not been, and will not be, registered under the US Investment Company Act.

No person is authorised to give any information or to make any representation not contained in this Admission Document in connection with the issue of the Placing Shares and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company. Neither the delivery of this Admission Document nor any offer, sale or delivery made in connection with the issue of the Placing Shares shall, under any circumstance, constitute a representation that there has been no change or development likely to involve a change in the condition (financial or otherwise) of the Company or the Group since the date hereof or create any implication that the information contained therein is correct as of any date subsequent to the date hereof or the date as of which that information is stated herein to be given.

Potential investors with registered addresses in overseas territories are required to inform themselves about and observe any restrictions on the offer, sale or transfer of the Shares and the distribution of this Admission Document.

**THE CONTENTS OF THIS ADMISSION DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN SOLICITOR, INDEPENDENT FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.**

## **IMPORTANT INFORMATION**

### **Forward-Looking Statements**

This document includes forward-looking statements. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Group's future prospects, developments and business strategies.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are contained in all sections of this document. The forward-looking statements in this document, including statements concerning projections of the Group's future results, operating profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks relating to the Company and the Group are specifically described in Part II "Risk Factors". If one or more of these risks or uncertainties arises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these uncertainties, potential Shareholders should not place over-reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. The Group undertakes no obligation to update forward-looking statements or risk factors other than as required by the AIM Rules and ESM Rules or applicable law, whether as a result of new information, future events or otherwise.

### **Notice to overseas persons**

Prospective subscribers or purchasers should read the restrictions described below. Each subscriber for or purchaser of the Ordinary Shares will be deemed to have made the relevant representations described therein.

Unless otherwise agreed by the Board, the Ordinary Shares are only being and will only be offered for subscription to potential investors in the United Kingdom and Ireland. The distribution of this document and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, Cairn, Davy or Shard to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials relating to the Ordinary Shares) in the UK or any other jurisdiction, where action for that purpose may be required. Accordingly, neither this document nor any advertisement or any other placing material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, no actions have been taken to allow for a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction, including Australia, New Zealand, Canada, Republic of South Africa, Japan or the United States. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the Ordinary Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

### **Industry, market and other data**

Information regarding the economic environment in the jurisdictions in which the Group operates or plans to operate has been compiled from publicly available sources. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, which data has been accurately reproduced and, so far as the Company and the Directors are aware and able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the Company nor Cairn nor Shard nor Davy has independently verified that data. Neither the Company nor

Cairn nor Shard nor Davy gives any assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Board believes its internal estimates to be reasonable, they have not been verified by any independent sources and neither the Company nor Cairn nor Shard nor Davy can give any assurance as to their accuracy.

### **Notice to prospective investors in the European Economic Area**

This document is not a Prospectus for the purposes of the Prospectus Directive (as defined below) in relation to each Member State of the European Economic Area (the “EEA”) which has implemented the Prospectus Directive (each, a “Relevant Member State”). This document has been prepared on the basis that any offers of Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with any offers of Ordinary Shares. Accordingly, any person making or intending to make any offer within the EEA of Ordinary Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company to produce a Prospectus for such offer. Neither the Company nor Cairn nor Shard nor Davy has authorised, nor will any of them authorise, the making of any offer of the Placing Shares through any financial intermediary, other than offers made by Shard or Davy which constitute the final placing of the Placing Shares contemplated in this document. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### **No incorporation of website information**

This document will be made available at [www.vreducationholdings.com](http://www.vreducationholdings.com). Notwithstanding the foregoing, the contents of the Company’s website, the contents of any website accessible from hyperlinks on the Company’s website, or any other website referred to in this document, are not incorporated in and do not form part of this document.

### **Defined terms**

Certain terms used in this document are defined in the “Definitions” section of this document.

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## DEFINITIONS

The following words and expressions shall have the following meanings in this document, unless the context otherwise requires:

<b>“2016 Kernel LN”</b>	redeemable secured loan notes for €650,000 principal (of which €240,000 of loan notes were drawn down by IVRE) pursuant to a loan note instrument entered into between IVRE and Kernel on 30 June 2016. The 2016 Kernel LN will be converted into Ordinary Shares pursuant to the Reorganisation. Further details are set out in paragraph 3 of Part I and 10.2.3 of Part VI;
<b>“2017 Kernel LN”</b>	redeemable unsecured loan notes for €400,000 principal (all of which were drawn down by IVRE) pursuant to a loan note instrument entered into between IVRE and Kernel on 2 June 2017. The 2017 Kernel LN will be converted into Ordinary Shares pursuant to the Reorganisation. Further details are set out in paragraph 3 of Part I and 10.2.9 of Part VI;
<b>“Act” or the “Companies Act”</b>	the Companies Act 2014 of Ireland and every statutory modification and re-enactment thereof for the time being in force;
<b>“Admission”</b>	together AIM Admission and ESM Admission;
<b>“Adviser Warrants”</b>	the warrants to be granted to various advisers to subscribe for 5,018,328 new Ordinary Shares, details of which are set out in paragraph 10.8 of Part VI of this document;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Admission”</b>	the admission of the Enlarged Ordinary Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
<b>“Articles”</b>	the memorandum and articles of association of the Company for the time being;
<b>“Audit Committee”</b>	the audit committee of the Company;
<b>“Board” or “Directors”</b>	the Directors of the Company, whose names are set out on page 16 of this document;
<b>“Business Day”</b>	any day which is not a Saturday, Sunday or a public holiday in the UK;
<b>“Cairn”</b>	Cairn Financial Advisers LLP, the Company’s nominated adviser;
<b>“CEO”</b>	the chief executive officer of the Company;

<b>“Company” or “VR Education Holdings”</b>	VR Education Holdings Plc, a company registered in Ireland with registered number 613330;
<b>“Compliance Committee”</b>	the compliance committee of the Company;
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear UK & Ireland Limited;
<b>“CREST Regulations”</b>	the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (SI No. 68 of 1996);
<b>“Davy”</b>	J&E Davy, trading as Davy, including its affiliate Davy Corporate Finance and any other affiliates, or any of its subsidiary undertakings;
<b>“EEA”</b>	the European Economic Area;
<b>“Enterprise Ireland”</b>	Enterprise Ireland, the Irish state agency responsible for developing indigenous industry;
<b>“EI CRCPS”</b>	the 8 per cent. cumulative redeemable convertible preference shares of €0.001 each in the capital of IVRE issued to Enterprise Ireland on April 2017. The 13,014 EI CRCPS will be converted into Ordinary Shares pursuant to the Reorganisation. Further details are set out in paragraph 3 of Part I and 10.2.8 of Part VI of this document;
<b>“EIS”</b>	the Enterprise Investment Scheme as set out in Part 5 of the Income Tax Act 2007 and sections 150A-150C and Schedule 5B to the Taxation of Chargeable Gains Act 1992;
<b>“Enlarged Ordinary Share Capital”</b>	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares;
<b>“Escrow Agreement”</b>	the escrow agreement dated 22 February 2018 between the Company, IVRE, Sandra Whelan, David Whelan, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Suir Valley, Kernel, Barry Downes, Ronan Daly Jermyn Solicitors and Wallace Corporate Counsel. Further details are set out in paragraph 10.3 of Part VI of this document;
<b>“ESM”</b>	the Enterprise Securities Market, a market regulated by the Irish Stock Exchange;
<b>“ESM Admission”</b>	admission of the Enlarged Ordinary Share Capital to trading on ESM and such admission becoming effective in accordance with the ESM Rules;
<b>“ESM Rules”</b>	the ESM Rules for Companies and the Rules for ESM Advisers;
<b>“ESM Rules for Advisers”</b>	the ESM Rules for Advisers published by the Irish Stock Exchange from time to time;
<b>“ESM Rules for Companies”</b>	the ESM Rules for Companies published by the Irish Stock Exchange governing admission to, and the operation of, the ESM as in force as at the date of this document or, where the context so requires, as amended or modified after the date of this document;
<b>“ESOP”</b>	the Company’s share option plan, a summary of the principal provisions of which are set out in paragraph 11 of Part VI of this document;



<b>“EU”</b>	the European Union;
<b>“Excluded Territory”</b>	the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any other jurisdiction where an offer of the Ordinary Shares would constitute a breach of an applicable law;
<b>“Existing Ordinary Shares”</b>	the one Ordinary Share in issue at the date of this document;
<b>“Fee Shares”</b>	the 46,666 Ordinary Shares to be issued to St. Brides Partners Ltd conditional upon Admission, in settlement of fees owed to them by the Company;
<b>“Financial Conduct Authority”</b> or <b>“FCA”</b>	the United Kingdom Financial Conduct Authority;
<b>“Framework Agreement”</b>	the framework agreement between the Company, IVRE, Sandra Whelan, David Whelan, Barry Downes, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Kernel and Suir Valley Venture Fund as part of the Reorganisation, details of which are set out in paragraph 9 of Part I and paragraph 10.2 of Part VI;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
<b>“Historical Financial Information”</b>	IVRE’s historical financial information for the period from incorporation on 14 October 2014 to 31 December 2015 and the year ended 31 December 2016 and the 9 months ended 30 September 2017 as set out in Part III of this document together with the historical financial information of the Company since incorporation to 31 December 2017;
<b>“Group”</b>	the Company together with IVRE;
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs;
<b>“HTC”</b>	HTC Corporation;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union;
<b>“Intellectual Property Rights”</b> or <b>“IPR”</b>	intellectual property rights;
<b>“Investor Warrants”</b>	the warrants granted to each of Kernel, Suir Valley and Enterprise Ireland to subscribe for 5,794,092 new Ordinary Shares in aggregate, details of which are set out in paragraph 10.8 of Part VI of this document;
<b>“Irish Panel”</b>	the Irish Panel on Takeovers and Mergers;
<b>“Irish Stock Exchange”</b>	the Irish Stock Exchange plc;
<b>“Irish Substantial Acquisition Rules”</b>	the Irish Takeover Panel Act 1997, Substantial Acquisition Rules 2007;
<b>“Irish Takeover Panel”</b>	the statutory body responsible for monitoring and supervising takeovers and other relevant transactions in relevant companies in Ireland;
<b>“Irish Takeover Rules”</b>	the Irish Takeover Panel Act, 1997 Takeover Rules, 2013;



<b>“ISIN”</b>	international security identification number;
<b>“Issue Price”</b>	10 pence, being the price at which the Placing Shares are to be issued;
<b>“IVRE”</b>	Immersive VR Education Ltd, incorporated in Ireland with registered number 551732, being the Company’s wholly owned subsidiary from Admission pursuant to the Share Swap Agreement;
<b>“IVRE Sellers”</b>	Sandra Whelan, David Whelan, Barry Downes, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Kernel and Suir Valley;
<b>“Joint Brokers”</b>	together Davy and Shard;
<b>“Kernel”</b>	Kernel Seed Fund 2009 Limited acting as general partner of Bank of Ireland Seed and Early Stage Equity Fund 2009 Limited Partnership;
<b>“Kernel LNs”</b>	the 2016 Kernel LN and the 2017 Kernel LN;
<b>“Latest Practicable Date”</b>	means 5 March 2018, being the latest practicable date prior to the publication of this document;
<b>“Lock-in Arrangements”</b>	the lock-in arrangements entered into by the Locked-in Persons, described in paragraph 14 of Part I and paragraph 10.12 of Part VI of this document;
<b>“Locked-in Persons”</b>	Sandra Whelan, David Whelan, Richard Cooper, Séamus Larrisey, Alice Grant, Suir Valley, Kernel, Barry Downes, TRPCL and Enterprise Ireland;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“New Ordinary Shares”</b>	the Reorganisation Shares, the Placing Shares and the Fee Shares;
<b>“Options”</b>	options to subscribe for Ordinary Shares, pursuant to the ESOP, further details of which are set out in paragraph 11 of Part VI of this document;
<b>“Ordinary Shares”</b>	ordinary shares of €0.001 each in the share capital of the Company;
<b>“Placees”</b>	any person or entity subscribing for Placing Shares pursuant to the Placing;
<b>“Placing”</b>	the conditional placing by Shard and Davy on behalf of the Company of the Placing Shares at the Issue Price pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 5 March 2018 between the Company, Shard, Davy, Cairn and the Directors relating to the Placing and Admission, details of which are set out at paragraph 10.11 of Part VI of this document;
<b>“Placing Shares”</b>	60,000,000 new Ordinary Shares to be issued and allotted to the Placees pursuant to the Placing;
<b>“QCA Guidelines”</b>	the corporate governance code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance from time to time;

<b>“Redeemable Shares”</b>	the redeemable shares of €1.00 each in the share capital of the Company which are to be redeemed and cancelled after Admission as set out in paragraph 4.5.3 of Part VI of this document;
<b>“Registrar”</b>	Computershare Investor Services (Ireland) Limited, whose registered office is Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland;
<b>“Remuneration Committee”</b>	the remuneration committee of the Company;
<b>“Reorganisation”</b>	the arrangements between IVRE, the Company and the IVRE Sellers to effect the capitalisation of the Kernel LNs and the Suir LN, and the conversion of certain of the EI CROPS into ordinary shares in IVRE pursuant to the process and terms set out in the Framework Agreement and the Share Swap Agreement, further details of which are set out in paragraph 3 of Part I and paragraphs 10.2 and 10.1 of Part VI of this Document;
<b>“Reorganisation Conditions”</b>	the conditions to be satisfied pursuant to the Escrow Agreement to enable completion of the Reorganisation, further details of which are set out in paragraph 10.3 of Part V of this document;
<b>“Reorganisation Shares”</b>	the 133,089,739 new Ordinary Shares to be issued to IVRE Sellers pursuant to and upon completion of the Reorganisation;
<b>“Shard Capital” or “Shard”</b>	Shard Capital Partners LLP, a company incorporated in England under company number 07462262, the Company's joint broker;
<b>“Shareholders”</b>	the persons who are registered as holders of Ordinary Shares from time to time;
<b>“Share Swap Agreement”</b>	the agreement between the Company, IVRE and the IVRE Sellers whereby, the Company has agreed, conditional on Admission, to acquire the entire issued share capital of IVRE from the IVRE Sellers, further details of which are set out in paragraph 10.1 of Part VI of this document;
<b>“Suir LN”</b>	redeemable secured loan notes for €300,000 principle (of which €288,000 of loan notes have been drawn down) pursuant to a loan note instrument entered into between IVRE and Suir Valley on 23 March 2017. The Suir LN will be converted into Ordinary Shares pursuant to the Reorganisation. Further details are set out in paragraph 10.2.5 of Part VI;
<b>“Suir Valley”</b>	Suir Valley Funds ICAV, an Irish Collective Asset Management Vehicle registered in Ireland, acting solely in respect of its sub-fund Suir Valley Venture Fund, an entrepreneur-led capital fund which is managed by Shard Capital;
<b>“St Brides”</b>	St Brides Partners Ltd;
<b>“Sterling” or “£” or “p” or “pence”</b>	the legal currency of the UK;
<b>“TIDM”</b>	tradable instrument display mnemonic;
<b>“TRPCL”</b>	Telecommunications Research Partners Consulting Limited;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;

<b>“UKLA”</b>	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VII of FSMA;
<b>“Uncertificated” or “in Uncertificated Form”</b>	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
<b>“US\$” or “\$”</b>	the legal currency of the United States;
<b>“VAT”</b>	Value Added Tax;
<b>“VCT”</b>	the Venture Capital Trust Scheme as set out in Part 6 of the Income Tax Act 2007 and sections 151A and 151B of the Taxation of Chargeable Gains Act 1992;
<b>“Warrants”</b>	the Adviser Warrants and Investor Warrants; and
<b>“€” or “Euro”</b>	the legal currency of Ireland;

Unless otherwise indicated, all references in this document to “pounds sterling”, “sterling”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom, all references to “\$”, “US\$” or “US dollars” are to the lawful currency of the United States and all references to “€” or “euro” are to the currency introduced at the start of the third stage of European economic or monetary union pursuant to the treaty establishing the European Community, as amended.

All references to legislation are to be construed as referring to it and every statutory modification and re-enactment thereof being in force from time to time.

## GLOSSARY OF TECHNICAL TERMS

The following table provides an explanation of certain technical terms and abbreviations used in this document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

<b>“4K”</b>	4K resolution refers to a display device or content having horizontal resolution of the order of 4,000 pixels;
<b>“App” or “Application”</b>	a self-contained program or piece of software;
<b>“AR” or “Augmented Reality”</b>	augmented reality is a live direct or indirect view of a physical, real-world environment whose elements are augmented by computer-generated sensory input such as sound, video, graphics or GPS data;
<b>“avatar”</b>	a graphical representation of the user within virtual reality;
<b>“blended learning”</b>	an education program that combines traditional classroom methods and online digital media learning;
<b>“CES”</b>	Consumer Electronics Tradeshow, a global consumer electronics and consumer technology tradeshow;
<b>“CGI”</b>	computer generated imagery;
<b>“ENGAGE”</b>	the Group’s social learning VR platform;
<b>“FX”</b>	special effects;
<b>“GearVR”</b>	Samsung GearVR, the mobile HMD developed by Samsung Electronics in collaboration with Oculus;
<b>“HMD”</b>	a head-mounted display device, worn on the head or as part of a helmet, that has a small display optic in front of one (monocular HMD) or both eyes (binocular HMD);
<b>“IFX”</b>	Interactive FX content that can be used in the ENGAGE platform;
<b>“Interactive”</b>	refers to the way in which users interact with all forms of digital technology emphasising innovation and human/user-centred approaches;
<b>“K-12”</b>	the term used in the US and other countries to refer to primary and secondary education;
<b>“Kickstarter”</b>	a global crowdfunding platform for creative projects;
<b>“marketplace”</b>	the general term used by the Group to describe potential monetisation options within the ENGAGE platform such as, but not limited to, chargeable (premium) assets, content, lectures and courses which a user will be required to pay for in order to use/view the item through the ENGAGE platform;
<b>“MBPS”</b>	millions of bits per second, a measure of bandwidth (the total information flow over a given time) on a telecommunications medium;
<b>“MOOCs”</b>	massive open online course, online courses aimed at unlimited participation and open access via the web which include traditional

	course material such as filmed lectures, readings, and problem sets and also interactive user forums;
<b>“MR” or “Mixed Reality”</b>	the merging of real and virtual worlds to produce new environments and visualisations where physical and digital objects co-exist and interact in real time;
<b>“Oculus Rift”</b>	the Oculus Rift is a virtual reality HMD developed by Oculus VR (owned by Facebook, Inc.) which was one of the first consumer-targeted VR headsets. It has a resolution of 1080×1200 per eye, a 90 Hz refresh rate, and a wide field of view. It has integrated headphones which provide a 3-D audio effect. The Oculus Rift has rotational and positional tracking. The positional tracking is performed by a USB stationary IR sensor, which normally sits on the user’s desk, allowing for use of the Oculus Rift while sitting, standing, or walking around the same room in which the sensor sits;
<b>“PC”</b>	personal computer;
<b>“PSVR”</b>	PlayStation VR, the HMD developed by Sony Interactive Entertainment;
<b>“SDK”</b>	software development kit;
<b>“Steam”</b>	a digital distribution platform developed by Valve Corporation
<b>“Stripe”</b>	a web application that allows merchants to accept debit/credit card payments through their websites;
<b>“Unity/Unity Game Engine”</b>	cross-platform engine used to build 3D and 2D games;
<b>“Valve Corporation”</b>	a privately owned American video game developer and digital distribution company headquartered in Washington, US;
<b>“Vive”</b>	a virtual reality HMD developed by HTC and Valve Corporation, the HMD uses room scale tracking technology allowing the user to move in 3D space and use motion-tracked handheld controllers to interact with the environment; and
<b>“VR” or “Virtual Reality”</b>	virtual reality, the computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Publication of this document	6 March
Issue of Placing Shares, Fee Shares, Admission effective and dealings in the Ordinary Shares commence	12 March
CREST Accounts credited (where applicable)	12 March
Despatch of definitive share certificates (where applicable)	2 April

*The above dates are indicative only and are subject to change.*

*All references to time in this document are to London time unless otherwise stated.*

## KEY STATISTICS

Issue Price (per Placing Share)	10 pence
Number of Existing Ordinary Shares at the date of this document	1
Number of Reorganisation Shares	133,089,739
Number of Placing Shares	60,000,000
Number of Fee Shares	46,666
Enlarged Ordinary Share Capital	193,136,406
Placing Shares and Fee Shares as a percentage of the Enlarged Ordinary Share Capital	31.1 per cent.
Gross proceeds of the Placing	£6 million
Number of Ordinary Shares under option or warrant following Admission	15,058,615
Number of Ordinary Shares on a fully diluted basis following Admission*	208,192,021
Market capitalisation of the Company on Admission at the Issue Price	£19.3 million
ISIN for the Ordinary Shares	IE00BG0HDR01
Legal Entity Identifier for the Ordinary Shares	213800ESSTWEXIN22767
AIM Symbol	VRE
ESM Symbol	6VR
GBP/EURO rate as at 5 March 2018	0.892

\* in the event that all Options and Warrants in existence on Admission are exercised.



## DIRECTORS AND ADVISERS

### Current Directors

Richard Quentin Mortimer Cooper – *Chairman and Non-Executive Director*  
David Patrick Whelan – *Chief Executive Officer*  
Sandra Margaret Whelan – *Chief Operating Officer*  
Séamus Patrick Larrisey – *Finance Director*  
Anthony (“Tony”) Christopher Hanway – *Independent Non-Executive Director*  
Michael (“Mike”) Joseph Boyce – *Independent Non-Executive Director*

### Company Secretary

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**Registrar**

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## **PART I**

### **INFORMATION ON THE GROUP**

#### **1. INTRODUCTION**

The Group is an early stage VR software and technology group based in Waterford, Ireland, dedicated to transforming the delivery methods of education and corporate training by utilising VR technologies to deliver fully immersive virtual learning experiences. The Group's core focus is the development and commercialisation of its online virtual social learning and presentation platform called ENGAGE, which provides a platform for creating, sharing and delivering proprietary and third-party VR content for educational and corporate training purposes.

The ENGAGE platform has been designed to overcome certain limitations of currently available online courses, known as MOOCs, and traditional learning methods by allowing for virtual face-to-face education and training in a variety of environments regardless of the geographical location of the user. Further details of the Group's ENGAGE platform are set out in paragraph 4.1 of this Part I.

In addition to the ongoing development of the ENGAGE platform, the Group has, through IVRE (the Company's wholly owned subsidiary from Admission), also built two downloadable showcase VR experiences, being the award-winning Apollo 11 VR experience and an early access version of the Group's Titanic VR experience. These experiences have provided early revenues for the Group since their releases in April 2016 and late November 2017 respectively. Further details of the Group's showcase VR experiences are set out in paragraph 4.8 of this Part I.

The Directors believe the Group represents an attractive investment opportunity due to various factors, including the growth that is currently being experienced in the VR industry driven by increasing ownership of VR hardware, the potential for VR to overcome some of the existing limitations that exist in both the education and corporate training sectors and the quality of the team in place at IVRE which has demonstrated its capabilities through the design and release of its showcase VR experiences. Further details of the investment opportunity are set out in paragraph 2 of this Part I.

IVRE was incorporated on 28 October 2014 to take advantage of the gap in the education sector where e-learning completion rates were low and the development and production of VR technology software and hardware was increasing. To date, the Group has developed a functional test release of the ENGAGE platform, released two showcase VR experiences and begun collaborating with a number of institutions (including the University of Oxford and the Royal College of Surgeons Ireland) with a view to designing a range of VR content. The Group has also recently been engaged by the BBC to produce content which will be provided through the ENGAGE platform. Additionally, the Group has also worked with the National Geographic sponsored Titanic exhibition, providing a virtual simulation installation within a museum in Sydney, Australia. The Group currently has 21 employees (excluding the Directors). Further details of the history of the Group are set out in paragraph 3 and paragraph 7 of this Part I.

The Directors envisage that the Group's primary revenue generator in the short term will continue to be revenue from downloads of existing and forthcoming showcase VR experiences. Whilst the Group expects to complete the development of ENGAGE in 2018, significant revenues are not expected to be generated from the ENGAGE platform in the education sector until general adoption of VR increases over the next two to four years.

To date, the Group has been funded primarily by investment from private institutions including Enterprise Ireland, Kernel and Suir Valley, and approximately €1 million of revenue to date for sales from the Group's showcase VR experiences. Further details of the funding received to date are set out in paragraph 3 and paragraph 7 of this Part I.

The Group is seeking admission to trading on AIM and ESM and has conditionally raised £6.0 million through the Placing. The net proceeds of the Placing of £5.2 million will be used primarily to develop and market the ENGAGE platform ahead of the proposed roll-out of its commercial strategy in H1 2018, build the Group's development and marketing team; produce compelling VR content to help draw traffic to the ENGAGE platform

and for working capital and general corporate purposes. Further details of the Placing are set out in paragraphs 11 and 12 of this Part I.

## **2. INVESTMENT OPPORTUNITY**

The Directors believe that the Group presents an attractive investment opportunity for the following reasons:

### ***ENGAGE platform***

- the Directors believe that there is significant potential demand for ENGAGE as the platform addresses a number of limitations that presently exist in the education and corporate training sectors (further details of which are set out in paragraphs 4 and 5.2 of Part I);
- the Group has an early-mover advantage as it is not currently aware of competitors who are currently providing a platform with networked features for live VR classes or tutorials where educators are themselves able to create VR content;
- a key feature of ENGAGE is the ability for educators and trainers to use the software to create their own VR lessons and presentations on ENGAGE using VR tools provided by the Group or third parties;
- the Group has released a test version of its ENGAGE platform available on Steam, which possesses most of the key functionality of the version to be commercialised, which is set for release in 2018;
- the Group has already collaborated with top tier universities and institutes including Oxford University using ENGAGE to create a VR baby resuscitation programme to assist in training medical staff in underdeveloped countries. The Group is in ongoing discussions with Oxford University regarding future use of ENGAGE;
- ENGAGE is expected to provide the Group with the opportunity for diversified revenue relating to the production and hosting of VR content across a range of industries and educators and offering a marketplace for VR assets. Details of the revenue opportunities for ENGAGE are set out in paragraph 4.4 of Part I; and
- a report produced by Technavio entitled “Global VR in Education Sector Market 2017-2021” identified lack of VR content as a barrier to uptake of VR in the Education Sector. ENGAGE allows for low cost creation of VR content as well as safe distribution of VR content.

### ***Experienced team and relatively lean cost base***

- the Group has a highly experienced team of 21 developers and programmers. The team has produced award-winning VR content in the form of the Group's Apollo 11 showcase VR experience which has helped attract publicity and provide a revenue base for the Group whilst development of ENGAGE moves towards the final stages; and
- the Directors believe that the Group's overheads are relatively low compared to other small VR content companies and whilst overheads are expected to increase as the Company begins to market ENGAGE and expand its development team, the Directors expect to continue to adopt a careful approach to cost management.

### ***Forecast growth in VR***

- expected strong growth is being forecast in the VR industry over the coming years, and in particular significant forecast growth in VR in both education and corporate training; and
- the Directors believe that forecasted increase in ownership of VR headsets in the coming years (in particular those which do not require a high-specification PC such as the Oculus Go), will help drive demand for VR in the education space.

## **3. HISTORY**

IVRE was incorporated as a private company on 28 October 2014 by David Whelan and Sandra Whelan. It was formed initially to take advantage of the gap in the education sector where e-learning completion rates were low and the development and production of VR technology software and hardware was increasing. IVRE has aimed to do this through the design and release of its interactive, multi-user platform ENGAGE. In addition

to developing the platform, IVRE has also created a number of showcase VR experiences in order to generate revenues at an earlier stage than would be seen if reliance was placed solely on the ENGAGE platform.

Key milestones in the Group's development are as follows:

- In April 2015 IVRE released an early prototype of its first showcase VR experience Apollo 11 (designed by David Whelan) on Kickstarter, and commenced a crowd-funding campaign that went on to successfully raise €36,000 in pre-orders of Apollo 11 VR to fund its completion.
- A first prototype of the ENGAGE platform (on which work began in early 2015) was tested in-house in September 2015 before IVRE went on to create a medical training VR simulation in conjunction with the Royal College of Surgeons (Ireland) ("RCSI") utilising assets created for the ENGAGE platform. This simulation was part of a proof of concept study by the RCSI on the world's first fully immersive medical decision-making simulator. RCSI concluded that the study justified the creation of a concept application on VR headsets and considered VR technology to be a viable platform for medical simulation in the future.
- Following the successful collaboration with RCSI, a developmental version of the ENGAGE platform was released in March 2016 on computer gaming platform Steam, free of charge to users.
- By April 2016, IVRE had completed the development of its Apollo 11 VR experience which was launched through the Steam and Oculus platforms, compatible with Oculus Rift and HTC Vive, the two leading VR HMDs. The experience went on to receive a number of awards, further details of which are set out in paragraph 4.8 of Part I.
- In September 2016, IVRE released the first prototype of Titanic VR, the Group's second showcase VR experience and in February 2017 secured approximately €42,000 in pre-orders from a Kickstarter crowd funding round for further development of the project.
- Both Titanic VR and ENGAGE prototypes were showcased at CES in January 2017, a global consumer electronics and consumer technology tradeshow, by HTC to showcase its Vive VR hardware.
- In early 2017, IVRE worked with Oxford University academics and HTC Vive to produce a Life-Saving Instruction for Emergencies (LIFE) simulation which aimed to see how the level of emergency care available for infants can be improved through virtual distance learning.
- The Group's Apollo 11 VR experience was released on the PlayStation store in March 2017 (having previously only been available for Oculus Rift and HTC Vive) in the EU and in the US in July 2017. From its release to 31 December 2017, the Apollo 11 VR experience generated a total of €0.9 million of revenue from downloads.
- An early access version (a demo version that is released but can be improved on an ongoing basis by the developers) of the Group's Titanic VR showcase experience was launched on 24 November 2017 which allows the user to explore the shipwreck of the Titanic. A second Titanic VR release is scheduled for H1 2018, allowing users to experience the sinking of the Titanic.

To date, IVRE has been predominantly funded through investment totalling €1,260,000 in the form of preference shares and loan notes, as well as revenue from sales of the Group's showcase VR experiences. Further details of the Group's funding history is covered in part 7 of Part I. VR Education Holdings plc, the parent company of IVRE, was incorporated on 13 October 2017 for the purposes of acting as the quoted holding company for the Group. Conditional on Admission, all outstanding loan notes (being the Kernel LNs and the Suir LNs) and preference shares (being the 13,014 EI CRCPS) in IVRE will automatically be capitalised and converted (respectively) into ordinary shares in IVRE immediately following which the share for share exchange as provided for in the Share Swap Agreement will be completed, resulting in IVRE becoming a wholly owned subsidiary of the Company upon Admission. Details of the Reorganisation and Share Swap Agreement are set out in paragraphs 10.2 and 10.1 of Part VI of this document.

#### **4. DESCRIPTION OF BUSINESS**

IVRE, the Company's wholly owned subsidiary, is a virtual reality software and technology company dedicated to transforming the delivery method of digital education and corporate training by utilising virtual reality technologies. The Group's vision for the future is that virtual reality becomes an established tool for learning, supplementing traditional learning methods.

The Directors believe that there is a significant opportunity for widespread adoption of VR in the education and corporate training space. They believe the immersive nature of VR and the ability to create and deliver multi-user, content-rich VR experiences in a cost effective and safe environment through ENGAGE is well suited to the opportunities created by challenges and limitations in the education and corporate training sectors. Such limitations include:

- Limited student places at physical schools/universities/training centres;
- Limited interaction between teacher/student;
- Teacher/trainer time resource;
- Geographical limitations of students/employees; and
- Students being priced out of education due to rising costs.

The Group has designed ENGAGE with a view to addressing these limitations in the corporate training and education sectors, and to utilise VR capabilities in order to:

- Improve quality of learning by providing immersive interactive experiences;
- Replicate dangerous or seldom experienced events in a safe, interactive environment; and
- Provide equal opportunities irrespective of geographical location.

The success of the Group's ENGAGE platform is reliant upon corporate trainers, educators and prospective users all having access to VR hardware of sufficient standard to run the ENGAGE platform. The Directors recognise that barriers to widespread adoption of VR remain (in particular the cost of HMDs and premium high specification computers needed to enjoy a fully immersive VR experience). However, recent decreases in the cost of both HMDs and VR-ready computers, coupled with increasing numbers of new HMDs entering the market, in particular stand-alone HMDs that mitigate the requirement for a PC (further details of which are set out in paragraph 5.1 of Part I), has led the Directors to conclude that now is the right time for the Group to raise its profile and raise funds through the Placing to accelerate development.

The principal focus of the business is development and planned monetisation of the Group's ENGAGE platform, which is more fully described below. In particular the current functionality of ENGAGE is set out in paragraph 4.2 and the additional functionality that will feature in the commercialised version of ENGAGE (due in 2018) together with the Group's plans for commercialisation of ENGAGE are described in paragraphs 4.3 and 4.4. As the ENGAGE platform is yet to be monetised, the Group is currently reliant on its existing and future showcase VR experiences for revenue generation. The Group's current showcase VR experiences are described in paragraph 4.8 below.

#### 4.1 **What is ENGAGE?**

The ENGAGE platform is downloadable software, which acts as a social education and presentation platform. It allows its users to hold and attend sessions (meetings, classes, private lessons and presentations) together with multiple other users from around the world in a safe virtual environment, regardless of geographical location, and seeks to offer improvements in how people share ideas and knowledge globally by utilising VR technologies. The Directors believe that a key feature of ENGAGE is the ability for educators and trainers to use the software to create their own VR lessons and presentations on ENGAGE using VR tools provided by the Group or third parties through ENGAGE. The Directors believe ENGAGE therefore provides a cost-effective solution to educators and corporates for creating their own VR lessons and training. Alternatively, the Group can be commissioned by educators to create educational or training content for sharing through the ENGAGE platform.

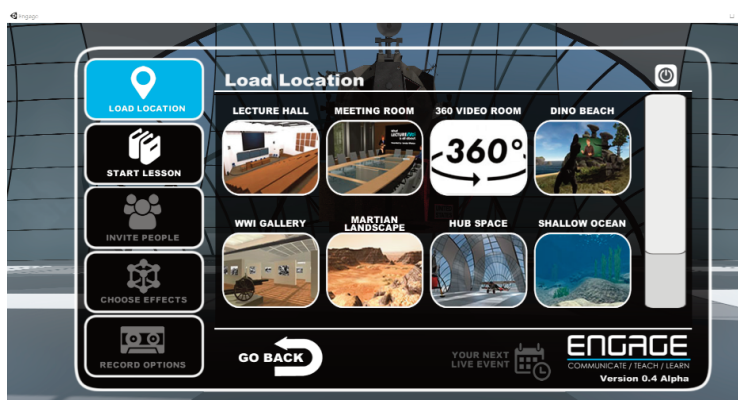
While the platform is free to download and use, the Group has identified a range of revenue-generating opportunities which are set out in paragraph 4.4 below. In, particular the Group intends to adopt a revenue share model with educators and corporates who wish to use the ENGAGE platform to provide content to the general public. In order to target these two main groups of users, the platform will be marketed as **ENGAGE Enterprise** and **ENGAGE Education** as further described in paragraph 4.4 below.





*ENGAGE platform launch page*

Users of the platform are represented in a chosen virtual environment by an avatar over which they will have full control, being able to move freely around the virtual environment, interact with virtual objects, talk to other users attending the session and share files and media inside the virtual environment. Environments in which ENGAGE VR sessions can be held range from lecture halls and meeting rooms, through to the sea bed and the surface of Mars.



*Virtual environment selection page*



*Lesson/recording selection page*

A functional “early access” test version of the platform is currently available to download free of charge through the online digital distribution platform Steam, and the Group expects an updated version, ready for commercialisation, to be released in 2018. The Group has already completed a number of VR content projects using the current version of the ENGAGE platform, including a collaboration with educators from Oxford, New Haven and Bristol Universities.



The ENGAGE platform currently requires a VR-ready PC with a premium graphics card. Whilst minimum levels of system requirements for a user include an i5 (or equivalent) processor, 4 GB RAM and GTX 970 (or equivalent) graphics card, for optimal experience a computer with an i7 (or equivalent) processor is recommended alongside 16 GB RAM and premium GTX 980 Ti graphics card (or equivalent) to allow users to enjoy an ultra-high-definition 4K virtual reality experience.

While the ENGAGE platform can also be used on a standard (non VR) PC using a traditional monitor, some functions are not available when using ENGAGE in this mode.

## 4.2 **Features of ENGAGE**

The ENGAGE platform currently has a variety of features and functionality, as follows:

### *Multiple users*

ENGAGE is a multi-user system allowing up to 35 users (at present) into a session from any location. ENGAGE can have multiple sessions running at the same time giving the platform an unlimited user base provided data hosting/transfer is scaled accordingly. ENGAGE has been designed from the ground up to support scaling in this manner.

### *Live teacher presence*

ENGAGE allows VR content with teacher/presenter presence, with avatars being loaded into the VR environment (including remotely from around the world) which are tracked in real time giving the illusion of projected presence (the impression that users and educators are inhabiting the same space).

### *Immersive virtual environments*

As described in paragraph 4.1 above, ENGAGE has a selection of virtual environments that can be experienced by users and which can host up to 35 users simultaneously. The allocated host within any given session has the ability to move from one environment to another instantaneously. As the platform grows, it is intended that the Group's in-house developers will continue to build additional immersive virtual rooms and environments to be enjoyed by the platform's users.

### *Media playback*

Within all environments, users have the ability to use virtual screens and displays within the platform itself in order to stream in documents/video/audio utilising the ENGAGE platform's media playback system. ENGAGE also supports YouTube video playback in 2D, 3D and 360° formats with thousands of hours of playback content for users to access instantly. 360°/VR video content completely wraps around multiple users simultaneously.

### *Immersive FX ("IFX")*

In addition to the multiple virtual rooms currently available, the ENGAGE platform has a library of IFX that can be imported into the virtual environments, such as animals, architectural structures, interactive whiteboards and television screens. The library of IFX is continually growing, using items developed in-house, from the Group's showcase VR experiences and also designed by platform users themselves.

### *Recording capability*

The ENGAGE platform can record everything said and done within the virtual space along with any presentations, virtual objects and media shared within the virtual room. Users utilising this feature can choose to either record themselves or everyone present in the virtual space at the same time. ENGAGE will be implementing a policy in its terms and conditions during signup stating that recording may take place if a user joins a room controlled by another. Recording icons will appear to all users within a recording session letting users know that recording is in progress. A number of security measures relating to user rights and vetting of material published on ENGAGE are described in paragraph 4.3 below.

#### *Virtual Events/Chat Shows*

Users can create virtual events or virtual chat shows and record them for sharing and viewing at a later date. The Directors believe that educators will create special events in VR to coincide with real world events by streaming in media and using virtual models to educate users. The Directors also believe that podcasters will be able to utilise the ENGAGE recording and publication feature providing the platform with extensive content on a wide range of topics.

#### *Immersive Simulations & Lessons*

The Group can custom build content (both using ENGAGE and bespoke VR content produced outside ENGAGE) for educators to use in training simulations such as the simulation produced by IVRE in collaboration with Oxford University in which users can simulate baby resuscitation in a virtual hospital with limited equipment.

#### *Open marketplace for asset creators*

In addition to the existing features of ENGAGE outlined above, it is intended that ENGAGE will include an open marketplace for asset creators and animators to upload their creations on the marketplace store front. This store front will be used by other ENGAGE users and educators so that they can licence the third-party assets directly for use within their own content. It is expected that any revenue generated this way will be split between the Group and the creator in line with the Group's commercialisation strategy which is further detailed in paragraph 4.4 below. The Group also intends to create premium assets for licence through the ENGAGE marketplace.

### **4.3 ENGAGE User Groups & Security**

Other than where specifically stated, the functionality of the ENGAGE platform as described in paragraph 4.2 above is already in place on the test version, which is currently available via the Steam store. An updated release, expected in H1 2018, will allow for the creation of dedicated user profiles, split into a number of user groups. This will in turn allow for monetisation of content (expected in H2 2018) through a number of revenue streams marketed as either ENGAGE Enterprise or ENGAGE Education.

#### *User Groups*

Within ENGAGE, users of the platform are expected to be categorised into different user groups, which have different rights and privileges. This is necessary because some users will be creating content for sessions in the form of assets/lessons/presentations, while others will simply be attending sessions. This approach is also designed to mitigate the risk for potential abuse of the platform.

The Group intends to verify all users on initial account set-up via clients linking their ENGAGE accounts to a third-party credit card payment system to be utilised by the Group (e.g. Stripe Online Payments). The Group intends to employ an administration team to handle educator and asset verification.

#### *Standard Users (ENGAGE Education, ENGAGE Enterprise)*

Standard users include members of the general public, students and anybody generally interested in exploring the ENGAGE platform, attending live events or consuming ENGAGE content and attending meetings. Standard users will have certain restrictions in place such as media sharing and verification of content publication.

#### *Content Creators (ENGAGE Education, ENGAGE Enterprise)*

Content Creators are those users who wish to create and share content on ENGAGE, such as podcasters, YouTubers, talk show hosts, third party developers/asset creators and production companies. Both third party developers and the content they develop require approval by the Group before they can upload assets to the ENGAGE marketplace. The assets can be models, objects, environments, animations, special effects, simulations and 360° videos and can be provided to other ENGAGE users on a licence basis. All assets will be subject to testing/quality control by the IVRE team prior to being made available on the platform. Assets must support the Unity game engine which is a standard development tool within the video game and development community.

#### Educators (ENGAGE Education)

Educators are users who will provide recorded and live content within ENGAGE. Verified educators will have full access to the full features and functionality of the platform once verification and billing arrangements have been agreed with the Group, which will ensure that the Group is able to identify and monitor revenue generation through the platform.

#### Corporate Trainers (ENGAGE Enterprise)

Corporate Trainers will use the ENGAGE Enterprise platform for meetings, marketing, training and personal development programmes for employees. They will be provided with private facilities that will allow them to host and share content within their own corporate institute in such a manner that it will not be listed on the main ENGAGE index.

#### Security

A number of security measures will be implemented to ensure that the ENGAGE platform is not misused, that users are appropriately verified dependent on their user group, and that the content made available is suitable for viewing. These measures include:

- Using Stripe (a third-party card payments provider) for processing payments, thus removing the need for the Group to hold payment details and other sensitive data;
- All media used for playback on the platform (i.e. showing a video within a virtual meeting room) is done on the platform itself without transferring the file from one user to another, thus mitigating the risk of corrupt files being transferred over the platform;
- Content creator and educator privileges are required for asset creation, and all items will be first checked by the in-house team at IVRE for quality/content.

The Group is also protected against the possibility of somebody copying the platform. The platform is closed source, meaning that the source code is not shared with the public, and the risk of someone retrieving code is deemed to be low.

### 4.4 **ENGAGE Revenue Model**

#### *ENGAGE Education – Revenue Model*

ENGAGE Education is aimed at the education sectors such as MOOC, distance learning, universities and schools. The Directors intend that ENGAGE Education educators will provide a mixture of both paid and free content via ENGAGE. For example, educators may provide sample classes in a course for free and charge for the remaining classes in a course.

Potential revenue streams identified by the Group in relation to ENGAGE Education include:

- *Revenue share with educators* – the Group will receive a share of the revenue from educators charging for their courses.
- *Revenue share with content creators* – 3D assets built by third party content creators will be made available on the platform for purchase by educators for use within educational lessons/presentations. The Group will receive a percentage of the selling price.
- *Revenue for hosting private content* – for institutions/educators not wishing to provide the general public access to their content, the Group will make private, closed virtual rooms available for a room hire charge.
- *One-off charges for creation of specialised content* – the Group's development team can work in collaboration with corporate entities to design and create bespoke VR content for the purposes of training.

#### *ENGAGE Enterprise – Revenue Model*

ENGAGE Enterprise will be aimed at corporate institutions, businesses, medical institutes and private sector training. The Directors believe that ENGAGE addresses some of the shortfalls of current corporate training such as geographical limitations, low levels of trainee engagement, trainer time resource and increasing costs.

Revenue streams identified by the Group in relation to ENGAGE Enterprise include:

- *Pay as you go virtual meetings* – one off payments made by corporate entities to host a number of users in one of the virtual environments available on the ENGAGE platform.
- *Revenue for hosting virtual content/training materials* – for corporate clients not wishing to provide the general public access to their content, the Group intends to provide a private hosting subscription service where only permitted users will be allowed access to ENGAGE content.
- *One-off charges for creation of specialised content* – the Group's development team can work in collaboration with corporate entities to design and create bespoke VR content for the purposes of training.
- *Revenue share with content creators* – 3D assets built by third party content creators will be made available on the platform for purchase by educators for use within educational lessons/presentations. The Group will receive a percentage of the selling price.

The Group also intends to explore other potential revenue opportunities such as opening up the ENGAGE platform to third-party developers to provide development services to educational institutes on a licence fee basis, or providing services for institutions who wish to white-label the platform for use within their corporation or among their clients.

It is important to note that the Group does not expect to generate significant revenues from ENGAGE whilst development is being finalised. The Directors expect that revenue from the Group's ENGAGE Enterprise market will drive ENGAGE revenue until there is more widespread adoption of VR and the Group has grown the ENGAGE content and asset base and educators increase their acceptance of new technologies in learning. The rate of growth of the Group and commercialisation of ENGAGE remains subject to the risk factors set out in Part II of this document.

#### *VAT treatment*

The VAT implications of revenue generated by ENGAGE have been considered by the Group and expert advice has been sought in this regard. All relevant VAT legislation will be adhered to and further expert advice will be obtained as required.

#### **4.5 Growth of ENGAGE**

The Directors believe that two key factors will be integral to the success and growth of the ENGAGE platform. Firstly, user uptake (being educators and corporate training providers) and secondly, content. User uptake will be addressed through marketing, while content will be designed and created both in-house by the IVRE development team and also by third party content creators.

#### *Marketing*

The Group is targeting commercialisation of the ENGAGE platform in 2018 at which point it will seek to actively market the platform, with monetisation of user Groups expected in H2 2018.

The Group aims to perform an educational road show in 2018. This will constitute attending some key EdTech conferences and hiring out demo stations to showcase the ENGAGE platform.

The Group also plans to engage directly with the educators who currently create the most popular MOOC courses in order to collaborate and design VR variants of courses that already have a degree of popularity.

The Group will implement a business development outreach programme that aims to contact leading institutions directly in order to showcase the ENGAGE platform and its capabilities.

The Directors believe that previous collaborations with reputable institutions (such as the University of Oxford, the RCSI and the BBC), in conjunction with its showcase experiences will aid the Group in building a sound reputation in both the education and corporate training sectors.

## *Content*

IVRE has a team of 21 individuals who have been involved with the development of the ENGAGE platform and VR content, comprised of programmers, 3D artists and modellers, animators, VR developers and Unity developers. This team will continue to make assets for the ENGAGE platform such as environments and IFX in the period running up to the planned updated release in H1 2018, and also on an ongoing basis. Although the showcase VR experiences (covered below in paragraph 4.8) are separate from the ENGAGE platform, many of the objects designed by the IVRE team for use in these experiences can easily be ported across for use in the ENGAGE platform. As such, as the Group continues to make further showcase VR experiences, this will in turn enhance the library of available assets on ENGAGE.

### **4.6 Compatibility**

The Group currently provides ENGAGE support for HTC Vive and Oculus Rift via PCs. The Group intends to broaden its support to Mac users in the future and other VR devices where the installed base is larger than 300,000 units.

ENGAGE functions on standard desktop displays without the need for a VR headset. Using this method, however, will limit some interactions inside simulations as users don't have hand controllers to interact with objects. Users will, however, be able to view courses, talk to other people inside the platform and share files.

It is planned that the ENGAGE platform will be compatible with yet to be released stand-alone HMDs, Oculus Go and HTC Focus (further details of which are set out in paragraph 5.1 of Part I). The Directors believe that the release of these HMDs will increase the number of VR consumers worldwide and, in turn, the uptake of the ENGAGE platform.

The Group's software is created using the Unity Game Engine. Game engines are VR industry standard code bases for creating graphics and are updated frequently to support new hardware as it comes online. As more HMDs become available, the Group expects to port its software to support new hardware with minimal effort.

### **4.7 ENGAGE Intellectual property**

All intellectual property in relation to ENGAGE is owned by the Group although due to the nature of the platform, the Group's intellectual property is unregistered save for in relation to certain website domains and trademark applications. These applications have been commenced in respect of the stylised version as it appears of the Company's website of ENGAGE with the tagline COMMUNICATE/TEACH/LEARN and the stylised version as it appears of the Company's website with the tagline LEARN THROUGH EXPERIENCE with each of the European Union Intellectual Property Office and the United States Patent and Trademark Office.

### **4.8 Showcase VR Experiences**

In addition to the ENGAGE platform, the Group has also produced and released two showcase VR experiences to date. These experiences have been developed by the IVRE team and are separate to the ENGAGE platform, as they are single user experiences that can be viewed offline once purchased by a user.

Producing these experiences brings the added benefit not only of revenue, but of building up the Group's VR asset base, which can be reused by external educators on the ENGAGE platform whilst improving the Group's reputation and attracting developer talent.

IVRE has produced the following VR experiences to date:

#### *Apollo 11 VR*

Apollo 11 VR gives users the ability to witness the moon landing first-hand, from the viewpoint of Neil Armstrong. Apollo 11 VR provides just under one hour of content and has been released in the EU and US, with release to Asia and Japan planned for early 2018. The Apollo 11 VR experience is currently available on HTC Vive, Oculus Rift and PlayStation VR. It has been downloaded a total of over

100,000 times as at 31 December 2017, generating revenue of around €0.9 million for the Group. The current retail price (including VAT) of the Apollo 11 VR experience is €9.69.

Since its release, the Apollo 11 showcase VR experience has received a number of industry awards:

- Viveport Developer Awards – 1st Place Explore Category – April 2017
- Proto Awards, Hollywood – Best Educational Experience – October 2016
- Unity Vision Summit, Hollywood – Best Film/Interactive Story – February 2016
- VR Fest, Las Vegas – Best VR Animated Educational Film – January 2016
- FIVARS, Toronto – Public Choice Award – October 2015
- Time Warner, New York – Future of Storytelling – September 2015

#### *Titanic VR*

Part one of Titanic VR allows users to explore the shipwreck of RMS Titanic, and in a later release scheduled for H1 2018, watch the events of 1912 unfold from a survivor's viewpoint as the Titanic sinks. Part one is split into two sections, an underwater exploration game with players having the option to follow the storyline or explore in a sandbox mode and an historical cinematic experience. The Group launched a Kickstarter campaign at the end of January 2017 and the underwater exploration game was released on 24 November 2017. It is available to play on HTC Vive and Oculus Rift. Part one of Titanic VR has been downloaded a total of 4,400 times to 31 January 2017, generating revenue of around €43k for the Group. The current retail price (including VAT) of the Titanic VR experience is €14.99 (set to increase to €24.99 upon full release in H1 2018).

The Directors envisage that the Group's primary revenue generator in the short term will continue to be revenue from downloads of existing and forthcoming showcase VR experiences. The Directors intend to release at least one showcase VR experience a year and plan on releasing a third VR showcase experience in late 2018. The Group creates these experiences not only to generate revenue but to also build up the ENGAGE asset base as all models made are reusable within the ENGAGE platform.

## **5. MARKET BACKGROUND**

### **5.1 VR Background and Market Size**

The VR/AR market is an emerging and developing market at present and the sector has been attracting growing investment year on year, with up to US\$4 billion received in 2012-2016. Sales from AR/VR and MR devices worldwide in 2015 were reported to be US\$0.6 billion. However, by 2020, sales are forecast to increase to US\$84.7 billion. The VR in Education market was worth US\$269 million in 2017, and this is forecast to grow to US\$1.7 billion by 2021.

The concept of VR has been around for a number of years. In 1965, Ivan Edward Sutherland, the founder of computer graphics, presented in his paper the first VR system called "the ultimate display" which has multi-senses immersion and interaction. Since then, VR has become an area of research in computing graphics and systems and the term "VR" now typically refers to computer technologies and devices that use software to generate the realistic images, sounds and other sensations that replicate a real environment (or create an imaginary setting), and simulate a user's physical presence in this environment.

After decades of development, VR technology has been expanded from its early applications in entertainment and simulation training to applications in the areas of aeronautical research, architecture, scientific visualisation in medicine, defence, education, and training and in particular has seen an increase in interest over the last couple of years.

Consumer and investor interest in VR was ignited by Palmer Luckey's Kickstarter campaign for the Oculus Rift (model DK1). On 1 August 2012, a Kickstarter campaign set out to raise US\$250,000 with the goal of developing an up-to-date VR headset capable of providing a comfortable and immersive experience when playing computer games. Luckey's campaign closed a month after launch, having



raised US\$2.4 million in funding. Oculus VR LLC was acquired by Facebook Inc. for US\$2 billion two years later in 2014. Oculus' first consumer product, the Oculus Rift (designed to connect to an appropriate PC), launched on 28 March 2016. The Oculus Rift currently costs in the region of £399 per HMD (including accessories) and is seen as a premium VR HMD.

HTC released its own Oculus Rift competitor, the HTC Vive, in early April 2016, which is currently priced at circa £600. HTC stated more than 15,000 units were sold in the first 10 minutes when pre-orders for the Vive opened on 29 February 2016.

Sony released its headset, the PlayStation VR, in October 2016 and by June 2017 had sold over one million units. It released an updated HMD in Japan in October 2017, with other regions expected to follow in the near future.

Other manufacturers have also entered the market. Samsung's headset, the Gear VR, which utilises Oculus technology, works with the latest generation of Samsung smartphones. The Gear VR includes straps to keep the headset securely on the user's head and the freedom to use a game controller.

Currently, VR device solutions are typically grouped into the following segments:

- the premium PC-connected/console driven full-immersion experience such as that provided by Oculus, HTC Vive and Playstation VR;
- the stand-alone market without the need for a phone or PC such as the Oculus Go and Vive Focus
- the premium smartphone headsets that you wear, such as the Samsung Gear VR; and
- the entry-level, cost-efficient handheld VR solutions, such as the Google Cardboard.

Each of these approaches offers the user a very different experience, despite carrying the blanket description of "virtual reality display". VR content also differs with content either being 3D modelled assets, which allows a deep immersive experience or 360-degree videos which are cheaper and easier to create in comparison but offer passive experiences.

Although the experience users may get from smartphone-based VR can be compelling, typically at present the Directors believe that the most immersive VR experiences come from using the more expensive PC-connected headsets. These tend to offer higher fidelity graphics and motion tracked controllers which, despite recent reductions in costs from major HMD providers, represents a barrier to widespread VR adoption. Further barriers exist as the premium PC-connected experience requires the user to have access to a powerful PC with a premium graphics card.

This barrier to entry is currently being addressed by the key VR hardware manufacturers. Oculus recently announced the planned launch of the Oculus Go, a premium HMD at a lower price that mitigates the requirement for a PC, while aiming to provide the user with a premium experience. This is expected to be priced at £199, compared to the Oculus Rift (which requires a PC), which is currently priced at £399. Additionally, HTC recently announced the planned launch of the HTC Focus (price TBD) which, like the planned Oculus Go, also mitigates the requirement for a PC.

The Directors believe that products such as the Oculus Go and the HTC Focus, together with other developments in the market, will further increase the number of VR consumers, thereby increasing the Group's potential customer base over the coming years.

## 5.2 **VR in Corporate Training and Education**

### *VR in Corporate Training*

VR is already being used in a wide range of industries. For example, in 2014, oil companies began using VR technology to train oil rig workers, where safety is of paramount importance in hazardous situations. Where previously they had employed PowerPoint presentations to emphasise the importance of safety, oil corporations could now put their employees at the heart of proceedings without putting lives at risk. A similar benefit of VR applies to the medical industry and the military where realistic simulated training can be carried out without risk to safety. The Group has already tested this theory



through its work with Oxford University and RCSI in providing simulated medical training for situations which would otherwise be difficult for users to practice.

Increasingly, VR is being used to provide immersive interactive corporate training to employees across other industries. In Germany, Deutsche Bahn AG uses VR technology to aid in recruitment by giving prospective employees the chance to experience the job before they apply. In the US, Farmers Insurance is using VR to transform its employee training, with a view to reducing training costs in the long term by mitigating the requirement to send new staff to their training facilities. In May 2017, Walmart announced that VR training will be used at each of the retailer's 200 "Walmart Academy" training centres helping educate the estimated 150,000 employees that will go through its training programme each year. Additionally, a number of professional American Football teams now use VR for simulated training.

#### *VR in Education*

Studies report that specific VR application within the education market is expected to reach \$1.7 billion worldwide in 2021, growing at a considerable pace of more than 55 per cent. CAGR with North America expecting to dominate the market due to growing investment and a higher technology adoption rate in the education sector. A survey commissioned by Samsung in the US revealed that 85 per cent. of teachers agreed that VR would have a positive effect on their pupils. They believe it would be an asset to help students better understand learning concepts and collaborate in the classroom, and see it as a way to allow students to engage in new experiences related to course content via virtual field trips to faraway places or historical events. 84 per cent. of the teachers surveyed reportedly believed that VR would increase student motivation with science, history and social studies being the top beneficiaries from the use of VR in education.

Traditional education, in the form of bricks and mortar educational institutes such as schools and universities, is suffering from rising costs and increasing amounts of student debt upon graduation. The number of foreign exchange students seeking education abroad has increased significantly which has impacted the availability of student places, particularly at top-level universities.

Expansion of the e-learning sector has been driven by the growth of MOOCs which are available via free and paid entry from e-learning companies such as Coursera, Udacity and edX. However, MOOCs are typically impersonal in nature, offer an isolated learning environment with limited social tools and low levels of student engagement. Videos used in MOOCs are typically non-interactive and passively absorbed. Research has shown that less than 16 per cent. of students finish online courses due to their impersonal nature and isolated learning environments despite offering a wide range of course subjects and video, audio and text mediums; further reasons for this low level of course completion may be lack of human presence, feedback or peer group discussion and collaboration.

## **6. COMPETITORS**

The Directors are aware of a number of companies that may potentially compete with the Group, that operate within one or more of the three areas the Group is focussed on, being education, technology and social interaction.

*Eon Reality* – Eon Reality develops AR and VR software and solutions allowing teachers and students to create a blended learning environment. This includes virtual environments allowing users to meet regardless of geographic location. Additionally, Eon Reality currently provides services to a range of industries, including medical, aerospace and energy. The Directors consider Eon Reality to be the most comparable competitor in the VR space at present, although Eon does not provide users/educators the tools they need to produce new content.

*Alchemy VR* – Alchemy VR is creating immersive educational experiences. The experiences on Alchemy VR are in the form of a narrative being told to the user where they will get to see and experience a myriad of different things. What makes Alchemy VR stand out in this space is their partnerships which contribute to the level of content they produce. Alchemy VR is partnered with Samsung, Google Expeditions, Sony, HTC, the Natural History Museum in London, and the Australian Museum in Sydney.

*Unimersiv* – Unimersiv is a VR application available on the Samsung Gear VR and Oculus Rift focussed on education and corporate training that produces its own content (interactive educational VR experiences).

*Coursera* – Coursera is a MOOC provider that is partnered with a number of reputable universities and organisations worldwide, offering its users access to a variety of courses across a range of disciplines. Currently no courses are available in VR on Coursera.

*Udacity* – Udacity is another MOOC provider which provides free and paid for courses across a range of disciplines, and also provides corporate training to a range of reputable clients. While Udacity teaches VR programming, the courses themselves are not held in VR.

*Nearpod* – A 360° video based platform providing produced content for a fee on low end mobile VR devices. While it has lots of good content designed for in class learning, it has no content creation tools.

*ClassVR* – ClassVR is a web based platform providing 360° images and 360° videos based on educational content. This content is viewed on mobile based VR headsets and is passively viewed with limited interactions. Content is produced by ClassVR and is provided via a web portal.

*Google Expeditions* – Google expeditions is a 360°-video based platform similar to ClassVR. Videos and images produced by Google and provided on mobile based headsets such as the Google cardboard.

*Robotlab* – Similar to ClassVR, providing kits for schools to view 360° video and 360° photos along with Robotlab produced content.

*zSpace* – zSpace offers packaged educational content to K12 schools and have been very successful in the past. They sell specialised tablet computers with 3D glasses that are interacted with using light pens. zSpace do not offer facilities for external users to create content and courses by themselves.

*Learning Technologies Group plc* – Learning Technologies Group plc is the holding company for a group of companies which aim to deliver a range of services and technologies to the corporate sector in the field of learning technologies.

*Cospaces* – Model making and environment making tool to teach students how to produce content. This content can then be viewed on a mobile based VR device.

*3dorganon* – High end medical training platform with detailed models of the human body. Focused and highly produced content for students to explore.

*Life VR* – A virtual reality platform offering immersive experiences to its users in conjunction with a range of magazines such as Sports Illustrated and Time. Life VR is focussed on standalone experiences.

*Woofbert VR* – Woofbert VR is focusing on bringing art to VR technology. Exploring a gallery using WoofbertVR's app is nearly identical to how you would explore it in person; you can follow any path you choose, zoom in on paintings you are interested in, and listen to audio segments on certain exhibits.

*Gamar* – Gamar is a company attempting to make museum visits more modern through the use of Augmented Reality. The way that Gamar's content works is that it has interactive experiences and supplemental information which can be paired with certain locations to enhance museum visits.

## **7. FUNDING TO DATE**

In February 2015, IVRE commenced a Kickstarter crowd funding campaign of €36,000 to fund the completion of the Apollo 11 VR Experience.

In February 2017, IVRE secured approximately €42,000 from a second Kickstarter crowd funding campaign to fund the development of the Titanic VR experience.

In addition to the Kickstarter campaigns used to provide specific project financing and to raise IVRE's profile, IVRE received funding of €1,300,000 in aggregate during 2016 and 2017 from a number of investors, including €1,200,000 in aggregate from Enterprise Ireland, Kernel Capital and Suir Valley in the form of

convertible preference shares, loan notes and investment in the ordinary shares of IVRE. Further detail on the terms of the Kernel LNs, EI CRCPS and Suir LN are set out in paragraphs 10.2.3, 10.2.9, 10.2.8 and 10.2.5 of Part VI of this document. All loan notes and preference shares in issue will on Admission be converted into Ordinary Shares.

## 8. FINANCIAL INFORMATION

The selected financial information has been extracted from the Historical Financial Information of IVRE in Part III of this document.

### Statement of Comprehensive Income

	<i>Nine months to 30 September 2017 €</i>	<i>Year to 31 December 2016 €</i>	<i>Period to 31 December 2015 €</i>
<b>Revenue</b>	468,478	482,085	29,276
Cost of sales	(203,776)	(227,029)	(58,774)
<b>Gross profit/(loss)</b>	264,702	255,056	(29,498)
Administrative expenses	(608,169)	(362,306)	(59,850)
<b>Operating loss</b>	(343,467)	(107,250)	(89,348)
Other income	60,332	—	10,061
Finance costs	(48,013)	(10,742)	(866)
<b>Loss before income tax</b>	(331,148)	(117,992)	(80,153)
Income tax expense	1,101	—	—
<b>Loss for the year/period</b>	(330,047)	(117,992)	(80,153)

Revenue during the periods under review is predominantly derived from sales of the Apollo 11 showcase VR experience across Oculus, Steam, PlayStation EU and PlayStation USA. In the year to 31 December 2016, a total of 39k units were sold, and a further 43k units in the nine months ended 30 September 2017.

Cost of sales is a combination of commissions on Apollo 11 sales made through the Oculus, Steam and PlayStation vending platforms (payable at 30 per cent. of gross sales value), and costs of contracted developers used by the Group for completion of specific elements of its showcase VR experiences and ENGAGE platform. The gross profit margin in the period ended 30 September 2017 was 56.5 per cent. (year to 31 December 2016: 52.9 per cent.).

Administrative expenses comprise staff costs and general expenses such as travel costs, utilities and rent. The increase seen in the nine months ended 30 September is principally driven by the growing staff base in place at IVRE.

Other income generated in the nine months ended 30 September 2017 is comprised of competition winnings.

## 9. CURRENT TRADING, PROSPECTS AND STRATEGY

### Current trading

Since 30 September 2017 the Group has *inter alia*:

- released Part 1 (“early access” version) of Titanic VR on 24 November 2017 via Steam and on 29 November 2017 via the Oculus Store at a price of €14.99.
- generated unaudited revenue of €125k and €37k to 31 December 2017 from downloads of its Apollo VR and the early access version of Titanic VR.
- completed the Reorganisation (via the Framework Agreement and Share Swap Agreement) which resulted in the outstanding balance of the Loan Notes issued by IVRE of €928,000 and the outstanding

El CRCPS balance of €250,000 being converted into Ordinary Shares in the Company and IVRE becoming a wholly owned subsidiary of the Company and the Company becoming the holding company of the Group. The effect of the Reorganisation on the Company's balance sheet is further described in Part III–G in the *pro forma* statement of net assets.

- entered into a contract with the BBC to produce a series of VR programmes based on certain historical events.
- entered into an agreement (non-revenue generating) with Oxford University to produce a series of VR lectures on ENGAGE.

### ***Prospects and growth strategy***

The Group is targeting achievement of the following key milestones in 2018:

- Release of an updated version of ENGAGE as described in paragraph 4.3 above in 2018 and full payment capabilities for ENGAGE in H2 2018.
- Expansion of development and marketing team using the net proceeds of the Placing.
- Completion of the projects with the BBC and Oxford University in H1 2018 which can be used for marketing the Group's capabilities.
- Commencement of a business development and marketing programme for ENGAGE Enterprise and ENGAGE Education.
- Release of Part 2 of Titanic VR via Oculus and Steam in H1 2018 (and release of the Part 1 and Part 2 of Titanic VR via PlayStation).
- Release of the "History of Space Exploration" showcase VR experience in H2 2018.

The Directors envisage that the Group's primary revenue generator in 2018 and 2019 will continue to be revenue resulting from downloads of the Group's existing and future showcase VR experiences whilst the Group finalises the development of ENGAGE and begins to implement a marketing and commercialisation strategy for ENGAGE. As a result, the Group's revenue will be subject to significant fluctuations around promotional events, new launches and seasonal fluctuations. In particular, the Directors expect that revenue arising from the Group's showcase VR experiences is likely to be weighted towards the latter half of each financial year when new experiences are expected to be released in time for Christmas.

The Group expects that downloads of Titanic VR will increase significantly when Part 2 of the experience is released during H1 2018 at which point it is expected that the experience will also be made available for download on Playstation VR (Playstation does not accept "early access" or incomplete games/experiences).

The Group has not yet actively pursued a marketing strategy for ENGAGE. In conjunction with the expected release of an updated version of ENGAGE in 2018 and as part of the Group's commercialisation strategy for ENGAGE, the Group intends to target collaborations with leading educational institutions and corporates in the US, UK and parts of Asia to help them provide content within the ENGAGE platform that can be used to market ENGAGE to the wider target market. The Group also intends to engage directly with course creators of current MOOCs platforms to create VR variants where appropriate. As noted above, the Group intends to recruit marketing and business development personnel to implement this strategy.

The Group may also seek to partner with VR/AR hardware manufacturers to package tailor-made VR/AR solutions for corporate/simulated training.

The Group plans to raise brand awareness by showcasing the ENGAGE platform and its planned services at high profile tradeshows and conferences around the world, including a number of major education conferences in 2018/2019.

Whilst the Directors are targeting initial revenues from ENGAGE from H2 2018 onwards, the Group does not expect significant revenue from ENGAGE Education until general adoption of VR and AR increases over the next two to four years.

## 10. DIRECTORS & KEY STAFF

### DIRECTORS

- **David Patrick Whelan, Chief Executive Officer and Founder** (aged 37)

David Whelan is the Chief Executive Officer and Founder of IVRE and previously the editor-in-chief of Virtual Reality Reviewer and a founding member of the Virtual Reality Awards. Prior to founding Virtual Reality Reviewer with Sandra Whelan, David was the owner and web developer of Whelan Web Design, where he offered web development services to small and medium clients from 2008 to 2014; David subsequently sold the business to a local competitor. David was appointed as a director of the Company on incorporation.

- **Sandra Margaret Whelan, Head of Operations** (aged 36)

Sandra Whelan is the Head of Operations for the Group. From 2010 to 2015, Sandra was a Senior Operations Analyst at eDrive Group where she was primarily responsible for logistical planning of engineers for corporate clients in the logistics industry. While at eDrive Group, Sandra co-founded and edited the Virtual Reality Reviewer website together with David Whelan. Upon leaving eDrive Group, Sandra began working for IVRE full time. Sandra is the common law wife of David Whelan. Sandra was appointed as a director of the Company on incorporation.

- **Richard Quentin Mortimer Cooper, Chairman and Non-Executive Director** (aged 57)

Richard Cooper was appointed as Chairman and Non-Executive Director of the Company on 1 November 2017. He also serves as a Non-executive of Sportech plc. From December 2008 to February 2017, Richard was the Group Finance Director of GVC Holdings plc, the multinational online sports betting and gaming group. During his tenure at GVC Holdings plc, the value of the company grew from £29m to £2.4bn, and became a constituent member of the FTSE 250 on 19 September 2016. He has experience of public markets including AIM, Standard List and Premium List. He spent the early part of his career in the financial markets where he was Finance Director at the principal UK subsidiary of the Tullett and Tokyo Group (a forerunner of Tullett Prebon plc) and Chief Financial Officer at Fidelity Brokerage. He then undertook a number of restructuring roles, including working as Finance Director at Patsystems Group plc, a financial software company. He is a member of the Institute of Chartered Accountants in England and Wales, having trained and qualified with Saffery Champness in London.

- **Séamus Patrick Larrissey, Finance Director** (aged 32)

Séamus Larrissey became the Financial Director of IVRE on 21 August 2017. He previously served as a Senior Project & Management Accountant at Telecommunications Software and Systems Group ("TSSG") from 2013 to 2017. At TSSG he worked across projects to support the commercialisation process by developing business and financial models for new product/spinout launches. During this period he was also the Financial Controller at Fuseami Limited, a start-up conference networking service company. Prior to joining TSSG, Séamus was an Audit Assistant Manager at Ernst & Young where he gained significant auditing and accounting experience across a broad spectrum of industries for nearly seven years. Séamus holds a Bachelor of Business Studies in Accountancy from Waterford Institute of Technology and is part of the Institute of Chartered Accountants. Seamus was appointed as a director of the Company on incorporation.

- **Michael Joseph Boyce, Independent Non-Executive Director** (aged 45)

Michael Boyce has extensive experience in the education space having taken on various roles in the sector. Since June 2017, Michael has been the Educational Sales Manager at Capita One Education where he works with Local Education Authorities to support their strategic objectives and data intelligence from their schools. He has also worked for GL Education since April 2005 and currently acts as the Business Development Manager of the Academy Chains South. Michael has also worked as a Sales Executive for Serco Learnings from June 2003 to April 2005 and as a Sales Consultant for Viglen Ltd, a supplier of IT, technology, hardware, software and technical support to Education from September 2000 to June 2003. Michael was appointed as a director of the Company on 15 February 2018.

- **Antony Christopher Hanway, Independent Non-Executive Director** (aged 50)

Anthony Hanway is an experienced Senior Executive having worked on boards in five European countries. He has been the CEO of Virgin Media and Chairman of TV3 since 2015 where he is



responsible for all VM Cable and Broadcasting assets. Prior to Virgin Media other roles include working as Chief Commercial Officer for Telefonica O2 Germany plc from 2013 to 2015, and as CEO of O2 Ireland from 2011-2014. He has held Director roles at Telefonica technology start-up accelerator Wayra Academy from 2013-2015, Spanish etravel company Rumbo from 2010-2012 and Tesco Mobile Ireland from 2013-2015. Anthony also served as the Chairman of the Irish Telecom and Internet Federation from 2013-2014. Anthony was appointed as a director of the Company on 15 February 2018.

## **KEY STAFF**

- **David McDermott, Lead Animator** (aged 40)

David McDermott joined IVRE in July 2016. He has over 14 years' experience as an animator and 3D artist having worked for a number of studios and media labs worldwide. He has been involved in the publishing of 22 game titles and has experience in both designing and implementing training courses for junior artists. Prior to joining IVRE, he worked as a freelance animator from 2011, working on a variety of solo projects. From 2007 to 2011 he was based in Osaka, Japan, first at Digital Media Lab as a character animator and subsequently as a senior animator at System Prisma.

- **Michael Armstrong, Lead Virtual Reality Software Developer** (aged 39)

Michael Armstrong joined IVRE in January 2016. He has over 15 years' experience as an IT technician, software tester and VR software developer, including over five years' experience in Unity game development. He is proficient in several programming languages including C# and JavaScript. Prior to joining IVRE, Michael was owner/lead developer at Internow Games from 2012 to 2016.

## **11. REASONS FOR THE PLACING, ADMISSION AND USE OF PROCEEDS**

The Directors believe that Admission will assist the Group in its development by:

- granting access to funding to develop and market the ENGAGE platform as well as produce compelling content to sell on the platform;
- raising the Group's profile which the Directors believe will assist in attracting users to the ENGAGE platform and purchase of the Group's showcase VR experiences and attracting customers to both ENGAGE Education and ENGAGE Enterprise;
- providing funds through the Placing to accelerate development and growth of the Group and in particular to prepare for launch of the updated ENGAGE platform in H1 2018, as well as for working capital and general corporate purposes;
- providing potential access to future development capital to progress future pipeline projects;
- providing a market on which the Ordinary Shares of the Company can be traded, in order to provide increased liquidity and a market valuation for the Company's equity which, in conjunction with the employee option schemes, will assist the Company in attracting, retaining and incentivising high calibre employees; and
- allowing for expansion of the Group's development and executive team.

## **12. DETAILS OF THE PLACING**

The Placing will raise approximately £6 million before expenses, through the issue of 60,000,000 Placing Shares at the Issue Price. The Placing Shares will represent approximately 31 per cent. of the Enlarged Ordinary Share Capital.

### ***Details of the Placing***

Pursuant to the terms of the Placing Agreement, Shard and Davy have conditionally agreed to use their respective reasonable endeavours, on behalf of and as agent for the Company, to procure placees for the Placing Shares. The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8:00am on 30 April 2018 (or such later date as the parties may agree). The Placing Agreement contains warranties from the Company and the Directors in favour of Cairn, Shard and Davy in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Cairn, Shard and Davy on customary terms.

Cairn, Shard and Davy each has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given to them in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement or an adverse change affecting, *inter alia*, the condition, earnings, business or prospects of the Company, whether or not foreseeable at the date of the Placing Agreement.

### **13. ADMISSION, SETTLEMENT, TRADING AND CREST**

#### **General**

Application has been made to the London Stock Exchange and the Irish Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM and ESM respectively. It is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on 12 March 2018. No application has been or will be made for any Warrants or Options to be admitted to trading on AIM and ESM.

#### **CREST**

CREST is a computerised share transfer and settlement system. The CREST system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their stockbroker or Euroclear UK & Ireland Limited at 33 Cannon Street, London, EC4M 5SB or by telephone on +44 (0)20 7849 0000.

### **14. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS**

Lock-in Arrangements have been entered into by the Locked-in Persons conditional on Admission, pursuant to which the Locked-in Persons have undertaken to the Company, Cairn and the Joint Brokers that they will not sell or dispose of, except in certain limited circumstances, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission. The Locked-in Persons have further agreed that they will, for a further period of 12 months thereafter, be subject to orderly market arrangements during which time they will only dispose of their Ordinary Shares in accordance with the requirements of Cairn and the Joint Brokers.

The Ordinary Shares which are to be issued to Kernel, conditional only on Admission, in connection with the capitalisation of the 2017 Kernel LN (at the Issue Price) as part of Reorganisation are not subject to the terms of the Lock-in Deed entered into by Kernel. In addition, the Placing Shares to be issued by the Company to Suir Valley and Barry Downes are not subject to the terms of the lock-in deeds entered into by either party.

Further details of the lock-in and orderly market arrangements are set out in paragraph 10.12 of Part VI of this document.

### **15. DIVIDEND POLICY**

The relatively early stage of the Group's business and potential for significant growth means that it is unlikely that the Directors would be in a position to recommend a dividend in the early years following Admission. The Directors believe that the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits, if and when it becomes commercially prudent to do so. There can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

### **16. WARRANTS**

The Company has agreed to issue Adviser Warrants and Investor Warrants on Admission to subscribe for a total of 10,812,420 new Ordinary Shares in aggregate to a number of advisers. Further details of the Adviser Warrants and Investor Warrants to be issued are set out in paragraph 10.8 of Part VI of this document.



## **17. OPTIONS**

The Company has in place an option scheme over Ordinary Shares for certain of the Directors and management of the Company to align their interests with the interests of the Shareholders. Further details of the option scheme and options over Ordinary Shares which have been granted are set out in paragraph 11 of Part VI of this document. Options have been granted, conditional on Admission, over 4,246,195 Ordinary Shares, representing approximately 2.2 per cent. of the Enlarged Ordinary Share Capital.

## **18. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The Directors recognise the importance of sound corporate governance and, following Admission, have undertaken to take account of the requirements of the QCA Guidelines, to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The QCA Guidelines recommend that the board of directors should include a balance of executive and non-executive directors, such that no individual or group of individuals can dominate the board's decision making. In the case of a smaller company, such as the Company, the QCA Guidelines recommends that the board should include at least two non-executive directors who are independent.

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an audit committee, a remuneration committee, and a compliance committee with formally delegated rules and responsibilities. Each of these committees will meet as and when appropriate save in the case of the remuneration and audit committees which will meet at least twice a year.

Given the size and stage of development of the Group, the Directors have decided not, at this stage, to establish a Nominations Committee.

### ***Audit Committee***

The Audit Committee, which will comprise Richard Cooper and Tony Hanway, with Richard Cooper acting as chairman of the committee, will meet not less than twice a year. The committee's responsibilities will include (but is not limited to) making recommendations on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

### ***Remuneration Committee***

The Remuneration Committee, which will comprise Tony Hanway and Richard Cooper, with Tony Hanway acting as chairman of the committee, will meet not less than twice a year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration of the executive directors, the company secretary and such other members of the executive management as it is designated to consider, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

### ***Compliance Committee***

The Compliance Committee, which will comprise Tony Hanway, Michael Boyce and Richard Cooper, with Richard Cooper acting as chairman of the committee, will meet at such times and frequency as necessary. The Compliance Committee will have oversight of the Company's duties satisfy itself that the Company has procedures in place to ensure compliance with applicable rules and regulations, including but not limited to the AIM Rules for Companies, the ESM Rules for Companies and the Market Abuse Regime.

## **19. SHARE DEALING CODE**

The Company will, with effect from Admission, adopt a share dealing policy for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM and ESM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies and Rule 21 of the ESM Rules for Companies) and the Company will take all reasonable steps to ensure compliance by the Directors, related parties and any applicable employees (as defined under the AIM Rules and ESM Rules).

## 20. TAKEOVER REGULATION

### 20.1 **Mandatory Bids**

Following Admission, the Company will be a public limited company incorporated in Ireland and its Ordinary Shares will be admitted to trading on AIM and ESM. As a result, the Company will be subject to the provisions of the Irish Takeover Rules. The Irish Takeover Rules regulate acquisitions of the Company's securities.

Rule 5 of the Irish Takeover Rules prohibits the acquisitions of securities or rights over securities in a company, such as the Company, in respect of which the Irish Takeover Panel has jurisdiction to supervise, if the aggregate voting rights carried by the resulting holding of securities the subject of such rights would amount to 30 per cent. or more of the voting rights of that company. If a person holds securities or rights over securities which in aggregate carry 30 per cent. or more of the voting rights, that person is also prohibited from acquiring securities carrying 0.05 per cent. or more of the voting rights, or rights over securities, in a 12 month period.

Acquisitions by and holdings of concert parties must be aggregated. The prohibition does not apply to purchases of securities or rights over securities by a single holder of securities (including persons regarded as such under the Irish Takeover Rules) who already holds securities, or rights over securities, which represent in excess of 50 per cent. of the voting rights.

Rule 9 of the Irish Takeover Rules provides that where a person acquires securities which, when taken together with securities held by concert parties, amount to 30 per cent. or more of the voting rights of a company, that person is required under Rule 9 to make a general offer—a "mandatory offer"—to the holders of each class of transferable, voting securities of the Company to acquire their securities. The obligation to make a Rule 9 mandatory offer is also imposed on a person (or persons acting in concert) who holds securities conferring 30 per cent. or more of the voting rights or rights over securities in a company and which increases that stake by 0.05 per cent. or more in any 12 month period. A single holder of securities (including persons regarded as such under the Irish Takeover Rules) who already holds securities or rights over securities conferring in excess of 50 per cent. of the voting rights in a company may purchase additional securities without incurring an obligation to make a Rule 9 mandatory offer.

There have been no mandatory takeover bids nor any public takeover bids by third parties in respect of the share capital of the Company in the last financial year or in the current financial year to date.

David Whelan and Sandra Whelan, who are husband and wife and executive Directors of the Company, are considered to be acting in concert with each other in relation to the Company for the purpose of the Irish Takeover Rules following Admission ("Whelan Concert Party"). The Whelan Concert Party will, on Admission, hold 77,330,000 Ordinary Shares, representing 40 per cent. of the Enlarged Ordinary Share Capital. Following Admission, any further increase in the holding of the Whelan Concert Party will be subject to Rule 9 of the Irish Takeover Rules.

### 20.2 **Squeeze-Out and Buy-Out Rules**

Under the Companies Act, if an offeror were to acquire 80 per cent. of the issued share capital of a company within four months of making a general offer to shareholders, it could then compulsorily acquire the remaining 20 per cent. In order to effect the compulsory acquisition, the offeror would send a notice to outstanding shareholders telling them that it would compulsorily acquire their shares. Unless determined otherwise by the High Court of Ireland, the offeror would execute a transfer of the outstanding shares in its favour after the expiry of one month. Consideration for the transfer would be paid to the company, which would hold the consideration on trust for the outstanding shareholders.

Where an offeror already owned more than 20 per cent. of the company at the time that the offeror made an offer for the balance of the shares, compulsory acquisition rights would only apply if the offeror acquired at least 80 per cent. of the remaining shares that also represented at least 75 per cent. in number of the holders of those shares.

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the issued share capital,

and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 80 per cent. of the issued share capital, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares. The offeror would be required to give any shareholders notice of their right to be bought out within one month of that right arising.

### **20.3 Irish Substantial Acquisition Rules**

The Irish Substantial Acquisition Rules are designed to restrict the speed at which a person may increase a holding of voting securities (or rights over such securities) of a company which is subject to the Irish Takeover Rules, including the Company. The Irish Substantial Acquisition Rules prohibit the acquisition by any person (or persons acting in concert with that person) of shares or rights in shares carrying 10 per cent. or more of the voting rights in a company within a period of 7 calendar days if that acquisition would take that person's holding of voting rights to 15 per cent. or more but less than 30 per cent. of the voting rights in that company.

### **20.4 Irish Merger Control Rules**

Under merger control legislation in Ireland, any undertaking (or undertakings) proposing to acquire direct or indirect control of the Company through the acquisition of Ordinary Shares or otherwise must, (subject to various exceptions) if certain financial thresholds are met or exceeded, provide advance notice of such acquisitions to the Competition and Consumer Protection Commission (the "CCPC"), the fact of which would be available on the CCPC's website. The financial thresholds to trigger mandatory notification are in the most recent financial year, subject to certain exceptions (primarily where the acquisition is a media merger): (a) the aggregate turnover in Ireland of the undertakings involved in the merger or acquisition is not less than €50,000,000, and (b) each of at least two of the undertakings involved in the merger or acquisition has turnover in Ireland of at least €3,000,000. Failure to notify, either at all or properly, is an offence (for the undertakings involved and in certain circumstances for the persons in control of the undertakings involved) under the laws of Ireland. The Competition Act 2002 (as amended), defines "control" as existing if, by reason of securities, contracts or any other means, decisive influence is capable of being exercised with regard to the activities of a company (and control is regarded as existing, in particular, by (a) ownership of, or the right to use all or part of, the assets of an undertaking, or (b) rights or contracts which enable decisive influence to be exercised with regard to the composition, voting or decisions of the organs of an undertaking). Under the laws of Ireland, any transaction subject to the mandatory notification obligation set out in the legislation (or any transaction which has been voluntarily notified to the CCPC to protect such a transaction from possible challenge under the Competition Act 2002 (as amended) if there is a competition law concern with such a transaction irrespective of the thresholds for a compulsory notification) will be void, if put into effect before the approval of the CCPC is obtained or before the prescribed statutory period following notification has expired.

## **21. RELATIONSHIP AGREEMENT**

At the date of Admission, David Whelan, together with his spouse Sandra Whelan, will control the exercise of voting rights in respect of approximately 40 per cent. of the Enlarged Ordinary Share Capital.

Accordingly, a relationship agreement has been entered into between the Company, Cairn, Davy, David Whelan and Sandra Whelan to ensure that the Company is able to carry out its business independently of David Whelan and Sandra Whelan and to regulate the relationship between them and the Company on an arm's length and normal commercial basis. Further details of the Relationship Agreement are set out in paragraph 10.13 of Part VI of this document.

## **22. TAXATION**

Your attention is drawn to Part IV of this document. The details contained in Part IV are intended only as a general guide to the current tax position under Irish and UK taxation law and practice. If an investor is in any doubt as to his or her tax position he or she should immediately consult his or her own independent financial advisor.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

The Company has received provisional notification from HMRC that the new Ordinary Shares to be issued pursuant to the Placing will rank as “eligible shares” for the purposes of EIS. However, neither the Company nor the Directors nor any of the Company’s advisers give any warranties or undertaking that such reliefs will continue to be available and will not be withdrawn at a later date. Further, it should be noted that the advance assurance referred to above is based on certain assumptions and does not cover all aspects of EIS or VCT.

## **23. FURTHER INFORMATION AND RISK FACTORS**

Shareholders should read the whole of this document, which provides additional information on the Company and the Placing and should not rely on summaries of, or individual parts only of, this document. Your attention is drawn, in particular, to the Risk Factors set out in Part II, the Accountants Report on the Company and IVRE in Part III, the information on Taxation set out in Part IV and the Additional Information in Part VI of this document.

## **PART II**

### **RISK FACTORS**

**There are significant risks associated with the Group. Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors. The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this document of which the Directors are not aware or believe to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Ordinary Shares.**

**If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.**

**Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom, or any appropriately authorised person under applicable laws, if you are located in any other jurisdiction.**

#### **RISKS RELATING TO THE COMPANY'S BUSINESS**

##### ***Stage of operations***

The Group is still developing its ENGAGE platform and has yet to commercialise it. Consequently, even with the significant planning and preparation which has been carried out by its management, the Group could fail to prove its value proposition to the market, which would make generating significant revenue difficult. Whilst the Directors expect a version of ENGAGE to be released in 2018 which is ready for commercialisation, this may be subject to time and/or cost overruns which could have a material adverse impact on the Group's prospects.

##### ***Rate of market adoption and consumer penetration of VR and VR device ownership***

The Group's prospects, among other things, depend upon the rate of consumer penetration and ultimate market size for the VR headsets upon which the Group's ENGAGE platform will run. Should the rate of adoption be slower, or the ultimate size of the VR market be materially smaller, than is presently forecast, this could significantly inhibit the Group's revenue and growth prospects.

Whilst the Directors believe interest in the purchase of HMDs has been high and costs of HMDs have been decreasing making headsets more affordable, VR is a format in its infancy and is still reliant on users spending significant amounts of money to buy compatible hardware. As a result it is difficult to know what consumer and corporate adoption rates will be. This will have a direct impact on the potential market size for the Group's ENGAGE platform as limited uptake of the HMDs will drastically limit the available market that the Group is able to target. A lower rate VR adoption and HMD sales than expected could have a material impact on the prospects of the Group.

Additionally, the success of the Group is dependent on HMD first-party hardware companies, such as Sony and HTC Corporation, designing and manufacturing HMDs and related accessories. Such companies are in control of their respective hardware, pricing levels and software updates and development of the HMDs and platforms utilised for their VR and AR headsets. In the event that one or more of these companies decide to halt or suspend indefinitely the production, distribution or platform software development of their

HMD products, this may have a significant impact on the Group's ability to generate revenue through sales of their experiences and/or the ENGAGE platform.

### ***Viability of ENGAGE platform***

Failure to successfully complete development of the platform including finalisation of all the proposed functionalities and capabilities set out in this document within the time period estimated by the Group would be likely to have an impact on the success of the Group in marketing and commercialising the platform and may materially affect the financial position and prospects of the Group.

There is no guarantee that educators or corporate trainers will adopt the ENGAGE platform or that the Group will be successful in negotiating significant revenue for use of the platform by these parties.

### ***Expensive HMDs***

Though surveys and research reports highlight the increasing usage and ownership of HMDs in the general public sphere, HMDs can be very expensive. As described in this document, users may be affected by the consumer experience of lower-end and inferior HMDs which may lead to the need to purchase higher-end HMDs to fully appreciate the ENGAGE platform and services of the Group. At present, start-up costs for VR users for HMDs can be very high. This could lead to slower than expected sales of such equipment, reducing the number of potential users of the Group's products, which could have an adverse material impact on the Group.

### ***Technological advances within the industry***

The technology industry as a whole is prone to rapid change with new entrants and ideas continuously changing the market. There is a risk that the Group's technology could become obsolete or uncompetitive which could have a material adverse impact on the prospects of the Group. Additionally, advances in hardware may require the Group to incur additional capital expenditure that is not currently foreseen, which could have an adverse material impact on the cash position of the Group, and potentially trigger the requirement for further fundraising.

### ***Competition***

Given the dynamic state of the market in which the Group operates, there may be new and current competitors which could include well resourced, international players in the VR entertainment and online education and training industries which have greater market presence, brand recognition, financial resources and economies of scale or lower cost bases than the Group and may be able to withstand or respond more swiftly to changes in market conditions, any of which could give them a competitive advantage over the Group.

### ***Partnership agreements with content producers***

IVRE has yet to enter into revenue share agreements with academic institutions and educators who may wish to use the ENGAGE platform, though it has been commissioned by, and collaborated with, various corporate entities and academic institutions on different projects. Should such organisations choose to sign agreements with rival VR educational content producers, this could restrict the Group's ability to attract customers, while also drawing prospective students to the offerings of the Group's competitors.

### ***The Group is reliant on the technical robustness of its Showcase VR Experiences and ENGAGE platform***

The success of the Group is largely dependent on the technical capabilities of the Group's ENGAGE platform. The Group relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of third parties, including the internet. User access to ENGAGE, the ease with which a user is able to navigate the platform and access VR content, and the quality and robustness of the ENGAGE VR experience, are factors which affect the attractiveness of the Group's products. In the event that technical issues were to occur, this could have a significant negative effect on the Group's ability to remain competitive, and attract new ENGAGE Education and ENGAGE Enterprise users. Technical failures in a competitive market of this nature could materially adversely affect the reputation and financial condition of the Group.



### ***Current reliance on Showcase VR Experiences***

At present, the Group is reliant on sales of its showcase experiences in order to generate revenue. This will remain the case until such a time that the ENGAGE platform is monetised. If the popularity of the showcase experiences declines, it is likely that short term revenues will decline. This could have a material adverse effect on the cash position of the Group.

### ***The Group is subject to risks relating to data protection***

The Group will process personal data as part of its business which could include sensitive information including payment details. The Group may be subject to investigative or enforcement action by regulatory authorities in the Group's countries of operations if it acts or is perceived to be acting inconsistently with the terms of its privacy policy, customer expectations or the law. Concerns may be expressed about whether the Group's services compromise the privacy of customers using the platform. Concerns about the Group's collection, use or sharing of personal information or other privacy-related matters, even if unfounded, could damage the Group's reputation.

In addition, there can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the processes used by the Group to protect customer data or in the networks over which users access the ENGAGE platform. Such data could become public if there were a security breach in respect of such data and, if one were to occur, the Group could face liability under data protection laws and lose the goodwill of its customers, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### ***Quality of Internet Connection***

The Group's business relies on its customers' ability to access a quality internet connection. If the customers' access to or use of a quality internet connection was restricted, the quality of the Group's platform offering would be reduced, which could have an adverse effect on the Group's business, operations and financial position.

### ***Feasibility of live streaming***

The logistics of live streaming present additional technical challenges. Live streaming requires an uninterrupted high-speed internet connection through which to upload the content, the feasibility of which may be limited in remote locations. Failure to address these technical issues may adversely impact the Group's prospects.

### ***Dependence on key personnel***

The Group has a relatively small management team. The Group's success is highly dependent on the expertise and experience of its executive board and management. Retention and incentivisation of these individuals, in particular David Whelan, is critical to the Group. This is particularly relevant while the Group is still in its relatively early stages of development. Loss of key personnel could have a material adverse effect on the Group.

### ***Reliance on third-party service providers***

The Group outsources a part of its technical processes to third-party service providers such as Amazon Web Services and Heroku to support file server hosting necessities, supporting SQL database and hiring out third-party storage solutions. The Group will also rely on third-party processing payment system providers such as Stripe and may rely on other third-party processing payment providers to substitute or in addition for its ENGAGE platform. Client user data and information, including credit card information, may be stored on third-party databases and while they may have a strong security system in place, data breaches can occur. The Group will always endeavour to ascertain how secure a prospective business partner is however it is not able to guarantee against such events occurring. Should they occur, data breaches may endanger the Group's clients and further damage the Group's reputation and image which could have a material effect on the Group.

### ***Reliance on licenses and distribution agreements***

The Group currently utilises and pays for licenses such as Unity Game Engine Pro License to allow it to build and develop virtual worlds and assets on its ENGAGE platform and distribution agreements to enable the



Group to distribute its showcase experiences and ENGAGE platform to end users. The Group has no control over pricing terms and conditions of other companies and there is no certainty that favourable terms for such licenses and agreements will continue to remain the same or that such licences and agreements will continue to be available at all in the future. In the event that licence or distributor costs increase or licenses and distribution agreements are terminated, this could have a material adverse effect on the Group.

### ***Future funding requirements***

As the Group is at a relatively early stage of development and intends to move towards marketing its ENGAGE platform to its target markets (ENGAGE Education and ENGAGE Enterprise) as the platform progresses its development, the Group may need to raise additional funding beyond that being raised by the Placing in the event that the Group is unable to commercialise the ENGAGE platform as quickly as anticipated or in the event that sales of the showcase VR experiences are lower than expected. There is no certainty that this will be possible at all or on terms that the Directors or Shareholders believe are acceptable.

### ***Intellectual property***

The Group's intellectual property has to date been unregistered. On 20 December 2017 the Group applied for trademarks in respect of the stylised names "IMMERSIVEVR EDUCATION and tagline LEARN THROUGH EXPERIENCE" and "ENGAGE with tagline COMMUNICATE/TEACH/LEARN". Whilst the Directors have taken specialist legal advice in respect of the trademark applications, it is possible that these trademarks will not be granted and/or that use of "ENGAGE" and "ImmersiveVR" may be challenged by third parties, in particular due to the relatively common use of these phrases. The Group is aware that a number of prior third party trademark rights exist that incorporate the combination of letters 'immersive' or the word 'engage', however the Directors believe, having taken into account the specific goods and services provided by the Group and advice from specialist advisers, that the Group's trademark applications will not conflict with existing trademarks. There can however be no guarantee of this.

As a result of the Group's IPR being unregistered and/or in the event that the Group's trademark applications are not approved, it may be more difficult for the Group to defend its IPR if challenged, including use of the terms "ImmersiveVR" and "ENGAGE", which could affect the reputation and marketing of the Group and its products and services.

Should the Group be required to assert its IPR, including any unregistered names, logos or trademarks, against third parties it is likely to use a significant amount of the Group's resources. No assurance can be given that the Group will be in a position to devote sufficient resources to pursue such litigation. Any claims made against the Group by a third party, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Group's business, financial condition or results.

## **RISKS RELATING TO THE MARKETS IN WHICH THE COMPANY OPERATES**

### ***The Group's technology may become obsolete or suffer technical issues***

The VR industry may be subject to rapid and significant changes in technology, and the technology upon which the Group's products and services are based may become obsolete or may not continue to have sufficient market acceptance to create adequate demand. In order to compete successfully, the Group may need to continue to improve its technology which could be capital intensive. The Group's competitors may introduce such products and services before it does, or the products and services introduced may be perceived by the market to be superior to those of the Group.

Any failure to keep pace with changes in the VR and education/corporate training industry or to adapt to technological developments, or the development and introduction of a superior product by a competitor, could mean that the Group fails to successfully commercialise its products and this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### ***Economic, political, judicial, administrative, taxation or other regulatory factors***

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group plans to operate. For example, material changes in education policies and availability of funding for education in these countries could adversely affect the

operations of the Group in the event that as a result, the adoption of VR in education and learning is lower than expected.

## **RISKS RELATING TO THE PLACING**

### ***Transition to Publicly Quoted Company***

One consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM and ESM is that certain changes in operations or controls will be required. In addition, an increased awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that management and staff satisfy a number of new obligations, including those associated with the AIM Rules and ESM Rules, disclosure and financial reporting requirements and enhanced corporate governance. While the Board has made and will continue to make every effort to successfully manage the transition, there can be no assurance that the Company will be able to successfully manage the transition, and failure to do so could have a material adverse effect on the Company's business, financial condition and/or operating or financial results.

### ***Investment in AIM and ESM Securities***

Although the Company is applying for the admission of its Ordinary Shares to trading on AIM and ESM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. An investment in shares traded on AIM and ESM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

### ***AIM Rules for Companies and ESM Rules for Companies***

The AIM Rules for Companies and ESM Rules for Companies are less onerous than those of the Official List. Neither the FCA, the London Stock Exchange nor the Irish Stock Exchange has examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM and ESM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

### ***Volatility of Share Price***

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, announcements of innovations or new services by the Company or its competitors, variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and market conditions in the industry, the industries of customers and the economy as a whole. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Company's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Company. Each of these factors, among others, could harm the value of the Ordinary Shares.

### ***Impact of Research on Share Price***

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline.

The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of

securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline.

If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

### ***EIS and VCT status***

The Company has obtained advance assurance from HMRC that it should be a qualifying company for EIS purposes and the Placing Shares should be eligible shares under the VCT provisions. However, investors should be aware that, whilst advance assurance has been obtained from HMRC, the Directors cannot guarantee that the Placing Shares or the Company will satisfy, and will continue to satisfy, the requirements for tax relief under EIS and VCT rules.

The continuing status of the Placing Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of Placing Shares will be or will continue to be a qualifying investment for EIS or VCT purposes. EIS eligibility is also dependent on a Shareholder's own position and not just that of the Company. Accordingly, investors should take their own advice in this regard.

### ***Future Payment of Dividends***

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

### ***Valuation of Shares***

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

### ***Market perception***

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

### ***Suitability***

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety.

***Forward looking statements***

This document contains forward-looking statements that involve risks and uncertainties. The Company's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business.

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

## PART III-A

### ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF IMMERSIVE VR EDUCATION LTD

PKF Littlejohn LLP



Accountants &  
business advisers

The Directors  
Immersive VR Education Ltd  
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Cleaboy Business Park  
Waterford Ireland

The Members  
Cairn Financial Advisers LLP  
Cheyne House  
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Shard Capital Partners LLP  
20 Fenchurch Street  
London EC3M 3BY

J&E Davy  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

6 March 2018

Dear Sirs

#### **Immersive VR Education Ltd (the “Company”)**

#### **Introduction**

We report on the historical financial information set out in Section B of Part III (the “Financial Information”) relating to Immersive VR Education Ltd (“the Company”). This information has been prepared for inclusion in the AIM and ESM admission document dated 6 March 2018 (the “Admission Document”) relating to the proposed admission to AIM and ESM of VR Education Holdings Plc and on the basis of the accounting policies set out in note 2. This report is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies and paragraph (a) of Schedule Two of the ESM Rules for Companies and for no other purpose.

#### **Responsibility**

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies and Schedule Two of the ESM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies and Schedule Two of the ESM Rules for Companies, consenting to its inclusion in the Admission Document.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the Company and consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the Financial Information gives, for the purpose of the Admission Document dated 6 March 2018, a true and fair view of the state of affairs of Immersive VR Education Ltd for the period from 14 October 2014 to 31 December 2015 and the year ended 31 December 2016 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies and paragraph (a) of Schedule Two of the ESM Rules for Companies we are responsible for this report as part of the Admission Document and declare we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for and paragraph (a) of Schedule Two of the ESM Rules for Companies.

Yours faithfully,



**PKF Littlejohn LLP**

Reporting Accountants

## PART III-B

### HISTORICAL FINANCIAL INFORMATION OF IMMERSIVE VR EDUCATION LTD

#### STATEMENT OF COMPREHENSIVE INCOME

PERIOD FROM 14 OCTOBER 2014 TO 31 DECEMBER 2015 AND YEAR ENDED 31 DECEMBER 2016

	Note	2016 €	2015 €
<b>Continuing Operations</b>			
Revenue		482,085	29,276
Cost of sales		(227,029)	(58,774)
<b>Gross Profit/(Loss)</b>		255,056	(29,498)
Administrative expenses		(362,306)	(59,850)
Other income	4	–	10,061
<b>Operating Loss</b>		(107,250)	(79,287)
Finance costs	7	(10,742)	(866)
Other (losses)/gains – net		–	–
<b>Loss before Income Tax</b>		(117,992)	(80,153)
Income tax expense	8	–	–
<b>Loss for the Year/Period</b>		(117,992)	(80,153)
Other comprehensive income		–	–
<b>Comprehensive Loss for the Year/Period</b>		(117,992)	(80,153)



**STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER**

	<i>Note</i>	<i>2016</i> €	<i>2015</i> €
<b>Non-Current Assets</b>			
Property, plant and equipment	10	37,595	5,918
Intangible assets	11	65,277	–
		<u>102,872</u>	<u>5,918</u>
<b>Current Assets</b>			
Trade and other receivables	12	36,605	17,221
Cash and cash equivalents	13	69,372	20,226
		<u>105,977</u>	<u>37,447</u>
<b>Total Assets</b>		<u>208,849</u>	<u>43,365</u>
<b>Equity and Liabilities</b>			
<b>Equity Attributable to Shareholders</b>			
Share capital	14	133	129
Share premium	14	124,967	64,971
Other reserves	16	104,915	–
Retained earnings	15	(198,145)	(80,153)
<b>Total Equity</b>		<u>31,870</u>	<u>(15,053)</u>
<b>Non-Current Liabilities</b>			
Derivative financial instruments	18	142,856	–
		<u>142,856</u>	<u>–</u>
<b>Current Liabilities</b>			
Trade and other payables	17	34,123	58,418
		<u>34,123</u>	<u>58,418</u>
<b>Total Liabilities</b>		<u>176,979</u>	<u>58,418</u>
<b>Total Equity and Liabilities</b>		<u>208,849</u>	<u>43,365</u>

**STATEMENT OF CHANGES IN EQUITY**  
**PERIOD/YEAR ENDED 31 DECEMBER**

	<i>Share Capital</i> €	<i>Share Premium</i> €	<i>Other Reserves</i> €	<i>Attributable to Equity Shareholders Retained Earnings</i> €	<i>Total</i> €
<b>Balance as at</b>					
<b>28 October 2014</b>	–	–	–	–	–
Loss for the period	–	–	–	(80,153)	(80,153)
New shares issued	129	64,971	–	–	65,100
	<u>129</u>	<u>64,971</u>	<u>–</u>	<u>(80,153)</u>	<u>(15,053)</u>
<b>Balance as at</b>					
<b>31 December 2015</b>	<u>129</u>	<u>64,971</u>	<u>–</u>	<u>(80,153)</u>	<u>(15,053)</u>

	<i>Share Capital</i> €	<i>Share Premium</i> €	<i>Other Reserves</i> €	<i>Attributable to Equity Shareholders Retained Earnings</i> €	<i>Total</i> €
<b>Balance as at</b>					
<b>1 January 2016</b>	129	64,971	–	(80,153)	(15,053)
Loss for the year	–	–	–	(117,992)	(117,992)
New shares issued	4	59,996	–	–	60,000
Convertible loan notes – equity component, net of tax	18	–	104,915	–	104,915
	<u>133</u>	<u>124,967</u>	<u>104,915</u>	<u>(198,145)</u>	<u>31,870</u>
<b>Balance as at</b>					
<b>31 December 2016</b>	<u>133</u>	<u>124,967</u>	<u>104,915</u>	<u>(198,145)</u>	<u>31,870</u>

**STATEMENT OF CASH FLOWS**  
**PERIOD/YEAR ENDED 31 DECEMBER**

	<i>Note</i>	<i>2016</i> €	<i>2015</i> €
<b>Cash Flows from Operating Activities</b>			
Cash used in operations	20	(143,396)	(36,610)
Bank interest & other charges paid		<u>(526)</u>	<u>(866)</u>
<b>Net cash used in operating activities</b>		<u><u>(143,922)</u></u>	<u><u>(37,476)</u></u>
<b>Cash Flows from Investing Activities</b>			
Purchases of property, plant and equipment	10	(41,655)	(7,398)
Payments to develop intangible assets	11	<u>(65,277)</u>	<u>–</u>
<b>Net cash used in investing activities</b>		<u><u>(106,932)</u></u>	<u><u>(7,398)</u></u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of ordinary shares	14	60,000	65,100
Proceeds from issuance of convertible loans	18	<u>240,000</u>	<u>–</u>
<b>Net cash generated from financing activities</b>		<u><u>300,000</u></u>	<u><u>65,100</u></u>
<b>Net Increase in Cash and Cash Equivalents</b>		49,146	20,226
Cash and cash equivalents at beginning of year/period	13	<u>20,226</u>	<u>–</u>
<b>Cash and cash equivalents at end of year/period</b>	13	<u><u>69,372</u></u>	<u><u>20,226</u></u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. General Information

The Company is a private limited company incorporated and domiciled in the Republic of Ireland.

### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### ***Basis of Preparation***

The Financial Information of Immersive VR Education Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2014 applicable to companies reporting under IFRS.

The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

#### ***Going Concern***

The Company's business activities, together with the factors likely to affect its future development, its financial position and its exposures to credit risks are described above.

The Company raised €300,000 in funding during 2016, €950,000 since the year ended 31 December 2016 and expects to raise more funds on placing to the AIM and ESM markets.

The Directors of the Company have had management prepare budgets and forecasts that include assumptions that indicate growth in revenues based on their business plan. Together with the funding already obtained as outlined, these forecasts indicate that the Company has sufficient resources to continue in operational existence for the foreseeable future, at least 12 months from the approval of this Admission Document.

Accordingly, they continue to adopt the going concern basis in preparing the Financial Information.

#### ***New standards, amendments and interpretations adopted by the Company***

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

## **Foreign Currency Translation**

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

Items included in the Financial Information of the Company are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

The Financial Information is presented in Euro (€), which is the Company’s functional and presentation currency. The Company will from time to time make sales to countries with another functional currency such as USD (\$) or GBP (£).

### **(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 ‘Other (losses)/gains – net’.

## **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).

The Company 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 Company’s activities, as described below. The Company 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 Company makes sales relating to a future financial period, these are deferred and recognised under ‘deferred revenue’ on the Statement of Financial Position.

The Company currently has two revenue streams:

Firstly the Company is primarily focused on developing proprietary educational VR content which is sold through licences. 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 Company licenses their content. The gross amount of revenue is recognised in revenue with the corresponding commission portion recognised in cost of sales.

Secondly, the Company develops educational VR content on behalf of customers based on specific customer requirements. Such revenue is recognised on a percentage completion basis unless there are significant performance obligations that would require deferral until such obligations are delivered.

## **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 Company 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 other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Office equipment	–	5 years
Furniture, fittings and equipment	–	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised within "Other (losses)/gains – net" in the income statement.

### ***Intangible Assets***

Development costs that are directly attributable to the design and testing of identifiable and unique commercial software experiences controlled by the Company 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;
- 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 probable 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. Intangible assets are amortised over their estimated useful lives based on the pattern of consumption of the underlying economic benefits.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### ***Trade Receivables***

Trade receivables are amounts due from customers for merchandise 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.

### ***Cash and Cash Equivalents***

In the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

### ***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 Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders, until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

### ***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.

### ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

### ***Compound Financial Instruments***

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder. The number of shares to be issued does not vary with changes in their fair value.



The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to their initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition, except on conversion or expiry.

### **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 Company 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 Information. 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.

## **3. Financial Risk Management**

### **Financial Risk Factors**

#### *Credit risk exposure to customers*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

#### *Technology risk*

The Company is a start-up business in a fast moving market which is subject to changing trends and technological advances. The Company aims to achieve 'first mover' advantage in the VR Educational sector to manage this risk.

#### *Foreign exchange risk*

The Company generates revenue from an international market with revenue received denominated in currencies other than the euro, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. However, management monitors the exposure on all foreign currency denominated assets and liabilities

#### 4. Other Income

	2016	2015
	€	€
Competition winnings	–	10,061

#### 5. Expenses by Nature

	2016	2015
	€	€
Raw materials and consumables used	17,403	5,643
Depreciation charges (Note 10)	9,978	1,480
Advertising costs	7,973	–
Wages & salaries	198,422	16,876
Recruitment expenses	32,853	2,572
Legal & professional fees	17,360	2,560
Sales commission	140,649	–
Subcontractor costs	68,108	50,534
Motor & travel costs	35,844	22,342
Other expenses	60,745	16,617
<b>Total cost of sales and administrative expenses</b>	<b>589,335</b>	<b>118,624</b>

#### **Auditor Remuneration**

*Services provided by the Company's auditor and its associates*

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2016	2015
	€	€
Fees payable to the Company's auditor and its associates for the audit of the financial statements	6,155	3,500

#### 6. Employees

##### **Employee Benefit Expense**

	2016	2015
	€	€
Wages and salaries	181,101	16,770
Social security costs	17,321	106
<b>Total employee benefit expense</b>	<b>198,422</b>	<b>16,876</b>

##### **Average Number of People Employed**

	2016	2015
	€	€
Average number of people (including executive Directors) employed:		
Operations	4	–
Administration	2	1
<b>Total average headcount</b>	<b>6</b>	<b>1</b>

## 7. Finance Income and Costs

	2016 €	2015 €
Interest expense:		
- Convertible loan note (Note 18)	10,216	–
- Bank charges	526	866
Total finance costs	<u>10,742</u>	<u>866</u>

## 8. Income Tax Expense

	2016 €	2015 €
Current tax:		
Current tax on loss for the year	–	–
Adjustments in respect of prior years	–	–
<b>Total current tax</b>	<u>–</u>	<u>–</u>
Deferred tax (Note 19):	–	–
<b>Income tax expense</b>	<u>–</u>	<u>–</u>

The tax assessed for the year differs from that calculated using the standard rate of corporation tax in the Republic of Ireland (12.5 per cent.). The differences are explained below:

	2016 €	2015 €
<b>Loss before tax</b>	<u>(117,992)</u>	<u>(80,153)</u>
Tax calculated at domestic tax rates applicable to loss in the Republic of Ireland of 12.5%	(14,746)	(10,019)
Tax effects of:		
– Depreciation in excess of capital allowances	517	(69)
– Expenses not deductible for tax purposes	1,515	–
– Tax losses for which no deferred income tax asset was recognised	12,714	10,088
<b>Tax charge</b>	<u>–</u>	<u>–</u>

## 9. Net Foreign Exchange Losses

	2016 €	2015 €
The exchange differences charged to profit or loss are included as follows:		
Other losses	6,556	–
<b>Total</b>	<u>6,556</u>	<u>–</u>

## 10. Property, Plant and Equipment

	<i>Fixtures, fittings and equipment</i> €	<i>Office equipment</i> €	<i>Total</i> €
<b>Cost or Valuation</b>			
At 28 October 2014	–	–	–
Additions	1,398	6,000	7,398
At 31 December 2015	1,398	6,000	7,398
Additions	2,150	39,505	41,655
<b>At 31 December 2016</b>	<b>3,548</b>	<b>45,505</b>	<b>49,053</b>
<b>Depreciation</b>			
At 28 October 2014	–	–	–
Charge (Note 5)	280	1,200	1,480
At 31 December 2015	280	1,200	1,480
Charge (Note 5)	725	9,253	9,978
<b>At 31 December 2016</b>	<b>1,005</b>	<b>10,453</b>	<b>11,458</b>
<b>Net Book Amount</b>			
At 31 December 2015	1,118	4,800	5,918
At 31 December 2016	2,543	35,052	37,595

Depreciation expense of €9,978 (2015: €1,480) has been charged in 'Administrative Expenses'.

## 11. Intangible Assets

	<i>Software development costs</i> €	<i>Total</i> €
<b>Cost or Valuation</b>		
At 28 October 2014	–	–
Additions	–	–
At 31 December 2015	–	–
Additions	65,277	–
<b>At 31 December 2016</b>	<b>65,277</b>	<b>–</b>
<b>Amortisation</b>		
At 28 October 2014	–	–
Charge	–	–
At 31 December 2015	–	–
Charge	–	–
<b>At 31 December 2016</b>	<b>–</b>	<b>–</b>
<b>Net Book Amount</b>		
At 31 December 2015	–	–
At 31 December 2016	65,277	–

## 12. Trade and Other Receivables

	2016 €	2015 €
Trade receivables	33,870	16,150
Less: provision for impairment of receivables	–	–
Trade receivables – net	33,870	16,150
Prepayments	–	500
Other debtors	2,735	571
	<u>36,605</u>	<u>17,221</u>

As at 31 December 2016, trade receivables of €33,870 (2015: €16,150) were deemed fully recoverable.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2016 €	2015 €
Euros	7,483	16,150
US Dollar	26,387	–
	<u>33,870</u>	<u>16,150</u>

## 13. Cash and Cash Equivalents

	2016 €	2015 €
Cash at bank and in hand	69,372	20,226
Cash and cash equivalents (excluding bank overdrafts)	<u>69,372</u>	<u>20,226</u>

Cash and cash equivalents include the following for the purposes of the Statement of Cash Flows:

	2016 €	2015 €
Cash and cash equivalents	69,372	20,226
	<u>69,372</u>	<u>20,226</u>

## 14. Share Capital and Premium

	Number of shares	Ordinary shares €	Share premium €	Total €
At 28 October 2014				
Ordinary Shares Issued	12,900	129	64,971	65,100
<b>At 31 December 2015</b>	12,900	129	64,971	65,100
Share subdivision	116,100	–	–	–
Ordinary Shares Issued	4,960	4	59,996	60,000
<b>At 31 December 2016</b>	<u>133,960</u>	<u>133</u>	<u>124,967</u>	<u>125,100</u>

The total authorised number of ordinary shares is 1,000,000,000 shares (2015: 100,000,000 shares) with a par value of €0.001 per share (2015: €0.01 per share). All issued shares are fully paid.

## 15. Retained Earnings

	€
At 28 October 2014	
Loss for the period	(80,153)
<b>At 31 December 2015</b>	(80,153)
At 1 January 2016	
Loss for the year	(117,992)
<b>At 31 December 2016</b>	<u>(198,145)</u>

## 16. Other Reserves

	<i>Convertible loan notes</i> €	<i>Total</i> €
At 28 October 2014 and at 31 December 2015	–	–
Convertible loan note – equity component (Note 18)	104,915	104,915
At 31 December 2016	<u>104,915</u>	<u>104,915</u>

## 17. Trade and Other Payables

	2016 €	2015 €
Trade payables	343	–
Amounts due to related parties (Note 21)	380	6,778
Social security and other taxes	9,609	2,167
Deferred revenue	–	39,118
Accrued expenses	23,791	10,355
	<u>34,123</u>	<u>58,418</u>

## 18. Borrowings

	2016 €	2015 €
<b>Non-Current</b>		
Redeemable convertible secured loan notes	142,856	–
<b>Total Borrowings</b>	<u>142,856</u>	<u>–</u>

### Convertible loan notes

The Company issued €240,000 2.0 per cent. redeemable convertible secured loan notes on 30 June 2016. The loan notes mature five years from the issue date at their nominal value of €240,000, or can be converted into shares at the holder's option at a conversion rate of €19.21. The values of the liability component and the equity conversion component were determined at issuance of the loan note.

The convertible loan note recognised in the Statement of Financial Position is calculated as follows:

	2016 €	2015 €
Face value of convertible loan note issued on 30 June 2016		
Equity component (Note 16)	104,915	–
Liability component on initial recognition at 30 June 2016	135,085	–
Interest expense (Note 7)	10,216	–
Interest accrued	(2,445)	–
<b>Liability Component at 31 December 2016</b>	<b>142,856</b>	<b>–</b>

The fair value of the liability component of the convertible loan note at 31 December 2016 was €142,856. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 13.47 per cent.

## 19. Deferred Income Tax

Deferred income tax assets are recognised for tax losses carried forward 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 €22,802 (2015: €10,088) in respect of losses amounting to €182,416 (2015: €80,704) that can be carried forward against future taxable income.

## 20. Cash Generated from Operations

	2016 €	2015 €
Loss before income tax	(117,992)	(80,153)
Adjustments for:		
– Depreciation (Note 10)	9,978	1,480
– Finance costs (Note 7)	10,742	866
– Trade and other receivables	(19,384)	(17,221)
– Trade and other payables	(26,740)	58,418
<b>Cash Used in Operations</b>	<b>(143,396)</b>	<b>(36,610)</b>

## 21. Related Parties

### Directors

	2016 €	2015 €
Aggregate emoluments	74,496	20,626
<b>Total</b>	<b>74,496</b>	<b>20,626</b>

### Year-end balances

	2016 €	2015 €
Payables to related parties (Note 17):		
– Directors Loan	380	6,778

The payables balance of €380 (2015: €6,778) is due to Sandra Whelan and David Whelan (Directors).



## **PART III-C**

### **UNAUDITED INTERIM FINANCIAL INFORMATION ON IMMERSIVE VR EDUCATION LTD FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

The Directors have prepared the Interim Financial Statements on the activities of Immersive VR Education Ltd for the nine months ended 30 September 2017 on the basis set out in note 1 to the Interim Financial Statements. The Interim Financial Statements contained in this Part III-C, which have been prepared solely for the purposes of the Admission Document, are unaudited. The Directors are responsible for the Interim Financial Statements contained in this Part III-C.

**STATEMENT OF COMPREHENSIVE INCOME**  
**9 MONTHS ENDED 30 SEPTEMBER**

	2017 €	2016 €
<b>Continuing Operations</b>		
Revenue	468,478	409,015
Cost of sales	(203,776)	(178,321)
<b>Gross Profit</b>	264,702	230,694
Administrative expenses	(608,169)	(202,051)
Other income	60,332	–
<b>Operating (Loss)/Profit</b>	(283,135)	28,643
Finance costs	(48,013)	(5,628)
<b>(Loss)/Profit before Income Tax</b>	(331,148)	23,015
Income tax rebate	1,101	–
<b>(Loss)/Profit for the Period</b>	(330,047)	23,015

**STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBER**

	<i>Note</i>	<i>2017</i> €	<i>2016</i> €
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		56,995	29,385
Intangible assets		379,089	21,479
		<u>436,084</u>	<u>50,864</u>
<b>Current Assets</b>			
Trade and other receivables		103,094	45,581
Cash and cash equivalents		424,179	253,669
		<u>527,273</u>	<u>299,250</u>
<b>Total Assets</b>		<u>963,357</u>	<u>350,114</u>
<b>Equity and Liabilities</b>			
<b>Equity Attributable to Shareholders</b>			
Share capital		133	133
Share premium		136,967	124,967
Other reserves	7	359,707	104,915
Retained earnings		(528,192)	(57,138)
<b>Total Equity</b>		<u>(31,385)</u>	<u>172,877</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Derivative financial instruments	6	610,848	138,970
Cumulative convertible redeemable preference shares	6	250,000	–
		<u>860,848</u>	<u>138,970</u>
<b>Current Liabilities</b>			
Trade and other payables		133,894	38,267
		<u>133,894</u>	<u>38,267</u>
<b>Total Liabilities</b>		<u>994,742</u>	<u>177,237</u>
<b>Total Equity and Liabilities</b>		<u>963,357</u>	<u>350,114</u>

**STATEMENT OF CHANGES IN EQUITY**  
**9 MONTHS ENDED 30 SEPTEMBER**

	<i>Attributable to Equity Shareholders</i>				
	<i>Share Capital</i>	<i>Share Premium</i>	<i>Other Reserves</i>	<i>Retained Earnings</i>	<i>Total</i>
	€	€	€	€	€
<b>Balance as at 31 December 2015</b>	129	64,971	–	(80,153)	(15,053)
Profit for the period	–	–	–	23,015	23,015
New shares issued	4	59,996	–	–	60,000
Convertible bond issue	–	–	104,915	–	104,915
<b>Balance as at 30 September 2016</b>	<u>133</u>	<u>124,967</u>	<u>104,915</u>	<u>(57,138)</u>	<u>172,877</u>

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Other Reserves</i>	<i>Retained Earnings</i>	<i>Total</i>
	€	€	€	€	€
<b>Balance as at 1 January 2017</b>	133	124,967	104,915	(198,145)	31,870
Loss for the period	–	–	–	(330,047)	(330,047)
New shares issued	–	12,000	–	–	12,000
Convertible bond issue	–	–	254,792	–	254,792
<b>Balance as at 30 September 2017</b>	<u>133</u>	<u>136,967</u>	<u>359,707</u>	<u>(528,192)</u>	<u>(31,385)</u>

**STATEMENT OF CASH FLOWS**  
**9 MONTHS ENDED 30 SEPTEMBER**

	2017 €	2016 €
<b>Cash Flows from Operating Activities</b>		
Cash used in operations	(237,756)	(17,093)
Bank interest & other charges paid	(3,519)	(522)
Income tax refunded	1,101	–
<b>Net cash used in operating activities</b>	<u>(240,174)</u>	<u>(17,615)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant and equipment	(41,207)	(27,463)
Payments to develop intangible assets	(313,812)	(21,479)
<b>Net cash used in investing activities</b>	<u>(355,019)</u>	<u>(48,942)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of ordinary shares	12,000	60,000
Proceeds from issuance of convertible loans	688,000	240,000
Proceeds from issuance of convertible cumulative redeemable preference shares	250,000	–
<b>Net cash generated from financing activities</b>	<u>950,000</u>	<u>300,000</u>
<b>Net Increase in Cash and Cash Equivalents</b>	354,807	233,443
Cash and cash equivalents at beginning of period	69,372	20,226
<b>Cash and cash equivalents at end of period</b>	<u>424,179</u>	<u>253,669</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies and ESM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Company’s 2016 audited financial statements.

Statutory financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 15 June 2017 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

### 2. Going Concern

The directors of the company have had management prepare budgets and forecasts that include assumptions that indicate growth in revenues based on their business plan. Together with the funding already obtained as outline, these forecasts indicate that the company has sufficient resources to continue in operational existence for the foreseeable future, at least 12 months from the approval of these condensed financial statements.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 3. Financial Risk Management

#### ***Credit risk exposure to customers***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

#### ***Technology risk***

The company is a start-up business in an exciting market that is fast moving and subject to changing trends and technological advances. The company aims to achieve ‘first mover’ advantage in the VR Educational sector to manage this risk.

### 4. Directors’ Remuneration

	2017	2016
	€	€
David Whelan	52,500	39,498
Sandra Whelan	45,000	4,998
Total Directors’ remuneration	<u>97,500</u>	<u>44,496</u>

## 5. Other Income

	2017 €	2016 €
<b>Competition Winnings</b>	<u>60,332</u>	<u>–</u>

Competition winnings comprise amounts received in relation to the Apollo 11 experience.

## 6. Borrowings

	2017 €	2016 €
<b>Non-Current</b>		
Derivative financial instruments	610,848	138,970
Cumulative convertible redeemable preference shares	<u>250,000</u>	<u>–</u>
<b>Total Borrowings</b>	<u>860,848</u>	<u>138,970</u>
<b>Derivative financial instruments</b>		
Balance as at beginning of period	142,856	–
Liability component of new notes on initial recognition	433,207	135,085
Interest expense	44,495	5,107
Interest accrued	<u>(9,710)</u>	<u>(1,222)</u>
<b>Balance as at end of period</b>	<u>610,848</u>	<u>138,970</u>

The Company issued two tranches of redeemable convertible secured loan notes during the nine months ended 30 September 2017; being €288,000 2 per cent. loan notes issued on 23 March 2017 and €400,000 2 per cent. loan notes issued on 2 June 2017.

The March 2017 loan notes mature five years from the issue date at their nominal value of €288,000, or can be converted into shares at the holder's option at a conversion rate of €19.21 per share or the lowest subscription price payable under subsequent share placements.

The June 2017 loan notes mature four years from the issue date at their nominal value of €400,000, or can be converted into shares at the holder's option at a conversion rate of €71.39 per share or the lowest subscription price payable under subsequent share placements.

	2017 €	2016 €
<b>Cumulative Convertible Redeemable Preference Shares</b>		
Balance as at beginning of period	–	–
Issue of preference shares	<u>250,000</u>	<u>–</u>
<b>Balance as at end of period</b>	<u>250,000</u>	<u>–</u>

The Company issued 250,000 Cumulative Convertible Redeemable Preference Shares on 20 April 2017 at a price of €1 per share for a total consideration of €250,000. The preference shares are redeemable five years after the issue date at their nominal value of €250,000, or can be converted into shares at the holder's option at a conversion rate of €19.21 per share or the lowest subscription price payable under subsequent share placements. They entitle the holder to a 3 per cent. dividend if certain criteria are met, to be paid in priority of dividends in respect of any other class of shares. The preference shares are deemed to be a debt instrument in accordance with IAS 32, with no residual equity component.



## 7. Other Reserves

	2017 €	2016 €
Balance as at beginning of period	104,915	–
Convertible bond – equity component net of tax	254,792	104,915
Balance as at end of period	<u>359,707</u>	<u>104,915</u>

Other reserves comprises the equity components of the three redeemable convertible secured loan notes described in note 6.

## PART III-D

### ACCOUNTANTS REPORT ON THE SPECIAL PURPOSE HISTORICAL FINANCIAL INFORMATION OF VR EDUCATION HOLDINGS PLC

PKF Littlejohn LLP



Accountants &  
business advisers

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The Directors  
J&E Davy  
Davy House  
49 Dawson Street  
Dublin 2, Ireland

6 March 2018

Dear Sirs

#### **VR Education Holdings Plc (the “Company”)**

#### **Introduction**

We report on the historic financial information set out in Section E of Part III (the “Financial Information”) relating to VR Education Holdings Plc (“the Company”). This information has been prepared for inclusion in the AIM admission document dated 6 March 2018 (the “Admission Document”) relating to the proposed admission to AIM of VR Education Holdings Plc and on the basis of the accounting policies set out in note 3. This report is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

#### **Responsibility**

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the Company and consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the Financial Information gives, for the purpose of the Admission Document dated 6 March 2018, a true and fair view of the state of affairs of VR Education Holdings Plc as at 31 December 2017 and of its results, cash flows and changes in equity for the period then ended in accordance with the applicable financial reporting framework and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

### **Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully



**PKF Littlejohn LLP**

Reporting Accountants

## PART III-E

### HISTORICAL FINANCIAL INFORMATION OF VR EDUCATION HOLDINGS PLC

#### STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income of the Company is stated below:

	<i>Note</i>	<i>Period ended 31 December 2017</i>	<i>€</i>
Revenue			—
Administrative expenses			—
<b>Operating result</b>			—
Finance income/(expense)			—
<b>Result Before Taxation</b>			—
Income tax			—
<b>Total comprehensive Profit/(loss) for the period</b>			—
Earnings per share:			
Basic and diluted (€)	8		—

## STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position of the Company is stated below:

	Note	As at 31 December 2017 €
<b>ASSETS</b>		
<b>Current Assets</b>		
Trade and other receivables	4	18,750
Cash and cash equivalents	5	<u>6,250</u>
<b>Total Assets</b>		<u><u>25,000</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	6	<u>—</u>
<b>Total Equity Attributable to owners</b>		<u><u>—</u></u>
<b>Current Liabilities</b>		
Redeemable shares	7	<u>25,000</u>
<b>Total Liabilities</b>		<u><u>25,000</u></u>
<b>Total Equity and Liabilities</b>		<u><u>25,000</u></u>

## STATEMENT OF CASH FLOWS

The Statement of Cash Flows of the Company is as follows:

	<i>Period ended 31 December 2017 €</i>
<b>Cash flows from operating activities</b>	–
<b>Cash flows from investment activities</b>	–
<b>Cash flows from financing activities</b>	
Redeemable shares issued	6,250
<b>Net increase in cash and cash equivalent</b>	<u>6,250</u>
Cash and cash equivalents at beginning of period	–
<b>Cash and cash equivalents at end of period</b>	<u><u>6,250</u></u>

**STATEMENT OF CHANGES IN EQUITY**

	<i>Share capital</i> €	<i>Retained earnings</i> €	<i>Total equity</i> €
<b>At incorporation on 13 October 2017</b>	–	–	–
<b>Total comprehensive income for the period ended 31 December 2017</b>	–	–	–
<b>Share capital issued net of issued costs</b>	–	–	–
	<hr/>	<hr/>	<hr/>
<b>As at 31 December 2017</b>	–	–	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 General information

The Company was incorporated on 13 October 2017 as VR Education Holdings Plc in Ireland with Registered Number 613330 under the Companies Act 2014. The Company has not yet commenced business, no audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

The address of its registered office is Unit 9 Cleaboy Business Park, Old Kilmeaden Road, Waterford, X91 AX83, Ireland.

### 2 Basis of preparation

The financial information has been prepared in accordance with IFRS as adopted by the European Union. The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements. The areas involving a higher degree of judgement and complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

The financial information is presented in British pounds, which is the Company's presentational currency and has been prepared under the historical cost convention. GBP is currently also the Company's functional currency.

This Financial Information of the Company has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Prospectus Rules for Companies of the London Stock Exchange plc and has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union ("IFRS") and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2014.

The Financial Information has been prepared under the historical cost convention.

The Company has adopted all applicable IFRS's in force as at 31 December 2017.

At 31 December 2017, the following new and revised IFRSs relevant to the company are issued but are not yet effective:

	<i>Effective date</i>
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IAS 7 (amendments) Disclosure of changes in liabilities arising from financing activities	1 January 2017
IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to IFRSs: 2014-2016 cycle	1 January 2017*

\* Not yet endorsed for use in the EU

- IFRS 9 will impact the recognition, measurement and disclosures of financial instruments. The Company is currently assessing the impact of the revisions on the Company's financial position, a process expected to be finalised during the year ending 31 December 2018. Until such assessment is completed it is not practical to provide an estimate of the full effect of IFRS 9.
- IFRS15 'Revenue from Contracts with Customers' sets out new revenue recognition criteria that will be applicable from 1 January 2018 and its effect is dependent on the Company generating revenue in the period. The Company is currently in the process of assessing the impact of the implementation of this standard and therefore the full effect of the standard has not yet been determined.
- IFRS 16 'Leases'. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. This is effective for the period beginning on

1 June 2018, with earlier adoption permitted if IFRS 15 'Revenue from contracts with customers' is also applied. The Company has not yet assessed the full effect of this standard.

Of the other IFRSs and IFRICs, none are expected to have a material effect on future Company financial statements.

The Historical Financial Information is presented in Euros, which is the Company's functional and presentational currency and has been prepared under the historical cost convention.

### **3 Significant accounting policies**

The financial information is based on the following policies which have been consistently applied:

#### ***Going concern***

The financial information is presented on the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As such the directors continue to adopt the going concern basis of accounting in preparing the Financial Information.

#### ***Cash and cash equivalents***

In the Statement of Cash Flows, cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### ***Equity***

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 from the proceeds.

#### ***Financial Instruments***

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the Financial Information, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### ***Loans and receivables***

All of the Company's financial assets fall into the loans and receivables category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets included in loans and receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

#### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting date.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the loss event has an impact on the estimated future cash flows of the financial asset.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Impaired debts are derecognised when they are assessed as uncollectible.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Financial liabilities*

All of the Company's financial liabilities fall into the other financial liabilities category.

#### *Other financial liabilities*

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### *Derecognition of other financial liabilities*

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

### **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or take other steps to increase share capital and reduce or increase debt facilities. The capital structure of the Company is managed and monitored by the Directors. The capital structure is managed with reference to gearing ratios, cash flow and interest cover ratios.

The capital structure of the Company consists of equity attributable to equity holders of the Company comprising issued capital, reserves and retained earnings. The Company is not subject to externally imposed capital requirements other than those included, from time to time, in the financial covenants associated with bank borrowings.

### **Financial risk management**

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets. The Company has not entered into any derivative transactions such as interest rate swaps.

### **Liquidity risk management**

Liquidity risk is the risk that the Company will be unable to meet its liabilities as they fall due. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, medium to long term borrowings and obligations under finance leases.

The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

### **Critical accounting estimates and judgements**

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **4 Trade and other receivables**

	<i>As at 31 December 2017</i>
	€
Other receivables	18,750
<b>Total</b>	<u>18,750</u>

#### **5 Cash and cash equivalents**

	<i>As at 31 December 2017</i>
	€
Cash at bank	6,250
<b>Total</b>	<u>6,250</u>

#### **6 Share capital and premium**

	<i>Number of shares</i>	<i>Shares €</i>	<i>Share premium €</i>	<i>Total €</i>
At incorporation	<u>1</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2017	<u>1</u>	<u>–</u>	<u>–</u>	<u>–</u>

On incorporation, the Company issued 1 ordinary share of €0.001 for consideration of €0.001 cash.

#### **7 Payables**

	<i>As at 31 December 2017</i>
	€
Redeemable shares	25,000
<b>Total</b>	<u>25,000</u>

On 13 December 2017 Richard Cooper subscribed to €25,000 Redeemable Shares, of which €6,250 was paid up as at 31 December 2017.

## 8 Earnings per share

The calculation for earnings per share (basic and diluted) for the relevant period is based on the profit after income tax attributable to equity Shareholder for the period from incorporation on 13 October 2017 to 31 December 2017 and is as follows:

Loss attributable to equity Shareholders (€)	—
Weighted average number of shares	1
Loss per Founder Share (€)	—

Earnings and diluted earnings per Founder Share are calculated using the weighted average number of Founder Shares in issue during the period. There were no dilutive potential Founder Shares outstanding during the period.

## 9 Related party transactions

One share was issued to Sandra Whelan in the period.

## 10 Controlling party

Sandra Whelan held the sole share issued during the period, considered to be the Company's controlling party.

## PART III-F

### REPORT ON THE UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS

The Directors  
VR Education Holdings Plc  
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Cleaboy Business Park  
Waterford

The Members  
Cairn Financial Advisors LLP  
Cheyne House, Crown Court  
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The Members  
Shard Capital Partners LLP  
20 Fenchurch Street  
London, EC3M 3BY

J&E Davy  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

6 March 2018

Dear Sirs

#### **Report on the unaudited *pro forma* statement of net assets**

We report on the unaudited *pro forma* statement net assets (the “Statement of *Pro forma* Net assets”) set out in Section G of Part III, of the Admission Document dated on 6 March 2018, which has been prepared on the basis described in notes 1 to 6, for illustrative purposes only, to provide information about how the Acquisition and Placing and might have affected the financial information presented on the basis of the accounting policies adopted by VR Education Holdings Plc.

This report is required by guidance issued by the London Stock Exchange with respect to AIM and is given for the purpose of complying with the guidance issued by the London Stock Exchange and for no other purpose.

#### **Responsibilities**

It is the responsibility solely of the Directors of VR Education Holdings Plc to prepare the Statement of *Pro forma* Net assets.

It is our responsibility to form an opinion as to the proper compilation of the Statement of *Pro forma* Net assets and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purposes of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily

of comparing the unadjusted financial information with the source documents, considering evidence supporting the adjustments and discussing the Statement of *Pro forma* Net assets with the Directors of VR Education Holdings Plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Statement of *Pro forma* Net assets has been properly compiled on the basis stated and as such is consistent with the accounting policies of VR Education Holdings Plc.

### **Opinion**

In our opinion:

- The Statement of *Pro forma* Net assets has been properly compiled on the basis set out therein;
- Such bases are consistent with the accounting policies of VR Education Holdings Plc; and
- The adjustments are appropriate for the purposes of the Statement of *Pro forma* Net assets as disclosed.

### **Declaration**

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included within the Admission Document in compliance with guidance issued by the London Stock Exchange.

Yours faithfully



**PKF Littlejohn LLP**

Reporting Accountants



## PART III-G

### UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS

Set out below is an unaudited *pro forma* statement of net assets of VR Education Holdings Plc (“the Company”) and Immersive VR Education Limited (“Immersive”) (together “the Enlarged Group”) which has been prepared for illustrative purposes only to show the effect of the Placing and admission of the Company on AIM and ESM as if it had occurred on 30 September 2017. The *pro forma* statement of net assets has been prepared for illustrative purposes only, and because of its nature, it may not give a true reflection of the Enlarged Group’s financial position or results.

	<i>The Company</i> <i>Net assets</i> <i>as at 31</i> <i>December</i> <i>2017</i> <i>(Note 1)</i> <i>€'000</i>	<i>IVRE Net</i> <i>assets</i> <i>as at 30</i> <i>September</i> <i>2017</i> <i>(Note 2)</i> <i>€'000</i>	<i>(Note 3)</i> <i>€'000</i>	<i>(Note 4)</i> <i>€'000</i>	<i>Pro forma</i> <i>net assets of</i> <i>the Enlarged</i> <i>group at 30</i> <i>September</i> <i>2017</i> <i>€ '000</i>
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	–	379	–	–	379
Property, plant and equipment	–	57	–	–	57
	–	436	–	–	436
<b>Current assets</b>					
Trade and other receivables	19	103	–	–	122
Cash and cash equivalents	6	424	–	5,854	6,284
Current assets	25	527	–	5,854	6,406
<b>Total assets</b>	25	963	–	5,854	6,842
<b>Liabilities</b>					
<b>Current liabilities</b>					
Derivative financial instruments	–	611	(611)	–	–
Cumulative convertible redeemable preferences shares	–	250	(250)	–	–
	–	861	(861)	–	–
<b>Current liabilities</b>					
Trade and other payables	–	134	–	–	134
Redeemable preference shares	25	–	(25)	–	–
<b>Current liabilities</b>	25	134	(25)	–	134
<b>Total liabilities</b>	25	995	(886)	–	134
<b>Total assets less total liabilities</b>	–	(32)	886	5,854	6,708

#### Notes

The *pro forma* statement of net assets has been prepared on the following basis:

- The net assets of the Company as at 31 December 2017 have been extracted without adjustment from the unaudited interim financial statements.
- The unaudited net assets of Immersive as at 30 September 2017 have been extracted without adjustment from the Historic Financial Information included in Section C of Part III of this document.
- An adjustment has been made to reflect the conversion of the convertible loan notes and the convertible preferences shares held by the Company and IVRE.
- An adjustment has been made to reflect the proceeds of 60,000,000 Placing Shares issued at 10 pence each net of an adjustment to reflect the payment in cash of admission costs estimated at approximately £0.8 million inclusive of any non-recoverable sales taxes.
- No adjustments have been made to reflect the trading or other transactions, other than described above of:
  - the Company since 31 December 2017;
  - Immersive VR Education Limited since 30 September 2017.
- The *pro forma* statement of net assets does not constitute financial statements.

## **PART IV**

### **TAXATION**

#### **1. Irish Taxation**

##### **1.1 General**

The comments in this section are intended as a general guide for Ireland resident shareholders as to their tax position under current Irish law and Irish Revenue practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time possibly with retrospective effect. The comments apply to shareholders who are resident and domiciled for tax purposes in Ireland who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them. Non-Ireland resident and non-Ireland domiciled shareholders should consult their own tax advisers. Legislative, administrative or judicial changes may modify the tax rates, reliefs or consequences described below, possibly with retrospective effect.

The statements do not constitute tax advice and are intended only as a general summary and should not be construed as constituting advice. Any shareholder or prospective purchaser of Ordinary Shares whether resident and domiciled in Ireland or elsewhere, should consult their own professional adviser on the possible tax consequences of acquiring, owning and disposing of Ordinary Shares under the laws of their particular citizenship, residence and/or domicile.

##### **1.2 Tax Residency of the Company**

The Company is incorporated in Ireland and is managed and controlled in Ireland and accordingly it is resident in Ireland for tax purposes.

##### **1.3 Dividend Withholding Tax**

Withholding tax at the standard rate of income tax (currently 20 per cent.) applies to dividend payments and other profit distributions by an Irish resident company. Certain categories of shareholders can receive dividends free of dividend withholding tax provided they supply relevant declarations to the Company.

The categories of shareholders include:

- an Irish resident company;
- an Irish pension fund or Irish charity approved by the Irish Revenue Commissioners;
- an individual who is neither resident nor ordinarily resident in Ireland and is resident in another EU Member State or in a treaty country;
- a company resident in a treaty country or another Member State that is not controlled by Irish residents;
- a company not resident in Ireland and is under the control, whether directly or indirectly, of a person or persons who, is or are resident in a treaty country or another EU Member State and who is/are not under the control, whether directly or indirectly, of a person who is or persons who are, not so resident;
- a company if its principal class of shares is substantially and regularly traded on a recognised stock exchange in a tax treaty country or Member State;
- certain collective investment undertakings;
- certain government agencies and funds as specified by a minister of the Irish Government; and
- certain intermediaries.

In all cases noted above, the Company must have received from the shareholder, where required, the relevant Irish Revenue Commissioners Dividend Withholding Tax forms (the “**DWT Forms**”) prior to the payment of the dividend.

#### 1.4 **Income tax**

Irish resident and/or ordinarily resident individual shareholders in the Company will be liable to Irish income tax on dividends received from the Company at their marginal rate, plus social security and the universal social charge at combined rates of up to 55 per cent., depending on their circumstances, on the aggregate of the net dividend received and the withholding tax deducted.

Subject to certain exceptions, the Company is required to apply dividend withholding tax at source at the standard rate of income tax (currently 20 per cent.) on dividends paid to Irish resident and/or ordinarily resident individual shareholders. The Company should provide such shareholders with a certificate setting out the gross amount of the dividend, the amount of tax withheld, and the net amount of the dividend.

Where tax has been withheld at source a shareholder may, depending on their circumstances (i) be liable to further tax on their dividend at their applicable marginal rate, (ii) incur no further liability on their dividend, or (iii) be entitled to claim repayment of some or all of the tax withheld on their dividend. The withholding tax deducted will be available as a credit against the individual's Irish income tax liability. An individual may claim to have the withholding tax refunded to him/her to the extent that it exceeds his/her Irish income tax liability

#### 1.5 **Corporation tax**

A shareholder which is an Irish resident company will not be subject to Irish corporation tax on dividends received from the Company and tax should not be withheld at source by the Company provided the appropriate declaration is validly made. If dividend withholding tax is withheld at source, an Irish resident company shareholder should be entitled to set-off the tax withheld against any liability to corporation tax in the accounting period in which the distribution is received. Irish resident company shareholders which are close companies, as defined under Irish legislation, may be subject to a corporation tax surcharge on dividend income to the extent that it is not re-distributed within the appropriate time frame.

#### 1.6 **Capital Gains Tax ("CGT")**

##### 1.6.1 *Individuals*

Capital Gains tax on chargeable gains (currently 33 per cent.) may apply on the disposal of shares in the Company by such other Irish resident shareholders depending on their specific tax status.

##### 1.6.2 *Companies*

Capital Gains tax (currently 33 per cent.) may apply on the disposal of shares in the Company by an Irish company shareholder subject to certain exceptions. Subject to meeting certain conditions, the gain may be exempt on disposal under the Irish participation exemption.

#### 1.7 **Capital Acquisitions Tax ("CAT")**

CAT is an Irish tax which can apply to both gifts and inheritances of property. Irish CAT may be chargeable on an inheritance or a gift of Ordinary Shares as such shares would be considered Irish property, notwithstanding that the gift or inheritance may be between two non-Irish resident and non-ordinarily Irish resident individuals. The Ordinary Shares are regarded as property situated in Ireland because the Company's share register will be held in Ireland. The current rate of CAT is 33 per cent. Gifts and inheritances between spouses are exempt from CAT. Shareholders should consult their tax advisers with respect to the CAT implications of any proposed gift or inheritance of Ordinary Shares.

#### 1.8 **Stamp Duty ("Stamp Duty")**

Irish stamp duty should not generally arise on the issue of new Ordinary Shares in the Company.

Transfers or sales of shares in an Irish incorporated company would generally be subject to *ad valorem* stamp duty. This is generally payable by the purchaser. The Irish rate of stamp duty on shares is currently 1 per cent. of the consideration paid for the shares (or the market value of the Ordinary Shares, if higher).

## 1.9 **Automatic Exchange of Information for Tax Purposes**

Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (“**DAC2**”) provides for the implementation among EU Member States (and certain third countries that have entered into information exchange agreements) of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the regime known as the CRS published by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Under the CRS, governments of participating jurisdictions (currently more than 90 jurisdictions) are required to collect detailed information to be shared with other jurisdictions annually.

Pursuant to the Irish legislation implementing DAC2 and the CRS, the Company may be required to obtain and report to the Revenue Commissioners annually certain financial account and other information for all new and existing holders of Shares (other than Irish and US holders) (and, in certain circumstances, their controlling persons). The first return for the Company must be submitted on or before 30 June 2018 with respect to the year ended 31 December 2017. The information may include amongst other things, details of the name, address, taxpayer identification number (“**TIN**”), place of residence and, in the case of holders of Ordinary Shares who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This information may be shared with tax authorities in other EU Member States (and in certain third countries subject to the terms of Information Exchange Agreements entered into with those countries) and jurisdictions which implement the CRS.

Similarly, pursuant to provisions of the Ireland/US Intergovernmental Agreement with respect to FATCA and supporting Irish legislation, the Company may be required to report annually to the Revenue Commissioners details of its reportable accountants (which includes accounts held by US persons) holders. The information may include amongst other things, details of the name, address, TIN, place of residence and, in the case of holders of shares who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This information may be shared with the Internal Revenue Service of the United States.

## 2. **UK Taxation**

### 2.1 **General**

The comments in this section are intended as a general guide for UK resident shareholders as to their tax position under United Kingdom law and the current published practice of HMRC as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time, possibly with retrospective effect. The comments apply to shareholders who are resident (and in the case of individuals, domiciled) for tax purposes in the UK who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them. Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers. It does not apply to certain specific classes of shareholder, including Substantial shareholders, dealers in securities, insurance companies, collective investment schemes and shareholders who have (or are deemed for tax purposes to have) acquired their Ordinary Shares by reason of an office or employment. Legislative, administrative or judicial changes may modify the tax rates, reliefs or consequences described below, possibly with retrospective effect. The rates and allowances for 2017/18 stated in the UK tax section are those included in Finance Act 2017.

The statements do not constitute tax advice and are intended only as a general summary. Any shareholder or prospective purchaser of Ordinary Shares whether resident and domiciled in the United Kingdom or elsewhere, should consult their professional adviser on the possible tax consequences of acquiring, owning and disposing of Ordinary Shares under the laws of their particular citizenship, residence or domicile.

### 2.2 **Income tax**

Shareholders who are resident and domiciled in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax in respect of dividends paid by the Company.

All dividends received from the company by an individual shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividend from tax, form part of the shareholder's total income for income tax purposes.

From 6 April 2016, a nil rate of income tax applies to the first £5,000 of dividend income received by an individual shareholder in a tax year (the “**Nil Rate Amount**”), regardless of what tax rate would otherwise apply to that dividend income. Any dividend income received by an individual shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at the following dividend rates for 2017/18: 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

For the tax year commencing 6 April 2018 and future years the nil rate amount applies to the first £2,000 of dividend income only.

Dividend income that is within the dividend nil rate amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the nil rate amount. In calculating into which tax band any dividend income over the nil rate amount falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent. of the gross dividend to the extent trust income exceeds the standard rate band available for the trust.

## 2.3 **Corporation tax**

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009) will not generally expect to be subject to UK tax on dividends from the Company provided certain conditions are met (including an anti-avoidance condition).

A UK resident corporate shareholder which is not a “small company” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will be subject to UK tax on dividends (including dividends from the Company) currently at a rate of 19 per cent. with effect from 1 April 2017, reducing to 17 per cent. from 1 April 2020, unless the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are “ordinary shares” for UK tax purposes (that is shares that do not carry any present or future preferential right to dividends or to the Company's assets on its winding up) and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made) are examples of dividends that fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

## 2.4 **Capital Gains Tax (“CGT”)**

### 2.4.1 *Individuals*

Where a UK resident individual shareholder disposes (or is deemed to dispose) of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£11,300 for 2017/18) and after taking account of any capital losses available to the individual.

The rate of capital gains tax on disposal of shares is 10 per cent. (2017/18) for individuals who are subject to income tax at the basic rate and 20 per cent. (2017/18) for individuals who are subject to income tax at the higher or additional rates.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2017/18, up to £11,300, for personal representatives of deceased persons and certain trustees for disabled persons, and up to £5,650 for 2017/018 for other trustees) will be charged at a flat rate of 20 per cent.

Where a shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains.

#### 2.4.2 Companies

Where a corporate shareholder is within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax at the rate applicable to that shareholder (currently 19 per cent. with effect from 1 April 2017, reducing to 17 per cent. from 1 April 2020).

It is proposed that indexation allowance will be scrapped for the purposes of calculating corporation tax in respect of corporate capital gains. Legislation is to be included within Finance Bill 2018 which, if passed, will prevent indexation allowance from accruing from 1 January 2018. An exemption may be available for disposals by corporate shareholders with a holding of 5 per cent. or more in the Company, subject to meeting certain conditions.

### 2.5 **Inheritance Tax (“IHT”)**

Individual investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to IHT on the value of any Ordinary Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position. Under current law, the chief occasions on which IHT is charged are on the death of the shareholder, on any gifts made during the seven years prior to the death of the shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as Business Property Relief (“**BPR**”) may apply to ordinary shares in trading companies once these have been held for two years. This relief applies notwithstanding that the Company’s shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares in qualifying holdings by up to 100 per cent. for IHT purposes.

### 2.6 **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

Neither stamp duty nor SDRT should arise on the issue of new Ordinary Shares in the Company.

The Finance Act 2014 introduced provisions that exempt shares admitted to trading on AIM from stamp duty and SDRT, applying with effect from 28 April 2014. As a result of these provisions, transfers of securities admitted to trading on certain recognised growth markets (presently including AIM) are exempt from stamp duty and SDRT provided the securities are not also “listed” on a recognised stock exchange. The Ordinary Shares will be admitted to trading on AIM and no other recognised stock exchange and as such, following Admission, subsequent transfers of Ordinary Shares for value should also not give rise to either stamp duty or SDRT.

However, with effect from 5 June 2017, transfers or sales of shares in the Company should not be subject to Irish stamp duty as a transfer or sale of shares in an Irish incorporated company, while quoted on the ESM of the Irish Stock Exchange, is exempt from Irish stamp duty. This is the case regardless of whether the instrument in question is executed in Ireland or not.

The statements in this Part IV apply to any holders of Ordinary Shares and are a summary of the current position, intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.



## **PART V**

### **TERMS AND CONDITIONS OF THE PLACING**

#### **1. INTRODUCTION**

The terms and conditions set out in this Part V apply to Placees procured by Davy to subscribe for Placing Shares pursuant to the Placing.

Each person who is invited to and who chooses to participate in the Placing (including individuals, funds or others) confirms its agreement (whether orally or in writing) to Davy to subscribe for Ordinary Shares under the Placing and that it will be bound by these terms and conditions and will be deemed to have accepted them. Davy may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as they (in their absolute discretion) see fit and/or may require any such Placee to execute a separate placing letter.

#### **2. AGREEMENT TO SUBSCRIBE FOR OR PURCHASE ORDINARY SHARES**

Conditional on, *inter alia*: (i) Admission occurring by no later than 8.00 a.m. on 30 March 2018 (or such later date as Davy and the Company may agree, being no later than 30 April 2018); (ii) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and (iii) Davy confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to irrevocably subscribe for those Ordinary Shares allocated to it by Davy at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

#### **3. PAYMENT FOR ORDINARY SHARES**

Each Placee irrevocably undertakes to pay the Issue Price for the Ordinary Shares issued or sold to the Placee in the manner and by the time directed by Davy. In the event of any failure by any Placee to pay as so directed and/or by the time required by Davy, the relevant Placee shall be deemed hereby to have appointed Davy or any nominee of Davy as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify Davy and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant Ordinary Shares to the extent that Davy or its nominee has failed to sell such Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Issue Price per Ordinary Share.

#### **4. REPRESENTATIONS AND WARRANTIES**

By agreeing to subscribe for Ordinary Shares under the Placing, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and for any person(s) procured by it to subscribe for or purchase Ordinary Shares and any nominee(s) for any such person(s)) be deemed to irrevocably agree, undertake, represent and warrant to each of the Company and Davy that:

- (a) in agreeing to subscribe for Ordinary Shares under the Placing, it is relying solely on this document, and any supplementary admission document issued by the Company and not on any other information given, or representation or statement made at any time (including, without limitation, the roadshow presentation prepared by the Company or research by any third parties containing information about the Company) by any person concerning the Company, the Ordinary Shares, Placing or Admission. It agrees that neither the Company nor any of their affiliates or any of their respective directors, officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information, representation or statement;



- (b) it acknowledges that the content of this document is exclusively the responsibility of the Company and its Board and apart from the liabilities and responsibilities, if any, which may be imposed on Davy under any regulatory regime, with Davy nor any person acting on their behalf nor any of their respective affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company, the Ordinary Shares, the Placing or Admission and none of Davy nor any person acting on their behalf nor any of their respective affiliates will be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
- (c) if the laws of any territory or jurisdiction outside the United Kingdom and Ireland are applicable to its agreement to subscribe for Ordinary Shares under the Placing, it warrants that it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations, it has complied with all such laws, obtained all governmental and other consents which may be required, it has complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or Davy, any of their respective affiliates or any of their respective officers, agents or employees or partners acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom or Ireland in connection with the Placing;
- (d) it has all necessary capacity to acquire the Ordinary Shares pursuant to the Placing, it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for Ordinary Shares under the Placing and to perform its subscription obligations, it has carefully read and understands this document and, if appropriate, any placing letter in its entirety, it is sufficiently knowledgeable to understand the risks of accepting a participation in the Placing, it is not relying on Davy or the Company to advise it as to whether the Ordinary Shares are a suitable investment and it acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part V and the Articles;
- (e) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (f) it agrees that, having had the opportunity to read this document and, if appropriate any placing letter, it shall be deemed to have had notice of all information, undertakings, representations and warranties contained in this document that it is acquiring Ordinary Shares solely on the basis of this document and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Ordinary Shares;
- (g) it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and any supplementary admission document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or Davy;
- (h) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (i) it accepts that none of the Ordinary Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within any Excluded Territory;
- (j) this document and any offer made is subject to the AIFMD as implemented by member states of the EEA;
- (k) if located outside the EEA or Switzerland, it has notified the Company;
- (l) if ordinarily resident in or incorporated in the United Kingdom, it is a Professional Investor or person (i) who has professional experience in matters relating to investments and who are "investment professionals" and investment personnel of the same each within the meaning of the Article 19 of the Order, (ii) who is a high net worth body corporate, unincorporated association or partnership or trustee

of a high value trust as described in Article 49(2) of the Order, or (iii) to whom “non-mainstream investments” (as defined in the FCA handbook) may be promoted in the United Kingdom;

- (m) if located in the EEA but outside the United Kingdom (i) it is a Professional Investor and (ii) has read, agree to and will comply with the contents of this notice;
- (n) if located in Switzerland, it is a Regulated Qualified Investor;
- (o) if located within the EEA but outside the United Kingdom, Ireland, Belgium, France, Germany, the Netherlands, Spain or Sweden, it has received this document on its own request and has not been provided this document or any other document relating to the Ordinary Shares without having solicited such documentation;
- (p) if it is outside the United Kingdom and Ireland, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for or purchase Ordinary Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed or purchased and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (q) in the case of any Ordinary Shares acquired by an investor as a financial intermediary within the meaning of the law in the relevant EEA State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive, the Ordinary Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant EEA State other than Professional Investors;
- (r) it has not offered or sold and will not offer or sell any Ordinary Shares subscribed for in the Placing to, and is not applying for Ordinary Shares on behalf of, persons in the EEA except Professional Investors;
- (s) it has not offered or sold and will not offer or sell any Ordinary Shares subscribed for in the Placing to, and is not applying for Ordinary Shares on behalf of persons in the UK except (i) persons who have professional experience in matters relating to investments and who are “investment professionals” and investment personnel of the same each within the meaning of the Article 19 of the Order, (ii) persons who are high net worth body corporates, unincorporated associations or partnerships or trustees of high value trusts as described in Article 49(2) of the Order, or (iii) persons to whom “non-mainstream investments” (as defined in the FCA handbook) may be promoted in the United Kingdom;
- (t) if it is a pension fund or investment company, its acquisition of the Ordinary Shares is in full compliance with applicable laws and regulations;
- (u) the Ordinary Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a document be cleared or approved in respect of any of the Ordinary Shares under the securities laws of the United States, the Republic of South Africa, Australia, Canada, New Zealand or Japan or any of their respective states, provinces or territories and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, the Republic of South Africa, Australia, Canada, New Zealand or Japan or any of their respective states, provinces or territories or in any country or jurisdiction where any action for that purpose is required;
- (v) the Placee (i) is participating in the Placing in compliance with the selling and transfer restrictions set out in paragraph 5 of this Part V including the representations, warranties and agreements contained therein; (ii) acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered or distributed, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States; and (iii) is outside the United States and acquiring the Ordinary Shares in an “offshore transaction” (as defined in Regulation S) meeting the requirements of Regulation S;
- (w) Davy or any of its respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the

Placing is on the basis that it is not and will not be a client of Davy or any of its affiliates and that Davy and its affiliates do not have any duties or responsibilities to it for providing protections afforded to their respective clients or for providing advice in relation to the Placing or in respect of any representations, warranties, undertaking or indemnities contained in these terms;

- (x) that, save in the event of fraud on the part of Davy, none of Davy, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Davy's role as nominated advisor, ESM advisor broker, placing agent and financial advisor or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (y) where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the undertakings, representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Davy. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (z) it irrevocably appoints any Director or any director of Davy to be its agent and on its behalf (without any obligation or duty to do so) to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (aa) it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to trading on ESM or AIM (respectively) for any reason whatsoever then none of the Company or Davy or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective directors, employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (bb) in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom or subject to the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 in Ireland; or (ii) subject to the Money Laundering Directive; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (cc) it acknowledges that due to anti-money laundering and the countering of terrorist financing requirements, Davy and/or the Company may require proof of identity of a Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes Davy and/or the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Davy and/or the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- (dd) Davy and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- (ee) its name and its participation in the Placing may be disclosed, if required, by law or any applicable rules or regulations including the AIM Rules or ESM Rules or in such other circumstances as Davy may consider appropriate; and
- (ff) it is acting as principal and for no other person and its acceptance of a Placing commitment will not give any other person a contractual right to require the issue by the Company of any of the Ordinary Shares.

The representations, undertakings and warranties contained in this document are irrevocable. Each Placee acknowledges that Davy, the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its subscription for the Ordinary Shares are no longer accurate, it shall promptly notify Davy and the Company.

Where a Placee or any person acting on behalf of it is dealing with Davy, any money held in an account with Davy on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA or the Central Bank of Ireland which therefore will not require Davy to segregate such money, as that money will be held by Davy under a banking relationship and not as trustee.

Any of Davy's clients, whether or not identified to the other Broker or any of their affiliates or agents, will remain Davy's sole responsibility and will not become clients of the other Broker or any of its affiliates or agents for the purposes of the rules of the FCA or the Central Bank of Ireland or for the purposes of any other statutory or regulatory provision. Each Placee accepts that the allocation of Ordinary Shares shall be determined by Davy (following consultation with the Company) in their absolute discretion and that such persons may scale down any Placing commitments for this purpose on such basis as they may determine.

Each Placee accepts that the allocation of Ordinary Shares shall be determined by Davy (following consultation with the Company) in its absolute discretion.

Time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Placing.

## **5. SELLING AND TRANSFER RESTRICTIONS**

No action has been or will be taken in any jurisdiction that would permit a public offer of the Ordinary Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and this document may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to acquire any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### ***United States***

The Ordinary Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Until 40 days after the commencement of the offering of the Ordinary Shares, an offer or sale of Ordinary Shares in the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the US Securities Act.

Each subscriber and purchaser to whom the Ordinary Shares are distributed, offered or sold will (on behalf of itself and on behalf of each investment account for which it is acting as fiduciary or agent) be deemed by its subscription for, or purchase of, Ordinary Shares to have represented, warranted, undertaken and agreed to and with each of the Company and Davy as follows:

- (a) it acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States;
- (b) the investor (i) is acquiring the Ordinary Shares in an “offshore transaction” (as defined in Regulation S) meeting the requirements of Regulation S, (ii) is acquiring the Ordinary Shares for investment purposes and not with a view to any further distribution of such Ordinary Shares, (iii) will not offer, sell or otherwise transfer any Ordinary Shares except in accordance with the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States, and (iv) acknowledges that the Company may not recognise any offer, sale or other transfer of the Ordinary Shares made other than in compliance with the abovementioned restrictions;
- (c) that the Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:  
  

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED, DELIVERED, DISTRIBUTED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN “OFFSHORE TRANSACTION” MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR THE RESALE OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK;
- (d) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to any persons in the United States, nor will it do any of the foregoing;
- (e) it is aware and acknowledges that the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Company, Davy and their respective directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (f) if any of the representations or warranties made or deemed to have been made by its subscription or purchase of the Ordinary Shares are no longer accurate or have not been complied with, it will immediately notify the Company and Davy, and if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, warranties and agreements on behalf of each such account.

### ***European Economic Area***

This document and any offer if made subsequently is subject to the AIFMD as implemented by member states of the EEA. This document is directed at and is being distributed in the EEA to only to (A) in Ireland, the United Kingdom, Belgium, France, Germany, the Netherlands, Spain and Sweden, Professional Investors and (B) additionally in the United Kingdom, persons (i) who have professional experience in matters relating to investments and who are “investment professionals” and investment personnel of the same each within the meaning of the Article 19 of the Order, (ii) who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order (iii) to whom “non-mainstream investments” (as defined in the FCA handbook) may be promoted in the United Kingdom.



## **Switzerland**

Any distribution of Ordinary Shares in Switzerland will be exclusively made to, and directed at, Regulated Qualified Investors, as defined in Article 10(3)(a). Accordingly, the Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority and no Swiss representative or paying agent has been appointed in Switzerland. This document and/or any other offering materials relating to the Ordinary Shares may be made available in Switzerland solely to Regulated Qualified Investors.

## **6. SUPPLY AND DISCLOSURE OF INFORMATION**

If any of Davy, the Registrars, the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for Ordinary Shares under the Placing or in order to comply with any relevant legislation, such Placee must promptly disclose it to them.

## **7. MISCELLANEOUS**

The rights and remedies of Davy, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If the Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Placing and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of Ireland. For the exclusive benefit of Davy, each Placee irrevocably submits to the jurisdiction of the courts of Ireland and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several. Davy and the Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. Each Placee agrees that its obligations pursuant to these terms and conditions are not capable of termination or rescission in any circumstances.

The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement (which include but are not limited to those set out in paragraph 2 of this Part V above), and such agreement not having been terminated. Each Joint Broker has the right not to waive any such condition or terms and shall exercise that right without recourse, reference, duty or liability to Placees. Further details of the terms of the Placing Agreement are contained in paragraph 10.11 of Part VI of this document.

## PART VI

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Company and each of the Directors, whose names appear on page 16 of this Admission Document, individually and collectively accept full responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies and the ESM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. THE COMPANY

- 2.1 The Company was incorporated in Ireland on 13 October 2017 as a public limited company under the Companies Act with the name IVRE AR/ VR Plc. On 28 October 2017, the Company's name was changed to VR Education Holdings Plc. The liability of the members of the Company is limited. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder. The Company was incorporated specifically for the purpose of acquiring the entire issued share capital of IVRE pursuant to the Share Swap Agreement and in accordance with the Reorganisation. Please see paragraph 10.1 of this Part VI for further details of the Share Swap Agreement.
- 2.2 On 28 December 2017 the Company obtained its certificate to commence trading.
- 2.3 The Company's registered office and principal place of business is at Unit 9, Cleaboy Business Park, Waterford, Ireland. The Company is domiciled in Ireland.
- 2.4 The Company's corporate website, at which the information required by AIM Rules and ESM Rules can be found, is [www.vreducationholdings.com](http://www.vreducationholdings.com).
- 2.5 The financial year end of the Company is 31 December.

#### 3. CORPORATE STRUCTURE

- 3.1 Subject to the Reorganisation Conditions, the Company will be the holding company of the following subsidiary undertaking which will be legally and beneficially wholly-owned by the Company:

<i>Company name</i>	<i>Country of incorporation</i>	<i>% of issued share capital held directly or indirectly by the Company</i>	<i>Principal activity</i>
IVRE	Ireland	100%	Software consultancy and supply

#### 4. SHARE CAPITAL

- 4.1 The issued Ordinary Share capital of the Company as at (i) the Latest Practicable Date, (ii) assuming completion of the Reorganisation (but excluding the Placing Shares and Fee Shares), and (iii) immediately following Admission is expected to be as follows:

<i>Class</i>	<i>Issued and paid up number at the Latest Practicable Date</i>	<i>Issued and paid up number upon completion of the Reorgan- isation*</i>	<i>Issued and paid up number immediately following Admission</i>
Ordinary Shares	1	133,089,740	193,136,406

\* Excluding the Placing Shares and Fee Shares

- 4.2 As at the Latest Practicable Date and at Admission, the Company had no shares (including treasury shares) that were purchased by the Company, but not cancelled, in issue.
- 4.3 Save as disclosed in paragraph 10.5 of this Part VI, no commissions, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.
- 4.4 Save for the Warrants, Fee Shares and the existing Options as disclosed in paragraphs 10, 11 and 12 of this Part VI, there are no acquisition rights or obligations in relation to the authorised but unissued shares in the capital of the Company or an undertaking to increase the capital of the Company and no share capital of the Company is under option or subject to a conditional or unconditional agreement to grant an option thereover.

#### 4.5 History of Share Capital of the Company

- 4.5.1 The Company was incorporated on 13 October 2017 with an authorised share capital of €1,000,000 divided into (i) 950,000,000 Ordinary Shares of which 1 fully paid Ordinary Share was issued to Sandra Whelan, the initial subscriber to the Articles of the Company, and (ii) 50,000 Redeemable Shares.

- 4.5.2 Between the date of incorporation of the Company and the date of this document, there have been the following changes in the authorised and issued share capital of the Company:

On 13 December 2017, the Company issued 25,000 Redeemable Shares at par value to Richard Cooper. These Redeemable Shares were issued to allow the Company to satisfy the applicable authorised minimum share capital requirements for a PLC under Irish company law, in order to obtain a certificate to commence business from the Irish Companies Registration Office.

- 4.5.3 Conditional on satisfaction of the Reorganisation Conditions, the Company will acquire the then entire issued share capital of IVRE from the IVRE Sellers on the terms set out in the Share Swap Agreement referred to in paragraph 10.1 of this Part VI, in consideration of the allotment of Ordinary Shares in the capital of the Company (and a cash payment of approximately €14,000 only in respect of Enterprise Ireland), to the IVRE Sellers pursuant to the Reorganisation in consideration for the issue of an aggregate of 133,089,739 Ordinary Shares to the shareholders of IVRE.
- 4.5.4 On Admission, 60,046,666 Ordinary Shares will be issued by the Company pursuant to the Placing and issue of Fee Shares.
- 4.5.5 On Admission, 4,246,195 options will be granted by the Company pursuant to the ESOP, details of which are set out in paragraph 11.9 of this Part VI.



- 4.5.6 On Admission, 10,812,420 Warrants will be issued to certain advisers and investors, details of which are set out in paragraph 10.8 of this Part VI.
- 4.5.7 Immediately following Admission,
- a) the 25,000 issued Redeemable Shares will be redeemed at par, out of the proceeds of the Placing, and cancelled; and
  - b) the 50,000 authorised Redeemable Shares will be re-designated as Ordinary Shares
- Immediately following such cancellation, the authorised share capital of the Company be re-designated from €1,000,000, (divided into 950,000,000 Ordinary Shares and 50,000 Redeemable Shares) to 1,000,000,000 Ordinary Shares).
- 4.5.8 Immediately following Admission, the Enlarged Ordinary Share Capital will be comprised of 193,136,406 Ordinary Shares, all of which will be fully paid.
- 4.6 Authorisations relating to the share capital of the Company and related matters:
- 4.6.1 The articles of association of the Company in force at the date of this document permit the Directors to exercise all the powers of the Company to allot shares within the meaning of section 1021 of the Companies Act, and the Ordinary Shares to be issued pursuant to the Reorganisation will be issued under such authority.
- 4.6.2 By various written resolutions of the Company passed on 5 March 2018, it was resolved that:
- (a) conditional upon, and with effect on, Admission, the Company adopt the Articles.
  - (b) conditional upon, and with effect on, Admission, the aggregate ordinary remuneration permitted to be paid to the Directors in accordance with the Articles shall be determined from time to time by an ordinary resolution of the Company and any special remuneration for services outside the ordinary duties of a Director shall be paid as the Directors otherwise may determine, without prejudice to the reimbursement by the Company of expenses incurred by Directors in connection with the discharge of their duties.
- 4.6.3 The Directors' authority to issue the Placing Shares and the Fee Shares is contained in the Articles, further details of which are set out at paragraph 5.2(a) below.
- 4.6.4 With effect from Admission, the Ordinary Shares will be in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of Ordinary Shares in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations).
- 4.6.5 Following Admission, the Ordinary Shares will be registered under ISIN: IE00BG0HDR01, and using AIM ticker: VRE and ESM Symbol: 6VR
- 4.6.6 Following Admission, the Ordinary Shares will rank *pari passu* for dividends.

## 5. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following is a summary of the Articles (being effective immediately following Admission). Any Shareholder requiring further detail than that provided in the summary is advised to consult the Articles, which are available at [www.vreducationholdings.com](http://www.vreducationholdings.com).

### 5.1 Memorandum of Association

The Memorandum provides that the Company's objects are, among other things, to carry on business as a holding company.

The objects of the Company are set out in full in the Memorandum.

## 5.2 **Articles of Association**

The Articles of the Company contain (among others) provisions to the following effect:

### (a) *Allotment of shares*

Subject to the provisions of the Companies Act and of any resolution of the Company in general meeting, the shares shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders, but so that no share shall be allotted at a discount and so that, except in the case of shares allotted pursuant to an employees' share scheme (if any), the amount payable on application on each share shall not be less than one-quarter of the nominal amount of the share and the whole of any premium thereon.

Without prejudice to the generality of the powers conferred on the Directors by the preceding paragraph and the powers and rights of the Directors under or in connection with any share option schemes or arrangements which were adopted or entered into by the Company prior to the adoption of the Articles, the Directors may from time to time grant options to subscribe for the unallotted shares in the capital of the Company to persons in the employment of the Company or any subsidiary of the Company (including directors holding executive offices), on such terms and subject to such conditions as the members of the Company in general meeting may from time to time approve.

The Company may issue a warrant to any person to whom the Company has granted the right to subscribe for shares in the Company (other than under a share option scheme for employees, if any), certifying the right of the registered holder thereof to subscribe for shares in the Company upon such terms and conditions as the right may have been granted.

- (i) the Directors are, for the purposes of section 1021 of the Companies Act, generally and unconditionally authorised to exercise all powers of the Company to allot and issue the Placing Shares, any shares to be issued pursuant to the Adviser Warrants, the Fee Shares, existing Options and the terms of the Investor Warrants;
- (ii) the Directors are empowered pursuant to Sections 1022 and 1023(3) of the Companies Act to allot equity securities within the meaning of the said Section 1023 for cash pursuant to the authority conferred by the resolution set out in paragraph 5.2(a)(i), as if Section 1022 of the Companies Act did not apply to any such allotment, in order to permit the Company to proceed with the Placing.
- (iii) the Directors are generally and unconditionally authorised pursuant to section 1021 of the Companies Act, to exercise all powers of the Company to allot relevant securities (within the meaning of section 1021 of the Companies Act) up to an aggregate nominal value of €63,735.01 during the period commencing immediately following Admission and expiring on the conclusion of the first annual general meeting of the Company (to be held no later than 13 April 2019), provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
- (iv) the Directors are empowered pursuant to section 1023 of the Companies Act to allot equity securities (within the meaning of section 1023 of the Companies Act) for cash pursuant to the authority conferred by the resolution set out in paragraph 5.2(a)(i) above as if sub-section (1) of section 1022 of the Companies Act did not apply to any such allotment, provided that this power shall be limited:
  - to the allotment of equity securities in connection with a rights issue, open offer or other invitation;
  - to the allotment of equity securities or sale of treasury shares (otherwise than under sub-paragraph (i) above) up to an aggregate nominal value of 10 per cent. of the nominal value of the issued share capital following Admission); and
  - allotment of Ordinary Shares pursuant to the ESOP, Adviser Warrants and/or Investor Warrants.

such authority to expire on the conclusion of the first annual general meeting of the Company, provided that prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

(b) *Variation of rights*

Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class, and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting the provisions of the Articles relating to general meetings shall apply except that the quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and the quorum at an adjourned meeting shall be one person holding shares of the class in question or his proxy.

The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the Articles or the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or subordinate thereto or by the purchase or redemption by the Company of any of its shares.

(c) *Disclosure of Interests*

Chapter 4 of Part 17 of the Companies Act makes provision for the disclosure of interests in shares in public limited companies incorporated in the Republic of Ireland. This Act requires notification of interests in, and changes in interests of, 3 per cent. or more of the relevant share capital (or of any class of relevant share capital) of a public limited company. The notification obligation arises where there is a change in the percentage of shares in which a person has an interest from below to above the 3 per cent. threshold, or from above to below that threshold, or where 3 per cent. is exceeded both before and after the transaction but the percentage level, in whole numbers, changes (fractions of a percentage being rounded down to the next whole number). "Relevant share capital" is defined, broadly, as issued share capital carrying full voting rights.

The obligation to notify must be performed within the period of five clear business days from the date upon which the obligation arises. The notification to the relevant company must be in writing and must specify the share capital to which it relates; the number of shares comprised in that share capital in which the person making the notification knows he was interested immediately after the time when the obligation arose, or in a case where the person no longer has a notifiable interest in shares comprised in the share capital, state that he no longer has an interest; identify the notifier and give his address and, except where the notice is stating that the notifier no longer has a notifiable interest in the shares, give details of the registered holder of the shares and the number of shares held by such holder. Where a person fails to comply with the notification requirements described above, no right or interest of any kind whatsoever in respect of the shares concerned, held by such person, shall be enforceable by such person, whether directly or indirectly, by action or legal proceeding. However, such person may apply to the High Court of the Republic of Ireland to have the rights attaching to the shares concerned reinstated.

The Directors may require from time to time and at their absolute discretion if considered in the best interest of the Company to require ("**Investigation Notice**") any shareholder to notify the Company in writing with full and accurate particulars of that shareholders' interest in shares in the Company, the interests of all persons having a beneficial interest in the share registered to the name of that shareholder and any arrangements between that shareholder and the person(s) having such beneficial interest. Should the person having that beneficial interest is a body corporate, trust, society or any other legal entity or association of individuals and/or entities, the Directors may require from that shareholder to notify the full name and addresses of the individuals who control, directly or indirectly, the beneficial ownership of all those shares, interests or other

measure of ownership in such body corporate, trust, society or other entity or association wherever the same shall be incorporated, registered or domiciled or wherever such individuals shall reside, unless it is established to the satisfaction of the Directors that such chain of ownership to be in the ownership of a body corporate listed in a bona fide stock exchange, unlisted securities market or over the counter securities market.

If default is made of an Investigation Notice or a notice pursuant to section 1062 of the Companies Act within the prescribed period or if the information provided is false or inadequate, then the Directors may in their absolute discretion issue a notice ("**Disenfranchisement Notice**") to the relevant shareholder that the shares in relation to which a default occurred (the "**Default Shares**"), the shareholder shall not be entitled to attend or to vote at general meetings of the Company. Where the Default Shares represent at least 0.25% of the issued shares of that class, the Disenfranchisement Notice may additionally direct that in respect of the Default Shares:

- i. Except in a liquidation of the Company, no payment of capital, dividend or otherwise is to be made;
- ii. no other distribution is to be made;
- iii. no transfer shall be registered unless the shareholder is not himself in default as regards supplying the information or it is an approved transfer.

For as long as the Company has a class of shares admitted to trading on the London Stock Exchange, the provisions of Chapter 5 of the United Kingdom disclosure rules and transparency rules as amended from time to time as published by the Financial Services Authority of the United Kingdom ("**DTR5**") and the vote holder and issuer notification rules set out in DTR5 applies to the Company and each shareholder and, notwithstanding the time limits for disclosure set out in DTR5, the Company must (in accordance with Rule 17 of the AIM Rules) notify the relevant disclosure to a Regulatory Information Service (as defined in the AIM Rules) without delay. For the purposes of DTR5, the Company shall be deemed to be an Issuer not an Non-UK Issuers (as each such term is defined in DTR5).

If the Company has determined that a shareholder has failed to comply with DTR5 (a "**Defaulting Shareholder**") with respect of some or all of the shares held by the Defaulting Shareholder ("**Default DTR5 Shares**"), the Company has the right by delivery of notice to the Defaulting Shareholder to:

- i. suspend voting rights of the Default DTR5 Shares;
- ii. withhold, without any obligation to pay any interest, any dividend or other amount payable in respect of the Default DTR5 Shares;
- iii. render ineffective any election to receive shares of the Company instead of cash in respect of any dividend or part thereof; and / or
- iv. prohibit the transfer of any shares held by the Defaulting Shareholder except pursuant to an approved transfer.

(d) *Transfer of shares*

Subject to such of the restrictions of the Articles and to such of the conditions of issue as may be applicable, the shares of any member may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve.

The instrument of transfer of any share shall be executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof.

The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of a share which is not fully paid, any transfer to or by a minor or person with a mental disorder as defined in the Mental Health Act 2001 or any share subject to a transfer restriction as referred to in first paragraph of this section 5.2(d), provided that such refusal would not prevent dealings in such shares from taking place on an open and proper basis and in the

case of shares listed in a stock exchange, the Directors shall allow dealings in such shares to take place on an open and proper basis.

Subject to the provisions of the Companies Act and any regulations made thereunder, the Directors may decline to register any instrument of transfer, or renunciation of a renounceable letter of allotment, of any shares unless:

- it is lodged at the registered office of the Company or at such other place as the Directors may appoint and is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor;
- it is in respect of one class of share only;
- it is in favour of not more than four persons jointly;
- the Directors are satisfied all applicable consents, authorisations, permissions or approvals of any government body or agency in Ireland or other applicable jurisdiction required has been obtained; and
- the Directors are satisfied the transfer would not violate the terms of any agreement to which the Company and the transferor are part or subject.

(e) *Alteration of capital*

The Company may by ordinary resolution:

- increase its share capital;
- consolidate and divide all or any of its share capital into shares of a larger amount;
- subject to the provisions of the Companies Act, sub-divide its shares, or any of them, into shares of smaller amount; or
- cancel any shares which have not been taken or agreed to be taken by any person and reduce the amount of its share capital by the amount of the shares so cancelled.

(f) *Reduction of capital*

The Company may, by special resolution, reduce its company capital or any undenominated capital in any manner and with, and subject to, any incident authorised, and consent required, by law.

(g) *Purchase of own shares*

Subject to the provisions of the Companies Act, any other applicable law or regulation, and any rights conferred on the holders of any class of shares, the Company may purchase all or any of its own shares of any class including redeemable shares. A company shall not exercise any authority granted under section 1074 of the Companies Act to make market purchases of its own shares unless the authority required by such section shall have been granted by a special resolution of the Company. The Company may cancel any shares so purchased or may hold them as treasury shares and re-issue any such treasury shares as shares of any class or classes or cancel them.

(h) *General meetings*

The Company shall hold in each year a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it. Not more than 15 months shall elapse between the date of one annual general meeting and that of the next.

All general meetings other than annual general meetings shall be called extraordinary general meetings.

The Directors may convene general meetings. Extraordinary general meetings may also be convened on such requisition, or in default, may be convened by such requisitionists as provided by the Companies Act.

Subject to the provisions of the Companies Act allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting shall be called by at least 21 clear days' notice, except that an extraordinary general meeting that is not called for the passing of a special resolution may, subject to compliance with all applicable provisions of the Companies Act, be called by at least 14 clear days' notice.

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Two persons entitled to attend and to vote upon the business to be transacted, each being a member or a proxy for a member, shall be a quorum.

If such a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine.

All business shall be deemed special that is transacted at an extraordinary general meeting. All business that is transacted at an annual general meeting shall also be deemed special, with the exception of declaring a dividend, the consideration of the Company's statutory financial statements and reports of the Directors and auditors, the review by the members of the Company's affairs, the appointment of Directors in the place of those retiring (whether by rotation or otherwise), the fixing of the remuneration of the Directors subject to sections 380 and 382 to 385 of the Companies Act, the appointment and re-appointment of the auditors and the fixing of the remuneration of the auditors.

Every member entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on his behalf provided, however, that a member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to shares held in different shares, subject to such requirements and restrictions as the Directors may from time to time specify.

(i) *Voting Rights*

The holders of Ordinary Shares have the right to receive notice of and attend and vote at all general meetings of the Company and they are entitled, on a poll or a show of hands, to one vote for every Ordinary Share they hold.

Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares and subject to any suspension or abrogation of rights pursuant to the Articles, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying rights of which he is the holder. On a poll a member entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.

Subject to the Companies Act and to such requirements and restrictions as the Directors may, in accordance with the Companies Act, specify, the Company at its discretion may provide for participation and voting in a general meeting by electronic means.

(j) *Default in payment of calls*

Unless the Directors otherwise determine, no member shall be entitled to vote at any general meeting or any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, or to exercise any privilege as a member in respect of any share held by him unless all moneys then payable by him in respect of that share have been paid.

(k) *Restriction of voting*

- (i) If at any time the Directors shall determine that a Specified Event (as defined in sub-paragraph (l) below) shall have occurred in relation to any share or shares, they may in their absolute discretion serve a notice to such effect on the holder or holders thereof. Upon



the service of any such notice (referred to as a “**Restriction Notice**”) and for so long as such Restriction Notice shall remain in force:

- (ii) no holder or holders of the share or shares specified in such Restriction Notice (referred to as “**Specified Shares**”) shall be entitled in respect of the Specified Shares to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting;
  - (iii) A Restriction Notice shall be cancelled by the Directors as soon as reasonably practicable, but in any event not later than 48 hours, after the holder or holders concerned or any other relevant person shall have remedied the default by virtue of which the Specified Event shall have occurred. A Restriction Notice shall automatically cease to have effect in respect of any share transferred upon registration thereof.
  - (iv) The Directors shall cause a notation to be made in the register against the name of any holder or holders in respect of whom a Restriction Notice shall have been served indicating the number of Specified Shares specified in such Restriction Notice and shall cause such notation to be deleted upon cancellation or cesser of such Restriction Notice.
  - (v) Any determination of the Directors and any Restriction Notice served by them pursuant to the provisions of this paragraph shall be conclusive as against the holder or holders of any share and the validity of any notice served by the Directors in pursuance of this paragraph shall not be questioned by any person.
  - (vi) If, while any Restriction Notice shall remain in force in respect of any Specified Shares, any further shares shall be issued in respect thereof pursuant to a capitalisation issue under the Articles, the Restriction Notice shall be deemed also to apply likewise to such holder or holders in respect of such further shares which shall as from the date of issue thereof form part of the Specified Shares for all purposes of this paragraph.
  - (vii) On the cancellation of any Restriction Notice, the Company shall pay to the holder (or, in the case of joint holders, the first named holder) on the register in respect of the Specified Shares as of the record date for any such sum all sums the payment of which shall have been withheld pursuant to the provisions of the Articles.
- (l) A “Specified Event” *shall be deemed to have occurred in relation to any share if:*
- (i) the holder or any of the holders shall fail to pay any call or instalment of a call-in respect of such share in the manner and at the time appointed for payment thereof;
  - (ii) the holder or any of the holders or any other person shall fail to comply, to the satisfaction of the Directors and within the period prescribed by such notice, in relation to such share with the terms of any disclosure notice given to him under Article 8 of the Articles (an “**Investigation Notice**”); or
  - (iii) the holder or any of the holders or any other person shall fail to comply, to the satisfaction of the Directors and within the period prescribed by such notice, in relation to such share with the terms of any notice given to him pursuant to section 1062 of the Companies Act.
- (m) *For the purposes of the Articles:*
- (i) an “Approved Transfer” is a transfer of shares which:
    - is made pursuant to acceptance of a general offer made by or on behalf of the offeror to all holders (or all such holders other than the offeror and nominees of the offeror); or
    - the Directors are satisfied has been made pursuant to a sale of the whole of the beneficial interest in the shares comprised in the transfer to a person unconnected with the holder or with any other person appearing to be interested; or
    - is made pursuant to sale on any stock exchange, on which the Company’s shares are, for the time being, normally traded.

- (ii) reference to a person having failed to comply with the terms of a Disclosure Notice given to him under the Articles or a notice given to him pursuant to section 1062 of the Companies Act includes reference:
    - to his having failed or refused to give all or any part of the information required by the notice; or
    - to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular.
- (n) *Directors*
  - (i) *Numbers*

Unless otherwise determined by the Company in general meeting, the number of Directors shall not be more than ten or less than two.
  - (ii) *Qualification*

A Director shall not require a share qualification.
- (o) *Remuneration*

The aggregated ordinary remuneration of the Directors shall not exceed such sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless any such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled to rank in such division for a proportion of the remuneration related to the period during which he has held office. Any sums payable pursuant to this paragraph shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to the Articles and shall accrue from day to day.

Any Director who holds any additional office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or of committees of Directors or of general meetings or of separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

A Director is expressly permitted (for the purposes of section 228(1)(d) of the Companies Act) to use the Company's property subject to such conditions as may be approved by the Board or such conditions as may have been approved pursuant to such authority as may be delegated by the Board in accordance with the Articles.
- (p) *Delegation*

The Directors may entrust to and confer upon a Director any of the powers, authorities and discretions exercisable by them (with power to sub-delegate) upon such terms and subject to such conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The Directors may delegate any of their powers, authorities and discretions (with power to sub-delegate) for such time, upon such terms and subject to such conditions and with such restrictions as they think fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons.



(q) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof and, subject to the Companies Act, to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

(r) *Retirement*

At the annual general meeting of the Company in every year:

- (i) every Director (if any) who was last appointed or re-appointed a Director at or before the annual general meeting held in the third calendar year before the year in question shall retire by rotation; and
- (ii) such additional Directors (if any) shall retire by rotation as shall increase the total number of Directors retiring by rotation at such meeting to one-third (or, if their number is not a multiple of three, the number nearest to one-third) of the number of Directors who are subject to retirement by rotation.

The Directors to retire by rotation at each annual general meeting in accordance with sub-paragraph (r)(ii) above shall, so far as necessary to obtain the number required, be, first, any Director who, being subject to retirement by rotation, wishes to retire and not to offer himself for re-appointment and, second, those of the remaining Directors subject to retirement by rotation who have been longest in office since their last appointment or re-appointment, but as between persons who became or were last appointed or re-appointed Directors on the same day those to retire shall be determined by the Directors. Subject to any Directors who wish to retire as stated above, the Directors to retire at each annual general meeting (both as to number and identity) shall be determined by the composition of the Directors 7 days before the date of the notice of such meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

(s) *Eligibility for Appointment*

No person other than a Director retiring by rotation or otherwise at the meeting shall be appointed or re-appointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment stating whether the person is proposed as an additional Director or to replace a Director who is retiring or being removed and the particulars which would be required, if he were so appointed, to be included in the Company's register of Directors, together with notice executed by that person of his willingness to be appointed.

Subject as aforesaid, the Company by ordinary resolution may appoint a person to be a Director either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors. The Directors may appoint from time to time a person who is willing to be a Director, either to fill a vacancy or as an additional Director, provided in such case that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors. Subject to the provisions of the Companies Act and of the Articles, a Director so appointed shall retire at the next following annual general meeting and shall then be eligible for re-appointment but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

(t) *Directors' Interests*

Subject to the provisions of the Companies Act and provided that he has complied with the disclosure obligations under the Articles, a Director, notwithstanding his office:

- may be a party to, or otherwise interested in, any contract, arrangement, transaction or proposal with the Company or any subsidiary or associated company thereof or in which the Company or any subsidiary or associated company thereof is otherwise interested;
- may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with his office of Director, and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors shall arrange;
- may be a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or associated company of the Company is otherwise interested; and
- shall not be accountable, by reason of his office, to the Company for any profit, remuneration or other benefit which he derives from any such contract, arrangement, transaction, proposal, office, place of profit or employment or from any interest in any such body corporate;

and no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided on account of such interest.

No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract entered into by the other Company in which any Director shall be in any way interested be avoided nor any Director so contracting shall be liable to account to the Company for any profit by reason of such Director holding that office or of the fiduciary relationship thereby established. The nature of a Director's interest must be declared at the meeting of the Directors at which the question of entering into the contract, arrangement, transaction or proposal is first considered, or, if the Director was not at the date of that meeting interested therein, at the next meeting of the Directors held after he became so interested, and, in a case where the Director becomes interested in a contract, arrangement, transaction or proposal after it is made, at the first meeting of the Directors held after he becomes so interested.

(u) *Interested Director not to vote or count for quorum*

Save as otherwise provided by the Articles, or by a resolution of the members, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has an interest which (together with any interest of any person connected with him) is to his knowledge material (otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company). A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.

A Director shall be entitled (in the absence of any other material interest than is indicated below) to vote (and to be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- any proposal concerning any offer of shares or debentures or other securities of or by the Company or any of its subsidiaries in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- any proposal concerning any other company in which he (together with any persons connected with him) does not to his knowledge have an interest (as that term is used in

Chapter 4 of Part 17 of the Companies Act) in one per cent. or more of either any class of the equity share capital of, or the voting rights in, such company;

- any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval for taxation purposes;
- any proposal relating to any arrangement for the benefit of employees (including full time Directors, if any) to acquire shares in the Company or any arrangements for the benefit of employees of the Company under which the Director benefits or may benefit; or
- any proposal concerning the giving of any indemnity to the Directors or any of them pursuant to the Articles or the discharge of the cost of any insurance which the Company proposes to maintain or purchase for the benefit of the Directors or any of them or for the benefit of persons who include the Directors or any of them.

(v) *Voting at Directors' meetings*

Questions arising at any meeting of Directors shall be decided by a majority of votes. Where there is an equality of votes, the chairman of the meeting shall have a second or casting vote. Each Director present shall have one vote and in addition to his own vote shall be entitled to one vote in respect of each other Director not present at the meeting who shall have authorised him in respect of such meeting to vote for such other Director in his absence. Any such authority may relate generally to all meetings of the Directors or to any specified meeting or meetings and shall be in writing and may be sent by delivery, post, electronic mail or any other means of communication approved by the Directors and may bear a printed electronic facsimile signature or advanced electronic signature of the Director giving such authority. The authority must be delivered to the secretary for filing prior to, or shall be produced at, the first meeting at which a vote is to be cast pursuant thereto provided that no Director shall be entitled to any vote at a meeting on behalf of another Director pursuant to this paragraph if the other Director shall have appointed an alternate Director and that alternate Director is present at the meeting at which the Director proposes to vote pursuant to this paragraph.

(w) *Indemnity*

Subject to the provisions of and so far as may be admitted by the Companies Act, every Director, auditor, secretary or other officer of the Company shall be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court.

(x) *Dividends*

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the Companies Act, the Directors may declare and pay such interim dividends as appear to them to be justified by the profits of the Company available for distribution.

The Directors may, with the authority of an ordinary resolution of the Company, capitalise any undivided profits of the Company not required for paying any preferential dividend or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of the Company's share premium account, capital redemption reserve undenominated capital or other reserve account that is not available for distribution, and capitalise the sum to the holders of Ordinary Shares in proportion to the nominal amounts of the shares held by them respectively.

(y) *Distribution on winding up*

If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively; and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up on the shares held by them respectively; provided, however, that this paragraph shall not affect the rights of the holders of shares issued upon special terms and conditions.

## 6. DIRECTORS' AND OTHER INTERESTS

- 6.1 The interests of the Directors in the issued Ordinary Share capital of the Company as at (i) the date of this document (ii) assuming completion of the Reorganisation but excluding the Placing Shares and Fee Shares, and (iii) immediately following Admission is expected to be as follows:

Director	Number of Ordinary Shares as at the date of this Document	Percentage of Ordinary Shares as at the date of this Document	Number of Ordinary Shares upon completion of the Reorgan- isation*	Percentage of Ordinary Shares upon completion of the Reorgan- isation*	Number of Ordinary Shares immediately following Admission	Percentage of Enlarged Ordinary Share Capital
David Patrick Whelan	nil	nil	38,665,000	29.04%	38,665,000	20.0%
Sandra Margaret Whelan	1	100%	38,665,000	29.04%	38,665,000	20.0%
Séamus Patrick Larrissey	nil	nil	nil	nil	88,183	0.1%
Richard Quentin Mortimer Cooper**	nil	nil	nil	nil	1,000,000	0.5%
Anthony Christopher Hanway	nil	nil	nil	nil	nil	nil
Michael Joseph Boyce	nil	nil	nil	nil	nil	nil

\* Excluding the Placing Shares and Fee Shares

\*\* As at the date of this Document, Richard Cooper holds 25,000 Redeemable Shares, which will be redeemed and cancelled immediately following Admission.

- 6.2 Immediately following Admission, with the exception of Séamus Larrissey and Richard Cooper, no Director will hold any Options in the capital of the Company. Mr Larrissey holds, conditional on Admission, Options in respect of 910,940 Ordinary Shares granted pursuant to the terms of the ESOP at an exercise price of €0.026 each, the Options in respect of 455,470 Ordinary Shares to vest on 21 August 2018 and Options for the balancing 455,470 Ordinary Shares to vest on 21 August 2020. Mr. Cooper holds, conditional on Admission, Options in respect of 1,000,000 Ordinary Shares granted pursuant the terms of the ESOP at an exercise price of €0.001 each, with the Options to vest in accordance with the vesting conditions detailed in paragraph 11.9 of this Part VI.
- 6.3 No Director or member of a Director's family has a related financial product (as defined in the AIM Rules and ESM Rules) referenced to the Company's share capital.
- 6.4 There are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any Director by the Company or any of its subsidiaries.
- 6.5 Save for the service contracts and letters of appointment referred to in paragraph 7 of this Part VI there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors of the Company connected with or dependent upon Admission or the Placing.
- 6.6 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Company or any other member of the Group during the current or immediately preceding financial year, or during any earlier financial year which remains in any respect outstanding or unperformed.

- 6.7 As at close of business on the Latest Practicable Date and save as disclosed in paragraph 21 of Part I, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises at the date of this document, or could immediately following Admission exercise, control over the Company.
- 6.8 Save as disclosed in this document in respect of the Reorganisation, there are no arrangements the operation of which may, at a date subsequent to the Latest Practicable Date, result in a change of control of the Company.

## 7. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

### 7.1 *Executive Directors' Service Agreements*

- (a) A service agreement was entered into between the Company and David Whelan on 5 March 2018, pursuant to which David Whelan was appointed Chief Executive Officer of the Company. Employment is terminable by either party giving twelve months' notice in writing. David Whelan is entitled to a base salary of €110,000 per annum. In the event of notice to terminate being served for any reason by either the Company or David Whelan, the Company may make payment of an amount of David Whelan's salary for the entire notice period or part thereof in lieu of notice. Standard "termination for cause" provisions are included in the service agreement which allow the Company to terminate without notice or the obligation to make payment in lieu of notice.
- (b) A service agreement was entered into between the Company and Sandra Whelan on 5 March 2018, pursuant to which Sandra Whelan was appointed Chief Operating Officer. Employment is terminable by either party giving twelve months' notice in writing. Sandra Whelan is entitled to a base salary of €90,000 per annum. In the event of notice to terminate being served for any reason by either the Company or Sandra Whelan, the Company may make payment of an amount of Sandra Whelan's salary for the entire notice period or part thereof in lieu of notice. Standard "termination for cause" provisions are included in the service agreement which allow the Company to terminate without notice or the obligation to make payment in lieu of notice.
- (c) A service agreement was entered into between the Company and Séamus Larrissey on 5 March 2018, pursuant to which Mr. Larrissey was appointed Chief Financial Officer. Upon the expiry of a period of twelve months from the date of Admission, Mr. Larrissey's employment is terminable by either party giving three months' notice in writing. Mr. Larrissey is entitled to a base salary of €85,000 per annum. In the event of notice to terminate being served for any reason by either the Company or Mr. Larrissey, the Company may make payment of an amount of Mr. Larrissey's salary for the entire notice period or part thereof in lieu of notice. Standard "termination for cause" provisions are included in the service agreement which allow the Company to terminate without notice or the obligation to make payment in lieu of notice.

### 7.2 *Non-Executive Directors' letters of appointment*

Each of Richard Cooper, Michael Boyce and Anthony Hanway were appointed as non-executive Directors on 1 November 2017, 19 January 2018 and 15 January 2018 respectively, by letters of appointment. At the Latest Practicable Date, there are three non-executive Directors of the Company. Summary details of the letters of appointment entered into between the Company and each of the non-executive Directors are set out below:

<i>Name</i>	<i>Title</i>	<i>Fee per annum</i>	<i>Initial term of appointment</i>	<i>Time commitment</i>	<i>Notice Period</i>
Richard Quentin Mortimer Cooper	Chairman and Non-Executive Director	£30,000	12 Months from the date of Admission	At least 2 days per month	a) Termination by the Company: 3 months' prior written notice;  b) Termination by non-executive director: 3 months' prior written with such notice period commencing no earlier than on the one year anniversary of Admission

<i>Name</i>	<i>Title</i>	<i>Fee per annum</i>	<i>Initial term of appointment</i>	<i>Time commitment</i>	<i>Notice Period</i>
Michael Joseph Boyce	Non-Executive Director	£24,000	12 Months from the date of Admission	At least 2 days per month	a) Termination by the Company: 3 months' prior written notice; b) Termination by non-executive director: 3 months' prior written with such notice period commencing no earlier than on the one year anniversary of Admission
Anthony Christopher Hanway	Non-Executive Director	£24,000	12 Months from the date of Admission	At least 2 days per month	a) Termination by the Company: 3 months' prior written notice; b) Termination by non-executive director: 3 months' prior written with such notice period commencing no earlier than on the one year anniversary of Admission

7.3 Pursuant to the non-executive director letter of appointment of Richard Quentin Mortimer Cooper, the Company shall pay to Luclem Estates and Advisory Limited, a service company wholly owned by Mr Cooper through which Mr Cooper provides such services to the Company as set down therein, his annual fee of £30,000 gross from 1 November 2017 (as disclosed in 7.2 above). Such fee shall be payable in equal instalments monthly in arrears to cover all duties, including committee chairmanships, service on any Board committee or board of directors of any member of the Group. Consultancy fees accrued from the commencement of Richard Cooper's appointment to the date of Admission totalling £50,000 (based on a daily consultancy fee of £1,250) shall be payable following Admission from the proceeds of the Placing.

7.4 The appointment of each non-executive Director will terminate without any entitlement to compensation if he or she is not elected or re-elected at an annual general meeting of the Company at which he or she retires and offers himself or herself for election or re-election, he or she is required to vacate office for any reason pursuant to any of the provisions of the Articles, or he or she is removed as a director or otherwise required to vacate office under any applicable law.

7.5 A non-executive Director's appointment may be terminated with immediate effect if he or she, *inter alia*, commits a material breach of his or her obligations to the Company (under the appointment letter), or if he or she acts in a manner which is likely to bring him or her or the Company into disrepute or is materially adverse to the interests of the Company.

7.6 None of the director service contracts, non-executive director appointment letters and key staff employment contracts provide for benefits upon termination of employment.

## **8. ADDITIONAL INFORMATION ON THE DIRECTORS**

8.1 In addition to being a director of the Company and IVRE, the Directors have held or hold the following directorships (excluding subsidiaries of any company of which he or she is also a director) and/ or have been/are a partner in the following partnerships within the five years immediately prior to the date of this document:

<i>Director</i>	<i>Current directorships or partnerships</i>	<i>Former directorships or partnerships</i>
David Patrick Whelan	–	–



<i>Director</i>	<i>Current directorships or partnerships</i>	<i>Former directorships or partnerships</i>
Sandra Margaret Whelan	–	–
Séamus Patrick Larrissey	Suir Valley Consulting DAC	–
Richard Quentin Mortimer Cooper	Sportech plc Luclem Estates & Advisory Limited Sportech Pools Games Limited Sportech Management Limited Sportech Pools Trustee Company Limited Sportech Group Holdings Limited Sportech Pools Competitions Limited Sportech Holdco 1 Limited Sportech Holdco 2 Limited Pools Company Limited Thepools.Com Limited C&P Promotions Limited Bet 247 Limited Datatote (England) Limited Sportech Gaming Limited Sportech Plc Sportech Inc	Centrebet Holdings Limited Centrebet Limited GVC Holdings PLC VTD Media GVC Administration Services Limited Interactive Sports (Denmark) ApS Rousset Capital Limited Fort Anne Limited Garton Admin Services Limited; M.L.B. Limited Headlong Limited GVC Investments Limited Interactive Sports (C.I.) Limited Spread Your Wings Germany Limited InteractiveSports Asia Limited Inc Gaming VC Corporation Limited GVC Support Services Limited Intertronic Limited Scandic Bookmakers Limited Spread Your Wings Bulgaria Limited Spread Your Wings Limited Interactive Sports Limited Sporting Odds Limited Sportingbet (IT Services) Limited Sportingbet (Management Services) Limited Sportingbet (Product Services) Limited Sportingbet Holdings Limited Sportingbet Limited Centrebet UK Limited Danbook Limited GVC Cyprus 2 Limited Priority Clear Limited GVC (Cyprus) 1 Limited SYW Italy Limited Sportingbet Finance (Guernsey) Limited The Sportingbet Foundation Limited Spread Your Wings Spain Plc Social Gambling (Channel Islands) Limited
Anthony Christopher Hanway	UPC Broadband Ireland Limited TV3 Television Network Limited TV Three Sales Limited TV Three Enterprises Limited Kish Media Limited Channel 6 Broadcasting Limited Tullamore Beta Limited Virgin Media Ireland Limited LGI Dth Ireland Unlimited Company Ulana Business Management Limited	Suir Nore Relays Limited Cable Management (Ireland) Limited Independent Wireless Cable Limited Westward Horizon Limited NTL Communications (Ireland) Limited Chorus Communication Limited NTL Irish Networks Limited Bitbuzz Limited
Michael Joseph Boyce	–	–

8.2 Save as set out in this document, at the Latest Practicable Date no Director has:

- (a) any unspent convictions in relation to indictable offences;
- (b) ever had any bankruptcy order made against him or entered into any individual voluntary arrangement with his creditors;
- (c) ever been a director of a company which, while he was a director or within twelve months after he ceased to be a director, has been placed in receivership, creditors' voluntary liquidation or administration or been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors;
- (d) ever been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or has had a receiver appointed to any partnership asset;
- (e) received any public criticism and/or sanction by any statutory or regulatory authority (including recognised professional bodies); or
- (f) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

## 9. SIGNIFICANT SHAREHOLDERS

9.1 Save as disclosed in paragraph 6.1 of this Part VI, the issued Ordinary Share capital of the Company as at (i) the date of this document (ii) assuming completion of the Reorganisation (but excluding the Placing Shares and Fee Shares), and (iii) immediately following Admission is expected to be as follows:

<i>Shareholder</i>	<i>Number of Ordinary Shares as at the date of this Document</i>	<i>Percentage of Ordinary Shares as at the date of this Document</i>	<i>Number of Ordinary Shares upon completion of the Reorganisation**</i>	<i>Percentage of Ordinary Shares upon completion of the Reorganisation**</i>	<i>Number of Ordinary Shares held immediately following Admission</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
Barry Downes*, Telecommunications Research Partners Consulting Limited*, Kernel Capital	nil	nil	9,620,000	7.23%	10,620,000	5.50%
Suir Valley Ventures	nil	nil	2,427,200	1.82%	2,427,200	1.26%
Enterprise Ireland	nil	nil	13,157,200	9.89%	13,157,200	6.81%
Octopus Investments Limited	nil	nil	11,556,580	8.68%	13,940,580	7.22%
Unicorn AIM VCT Plc	nil	nil	18,998,760	14.28%	18,998,760	9.84%
	nil	nil	nil	nil	20,700,000	10.72%
	nil	nil	nil	nil	15,877,000	8.22%

\* Barry Downes is the beneficial owner of Telecommunications Research Consulting Partners Limited ("TRPCL"). In addition to being a director of TRPCL, Mr Downes is the director and sole shareholder of Road Bd Investments Unlimited Company, the holding company of TRPCL.

\*\* Excluding the Placing Shares and Fee Shares

9.2 Save for the restrictions set out in the Relationship Agreement described in paragraph 10.13 of this Part VI, no major shareholders have different voting rights.

9.3 David and Sandra Whelan will, on Admission, hold, between them, 40.0 per cent. of the Enlarged Share Capital and in order to ensure that they do not abuse their controlling position they have entered into the Relationship Agreement, further details of which are set out in paragraph 10.13 of this Part VI.

## 10. MATERIAL CONTRACTS

Except for the contracts described below, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by any member of the Group during the two years immediately preceding the date of this document which are, or may be, material or which contain any



provision under which any member of the Group has any obligation or entitlement which is material to the Group as of the date here.

#### 10.1 **Share Swap Agreement**

The Share Swap Agreement, to be dated upon satisfaction of the Reorganisation Conditions, between the Company, Sandra Whelan, David Whelan, Barry Downes, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Kernel and Suir Valley (the “**Sellers**”), whereby the Company is to acquire all of the issued shares in the capital of IVRE from the Sellers for non-cash consideration consisting of the allotment of the Reorganisation Shares by the Company to the Sellers in the numbers detailed under column “Number of Ordinary Shares upon completion of the Reorganisation” of the table in paragraph 9.1 above (in addition to a cash consideration of €13,850 payable to Enterprise Ireland).

The Share Swap Agreement forms part of the documentation for the Reorganisation as set out in the Framework Agreement referred to at paragraph 10.2 below which is to be held in accordance with the terms of the Escrow Agreement referred to at paragraph 10.3 below pending the occurrence of certain pre-Admission events upon which they shall be released and delivered and thereby bringing the Reorganisation to completion.

#### 10.2 **Framework Agreement**

The Framework Agreement between the Company, IVRE, Sandra Whelan, David Whelan, Barry Downes, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Kernel and Suir Valley contains provisions setting out the Reorganisation, including:

- (a) the conversion of 13,014 EI CRCPS into Ordinary Shares and the surrender, for nil consideration of the balancing 236,986 EI CRCPS;
- (b) the capitalization of the Kernel LNs into Ordinary Shares;
- (c) the capitalization of the Suir LN;
- (d) the termination of all shareholder agreements in respect of IVRE;
- (e) the termination of all loan note instruments pursuant to which the Kernel LNs and the Suir LN were issued;
- (f) the release of the debentures granted by IVRE in respect of the 2016 Kernel LN the Suir LN and the termination of the Inter-creditor Agreement;
- (g) the entry into the Share Swap Agreement;
- (h) the entry into the director appointment deed between the Company and Kernel (the “**Director Appointment Confirmation Deed**”);
- (i) the entry into the Lock-In Deeds (as defined below); and
- (j) the entry into the Escrow Agreement.

The Framework Agreement and the documentation for the Reorganisation as set out in the Framework Agreement are held in accordance with the Escrow Agreement pending the occurrence of certain pre-Admission events (as further detailed in paragraph 10.3 below), upon which they shall be released and delivered and thereby bringing the Reorganisation to completion.

Following completion of the Reorganisation (the specific steps of which are set out in the Framework Agreement), the Company shall acquire the entire issued share capital of IVRE from Sandra Whelan, David Whelan, Barry Downes, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Kernel and Suir Valley (the “**Former IVRE Shareholders**”) in consideration for shares in the capital of the Company (in addition to a cash consideration in the sum of €13,850 only in respect of Enterprise Ireland), as a result of which the Former IVRE Shareholders shall cease to be shareholders of IVRE and shall become shareholders of the Company and IVRE shall become a wholly owned subsidiary of the Company.

The Company and IVRE have committed to pay within 15 business days following Admission: (i) all accrued interest on the Kernel LNs and the Suir LN and all interest that would have accrued on these

loan notes for the 12 month period from the date of Admission had such loan notes remained in issue; and (ii) all accrued investment monitoring fees pursuant to the Kernel 2016 Agreement, Kernel 2017 Agreement and the Suir Valley Agreement (as defined below) and all monitoring fees that would have accrued for the 12 months period from the date of Admission had such agreements not been terminated.

#### 10.2.1 *BD Investment Letter*

Pursuant to the terms of an investment letter dated 12 May 2015 between IVRE, Sandra Whelan, David Whelan and Barry Downes (the “**BD Investment Letter**”), Barry Downes subscribed for 1,111 ordinary shares of €0.01 each in the capital of IVRE at a price of €9.00 per share. As part of the Reorganisation detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission, a deed of termination will be entered for the termination of the BD Investment Letter and Barry Downes entered into the Share Swap Agreement as a result of which Barry Downes will cease to be a shareholder of IVRE and will become a shareholder of the Company while IVRE will become a wholly owned subsidiary of the Company. As a result of the Reorganisation and termination of the BD Investment Letter, Barry Downes will be issued 9,620,000 Ordinary Shares in the Company.

#### 10.2.2 *2015 EI Agreement*

Pursuant to the terms of a share subscription and shareholders’ agreement dated 2 October 2015 between David Whelan, Sandra Whelan, Barry Downes, IVRE and Enterprise Ireland (the “**2015 EI Agreement**”), Enterprise Ireland subscribed for 1,266 ordinary shares of €0.01 each in the capital of IVRE in two tranches, 611 ordinary shares of €0.01 each at a price of €40.91 per share in tranche 1 and 655 ordinary shares of €0.01 each at a price of €38.1679 per share in tranche 2. As part of the reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission, a deed of termination between David Whelan, Sandra Whelan, Barry Downes, IVRE and Enterprise Ireland will be entered for the termination of the 2015 EI Agreement and Enterprise Ireland entered into the Share Swap Agreement as a result of which Enterprise Ireland will cease to be a shareholder of IVRE and will become a shareholder of the Company while IVRE will become a wholly owned subsidiary of the Company. As a result of the Reorganisation and termination of the 2015 EI Agreement, EI will be issued 9,368,400 Ordinary Shares in the Company.

#### 10.2.3 *2016 Kernel Agreement and 2016 Kernel Loan Note Instrument*

Pursuant to the terms of a subscription agreement dated 30 June 2016 between David Whelan, Sandra Whelan, IVRE and Kernel (the “**2016 Kernel Agreement**”), Kernel subscribed for 52 ordinary shares of €0.01 each in the capital of IVRE at a price of €192.07 per share and subscribed for the 2016 Kernel LN on the terms set out in the loan note instrument dated 30 June 2016 entered into by IVRE (the “**2016 Kernel Loan Note Instrument**”), including (i) standard covenants and general warranties by IVRE; (ii) provisions for the repayment of the 2016 Kernel LN at any time after the fifth anniversary of the date of the 2016 Kernel Loan Note Instrument; (iii) provisions for the automatic repayment on the sale of all or substantially all assets of IVRE or acquisition by a third party of a controlling interest in IVRE; (iv) provisions for the request of the payment of the loan on the liquidation or an insolvency event of IVRE; (v) right to request redemption of loan notes and application of the proceeds in the subscription of new shares in IVRE; (vi) provision of the interest of 2 per cent. per annum on the loan notes to increase to the rate at which banks in the Dublin interbank market are offered Euro deposits for twelve months in an amount comparable to the principal of the loan notes outstanding from time to time (“**EURIBOR**”) plus 9 per cent. on a material breach of the terms of issue of the loan notes, breach of IVRE covenants and breach of terms of the 2016 Kernel Agreement. As part of the Reorganisation detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission, the 2016 Kernel LN will be capitalised by the Company and the proceeds will be applied to the subscription by Kernel of 384,800 ordinary shares of €0.001 each in the capital of IVRE, conditional on Admission, a deed of termination between David Whelan, Sandra Whelan, IVRE and Kernel and a deed of termination of IVRE will be entered for the termination of the 2016 Kernel Agreement and 2016 Kernel Loan Note

Instrument and Kernel entered into the Share Swap Agreement as a result of which Kernel will cease to be a shareholder of IVRE and will become a shareholder of the Company while IVRE will become a wholly owned subsidiary of the Company. As a result of the Reorganisation and termination of the 2016 Kernel Agreement and 2016 Kernel Loan Note Instrument, Kernel will be issued 9,629,620 Ordinary Shares in the Company.

#### 10.2.4 *Kernel Debenture*

Pursuant to the terms of a debenture dated 30 June 2016 between IVRE and Kernel (the “**Kernel Debenture**”), IVRE provided security for its obligations in respect of the 2016 Kernel LN, including fixed and floating charges over all assets and business of IVRE and a negative pledge by IVRE not to create, extend or permit any encumbrance over all or part of IVRE’s assets and business without Kernel’s prior written consent. In addition, IVRE gave standard representations, warranties and covenants to Kernel. Kernel was granted power of sale and power of leasing, entry into possession, powers and appointment and powers of receiver with standard power of attorney provisions from IVRE to Kernel. As part of the Reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission, a deed of release will be between Kernel and IVRE entered for the release of the Kernel Debenture.

#### 10.2.5 *Suir Valley Agreement and 2017 Suir Valley Loan Note Instrument*

Pursuant to the terms of a subscription agreement dated 23 March 2017 between David Whelan, Sandra Whelan, IVRE and Suir Valley (the “**Suir Valley Agreement**”), Suir Valley subscribed for 625 ordinary shares of €0.001 each in the capital of IVRE at a price of €19.20 per share and subscribed for the Suir LN on the terms set out in the loan note instrument dated 23 March 2017 entered into by IVRE (the “**2017 Suir Valley Loan Note Instrument**”), including (i) standard covenants and general warranties by IVRE; (ii) provisions for the repayment of the Suir LN at any time after the fifth anniversary of the date of the 2017 Suir Valley Loan Note Instrument; (iii) provisions for the automatic repayment on the sale of all or substantially all assets of IVRE or acquisition by a third party of a controlling interest in IVRE; (iv) provisions for the request of the payment of the loan on the liquidation or an insolvency event of IVRE; (v) right to request at any time the redemption of loan notes and application of the proceeds in the subscription by Suir Valley of new shares in IVRE; (vi) provision for the interest of 2 per cent. per annum on the loan notes to increase to a rate of EURIBOR plus 9 per cent. on a material breach of the terms of issue of the loan notes, breach of IVRE covenants and breach of terms of the Suir Valley Agreement. As part of the reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission the Suir LN will be capitalised by the Company and the proceeds will be applied to the subscription by Suir Valley of 462,500 ordinary shares of €0.001 each in the capital of IVRE, conditional on Admission, a deed of termination between David Whelan, Sandra Whelan, IVRE and Suir Valley and a deed of termination of IVRE will be entered into for the termination of the Suir Valley Agreement and the 2017 Suir Valley Loan Note Instrument and Suir Valley entered into the Share Swap Agreement as a result of which Suir Valley will cease to be a shareholder of IVRE and will become a shareholder of the Company while IVRE will become a wholly owned subsidiary of the Company. As a result of the Reorganisation and termination of the Suir Valley Agreement and 2017 Suir Valley Loan Note Instrument, Suir Valley will be issued 11,556,580 Ordinary Shares in the Company.

#### 10.2.6 *Suir Valley Debenture*

Pursuant to the terms of a debenture dated 23 March 2017 between IVRE and Suir Valley (the “**Suir Valley Debenture**”), IVRE provided security for its obligations in respect of the Suir LN, including fixed and floating charges over all assets and business of IVRE and negative pledge by IVRE not to create, extend or permit any encumbrance over all or part of IVRE’s assets and business without Kernel’s prior written consent. In addition, IVRE gave standard representations, warranties and covenants to Kernel. Kernel was granted power of sale and power of leasing, entry into possession, powers and appointment and powers of receiver with standard power of attorney provisions from IVRE to Kernel. As part of the reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission, a deed of release between IVRE and Suir Valley will be entered into for the release of the Suir Valley Debenture.

#### 10.2.7 *Intercreditor Agreement*

The intercreditor agreement dated 23 March 2017 between Kernel, Suir Valley and IVRE (the “**Intercreditor Agreement**”) regulated the order and priority of Kernel’s and Suir Valley’s respective interests in the security provided by IVRE under the Kernel Debenture and the Suir Valley Debenture. As part of the reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission, a deed of termination between Kernel, Suir Valley and IVRE will be entered for the termination of the Intercreditor Agreement.

#### 10.2.8 *2017 EI Agreement*

Pursuant to the terms of a share subscription and shareholders’ agreement dated 20 April 2017 between David Whelan, Sandra Whelan, IVRE and Enterprise Ireland (the “**2017 EI Agreement**”), Enterprise Ireland subscribed for 250,000 EI CRCPS at a price of €1.00 per EI CRCPS. As part of the reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission 13,014 EI CRCPS will be converted into 13,014 Ordinary Shares in the Company and the balancing 236,986 EI CRCPS will be surrendered for nil consideration and a deed of termination between David Whelan, Sandra Whelan, IVRE and Kernel will be entered into for the termination of the 2017 EI Agreement.

#### 10.2.9 *2017 Kernel Agreement and 2017 Kernel Loan Note Instrument*

Pursuant to the terms of a subscription agreement dated 2 June 2017 between David Whelan, Sandra Whelan, IVRE and Kernel (the “**2017 Kernel Agreement**”), Kernel subscribed for the 2017 Kernel LN on the terms set out in the loan note instrument dated 2 June 2017 entered into by IVRE (the “**2017 Kernel Loan Note Instrument**”), including (i) standard covenants and general warranties by IVRE; (ii) provisions for the repayment of the 2017 Kernel LN at any time after 30 June 2021; (iii) provisions for the automatic repayment on the sale of all or substantially all assets of IVRE or acquisition by a third party of a controlling interest in IVRE; (iv) provisions for the request of the payment of the loan on the liquidation or an insolvency event of IVRE; (v) right to request at any time the redemption of loan notes and the application of the proceeds in the subscription by Kernel of new shares in IVRE; (vi) provision for the interest of 2 per cent. per annum on the loan notes to increase to a rate of EURIBOR plus 9 per cent. on a material breach of the terms of issue of the loan notes, breach of IVRE covenants and breach of terms of the 2017 Kernel Agreement. As part of the reorganisation steps detailed in paragraphs 10.1 (Share Swap Agreement) and 10.2 (Framework Agreement) above, conditional on Admission the 2017 Kernel LN will be capitalised by the Company and the proceeds will be applied to the subscription by Kernel of 4,826 ordinary shares of €0.001 each in the capital of IVRE and conditional on Admission, a deed of termination between David Whelan, Sandra Whelan, IVRE and Kernel and a deed of termination of IVRE will be entered for the termination of the 2017 Kernel Agreement and 2017 Kernel Loan Note Instrument. As a result of the Reorganisation and conversion of the 2017 Kernel Agreement and 2017 Kernel Loan Note Instrument, Kernel will be issued 3,527,580 Ordinary Shares in the Company.

### 10.3 **Escrow Agreement**

The Escrow Agreement dated 22 February 2018 between the Company, IVRE, Sandra Whelan, David Whelan, Barry Downes, Telecommunications Research Partners Consulting Limited, Enterprise Ireland, Kernel, Suir Valley, Ronan Daly Jermyn solicitors (“**RDJ**”) and Wallace Corporate Counsel (as the Escrow Agent), pursuant to which pending the occurrence of certain pre-Admission events the Framework Agreement and the Reorganisation documentation are held under escrow as follows:

- (a) Kernel’s signatures to the Framework Agreement and the Reorganisation documents to which Kernel is a party (the “Kernel’s Signatures”) held by RDJ as sole escrow agent for Kernel pending receipt by Kernel of confirmation from the Joint Brokers that legally binding placing letters which are unconditional in all respects, save only for a condition that Admission shall occur by 30 April 2018, representing aggregate commitments of not less than €4,500,000, have been received by the Joint Brokers (the “Kernel Release Event”); and

- (b) the Framework Agreement and Reorganisation documents (to include the Kernel's Signatures once the Kernel Release Event has occurred) held by Wallace Corporate Counsel as escrow agent pending:
  - a. receipt by Enterprise Ireland and Suir Valley of confirmation from the Joint Brokers that legally binding placing letters which are unconditional in all respects, save only for a condition that Admission shall occur by 30 April 2018, representing aggregate commitments of not less than €4,500,000, have been received by the Joint Brokers; and
  - b. the issue by the London Stock Exchange of a dealing notice at 8am on the date of Admission,(the "**Release Event**").

On the occurrence of the Kernel Release Event, Kernel's Signatures shall be automatically and unequivocally released by RDJ to Wallace Corporate Counsel.

On the occurrence of the Release Event, the Framework Agreement and the Reorganisation documents (to include Kernel's Signatures) shall be dated and automatically and unequivocally released and delivered thereby becoming effective.

#### 10.4 **Director Appointment Confirmation Deed**

The Director Appointment Confirmation Deed between the Company and Kernel, pursuant to which, conditional on Admission and subject always to the AIM Rules and ESM Rules and the Articles, the Company granted to Kernel the right to appoint one person as a non-executive director of the Company subject to Kernel holding not less than 2.5 per cent. of the issued Ordinary Shares following Admission and subject to regulatory assessment of suitability/probity requirements under AIM Rules and ESM Rules.

#### 10.5 **Joint Broker Engagement Letters**

An engagement letter dated 25 May 2017 between Shard Capital Limited and the Company, pursuant to which Shard agreed to act as joint broker in relation to the Placing.

An engagement letter dated 15 February 2018 between Davy and the Company, pursuant to which Davy agreed to act as joint broker in relation to the Placing.

#### 10.6 **Nominated Adviser Agreement**

On 5 March 2018, the Company entered into a nominated adviser agreement with Cairn pursuant to which the Company appointed Cairn as nominated adviser for the purposes of the AIM Rules. The agreement sets out the scope of Cairn's appointment. The Company has agreed to pay Cairn an annual retainer fee. Such fee shall be payable quarterly in advance.

The agreement contains certain customary undertakings and indemnities given by the Company in favour of Cairn. There is a minimum period of engagement of 12 months and thereafter a three month notice period to terminate the services of Cairn. Either party may terminate the agreement with immediate effect if the other party is in material breach of its obligations under the agreement.

#### 10.7 **ESM Adviser and Broker Agreement**

On 5 March 2018, the Company entered into an ESM adviser and broker agreement with Davy pursuant to which the Company appointed Davy as ESM adviser for the purposes of the ESM Rules. The Company has agreed to pay Davy an annual retainer fee. Such fee shall be payable six monthly in advance.

The agreement contains certain customary undertakings and indemnities given by the Company in favour of Davy. There is a minimum period of engagement of 12 months and thereafter a 60 day notice period to cancel the services of Davy. Either party may terminate the agreement with immediate effect if the other party is in material breach of its obligations under the agreement.



## 10.8 **Warrant Agreements**

Such number of Adviser Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and J&E Davy, over such number of new Ordinary Shares in the Company as is equal to 2 per cent. of the Ordinary Shares placed by J&E Davy on Admission, exercisable at a 50 per cent. premium to the Issue Price expiring on 31 December 2019.

Such number of Adviser Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and Shard Capital Limited, over such number of new Ordinary Shares in the Company as is equal to 2 per cent. of the Ordinary Shares placed by Shard on Admission, exercisable at a 50 per cent. premium to the Issue Price expiring on 31 December 2019.

Such number of Adviser Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and Anzac Investments Limited (a nominee of Wallace Corporate Counsel), over such number of new Ordinary Shares in the Company as is equal to 1 per cent. of the issued Ordinary Shares at Admission, exercisable at a 50 per cent. premium to the Issue Price expiring 36 months from Admission.

Such number of Adviser Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and Cairn, over such number of new Ordinary Shares in the Company as is equal to 1 per cent. of the issued Ordinary Shares at Admission, exercisable at a 50 per cent. premium to the Issue Price expiring on the fifth anniversary of Admission.

Such number of Investor Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and Kernel, over such number of new Ordinary Shares in the Company as is equal to 1 per cent. of the issued Ordinary Shares at Admission, exercisable at a 50 per cent. premium to the Issue Price expiring 36 months from Admission.

Such number of Investor Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and Suir Valley, over such number of new Ordinary Shares in the Company as is equal to 1 per cent. of the issued Ordinary Shares at Admission, exercisable at a 50 per cent. premium to the Issue Price expiring 36 months from Admission.

Such number of Investor Warrants conditional on Admission pursuant to a warrant deed dated 5 March 2018 between the Company and Enterprise Ireland, over such number of new Ordinary Shares in the Company as is equal to 1 per cent. of the issued Ordinary Shares at Admission, exercisable at a 50 per cent. premium to the Issue Price expiring 36 months from Admission.

A summary of the Adviser Warrants and Investor Warrants granted by the Company, conditional upon Admission, are set out below:

<i>Warrant holder</i>	<i>Subscription right</i>	<i>Exercise price</i>	<i>Expiry</i>
J&E Davy	Warrants over 50,020 Ordinary Shares equal to 2% of the number of Placing Shares placed by the warrant holder	50% premium to the Issue Price	31 December 2019
Shard Capital Partners LLP	Warrants over 1,105,580 Ordinary Shares equal to 2% of the number of Placing Shares placed by the warrant holder	50% premium to the Issue Price	31 December 2019
Anzac Investments Limited (as nominee of Wallace Corporate Counsel)	Warrants over 1,931,364 Ordinary Shares as is equal to 1% of the issued Ordinary Shares at Admission	50% premium to the Issue Price	12 March 2021
Cairn Financial Advisers LLP	Warrants over 1,931,364 Ordinary Shares as is equal to 1 per cent. of the issued Ordinary Shares at Admission	50% premium to the Issue Price	12 March 2023

<i>Warrant holder</i>	<i>Subscription right</i>	<i>Exercise price</i>	<i>Expiry</i>
Kernel Seed Fund 2009 Limited	Warrants over 1,931,364 Ordinary Shares as is equal to 1% of the issued Ordinary Shares at Admission	50% premium to the Issue Price	12 March 2021
Suir Valley Funds ICAV	Warrants over 1,931,364 Ordinary Shares as is equal to 1% of the issued Ordinary Shares at Admission	50% premium to the Issue Price	12 March 2021
Enterprise Ireland	Warrants over 1,931,364 Ordinary Shares as is equal to 1% of the issued Ordinary Shares at Admission	50% premium to the Issue Price	12 March 2021

#### 10.9 **Registry Services Agreement**

Pursuant to the agreement for the provision of registry and associated services dated 13 February 2018 between Computershare Investor Services (Ireland) Limited (“**Computershare**”) and the Company, Computershare agreed to provide certain registry and associated services to the Company in accordance with the Companies Act and such as the following as are applicable: the AIM Rules, the ESM Rules, the rules of the Central Bank of Ireland, the rules of the Irish Stock Exchange, the rules of the London Stock Exchange and/or the rules of the United Kingdom Listing Authority.

#### 10.10 **One Advisory Agreement**

Pursuant to the engagement letter dated 27 November 2017 from One Advisory Limited (“**ONE**”) to the Company (the “**Engagement Letter**”) and the side letter to the Engagement Letter dated 7 February 2018, ONE has agreed to provide company secretarial services to the Company commencing on the date of Admission.

#### 10.11 **Placing Agreement**

The Placing Agreement, dated 5 March 2018, has been entered into between the Company, Cairn and the Joint Brokers, pursuant to which the Joint Brokers have agreed, subject to certain customary conditions typical for an agreement of this nature to use their reasonable endeavours to procure placees to subscribe for Placing Shares under the Placing at the Issue Price. The Placing is not being underwritten. The Company and the Directors have given warranties to Cairn and the Joint Brokers in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has given an indemnity to Cairn and the Joint Brokers on customary terms and subject to limitations as to the time in which claims may be brought and, in the case of the Directors, the amount that can be recovered. Under the Placing Agreement, conditional on Admission, the Company shall pay to the Joint Brokers a commission equal to 5 per cent. of the aggregate value of the number of Placing Shares for which the Joint Brokers have each procured Placees at the Issue Price. The Company has agreed to pay all other reasonably and properly incurred costs, charges, fees and expenses of, or incidental to, the Placing and Admission (together with any VAT chargeable thereon). The Placing Agreement is conditional *inter alia* on Admission occurring on or before 8:00 am on 30 March 2018 (or such date as the parties agree) and may be terminated in certain circumstances prior to Admission, including by reason of force majeure. If Admission has not occurred by 8.00 a.m. on 30 April 2018 the agreement will cease to have any further force or effect.

#### 10.12 **Lock-In Arrangements**

Conditional on Admission, the Locked-in Persons have each entered into lock-in deeds with the Company, Cairn and the Joint Brokers (the “**Lock-in Deeds**”).

Under the terms of each of the Lock-in Deeds each Locked-in Person has undertaken to each of the Company, Cairn, and the Joint Brokers not to sell, transfer, mortgage, assign, grant options over, charge, pledge or otherwise dispose of, its/their Ordinary Shares (“**Locked-in Shares**”) at any time during the period of one year following Admission (“**Lock-in Period**”), subject to certain limited exceptions.

The Ordinary Shares which are to be issued by the Company to Kernel, conditional only on Admission, in connection with the capitalisation of the 2017 Kernel LN (at the Issue Price) as part of the Reorganisation are not subject to the terms of the Lock-in Deed entered into by Kernel.

The Placing Shares which are to be issued by the Company to Suir Valley and Barry Downes (at the Issue Price) are not subject to the terms of the Lock-In Deeds entered into by either party.

For the purposes of maintaining an orderly market, during the period commencing on the first anniversary of Admission and ending on the second anniversary of Admission ("**Orderly Market Period**") the Locked-in Shareholder must (save for certain exceptions for permitted disposals) effect any disposal of its Locked-in Shares in accordance with the requirements of the Joint Brokers so as to maintain an orderly market in the Company's publicly traded securities.

#### 10.13 **Relationship Agreement**

The relationship agreement dated 5 March 2018 between the Company, Cairn, the Joint Brokers, David Whelan and Sandra Whelan (the "**Relationship Agreement**"), the terms of which are conditional upon Admission. Pursuant to the agreement, David Whelan and Sandra Whelan (the "**Substantial Shareholders**") provide certain undertakings to ensure that:

- all transactions and relationships between the Substantial Shareholders and the members of the Group will be at arm's length and on normal commercial terms;
- any decision to be taken in respect of such transactions or remuneration of the Substantial Shareholders in their capacity as Directors, shall be taken by non-executive directors of the Company deemed by the Board to be independent in accordance with the standards for independence set out in the UK Corporate Governance Code;
- the Substantial Shareholders nor any party related to them shall not take any steps to change the composition of the Board or prevent or restrict the ability of the Board to operate independently of the Company in accordance with AIM Rules and ESM Rules;

The Relationship Agreement shall terminate immediately upon the Company ceasing to be admitted to trading on AIM and ESM, or if a Substantial Shareholder has died, the earlier of the Substantial Shareholder's immediate family and/or any of their associates ("**Related Parties**") ceasing to be the legal or beneficial holder of at least 20 per cent. of the issued share capital of the Company.

The obligations of the Substantial Shareholders shall be suspended in the event the Substantial Shareholders or their Related Parties cease to be the legal or beneficial holder of at least 20 per cent. of the issued share capital of the Company. If their interest subsequently increases above 20 per cent. the terms of the agreement shall continue to apply for so long as the 20 per cent. threshold is maintained.

#### 10.14 **Oculus Distribution Agreement**

IVRE is party to a distribution agreement dated 24 July 2015 with Oculus VR LLC ("**Oculus**") (the "**Oculus Distribution Agreement**") for the worldwide distribution by Oculus of the Apollo 11 VR experience and to Addendum No. 1 to the Oculus Distribution Agreement dated 31 March 2017 (the "**Addendum**").

Pursuant to the Oculus Distribution Agreement, Oculus retains 30 per cent. of the net revenues as services rendered and shall pay IVRE the remaining 70 per cent. of the net revenues for the distribution of the Apollo 11 Experience and Titanic VR experience through the Oculus store. No exclusivity was granted by IVRE under the Oculus Distribution Agreement.

Pursuant to the Addendum, IVRE developed a version of Apollo 11 VR experience for use on the Gear VR with Orientation Remote Support (the "**Subject Product**") and gave Oculus exclusivity over its release for mobile-based VR devices everywhere in the world until the date that is one month after the first commercial launch on the designated device and in Oculus online marketplace. Oculus paid IVRE a one-time non-recoupable amount of US\$40,000 under the Addendum for the Subject Product.



The Oculus Distribution Agreement has an initial term of 2 years, automatically renewable for successive 1-year periods until terminated by the parties for cause, convenience or force majeure. The Addendum has no term and continues until terminated by the parties for cause, convenience or force majeure.

#### 10.15 **Steam Distribution Agreement**

IVRE is party to a distribution agreement dated 23 February 2016 with Valve Corporation ("**Steam**") (the "**Steam Distribution Agreement**") for the worldwide distribution of ENGAGE and updates.

Pursuant to the Steam Distribution Agreement, IVRE is entitled to payment of 70 per cent. of the adjusted gross revenue for sales and Valve Corporation retains the balance. No exclusivity was given by IVRE under the Steam Distribution Agreement.

The Steam Distribution Agreement has no term and continues until terminated by the parties for cause or for convenience.

#### 10.16 **PlayStation Agreement**

IVRE is party to a PlayStation global developer and publisher agreement dated 2 September 2015 with Sony Computer Entertainment Inc, Sony Computer Entertainment America LLC and Sony Computer Entertainment Europe Ltd (together "**Sony**") (the "**PlayStation Agreement**").

Pursuant to the PlayStation Agreement, 30 per cent. of the retail price is retained by Sony and the balance is paid to IVRE, without guarantee that IVRE would receive 70 per cent. of the retail price when the retail price is set in the local currency of the territory and/or if the product is offered to the public as part of a sales promotion or other discount program. No exclusivity was given by IVRE under the PlayStation Agreement.

The PlayStation Agreement has an initial term which expires on 31 March 2019, with automatic extension for additional 12-month terms unless terminated by either party in writing.

### 11. **EMPLOYEE SHARE OPTION PLAN**

#### 11.1 **ESOP**

The ESOP was established by the Company conditional on Admission as part of the Reorganisation as set out in the Framework Agreement referred to at paragraph 10.2 above ("**Adoption Date**"), for the purpose of incentivising directors, employees, consultants and contractors of the Company and its associated companies. It is not a scheme approved by the Irish Revenue Commissioners. The following are the principal terms of the ESOP.

#### 11.2 **Plan Limits**

The maximum aggregate number of Ordinary Shares in respect of which options may be granted must not exceed 10 per cent. of the nominal value of the issued capital of the Company following Admission. The Board may grant options at any time within 10 years of the Adoption Date.

#### 11.3 **Eligibility**

Employees and Directors (including non-executive Directors) together with consultants and contractors of the Group and any associated companies are eligible to participate in the ESOP. The Board in its absolute discretion may determine that the terms of the plan shall also apply to any other person or persons (whether natural persons, partnerships corporate bodies, unincorporated associations or any other legal entity), including consultants of the Company.

#### 11.4 **Exercise Condition**

The exercise of Options may be made subject to an exercise condition determined by the Board at the date of grant of the Option.

#### 11.5 **Option Price**

In relation to options granted on the Admission Date, the exercise price shall be such price as determined by the Board, including, if the Board so determines, nil. In relation to Options granted after

the Admission Date the exercise price payable for each option share subject to an option shall be determined by the Board but shall not be less than the greater of a) the market price of an Ordinary Share on the option grant date and b) the nominal value of a Share.

#### 11.6 **Exercise of Options**

An Option shall vest in respect of one third of the shares subject to it on each anniversary of the date the Option was granted ("**Grant Date**"), starting with the first anniversary of the Grant Date and ending on the third anniversary so that Options are fully vested on the third anniversary of the Grant Date provided all exercise conditions have been satisfied to the satisfaction of the Board, save that the Board may specify at the Grant Date, instead, different time vesting conditions.

Options may be exercised within the period of:

- (a) twelve months following the death of the participant;
- (b) six months following the date the participant has ceased employment with the Group due to injury, ill-health, disability, redundancy or the employer or the business to which the participant is employed ceased to be part of the Group;
- (c) twelve months following the date the participant ceased employed with the Group due to retirement;
- (d) six months following the date on which a person has acquired more than fifty per cent. of the voting shares in the Company;
- (e) six months following a capital reorganisation, reconstruction or amalgamation of the Company;
- (f) at any time after notice is given but before the Company passes a resolution for its winding-up or the passing of an order for the Company's compulsory winding up.

#### 11.7 **Amendments to and termination of the ESOP**

The Directors may amend the ESOP as they consider appropriate. However, the amount payable by any participant may not be increased and his/her obligations may not be made more onerous as a result of such amendments. In addition, certain provisions may not be amended without shareholder approval. These provisions relate to the time limit for exercise of Options, individual and plan limits and the option price. The ESOP may be terminated at any time by an ordinary resolution of the Company.

#### 11.8 **General**

Any Ordinary Shares issued under the ESOP (as amended from time to time) will rank equally with Ordinary Shares already in issue on the date of allotment except in respect of rights arising by reference to a prior complete financial period;

- (a) Options may be adjusted following any variation in the share capital of the Company;
- (b) Options are non-transferable; and
- (c) Benefits under the ESOP are not pensionable.

#### 11.9 **Existing Options**

A summary of the Options granted by the Company as at the Date of this document is set out below:

<i>Option holder</i>	<i>Date Option granted</i>	<i>Number of Option Shares</i>	<i>Exercise price</i>	<i>Vesting conditions</i>
Michael Armstrong	Grant of the Options is conditional on Admission	2,202,980	€0.026	Monthly for 30 months from 1 April 2017
Séamus Larrisey	Grant of the Options is conditional on Admission	910,940	€0.026	(i) Options in respect of 455,476 Ordinary Shares to vest on 21 August 2018; and (ii) Options in respect of 455,476 Ordinary Shares to vest on 21 August 2020.

<i>Option holder</i>	<i>Date Option granted</i>	<i>Number of Option Shares</i>	<i>Exercise price</i>	<i>Vesting conditions</i>
Richard Cooper	Grant of the Options is conditional on Admission	1,000,000	€0.001	(i) market capitalisation of the Company reaches 2.5x the market capitalisation of the Company on Admission (calculated as the Enlarged Ordinary Share Capital multiplied by the Issue Price) for a consecutive 30 day period; (ii) no vesting to take place for a period of 24 months from Admission unless a change of control occurs in respect of the Company, so that in case of a change of control within 12 months the exercise price reverts to the Issue Price or in the case of a change of control within 18 months the exercise price reverts to 50% of the Issue Price; and (iii) options to lapse after 5 years from Admission.
Alice Grant	Grant of the Options is subject to completion of probation period on 15 June 2018 and Board approval	132,275	Issue Price	Vesting after 3 years

## 12. FEE SHARES

The Company has agreed to issue 466,666 Ordinary Shares to St Brides, the Company's PR consultants, pursuant to the standard terms and conditions of business signed on 18 September 2017 between St Brides and the Company, in part payment to St Brides' initial float fee as to £7,000, with Fee Shares to be issued at a 50 per cent. premium to the Issue Price.

## 13. RELATED PARTY TRANSACTIONS

No member of the Group is, nor has been, a party to any transactions with a related party during the period from incorporation of the Company or IVRE Ltd from the period of incorporation to the Latest Practicable Date, except:

- (a) as described in Part III;
- (b) service agreement between the Company and Sandra Whelan;
- (c) service agreement between the Company and David Whelan;
- (d) the BD Agreement;
- (e) the 2015 EI Agreement;
- (f) the 2016 Kernel Agreement;
- (g) the Suir Valley Agreement;
- (h) the 2017 EI Agreement;
- (i) the 2017 Kernel Agreement;
- (j) the Framework Agreement;
- (k) the Share Swap Agreement;

- (l) the Lock-in Deeds;
- (m) the Relationship Agreement; and
- (n) The Escrow Agreement

#### **14. WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry that the Group will have sufficient working capital for its present requirements, that is for at least the twelve months from the date of Admission.

#### **15. NO SIGNIFICANT CHANGE**

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 December 2017 (the date to which the financial information reported on in the Accountant's Report in respect of the Company presented in Part III of this document was prepared).

#### **16. LITIGATION**

There have been no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the period covering at least the previous 12 months which may have, or has had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

#### **17. ENVIRONMENTAL ISSUES**

The Directors believe that the Company does not have any environmental compliance costs or environmental liabilities.

#### **18. GENERAL**

##### **18.1 Expenses**

The total costs of the Placing and Admission (including Admission fees, fees due under the Placing Agreement, legal and other advisory fees, registration, printing and distribution costs and any other applicable expenses are estimated to amount to £0.8 million (excluding any recoverable VAT where relevant) on the basis of gross proceeds of the Placing of £6.0 million and are payable by the Company.

##### **18.2 Nature of financial information**

The historical financial information for IVRE Limited for the period since incorporation to 31 December 2016 has been audited by EY and reported on by PKF. The interim financial information for IVRE Limited for the nine months ended 30 September 2017 is unaudited.

##### **18.3 Benefits received from the Company**

Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or entered into any contractual arrangement to receive, directly or indirectly, from the Company on or after Admission, any fees totalling £10,000 or €14,000 or more or securities in the Company with a value of £10,000 or €14,000 or more (calculated by reference to the Issue Price) or any other benefit to a value of £10,000 or €14,000 or more at the date of Admission.

##### **18.4 Miscellaneous**

- (a) The Ordinary Shares being issued pursuant to the Placing have a nominal value of €0.001 each. The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.
- (b) Directors' and officers' liability insurance has been effected by the Company in respect of each of the Directors for an aggregate sum of €1,000,000.

- (c) Save as disclosed in this document, there have not been any interruptions to the business of the Company which may have, or have had, a significant effect on the Company's financial position in the last 12 months.
- (d) Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- (e) Save as disclosed in this document, there are no investments to be made by the Company or any other member of the Group in the future in respect of which firm commitments have been made.
- (f) This document has not been approved by the Central Bank of Ireland or the Financial Conduct Authority of the UK.
- (g) No Ordinary Shares are being made available, in whole or in part, to the public in conjunction with the application for Admission.
- (h) Where information has been sourced from a third party, this information has been accurately reproduced so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (i) Statutory enforcement in Ireland of civil or commercial judgments obtained in a foreign jurisdiction is available, subject to satisfying certain conditions, in respect of such judgments originating in other EU Member States (under Council Regulation (EU) No 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters and Council Decision 2006/325/EC of 27 April 2006 concerning the Agreement between the European Community and the Kingdom of Denmark on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters) and in respect of such judgments originating in Norway, Iceland or Switzerland (under the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters signed at Lugano on 30 October 2007 as applied in Ireland by Part IIIA of the Jurisdiction of Courts and Enforcement of Judgments Act 1998 as amended). Additionally, a final and un-appealable judgment originating in any other foreign jurisdiction which imposes a liability to pay a liquidated sum will be recognised and enforced in the courts of Ireland at common law, without any re-examination of the merits of the underlying dispute, provided such judgment satisfies certain criteria.

**Dated: 6 March 2018**

